



BORAL

For generations to come

Annual Report 2021

Leading the way to a

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Forward looking statements

This report contains forward looking statements, including statements of current intention, opinion and expectation regarding Boral's present and future operations, possible future events and future prospects. This includes statements regarding the impacts of climate change and other environmental and energy transition scenarios. These forward looking statements are based on the information available as at the date of this report and they are, by their nature, subject to significant uncertainties, many of which are outside of the control of Boral. There are also limitations with respect to scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

Actual results, circumstances and developments may differ materially from those expressed or implied, and Boral cautions against reliance on any forward looking statements in this report.

Performance measures used in this report

Earnings before interest, taxes, depreciation and amortisation (EBITDA) before significant items, earnings before interest and taxes (EBIT) before significant items and net profit after tax (NPAT) before significant items are alternative measures to those prescribed under International Financial Reporting Standards (IFRS) used to provide a greater understanding of the underlying performance of the Group. This information has been extracted or derived from the financial statements. Significant items are detailed in Note 2.1 of the financial statements and relate to discontinued operations, takeover costs and expenses associated with significant transformation and restructure costs, and SAP implementation costs.

Commentary and OFR

Commentary throughout this report, unless otherwise stated, is based on earnings from continuing operations. In addition, FY2020 comparative figures have been restated. Further details of restatements are contained in Note 1(c) and 1(d) of the financial statements.

The sections of this report from pages 6–23, titled Chairman's review, Message from CEO & Managing Director, Performance overview, Market conditions, Operational overview, Boral's strategic priorities, Capital structure and capital allocation, FY2022 outlook and Our risks and responses comprise our operating and financial review (OFR) and form part of the Directors' Report.

more liveable future

Boral's FY2021 results reflect mixed market conditions in Australia and transformation initiatives that helped to offset the impacts of inflation, lower volumes and softer pricing in our continuing business.

With the divestment of several non-core assets, our strategy to focus Boral on its core Australian construction materials business is well advanced. Coupled with changes to our operating model, we are well positioned to deliver improved returns for all shareholders.

Key ASX releases

28 August 2020

Boral reported a NPAT before significant items of \$177 million for the year ended 30 June 2020. Significant items, including a net non-cash impairment, totalled \$1,316 million, resulting in a statutory net loss after tax of \$1,139 million as released on 28 August 2020.

15 October 2020

In response to shareholder feedback, Kathryn Fagg agreed to stand for re-election at the 2020 Annual General Meeting (AGM) on the basis that she will retire and there will be an orderly transition to a new Chairman in 2021.

27 October 2020

At the AGM, Kathryn Fagg and Paul Rayner were re-elected as Directors. Rob Sindel, Deborah O'Toole, and Ryan Stokes were elected as Directors. The resolution to adopt the Remuneration Report was overwhelmingly supported, with 96.3% of shareholders' votes in favour.

Boral announced that it had entered into an agreement with Knauf to sell its 50% interest in USG Boral for US\$1.015 billion.

18 December 2020

Boral agreed to sell its US Meridian Brick Joint Venture for US\$250 million (equal to US\$125 million for Boral's 50% share).

9 February 2021

Boral reported a statutory NPAT of \$161 million for the half year ended 31 December 2020.

1 April 2021

Boral completed the sale of its 50% interest in USG Boral and announced an on-market buy-back of up to 10% of shares on issue.

15 April 2021

As part of its review of the North American Fly Ash business, Boral announced that it intended to explore value creation opportunities through a potential joint venture, strategic alliance, divestment to a third-party or continued ownership.

11 May 2021

Boral recommended shareholders reject an off-market offer from Seven Group Holdings (SGH) to acquire 100% of Boral for a total cash consideration of \$6.50 per share.

10 June 2021

Boral published its Target's Statement in response to the SGH offer.

21 June 2021

Boral agreed to sell its North American Building Products business for US\$2.15 billion, as published in the First Supplementary Target's Statement.

26 July 2021

Boral agreed to sell its Australian Timber Business for \$64.5 million.

30 July 2021

Boral announced changes to its Board of Directors following the close of the SGH offer at \$7.40 per share on 29 July 2021 and SGH's resulting 69.6% ownership interest in Boral. The former Chair, Kathryn Fagg, retired from the Board. Ryan Stokes was appointed as Chairman and Richard Richards was appointed as a Director.

Consistent with SGH's intention of retaining a majority of independent directors, a standing Independent Directors' Committee was established.

Our Purpose and Values

This year we defined our new Purpose and Values, with input from employees across the organisation.

Collectively, we have defined our Purpose as **creating a world future generations will be proud of**. We are excited by the challenges that lie ahead and our Purpose talks to our role in meeting the challenges of a changing world and the expectations of future generations.

Our new Values are saying what we stand for, and they guide our decision making and how we behave.

Our Purpose

Creating a world future generations will be proud of.

Our Values

Looking out for each other.

We care about the impact we have on customers, partners, communities and each other today and in the future.

We speak thoughtfully, we encourage and respect diversity and listen carefully with an open mind.

We make decisions so we all go home safely every day.

Doing what we say.

We do what we say we're going to do.

We're trusted and our customers, suppliers, communities and colleagues rely on us to deliver.

Our shareholders have confidence in us to create value in a responsible way.

Leading the way.

We're showing what's possible and inspiring customers, partners, communities and each other.

We're always looking for new ideas, sharing and learning as we go.

We're demonstrating the value of working in partnership to solve tough problems.

Achieving together.

We collaborate, celebrate and have fun doing what we love.

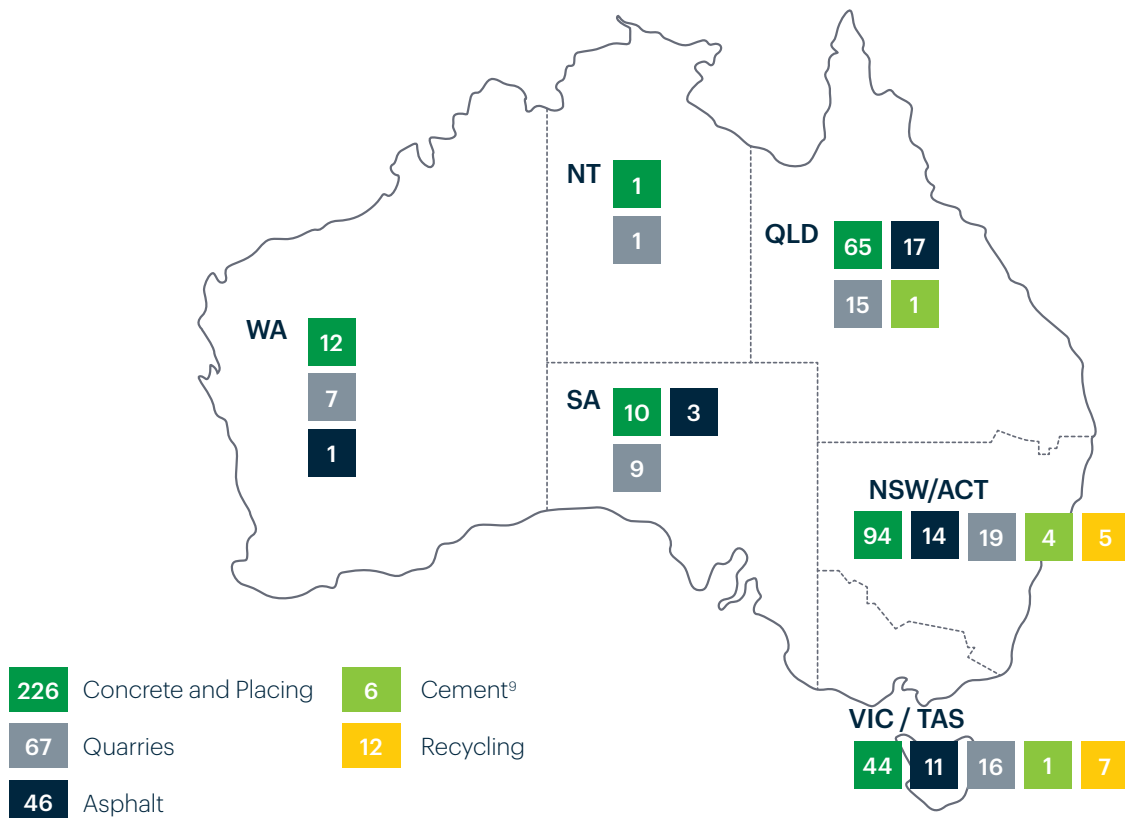
We move forward as one team, knowing we are better together when we work alongside our customers, partners, colleagues and communities.

We work openly, building relationships and building each other up.

Our footprint

Over the past year, we have substantially refocused Boral's portfolio back to our core construction materials business in Australia, where we have a proud 75-year history and we are leading the way for our customers and our people.

Continuing operations



1. Earnings before interest and tax, excluding significant items.
 2. Return on funds employed (ROFE) is EBIT before significant items on funds employed (average of opening and closing funds employed for the year).
 3. At 30 June 2021. Includes transport, fly ash and R&D sites. Concrete and asphalt sites include mobile plants. Excludes mothballed plants, distribution and administration sites.
 4. Full-time equivalent (FTE) employees, including corporate employees and employees based in joint ventures.
 5. FTE contractors, including contractors based in joint ventures.
 6. CO₂ refers to carbon dioxide equivalent emissions.
 7. Per million hours worked for employees and contractors in Boral Australia (including Building Products) for entities under our operational control.
 8. Managed by Boral.
 9. Includes cement manufacturing, grinding, bagging and lime plants in NSW, a clinker grinding plant in Victoria and a clinker grinding joint venture in Queensland.

Results at a glance

Group financial performance

\$m		FY2021	FY2020 ³	Var %
<i>Figures may not add due to rounding</i>				
Revenue	– total operations	5,346	5,728	(7)
	– continuing operations	2,924	3,117	(6)
EBITDA ¹	– total operations	882	807	9
	– continuing operations	406	435	(7)
EBIT ¹	– total operations	445	324	37
	– continuing operations	181	197	(8)
	– continuing operations (excluding Property)	157	142	11
ROFE ^{1,2}	– total operations	7.4	4.3	
	– continuing operations	8.3	8.8	
	– continuing operations (excluding Property)	7.2	6.3	
Net interest		(131)	(126)	(3)
Tax ¹		(63)	(24)	
NPAT ¹	– total operations	251	174	44
	– continuing operations	48	65	(26)
Significant items (gross)		358	(1,408)	
Tax on significant items		32	90	
Statutory NPAT		640	(1,145)	
Cash flow from operating activities		654	613	7
Capex	– total operations	313	454	(31)
	– continuing operations	184	249	(26)
Total operations				
Boral employees		10,909	11,073	
Total employees including in joint ventures		12,489	16,169	
Net tangible asset backing, \$ per share		2.06	1.85	
Return on equity ¹ , %		5.7	3.9	
Gearing				
Net debt/equity, %		21	57	
Net debt/net debt + equity, %		17	36	
Interest cover ¹ , times		3.4	2.6	
Underlying earnings per share ¹ , ¢		20.6	14.5	
Statutory earnings per share, ¢		52.5	(95.8)	
Dividend per share, ¢		-	9.5	

Financial performance

(\$m)

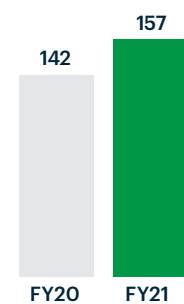
Revenue continuing operations



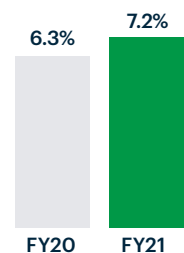
EBIT¹ continuing operations



EBIT¹ continuing operations (excluding Property)



ROFE^{1,2} continuing operations (excluding Property)



1. Excluding significant items.

2. ROFE is EBIT before significant items on funds employed (average of opening and closing funds employed for the year).

3. FY2020 comparative figures have been restated – see Note 1 (c) and 1 (d) of the financial statements for further details.

Continuing operations

Revenue by region (%)⁴



- 43% NSW/ACT
- 29% Vic/TAS/SA
- 23% Qld
- 5% WA

Revenue by end market (%)⁴

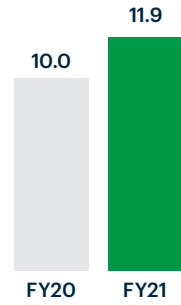


- 42% Roads, highways, subdivisions and bridges
- 7% Other engineering
- 18% Non-residential
- 11% Detached housing
- 9% Multi-residential
- 11% Alterations and additions
- 2% Other

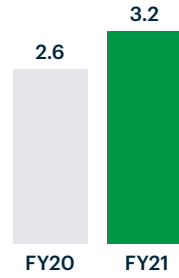
Health, safety and environment

Injury frequency rates

Recordable injury frequency rate^{5,6}

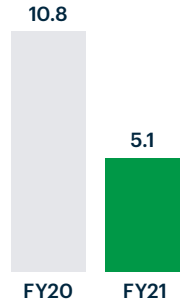


Lost time injury frequency rate⁶

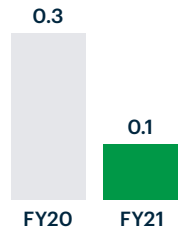


Serious harm incident frequency rate (SHIFR)⁶

Potential SHIFR

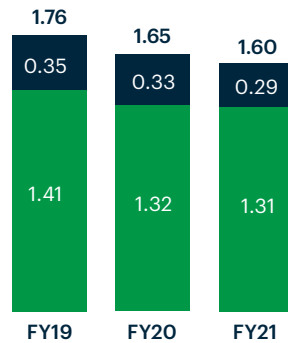


Actual SHIFR



Scope 1 and 2 emissions

(million tonnes CO₂)



- Other construction materials
- Cement

4. Based on FY2021 external revenue for continuing operations.

5. Recordable injury frequency rate is the combined lost time injury frequency rate and medical treatment injury frequency rate.

6. Per million hours worked for employees and contractors in Boral Australia (including Building Products) for entities under our operational control.

7. Boral Australia's continuing operations.



A renewed strategy delivering value for all shareholders

As a member of the Board since September 2020 and as Chairman from 30 July 2021, it has been pleasing to see the progress made by the Board and management to reposition Boral back to the core construction materials business in Australia and continue to deliver value for shareholders.

Committed to Boral's strategy

I am confident we have the strategy in place to realign Boral's priorities, enhance our commitment to our customers, and increase value for you, our shareholders.

As we refocus on our core Australian construction materials business, we have also redefined Boral's Purpose as: **creating a world future generations will be proud of.**

As a Company, we are excited by the challenges that lie ahead and Boral's new Purpose talks to our role in meeting the challenges of a changing world and the expectations of future generations.

Boral's program of divestments is being undertaken in a disciplined and considered way to strengthen the balance sheet and position your Company for future success focused on delivering the full potential within Boral Australia.

The delivery of the Transformation program continues to be on track. It is supported by a new operating model that transitions Boral Australia from a regional model to an integrated operating company organised along national product lines. Other Transformation initiatives include cost reductions, network and supply chain optimisation, and opportunities for profitable growth related to sustainability and the circular economy. The team also continues to pursue opportunities to realise latent value within the existing property portfolio.

A two-day Board strategy session took place in May 2021, with a considerable focus on transformation, innovation and decarbonisation. While I was unable to attend the session as it coincided with the SGH Offer period, I am excited and inspired by the thinking and planning, including the scope for wide-ranging performance improvement and the opportunity for Boral to lead the way in the area of decarbonisation and leveraging our lower carbon concrete technologies.

These strategy days are an important opportunity for the Board to have deep engagement with management and to debate and discuss progress against plans and future trends and opportunities. The presentations and discussions with management were very well received by the Directors present.

On 30 July 2021, SGH, of which I am Managing Director & CEO, confirmed its shareholding interest in Boral had increased to 69.6% following a takeover offer which was announced on 10 May.

SGH's desire to increase its investment in Boral reflects its confidence in the opportunity within Boral. SGH is supportive of Boral's management and strategy, and sees further opportunity for value creation.

Full year results impacted by market uncertainty

Boral's FY2021 results were delivered against a backdrop of mixed market activity and uncertainty caused by the ongoing impacts of COVID-19 restrictions. More than 18 months after COVID-19 was identified as a global pandemic, we are still grappling with its impact, not just on the health and lives of individuals but on our social and economic wellbeing, in Australia and globally.

In Australia, the total value of construction work done was down around 3% in FY2021 relative to FY2020, with the biggest impact in NSW, where Boral has a significant geographical footprint and earnings exposure.

For Boral's continuing operations, revenue declined 6%, reflecting lower volumes and pricing. However, EBIT (excluding Property) increased 11% to \$157 million, with Transformation initiatives helping to improve underlying earnings.

The Transformation program has already delivered \$75 million in benefits, including \$69 million for continuing operations, in FY2021.

By the end of the year, these initiatives were delivering an annualised run rate benefit after inflation of ~\$94 million against the \$200 million to \$250 million target.

While I expect Boral's financial performance to continue to improve, I would also like to see Boral's safety performance strengthen. With a recordable injury frequency rate (RIFR) of 11.9 for employees and contractors in Boral Australia in FY2021, we have substantial opportunity for improvement. Boral's strong commitment and focus on safety is a great base on which to build.

Returning capital to shareholders

Proceeds of \$1.3 billion from the sale of Boral's stake in USG Boral were used to reduce debt, and surplus capital was returned to shareholders through a 10% share buy-back, which completed in July 2021 for an average price of \$7.01 per share.

As such, given the return of capital already undertaken, no further buy-back has been announced and no dividend will be paid.

However, when divestments of North American Building Products, Meridian Brick and Australian Timber are complete, we expect to have further proceeds of almost \$3.2 billion, with significant surplus capital available to return to shareholders.

The Board will determine the most appropriate way to return the surplus capital to shareholders after considering the availability of franking credits, the prevailing share price and what is in the best interests of shareholders as a whole.

Board renewal and governance

Boral's Board renewal has continued during the year with a number of changes.

Kathryn Fagg retired from the Board and as Chairman on 30 July 2021. Kathryn had been Boral's Chairman since July 2018 and on the Board since 2014. Kathryn has left Boral in a strong position and with an actionable transformation strategy.

In October 2020, John Marlay and Eileen Doyle also retired from the Board after 11 years and 10 years, respectively, of service to the Board. Peter Alexander and Deborah O'Toole have announced their intention to step down from the Board following the 2021 AGM.

I would like to extend my appreciation and gratitude to Kathryn and all the retiring Directors for their service, contribution and leadership during their tenure.

Rob Sindel, Richard Richards and I were appointed to the Board in September 2020. When Kathryn retired, I was appointed Chairman, and Richard Richards, a fellow nominee of SGH, was reappointed to the Board after SGH agreed to withdraw his nomination for election in October 2020. As SGH nominee directors, Richard and I have elected not to receive Directors' fees from Boral.

SGH is committed to maintaining a governance framework that is consistent with promoting the best interests of all shareholders and it is SGH's intention to retain a majority of Independent Directors on the Board.

To support this governance framework, we have established a standing Independent Directors' Committee, which consists of all Independent Directors. A Lead Independent Director will be appointed in due course and will act as Chair of the Independent Directors' Committee.

Thank you to our people amid challenging times

This year has been an extraordinary year in many ways.

On behalf of the Board, I congratulate Zlatko, Boral's leadership team, and all of our people for what has already been achieved.

I am looking forward to working with the Board and management to further drive Boral's renewed strategy and maximise value for all shareholders.



Ryan Stokes AO
Chairman

Message from CEO & Managing Director



For generations to come

At the end of my first financial year as Boral's CEO & Managing Director I am proud of the significant progress made to build a stronger Boral. We have reshaped Boral's portfolio, strengthened the balance sheet, set a new strategy and positioned the core business in Australia for a very exciting future.

A year of refocusing Boral's portfolio and progressing a new strategy

The uncertainty and limitations presented by the global pandemic were a significant challenge for Boral and the construction materials sector more broadly. Despite this, Boral's people have done a great job focusing on what our customers need and on improving Zero Harm, to people and the environment.

I'm particularly pleased with the development of, and progress against, the new Boral strategy. Our strategy is defined under four pillars – **focus, position, redefine and extend**.

Under the first pillar, **focus**, we are realigning Boral's portfolio back to the core construction materials business in Australia. This includes disciplined capital management via our Financial Framework.

Actions taken under this pillar include divesting several non-core assets, including our interest in USG Boral and the North American Building Products business, achieving sale prices well above expectation.

We have also announced divestments of our share of Meridian Brick in the USA as well as our Timber business.

During the year, we carefully assessed the strategic options, for our North America Fly ash business, and we are now progressing with its divestment.

Articulated in February 2021, our Financial Framework guides our capital management decision making and is aligned with the interests of our shareholders.

The key objective of the Financial Framework is to achieve a Total Shareholder Return (TSR) in the top quartile of the S&P/ASX100.

The second pillar of the strategy is to **position** Boral's core business in Australia for improved profitability and to strengthen Boral's competitive advantage in the short-, medium- and long-term.

Our Transformation program, which is targeting an EBIT uplift of \$200 million to \$250 million in the Australian business has already delivered \$75 million (net of inflation and including \$6 million in Australian Building Products). The Transformation target is to achieve a return on funds employed above the cost of capital, irrespective of the economic and market cycle we find ourselves in.

Importantly, we have implemented a new operating model, with a new leadership team supporting the turnaround. The operating model sees Boral's Australian business operated as an integrated business organised along national product lines rather than autonomous regional businesses. This will make it easier for our customers to work with us and should enable us to create significant value by helping us to be a more nimble and responsive business.

The third pillar of Boral's strategy aims to **redefine** Boral through decarbonisation and adjacent growth to establish a clearer competitive advantage.

We have set sector-leading, science-based emissions reduction targets¹ aligned with limiting global warming to 1.5°C and reaching net-zero emissions by 2050.² We are targeting to reduce our absolute Scope 1 and 2 emissions by 46%, and to reduce our relevant Scope 3 emissions³ by 22% per tonne of cementitious materials produced by FY2030, from a FY2019 baseline.

Decarbonisation pathways have been identified and work is underway across a range of initiatives under energy, cementitious intensity, transport, sourcing, and carbon capture, use and storage pathways. For example, as a grant recipient from the Australian Government's CCUS Development Fund, we will receive up to \$2.4 million towards a pilot-scale carbon capture and storage project. The pilot project will capture carbon from our Berrima Cement plant and permanently store it in recycled concrete, masonry and steel slag aggregates to improve the quality of these recycled materials before re-use.

1. Based on construction materials, including cement, companies taking action through the Science Based Targets initiative (SBTi).

2. While SBTi's methodology permits the use of carbon offsets to achieve net-zero emissions post-2030, our decarbonisation pathway post-2030 is focused on achieving absolute emissions reductions for Scopes 1, 2 and 3. This pathway remains dependent on further development and commercial viability of new and emerging technologies.

3. Refers to 68% of our Scope 3 emissions included in our Scope 3 target, consistent with the SBTi's methodology.

In addition to decarbonisation, we are growing our recycling business and accelerating the rollout of our proprietary lower carbon concrete products.

The fourth pillar of Boral's strategy is to **extend** the business by exploring opportunities to commercialise innovations, which will likely be realised over a longer time period.

Solid full year results in challenging conditions

Our full year FY2021 result was delivered against mixed market conditions in Australia. For continuing operations in Australia, revenue was down 6% to \$2,924 million, reflecting lower volumes and softer prices.

The value of total construction work done in FY2021 declined compared with the prior year, including in multi-residential, non-residential and infrastructure construction. Several major projects were completed during the period with others delayed before new projects come online and reach materials intensity. While a lift in detached housing provided a boost to activity during the year, Boral's earnings are predominantly exposed to construction activity outside of residential.

Despite this, EBIT for the continuing Australian business, excluding earnings from Property, was up 11% to \$157 million as the Transformation program benefits helped to offset the impacts of inflation, lower volumes and lower prices. Property earnings of \$24 million were lower than last year.

For total operations (which includes earnings from businesses we are divesting) net profit after tax (NPAT) before significant items of \$251 million, was up 44%.

Statutory NPAT of \$640 million for the full year includes a post-tax gain of \$389 million for significant items which primarily relates to the profit on sale of Boral's 50% interest in USG Boral as well as the Midland Brick business (net of costs). This compares with a loss of \$1.145 billion in FY2020.

Operating cash flow of \$654 million was up 7% on FY2020, reflecting improved earnings.

Zero Harm

In FY2021, Boral Australia reported a 67% reduction in its actual serious harm incident frequency rate and a 53% reduction in potential serious harm incident frequency rate. This reflects a focus on critical controls as well as identifying and preventing incidents that cause serious harm.

While these indicators showed improvement, Boral Australia's recordable injury frequency rate was 11.9, which compares with 10.0 in FY2020. We are determined to reduce the incidence of all injuries in Boral.

We are also determined to reduce the environmental impact of our operations.

Through our Group HSE Zero Harm Council, of which I am a member, we have embarked on the next evolution of HSE best practice to help deliver industry-leading performance. In addition to the prevention of serious harm incidents, the Council is prioritising heavy vehicle safety; mental health and wellbeing; climate and energy; product stewardship; contractor management; environmental performance; and water usage.

Of course, we also remain focused on minimising the risk of spreading COVID-19 to keep our people, customers and communities safe.

Uncertain conditions continue with pandemic lockdowns

The new financial year has started with pandemic-related lockdowns impacting construction activity, including an estimated EBIT impact of ~\$16 million in July due to construction industry lockdowns in Greater Sydney and South Australia. These impacts continued in August with construction closures in multiple Local Government Areas across Sydney and the slow ramp-up of activity in South Australia.

Where we can, we are taking actions to minimise the financial impacts of COVID-related measures, including short-term cost measures.

Before the impacts of COVID lockdowns, we were seeing signs of some improvements in demand and a better start to the financial year. However, we expect that FY2022 market conditions will be mixed.

Some improvement in infrastructure activity is expected in FY2022, particularly road construction, most likely in the second half of the year.

Multi-residential activity is expected to remain weak and non-residential activity to be broadly flat.

Growth in detached housing has been supported by government stimulus measures, and we expect to see continued benefits. However, lead indicators suggest softening of demand will occur during the year.

We are focusing on what we can control in our business, including targeting a further ~\$60 million to \$75 million of net Transformation benefits in FY2022.

Renewed Purpose and Values

I thank our employees and contractors in our continuing business in Australia for their contribution and hard work as we build a stronger Boral, in the middle of a global pandemic.

I also thank those employees who have left or are leaving the business as a result of divestments and restructuring.

We are currently transitioning to a new leadership team as the portfolio realignment is completed in the coming months. This will see a flatter, more focused organisation, with a renewed Purpose and shared values of *Looking out for each other, Leading the way, Doing what we say, and Achieving together*.

To reinforce the change, we have refreshed the way we present the Boral brand. We are not undertaking an expensive rebrand, but we are shifting to a more contemporary and modern appearance, while not losing anything about the well-loved Australian brand that is Boral – especially the green and gold.

It's about reinforcing Boral's 75 years of being here for *Australia*. And being here for *generations to come*.

Boral is a great company, and I am excited about its future.



Zlatko Todorcevski
CEO & Managing Director

Performance overview

Commentary in this performance overview, unless otherwise stated, is based on earnings from continuing operations. In addition, FY2020 comparative figures have been restated – see Note 1d of the financial statements for further details.

Group performance

This year, Boral's results reflect significant progress to refocus its portfolio of businesses, deliver better financial results and build a strongly performing business. Boral delivered \$75 million against its \$200 million to \$250 million earnings before interest and tax (EBIT) Transformation target by 2025, which aims to achieve return on funds employed (ROFE) greater than weighted average cost of capital (WACC) throughout the cycle.

Sales revenue of \$2,924 million was down 6%, reflecting significant declines in multi-residential activity, a contraction in major projects and softer pricing.

EBIT excluding Property of \$157 million increased 11%, as benefits from Transformation initiatives, the reversal of prior period COVID impacts and one-off items helped to offset substantial declines in multi-residential activity, softer prices and lower earnings from major projects.

The Group recorded a statutory profit of \$640 million, compared to a loss of \$1,145 million in the prior period. The statutory result includes net profit after tax of \$389 million from significant items, which primarily relates to the profit on the sale of Boral's 50% interest in USG Boral and the Midland Brick business (net of costs).

Boral recorded a statutory profit for continuing operations of \$19 million, compared to a loss of \$16 million in the prior period.

Further explanation of our significant items can be found in Note 2.1 of the financial statements on page 96.

Income statement

\$m (figures may not add due to rounding)	FY2021		FY2020	
	Group	Continuing operations	Group	Continuing operations
Sales	5,346	2,924	5,728	3,117
EBITDA ¹	882	406	807	435
Depreciation and amortisation	(437)	(225)	(483)	(239)
EBIT ¹	445	181	324	197
Net interest	(131)	(123)	(126)	(116)
Tax expense ¹	(63)	(10)	(24)	(16)
Underlying profit after tax ¹	251	48	174	65
Significant items	358	(41)	(1,408)	(111)
Tax on significant items	32	12	90	30
Statutory net profit/(loss)	640	19	(1,145)	(16)

Reconciliation of underlying results to reported results for FY2021

\$m	Profit/(loss) before tax	Tax	Profit/(loss) after tax
Underlying Group result¹	314	(63)	251
Significant items			
Discontinued operation matters	399	19	418
Takeover costs	(10)	3	(7)
Transformation and restructure costs	(21)	6	(15)
SAP implementation costs	(10)	3	(7)
Total significant items	358	31	389
Reported results	672	(32)	640

1. Excludes significant items.

Group cashflow statement

\$m	FY2021	FY2020
EBITDA ¹	882	807
Change in working capital and other	(10)	11
Interest and tax	(141)	(152)
Equity earnings less dividends	12	(13)
Other items - including profit on sale of assets	(28)	(2)
Restructuring, transaction and integration payments	(61)	(38)
Operating cash flow	654	613
Repayment of lease principal	(88)	(98)
Capital expenditure	(258)	(328)
Proceeds on disposal of assets	1,450	40
Free cash flow	1,758	227
Share buy-back	(507)	-
Dividends paid	-	(158)
Settlement of financial instruments	(38)	-
Cash flow	1,213	69

Figures may not add due to rounding.

Group operating cash flow

Group operating cash flow from total operations increased 7% to \$654 million, reflecting improved EBITDA performance.

Free cash flow generated from total operations was \$1,758 million, compared to \$227 million in the prior year. This primarily reflects the receipt of cash proceeds of \$1,450 million from the sale of our 50% interest in USG Boral and Midland Brick.

Capital expenditure for total operations of \$258 million was \$70 million lower than the prior year. Capital expenditure included investments in the new Port of Geelong clinker import terminal in Victoria and the Tarong Fly Ash facility in Queensland. Investments in discontinued operations included the Kirkland natural pozzolan grinding facility and the upgrade of the Miller ash collection centre, both in North America.

Boral has a weighted average debt maturity of 4.9 years and does not have any debt maturities until November 2022. Boral has considerable liquidity including \$904 million in cash at 30 June 2021. Boral also has undrawn committed bank facilities of around \$450 million.

Further explanation of our Financial Framework and capital structure can be found on page 16.

Group debt and gearing

\$m	FY2021	FY2020
Debt and lease liabilities	1,803	3,484
Cash	904	904
Net debt	899	2,580
Total shareholders equity	4,364	4,495
Gearing ratios		
Net debt/equity (%)	21	57
Net debt/equity plus net debt (%)	17	36
Interest cover (times) ²	3.4	2.6

2. Interest cover is EBIT before significant items/net interest expense.

Market conditions

In Australia, the total value of construction work done was down ~3% (residential was down 1%, non-residential was down 5%, infrastructure was down 5%), with a greater impact on Boral due to geographic exposure, major project delays and completions ahead of demand from new projects, and lower materials intensity of current major projects.

FY2021 Australian revenue (continuing operations) by end market %



- **42%** Roads, highways, subdivisions and bridges
- **7%** Other engineering
- **18%** Non-residential
- **11%** Detached housing
- **9%** Multi-residential
- **11%** Alterations and additions
- **2%** Other

Overall, the value of work done (VWD) across Boral market segments are estimated to be down by approximately 3% in FY2021 relative to FY2020.

Boral Australia's largest market segment exposure is to **roads, highways, subdivisions and bridges (RHS&B)**¹. The RHS&B segment includes new construction (~75% of activity) and maintenance work (~25%) with major infrastructure projects a part of new construction activity.

In FY2021, **RHS&B VWD decreased by an estimated ~3%** nationally as new construction declined by ~7%. This was partially offset by an increase of ~8% in maintenance spend, which is a smaller proportion of the overall RHS&B VWD. RHS&B VWD was down ~9% in New South Wales (NSW), down ~8% in South Australia (SA), and down ~5% in Western Australia (WA), while Victoria (Vic) and Queensland (Qld) were up ~1% and ~3% respectively.

Other engineering activity¹ in Australia **decreased ~7%**, with activity lower in all states.

Non-residential construction activity¹ **declined ~5%**, with NSW down ~3%, Vic down ~8%, Qld down ~5% and WA down ~9%, and SA up ~15%.

Boral's **major projects**, which can include RHS&B, other engineering and non-residential construction were substantially lower in FY2021.

Completion of key major projects (and some delays) in FY2021 ahead of new projects starting, impacted the results. The lower materials intensity of major projects also dragged on demand as large projects in FY2021 were driven by tunnelling works (e.g. WestConnex Stage 3), utilities realignment (e.g. West Gate Tunnel) or road fit-out and finishing works (e.g. WestConnex 2). We estimate construction materials demand was less than 3% of major projects VWD in FY2021 compared with in excess of 5% in FY2020.

In NSW, NorthConnex and Metro Rail projects completed in FY2020, and the Pacific Highway and Northern Road completed in FY2021. In Qld, Logan Enhancement, M1/M3 in Brisbane, and the Mudgeeraba to Varsity Lakes project on the Gold Coast were completed in FY2020. The Norfolk Island and Sunshine Coast Airport projects were completed in FY2021.

Work continues at Queen's Wharf in Qld; Sydney Metro Rail (Martin Place) in NSW, Mordialloc Bypass in Vic and the Kate to Aumuller project in Qld. The West Gate Tunnel project in Vic continued to progress (although progress of this project remains slow and substantially delayed).

Boral continues to bid for infrastructure work, but projects remain slow to move to execution phase, especially in Qld. WestConnex and Line Wide System Connect projects in NSW were the only major new projects commencing recently.

1. Macromonitor (July 2021 Outlook) forecasts.

2. Australian Bureau of Statistics (ABS) original housing starts to March 2021 quarter and Macromonitor (July 2021 Outlook) forecasts.

3. ABS to March 2021 quarter and Macromonitor (July 2021 Outlook) forecast.

FY2021 housing starts and VWD by state²

	FY2021 starts '000	Change on FY2020		VWD change %	% Boral revenue exposure
		starts	%		
NSW	56	+6	+11%	-3%	43%
Vic	63	+4	+7%	-4%	22%
Qld	35	+4	+13%	+1%	23%
WA	24	+10	+73%	+11%	5%
SA	13	+3	+26%	+8%	5%
AUS	201	+28	+16%	-1%	

The accompanying table shows state by state movements in residential activity. Numbers in this table exclude Tasmania, South Australia and ACT.

Selection of project work and potential pipeline

(as at June 2021)	Estimated completion
Norfolk Island Airport	Completed FY2021
Melbourne Metro Rail Project (Precast), Vic	
Sydney Metro Precast, NSW	
RAAF – East Sale, Vic	
Karratha Tom Price Road, WA	
Line Wide System, NSW	FY2022
Pacific Motorway M1 (various), SE Qld	
Mordialloc bypass, Vic	
Saltwater Creek, Qld	
WestConnex 3B (above ground), NSW	
Queen's Wharf – resort development, Qld	FY2023
Sydney Gateway Project, NSW	
Sydney Metro (Martin Place Station), NSW	
Snowy Hydro 2.0, NSW (precast)	
Bruce Highway upgrade (various), Qld	
Bunbury Outer Ring Road, WA	Tendering
Coomera Connector, Qld	
Great Eastern Highway bypass, WA	
Groote Eylandt, NT	
Inland Rail Project, Qld, NSW, Vic	
M6 – Kogarah, NSW	
New M12 Motorway, NSW	
North East Link, Melbourne, Vic	
Metronet MEL Line, WA	
South Road upgrade, SA	
Sydney Metro (west extension), NSW	
Tonkin Gap, WA	
Tonkin Highway extension, WA	
Warragamba Dam, NSW	
Wyangala Dam upgrade, NSW	
Warringah Freeway upgrade, NSW	
Western Sydney Airport, NSW	Pre-tendering
Brisbane Olympics infrastructure, Qld	
Coffs Harbour bypass, NSW	
Outer Suburban Rail Loop, Vic	
Raymond Terrace, NSW	
Rockhampton Ring Road, Qld	
Western Harbour Tunnel, NSW	

In FY2021, **Australian housing starts² increased ~16%** to an **estimated 201,000 starts**. However, on a **VWD basis, Australian housing activity was down by an estimated 1%**.

Detached housing starts increased by ~32%, underpinned by a government stimulus, while VWD was up ~7%. Multi-residential starts were down ~6% reflecting continued impact by the pause in immigration, with VWD down 12%.

While Boral benefited from growth in residential starts, as concrete demand occurs early in the construction process, the increase in starts was more pronounced where Boral's presence is smaller. For example, NSW housing starts increased by ~6,000 starts or 11%, while WA increased by ~10,000 starts or 73%, with WA reporting 36% of Australia's increased housing starts. In FY2021, 43% of Boral's revenue was derived from NSW while only 5% was from WA.

Alterations and additions (A&A) activity³ increased by ~11%.

Operational overview

Transformation benefits of \$75 million (including \$6 million in Building Products) were delivered in line with target. This helped to offset the impacts of lower volumes (particularly from RHS&B and major projects), an unfavourable geographic mix shift and softer pricing outcomes.

FY2021 underlying revenue of \$2.9 billion declined 6%, reflecting lower volumes (3% lower Concrete and 4% lower Quarries volumes) and -1-2% lower like-for-like selling prices in concrete and quarries.

Boral's 3% decline in concrete volumes was underpinned by a volume decline of ~21% to infrastructure (RHS&B and other engineering) relative to FY2020, ~17% lower concrete volumes to multi-residential construction and ~2% softer volumes to non-residential construction, which was only partially offset by an ~18% increase in concrete to detached housing construction and ~7% growth to supply strong A&A activity, relative to the prior year.

Overall, prices were generally softer in FY2021 relative to FY2020, due to challenging market conditions, with price softness more pronounced in our key segments of NSW and Qld. The price declines occurred early in the year with prices stabilising, and in some cases improving, as the year progressed.

Revenue declined in Asphalt, Concrete and Quarries but a higher external revenue contribution was delivered from Cement.

Excluding Property, FY2021 EBIT¹ of \$157 million increased \$15 million or 11%. Transformation initiatives of \$75 million (net of inflation and including \$6 million attributed to the discontinued Australian Building Products business) and reversal of prior year COVID impacts and one-offs more than offset the impacts of lower volumes, softer prices and an adverse geographic mix shift.

\$m (continuing operations)	FY2021	FY2020	Var %
Revenue	2,924	3,117	▼ 6
EBITDA ¹	406	435	▼ 7
EBITDA ¹ ROS	13.9%	14.0%	
EBIT¹	181	197	▼ 8
EBIT¹ ROS	6.2%	6.3%	
Property	24	55	▼ 56
EBIT ¹ excluding Property	157	142	▲ 11
EBIT ¹ ROS excluding Property	5.4%	4.5%	
Average funds employed	2,193	2,233	
ROFE% ^{1,2} excluding Property	7.2	6.3	
ROFE% ^{1,2} including Property	8.3	8.8	
Capital expenditure ³	184	249	

Volume impacts were more pronounced in NSW, where Boral has substantial exposure and strong integrated margins. Despite this, EBIT margins improved slightly to 5.4% and will strengthen further with the benefits of Transformation initiatives and as demand recovers.

FY2021 EBIT¹ of \$181 million declined \$16 million or 8% reflecting \$24 million of earnings contribution from Property, compared with \$55 million in the prior year. FY2021 Property earnings were primarily from the sale of land in Alexandria in Sydney.

Major projects revenue (including Concrete Placing) contributed ~10% of Boral Australia's revenue compared with ~17% in the prior year. This reflects a heightened level of activity in the prior year, with several large projects in NSW and Qld finishing in FY2020 and early FY2021, coupled with FY2021 major projects work being less materials intensive than FY2020. Boral's NSW major projects revenue was down 63% and Qld was down 52% on the prior year.

Concrete reported lower revenue and earnings due to weaker activity in NSW and Vic and price declines, with average selling prices (ASP) down 2%. The completion of projects such as NorthConnex and Metro Rail projects in NSW contributed to the volume decline, together with low levels of demand from multi-residential activity.

In Concrete Placing, revenue and earnings were lower due to the completion of major projects in NSW and Qld. Major pours occurred at the Crown Sydney project at Barangaroo, Parramatta Square and the Waterloo Metro Station in FY2021.

Quarries revenue reduced slightly as softer volumes reflected lower internal pull through from lower Concrete volumes. Earnings improved due to cost savings and better operational performance at the Peppertree Quarry relative to the prior year when an unplanned disruption impacted earnings. While like-for-like prices were 1% softer, ASP improved due to a shift towards higher-priced quarry products.

1. Excluding significant items.

2. ROFE is EBIT before significant items on funds employed (average of opening and closing funds employed for the year).

3. Includes lease additions.



Cement external revenue was higher reflecting increased project work in Vic and continued strength in the DIY market with higher sales of packaged products which offset a 2% decline in ASP.

Earnings were lower as Boral aligned its upstream cement pricing to market rates. Targeted cost savings and lower energy costs only partially helped to offset this pricing realignment.

Asphalt reported lower revenue and earnings due to completion of major project work in NSW and Qld which included projects such as Northern Road, Pacific Highway, Norfolk Island, Emerald Airport and Mudgeeraba to Varsity Lakes. There were also continuing delays on the West Gate Tunnel project in Vic.

In FY2021, we delivered \$75 million of **Transformation benefits** net of inflation in Australia, including \$6 million in the discontinued Building Products businesses. By the end of FY2021, Transformation initiatives were delivering an annualised run rate benefit after inflation of ~\$94 million against the \$200 million to \$250 million target. Initiatives that contributed to the delivered Transformation benefits in FY2021 included:

- targeted labour and human capital initiatives resulting in a 7% reduction in employee numbers, a 7% reduction in overtime hours and a 17% reduction in contractor hours
- procurement initiatives to lower costs and help offset inflation
- a broad range of improvement projects to improve operations excellence, including a National Quarry performance improvement program to lift Overall Equipment Effectiveness (OEE) and other efficiency initiatives as well as mothballing or permanent closure of 17 under-utilised sites and plants

- the transition to a new operating model, including centralisation of functional support services and elimination of duplication; benefits will be more substantial in FY2022
- supply chain initiatives delivering improving productivity of tippers, tankers and concrete agitators.

We have adopted a disciplined and rigorous approach to identify, capture and track the Transformation benefits that are targeted over the next five years. This strengthens our confidence that the benefits delivered through our Transformation program will have a sustainable, positive impact on the underlying earnings and future performance of the business.

Boral's strategic priorities

Significant progress has been made to refocus Boral's portfolio of businesses, deliver better financial results and build a stronger performing business for our shareholders, our customers and our people. Work commenced on a renewed strategy for Boral in late 2020 and, in May 2021 a new comprehensive strategic framework was adopted.

Strategic framework

The four pillars of Boral's strategy are: **FOCUS**, **POSITION**, **REDEFINE** and **EXTEND**.

Boral is already well advanced on the first pillar of the strategy, which aims to **FOCUS** Boral on the core construction materials business in Australia.

This includes divestment of non-core businesses and disciplined capital management via a renewed Financial Framework.

Divestment of non-core assets and exploration of divestment opportunities includes:

- the sale of Boral's 50% interest in USG Boral for US\$1.015 billion
- divesting Meridian Brick for US\$250 million (Boral's share US\$125 million), targeting to close in 1Q FY2022
- the announced divestment of the North American Building Products business for US\$2.15 billion, expected to close in 1H FY2022
- the announced divestment of Boral's Timber business for \$64.5 million, also expected to close in 1H FY2022, and
- following market testing of strategic alternatives for North America Fly Ash, the divestment process is now well progressed.

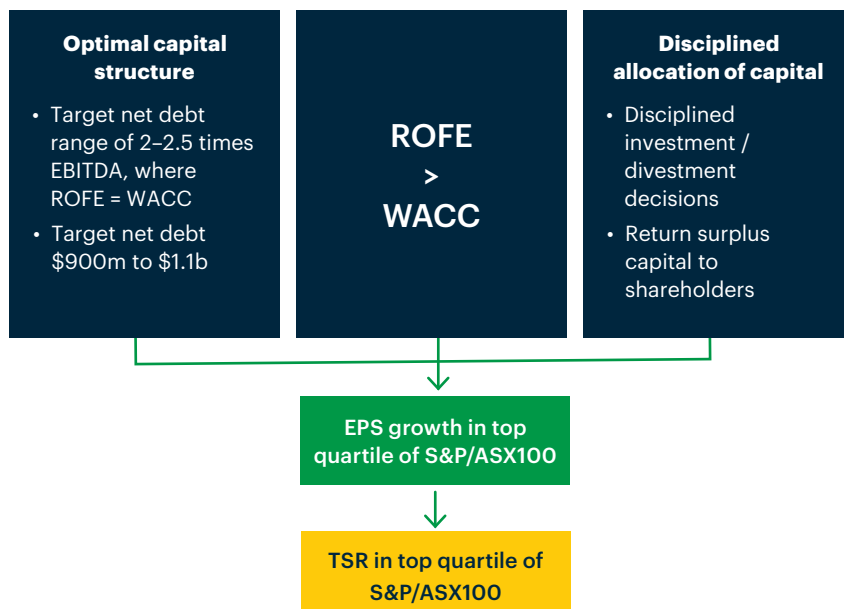
Boral's new **Financial Framework** was articulated in February 2021 and is intended to guide the Group's decision making and ensure alignment with the interests of our shareholders.

The key financial objective of the Financial Framework is to achieve a Total Shareholder Return (TSR) in the top quartile of the S&P/ASX100. To achieve this, Boral is targeting earnings per share growth in the top quartile of the S&P/ASX 100.

To meet these objectives, there are three core pillars to the Financial Framework:

- 1. Maintaining an optimal capital structure**, which means having the right amount of debt for our business. The optimal net debt range of 2–2.5 times EBITDA is where Boral's cost of capital is at its lowest.
- 2. Ensuring return on funds employed (ROFE) is greater than our weighted average cost of capital (WACC)**. Targeting ROFE greater than 10% will help us deliver ROFE > WACC throughout the cycle.
- 3. Being disciplined about how we allocate our capital**. Maintaining an optimal capital structure and achieving ROFE > WACC will generate surplus capital. How we allocate that capital will drive our success. This means we will:

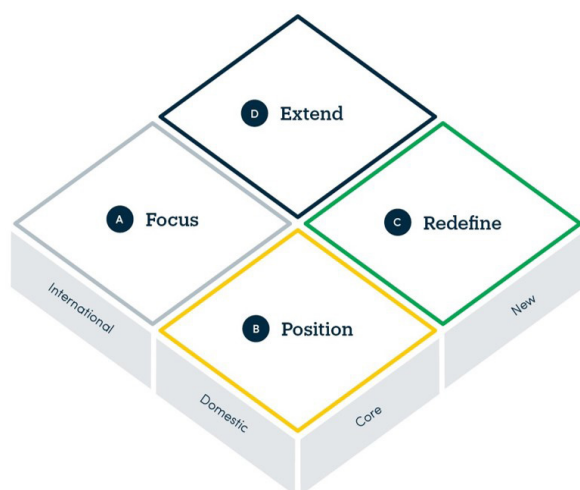
- reinvest in the business to ensure we maintain a sustainable competitive advantage
- seek to divest assets where we do not have a sustainable competitive advantage and do not see a realistic prospect of building one, and
- return surplus capital to our shareholders in the most efficient form.



The second pillar of Boral's strategy is the renewed focus to **POSITION** Boral's core business in Australia for improved profitability and to deliver its competitive advantage in the short, medium and long term.

Strategic framework

The four pillars of Boral's strategy are: **FOCUS**, **POSITION**, **REDEFINE** and **EXTEND**.



A FOCUS

Divest non-core businesses to strengthen the portfolio from both a strategic and financial perspective.

B POSITION

Build a competitive and profitable core business to underpin our position as the national leader in our chosen segments.

C REDEFINE

Reshape our businesses and operations to become the leader in decarbonisation so that we are best positioned to pre-empt and act on emerging trends

D EXTEND

Explore opportunities to create value from the commercialisation of innovations.

The following important elements of the strategy will position the business in Australia for success:

- Boral's **Transformation program**, which aims to deliver **\$200 million to \$250 million EBIT uplift** (net of inflation) by 2025 through permanent cost reductions, new earnings streams, optimising use of existing funds employed and divesting assets (this target for continuing operations in Australia is required to achieve ROFE greater than WACC at all times throughout the cycle)
- the new **operating model**, which came into effect from 1 July 2021 and has moved Boral from an autonomous regional model to an integrated operating company organised along national product lines; it is intended to unlock significant value by delivering a more nimble and more responsive organisation
- Boral's strategy to **realise latent value** within the existing **property portfolio**; with surplus property representing a market value of at least \$850 million, this part of the strategy is currently under development and is expected to be finalised in FY2022.

The third pillar of our strategy aims to **REDEFINE** Boral through decarbonisation and adjacent growth to establish a competitive advantage.

Importantly, Boral has set sector-leading science-based carbon emissions reduction targets¹ aligned with limiting global warming to 1.5°C.

We have set targets to reduce our Scope 1 and 2 emissions by 46% by FY2030, which is aligned with a commitment to achieving net-zero emissions by 2050². For Scope 3 emissions, we are targeting to reduce relevant emissions³ by 22% per tonne of cementitious materials produced by FY2030.

We are also adopting a **FY2025 short-term target** to reduce Scope 1 and 2 emissions by 18%.

We have adopted an absolute contraction approach under the Science Based Targets initiative (SBTi) methodology for Scope 1 and 2 as a sector-specific 1.5°C target pathway is not yet in place.

Decarbonisation pathways have been identified and work is underway across a range of initiatives under energy, transport, cementitious intensity, sourcing, and carbon capture and storage pathways.

We have identified clear and viable decarbonisation pathways to achieve our FY2030 target. Beyond FY2030, emission reductions depend on further development and commercial viability of emerging and new technologies.

For example, as a grant recipient from the Federal Government's CCUS Development Fund, we will receive up to \$2.4 million towards a pilot-scale carbon capture and storage project. The pilot project will capture carbon from our Berrima Cement plant and store it in recycled concrete, masonry and steel slag aggregates to improve the quality of these recycled materials before re-use.

In addition to decarbonisation plans, growth plans being developed include recycling, waste, supplementary cementitious materials (SCMs), and accelerating lower carbon products and technology.

The fourth pillar of Boral's strategy is **EXTEND** the business by exploring opportunities to commercialise innovations. These include digital and decarbonisation innovations in the pipeline that can drive value for Boral but will likely be realised over a longer time period.

1. Based on construction materials, including cement, companies taking action through the Science Based Targets initiative (SBTi).

2. While SBTi's methodology permits the use of carbon offsets to achieve net-zero emissions post-2030, our decarbonisation pathway post-2030 is focused on achieving absolute emissions reductions for Scopes 1, 2 and 3. This pathway remains dependent on further development and commercial viability of new and emerging technologies.

3. Refers to 68% of our Scope 3 emissions included in our Scope 3 target, consistent with the SBTi's methodology.

Capital structure and capital allocation

Our optimal capital structure is defined by the point where our cost of capital is at its lowest. This is defined as net debt at 2–2.5 times EBITDA, equivalent to \$0.9 billion to \$1.1 billion (for continuing operations) where ROFE = WACC. We will target the bottom of this range to ensure we retain flexibility.

As at 30 June 2021, Boral's net debt was \$899 million, which is at the bottom end of the target range.

Post the receipt of proceeds from Boral North America Building Products, Fly Ash, Meridian Brick and the Australian Timber business divestments, Boral will have significant surplus capital.

Boral maintains strong liquidity of \$1.35 billion including \$904 million of cash.

With diverse sources of **long-term funding** – including undrawn bank facilities of nearly \$450 million – and a weighted average debt maturity of 4.9 years, Boral's debt maturity profile presents minimal refinancing risk.

The Group maintains an investment grade credit rating with both Moody's and S&P.

In FY2021, Boral's **capital expenditure** for total operations was \$313 million (including leases), compared with \$454 million in FY2020, including:

- the new clinker grinding and storage facility at the Port of Geelong, Vic
- the new Fly Ash classifier as part of the operations at the Tarong Power Station, Qld
- the Kirkland natural pozzolan grinding facility in Arizona, USA.

Maintaining a strong balance sheet is a key priority. A strong balance sheet ensures that Boral is well placed to withstand headwinds and take advantage of opportunities.

In line with Boral's Financial Framework, the form of **returning capital to shareholders** will take into account the availability of franking credits, the prevailing share price and what is in the best interests of shareholders as a whole. If surplus capital was available to return to shareholders, **the Group does not currently have adequate franking credits available to pay franked dividends.**

After 30 June 2021, Boral completed its 10% share buy-back at an average price of \$7.01 per share.



Underlying performance and market activity

We expect the current uncertain and mixed market conditions in Australia to continue in FY2022.

- Infrastructure activity is expected to improve slightly in the second half of FY2022, but more so moving into FY2023, particularly road construction.
- Non-residential activity is expected to be broadly steady.
- Continued flow through of stimulus-led detached housing activity is expected, but lead indicators suggest softening of demand will occur in FY2022.
- Multi-residential activity is expected to remain weak, with a lift in activity not expected until immigration returns.

Uncertainty across all geographies and market segments remains.

- While we were seeing signs of improved demand as we ended FY2021 and moved into FY2022, COVID disruptions and unprecedented impact on construction through temporary closures from July 2021 have presented early challenges and considerable uncertainty.
- In July 2021 construction closures in Greater Sydney and South Australia had an estimated EBIT impact of around \$16 million due to lost volumes and higher costs. Further impacts are continuing in the first quarter of FY2022 in Greater Sydney due to local government area closures together with restrictions in other states and the slow ramp up of activity in South Australia.
- At this stage, the impact of COVID disruptions in the first quarter may be in the order of around \$50 million.
- Our ability to recover lost volumes remains unclear.
- We will continue to take actions to minimise the financial impacts of COVID-related measures, including short-term cost measures.

We are focusing on the things we can control, including targeting FY2022 Transformation benefits of ~\$60–\$75 million net of inflation. This will contribute to the longer-term \$200 million to \$250 million transformation Target, against which \$75 million was delivered in FY2021.

Additional financial considerations

- No significant property sales are currently contemplated.
- Boral's financing costs will be approximately 4.2% p.a. on gross debt value (including leases).
- Capital expenditure for FY2022 (continuing operations) is currently expected to be around \$300 million (including new leases), subject to market conditions.

Our risks and responses

We recognise that effective risk management is essential to deliver on our ambitions and business strategies and to achieve future success.

Our robust risk management framework enables us to identify, assess and manage risks, and make better decisions to create long-term value and meet the expectations of our stakeholders. Information about risk identification and management at Boral can be found in the Corporate Governance Statement on pages 38-52.

Our approach to risk is informed by the level and types of specific risks we are willing to accept to achieve our strategic objectives. During the year, the Board considered and approved risk appetite statements, which articulate our tolerance for principal risks across a number of areas. An overview of our material business risks and our approach to managing those risks is set out on pages 20-23.

	Risks Health, safety and environment (HSE)	Market and industry
Description	<p>There is a risk of incidents occurring that may cause injury to Boral's staff, contractors or members of the community, or damage to the environment. Boral manages a fleet of about 3,500 on-road heavy vehicles, exposing us to a risk of traffic accidents.</p> <p>In addition to impacting our people and communities, any such incidents may result in costs and fines, cause business interruption and adversely affect Boral's reputation.</p> <p>As demonstrated by the COVID pandemic, community and global health issues and responses can also impact Boral's people, markets and operations.</p>	<p>Our business performance is closely tied to demand in the end markets in which we operate, across our regions of operation. These markets are cyclical and affected by various macroeconomic, demographic and regulatory factors, and the allocation and timing of government funding for public infrastructure and other building programs.</p> <p>For major projects, particularly infrastructure, our business is impacted by delays in delivery schedules or changes to scopes of work.</p>
Responses/mitigating activities	<ul style="list-style-type: none"> • Refreshed HSE strategy which aims to deliver industry-leading safety management and outcomes, and a positive environmental legacy • Comprehensive Health, Safety, Environment and Quality Management System with key focus on serious harm prevention • Strict minimum operating standards, policies, procedures and training to ensure compliance with all applicable HSE laws • Safety improvement initiatives focused on critical risk understanding and implementation of critical controls and standardisation, developing lead indicators and leveraging technology • Group standardised protocols for COVID-19, including strict hygiene, social distancing, and quarantine requirements and response plans • HSE performance monitoring, reporting and accountability, with a broader set of metrics focused on leading and lagging indicators implemented in FY2021 • Comprehensive heavy vehicle improvement program based on review against world's best practice • Heavy vehicle safety management to comply with (at a minimum) heavy vehicle laws • Leading Safe Work Program training in Australia • Comprehensive approach to dust management, including respirable dust, focused on best practice • Provision in financial statements for known environmental liabilities, including quarry remediation, reviewed annually 	<ul style="list-style-type: none"> • Reset Boral's portfolio of businesses to focus on core construction materials operations, following comprehensive portfolio review to deliver better financial results • New and comprehensive strategic framework to achieve a sustainable competitive advantage and create shareholder value • Comprehensive Transformation program of restructuring, cost reduction and adjacent growth opportunities to deliver \$200 million to \$250 million EBIT uplift in our core business • Enhanced property portfolio strategy focused on increased value creation opportunities • Disciplined allocation of capital in accordance with our Financial Framework • Continued monitoring and reporting of government policies, regulatory changes and industry trends, and engagement with regulators • Dedicated Project Management Office to maintain competitive work winning best practice project management processes and respond to changes in programs of work • Strengthened cement import capability in Victoria: new Boral Cement Geelong clinker import terminal to provide increased flexibility in east coast cement supply network

Competition and customer

Boral operates in competitive markets, against domestic suppliers and in some cases, imported product suppliers.

The competitive environment can be significantly affected by local market forces, such as new entrants, production capacity utilisation, disruptive product innovation, customer strategies and preferences, and changes in construction methods and materials. This impacts demand for our products.

- **Innovation team** is developing new ways to make and sell new and existing products
- **Lower carbon concrete strategy** to offer customers more sustainable product solutions
- **Investment in technology innovation** to diversify product range and develop new products in our core markets
- **Leveraging technology** for more targeted sales and marketing and improved customer experience
- **Partnering with academia and leveraging government initiatives** to strengthen materials-based product research and development, and innovation
- **Reshaped operating model** to create more integrated business that is nationally focused and regionally managed – better serving our customers
- **New national sales and marketing function** established to improve sales and marketing capability
- **Customer and Commercial Excellence** initiatives to improve customer-centricity, enhance service and grow margins
- Customer surveys and **Net Promoter Score tracking**

Weather and climate change impacts

Extreme weather is an inherent risk for the construction materials and building products industries. Periods of extreme weather can interrupt production and our operations, impact Boral's ability to supply products to the market and limit customers' ability to construct, reducing or postponing demand. Prolonged periods of wet weather can impact our performance through lower productivity and loss of fixed cost recovery.

The physical and transition risks associated with climate change and our mitigation strategies are further outlined in the *Boral Sustainability Report 2021*.

- **Set ambitious** FY2030 targets consistent with Science Based Targets initiative, underpinned by clearly defined **decarbonisation pathway**
- Task Force on Climate-related Financial Disclosures (TCFD) **physical climate risk and carbon price risk scenario analysis** completed, with outcomes to be considered in planning, risk management and operations
- **Decarbonising pathway**, focused on five levers: energy, transport, cementitious intensity, sourcing and carbon capture, use and storage
- **Large operating footprint** supports continuity of supply, by using broad network of operating sites and capabilities
- Ability to **flex production schedules** to reduce cost impacts
- **HSE mitigation and recovery plans** for major weather events, including flood, bushfire and cyclones
- **Weather monitoring** processes to identify where and when extreme weather events may impact the business so we can initiate planning processes early
- Monitoring and **preparedness for weather-related disruption**, including flexible workforces and additional equipment
- **New product development** focused on lower carbon products to drive adoption and usage, and support our customers

Our risks and responses

(continued)

Risks	Operations and technology	Social, legal and compliance
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Description</p>	<p>The Group's manufacturing operations and related services depend on critical plant. Any unanticipated failures, outages or force majeure events could lead to failure to meet financial performance.</p> <p>Boral's operations, operational efficiency, and financial and commercial systems depend on our information technology (IT) systems, capabilities and assets. Ongoing investment in IT is required to adequately support the business, including to address customers' needs.</p> <p>A cybersecurity breach could lead to the loss of sensitive data, breach of customer data privacy, business interruption and reputational damage.</p>	<p>Failure to meet the increasing expectations of Boral's stakeholders could impact future plans, reputation and our ability to operate.</p> <p>Attracting and retaining great people and engaging our workforce underpins delivery of Boral's strategic initiatives and business plans.</p> <p>Boral is subject to a broad range of laws, regulations and standards (and changes to any of these) in the jurisdictions in which we operate. Changes in laws and regulations, and non-compliance due to inadequate processes, systems, people or conduct could lead to losses and liabilities, reputational damage and business interruption.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Responses/mitigating activities</p>	<ul style="list-style-type: none"> • Plant maintenance strategies and production maintenance systems and programs • Business continuity and emergency response plans, with regular simulated crisis response training • Comprehensive Group insurance program that covers damage to facilities and associated business interruption, and product performance • Chief Information Security Officer responsible for developing and implementing Boral cybersecurity program, including remediation and improvement plans • Disaster recovery plans and emergency response protocols for critical IT systems and operational equipment • Cyberattack and data breach response simulation • Cybersecurity program aligned with National Institute of Standards and Technology's Cybersecurity Framework • Information security awareness training and targeted email 'phishing' simulation for all employees • Investments in market-leading cybersecurity technologies and services for threat prevention, detection and response • Boral Digital Services using cloud-based application and storage • Targeted technology enhancements to improve operational and core financial systems, including SAP implementation, and customer solutions 	<ul style="list-style-type: none"> • Organisational culture work including setting new Purpose and Values, and measuring and monitoring workplace culture • Succession planning, leadership development and workforce capability-building activities • Diversity and inclusion program sponsored by Boral's Diversity and Inclusion Council • Third-party whistleblower hotline, monitoring and reporting in all jurisdictions • Centralised Code of Business Conduct and associated policies, and covered in mandatory training at induction • Centralised competition law training, mandatory for relevant staff • Governance structure that monitors performance of third-party agreements and joint ventures • Subject matter experts monitor regulatory changes (including tax-related) and engage with regulators, and modify procedures and protocols to meet regulations of the jurisdictions in which we operate • Modern slavery risk management framework, including Human Rights Policy and Supplier Code of Conduct • Flexible work policy and guidelines that support employees' work and family responsibilities • Reconciliation Action Plan initiatives to support Aboriginal and Torres Strait Islander peoples, suppliers and communities • Community consultation programs and initiatives to minimise impacts of operations

Supply chain and cost management

Our business performance is exposed to inflationary impacts from rising input costs and the availability of labour.

Disruption in the supply of raw materials or other critical inputs as a result of force majeure type events could impact Boral's ability to manufacture products and meet market demand.

Failure to secure access to long-term reserves or future resource supply constraints could adversely impact our long-term growth.

- **Transformation program to deliver \$200 million to \$250 million EBIT uplift** through supply chain optimisation, operations excellence and operating model efficiencies, including through centralisation of key functions
- **Transformation Program Office** to track and monitor improvement initiatives to deliver Transformation target
- **Supply chain optimisation strategy and program** enhancing supply logistics, continuity of supply and reducing costs
- Largely **integrated supply chain** and locally sourced supply chain
- **Operational improvement** projects to offset inflationary pressures
- Short-term fluctuations in **fuel and energy costs** managed through **hedging** and electricity demand management
- **Quarry reserves planning**

Financial and capital management

Maintaining an optimal capital structure and taking a disciplined approach to allocating capital is key to delivering returns above our cost of capital through the cycle.

Managing our liquidity and funding requirements is essential to the financial health of our business.

Boral is exposed to movements in foreign exchange rates through its international operations and to a lesser degree through imported products and supply of plant and equipment.

- **Financial Framework** aims to achieve total shareholder return (and earnings per share growth) in top quartile of S&P/ASX 100 through the cycle
- Financial Framework targets an **optimal capital structure** consistent with an **investment-grade credit rating** and guides disciplined capital allocation decision making
- Proceeds from sale of 50% interest in USG Boral were applied to **reduce net debt** to achieve our targeted net debt of \$0.9 billion to \$1.1 billion and return surplus capital to shareholders through on-market buy-back
- Maintain prudent debt profile with **staged and long-dated debt maturities** from diverse funding sources in global capital markets
- **Disciplined capital expenditure** and investment decision making with post-implementation reviews
- **Maintain a strong liquidity position**, with committed undrawn facilities and cash on hand, including rigorously managing cash flow and working capital
- US dollar net assets partially hedged with US dollar-denominated debt to **limit impact of foreign exchange rate movements**, including on funding covenants
- **Cross-currency swaps** used to hedge US dollar-denominated debt
- **Forward exchange contracts** used for material product and equipment supply to hedge currency movements
- Interest rates swapped to **reduce cyclical impacts**
- **Counterparty credit risk** distributed across a number of highly rated global financial institutions

Sustainability overview



Boral's lower carbon concrete, ENVISIA[®], was used at Crown, Sydney, enabling Crown to achieve a Green Building Council of Australia 6 Green Star rating.

Our ambition is to be recognised as a leader in sustainability. As Australia's largest construction materials company, we have a unique opportunity to make a positive contribution to building more sustainable cities and communities, and to create value for our stakeholders.

This year, we developed a Sustainability Framework supported by goals and targets to drive our aspiration to lead the way in sustainability and support our new Purpose – *creating a world future generations will be proud of*. The framework identifies 17 priorities across four key areas that encompass the material sustainability topics identified through completing our latest sustainability materiality assessment during the year.

We have set goals and targets for these sustainability priorities. These goals and targets, as well as our comprehensive disclosure on our approach to sustainability and FY2021 outcomes are included in the *Boral Sustainability Report 2021*.

To demonstrate our commitment to a greener future, we set global sector-leading carbon emissions targets¹ and committed to net-zero emissions by no later than 2050.² We also joined the Science Based Targets initiative (SBTi) *Business Ambition for 1.5°C* and the United Nations Framework Convention on Climate Change (UNFCCC) *Race to Zero*.

As a result of the significant changes in Boral's portfolio in FY2021 and subsequent to year end, the sustainability data and commentary in this report focuses on Boral Australia including Australian Building Products, unless otherwise stated.

To align with our new science-based climate targets, our greenhouse gas (CO₂)³ emissions data and climate-related disclosures relate to our continuing Australian construction materials operations, namely Quarries, Cement, Asphalt, Concrete and Placing, and Recycling.

We have also provided sustainability data for the Group, which includes our North America Building Products and Fly Ash businesses in the *Boral Sustainability Report 2021*.⁴

1. Based on construction materials, including cement, companies taking action through SBTi.

2. While SBTi's methodology permits the use of carbon offsets to achieve net-zero emissions post-2030, our decarbonisation pathway post-2030 is focused on achieving absolute emissions reductions for Scopes 1, 2 and 3. This pathway remains dependent on further development and commercial viability of new and emerging technologies.

3. CO₂ refers to carbon dioxide equivalent emissions.

4. Refer to page 1 of the Boral Sustainability Report 2021 for details of our changed sustainability reporting boundary to entities under our operational control.

As a leading construction materials company, what we help create today will be around for generations to come. That means we need to get things right.

We are committed to leading the way in sustainability and *creating a world that future generations will be proud of*. Our Sustainability Framework sets out our commitments to achieving this across four focus areas:

Our People

Engaged and proud of our progress

Our Operations

Responsibly meeting today’s and tomorrow’s needs

Our Products

Making a lasting positive impact

Our Performance

Delivering sustainable economic outcomes

Our Sustainability Framework is underpinned by our commitment to a high standard of corporate governance, responsible business conduct, effective risk management and Boral’s Values, which inform everything we do.

For generations to come



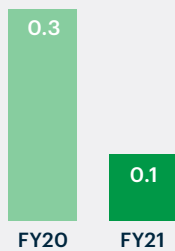
Sustainability highlights

Our approach to sustainability is underpinned by an effective governance structure and risk management framework, including oversight by the Board of Directors and management steering groups and committees that support work across our sustainability priorities.

Our People

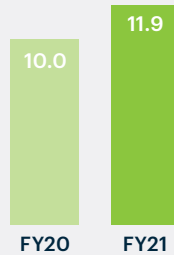
0.1

actual serious harm incident frequency rate¹



11.9

recordable injury frequency rate¹



Women represent

33% of Executive Committee members

35% of professional positions

14% of employees

Our Operations

Joined Science Based Targets initiative
Business Ambition for 1.5°C and set FY2030 emissions reduction targets

✓ **3%**

Scope 1 and 2 emissions to 1.6m tonnes CO₂

— **Steady**

Scope 3 emissions of 2.1m tonnes CO₂

Completed **TCFD-aligned** physical climate risk and carbon price risk **scenario analysis**

Our Products

Launched Envirocrete® Plus, broadening our lower carbon concrete suite of products

^ **37%**

increase in revenue from lower carbon concrete and Boral Recycling

> **2m tonnes**

construction and demolition waste recycled

External recognition

Member of
Dow Jones Sustainability Indices
 Powered by the S&P Global CSA



Constituent of
 FTSE4Good Index Series
FTSE4Good



MSCI
 ESG RATINGS
AA
 CCC B BB BBB A AA AAA

0.99:1.00

female-to-male average base salary equity ratio

~50%

of the Group's employees responded to culture survey

~1,200

employees have attended our award-winning zero|one|ten Leader program since 2018

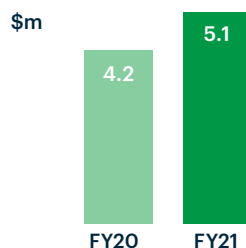
+15 points

improvement in Concrete Net Promoter Score (NPS)

Established baseline NPS in Quarries, demonstrating strong customer endorsement

\$5.1m

spend with Indigenous-owned and social enterprises



INNOVATE

Launched Innovate Reconciliation Action Plan

Published **concrete Environmental Product Declarations** (EPDs) for NSW/ACT, Tasmania and Perth region and national **Asphalt EPD**



In collaboration with Lendlease, delivered our first Climate Active-certified

net carbon neutral concrete

\$2.4m

grant awarded by Australian Government Carbon Capture Use and Storage Development Fund for pilot project at Berrima Cement plant



We recognise that our people are critical to our future success. We are committed to fostering an engaged, diverse and inclusive workplace and creating a culture that supports our people to deliver their best.

Our people and workplaces have continued to adapt and respond to the impacts of the pandemic. We have taken comprehensive measures to help reduce the spread of the virus and ensure the safety and welfare of our employees, contractors, customers and the public.

The start of FY2022 saw lockdown restrictions in some Australian states requiring construction activity, except for emergency construction, to cease.

This has had a pronounced and direct impact on our employees and contractors in affected areas. For all our employees who were unable to work due to mandated lockdowns and restrictions, we offered five days of pandemic leave, and we encouraged employees to take annual leave during the affected period, allowing up to 10 days leave to be taken in advance. We have also supported flexible and remote working arrangements where possible, and assisted our people to access relevant government support.

Culture and engagement

In October 2020, we used the Spencer Stuart Organisational Effectiveness and Culture Survey to survey our employees and received about a 50% response rate across the Group.

The results showed opportunities to improve Boral's organisational effectiveness and reflected several challenges employees were experiencing at the time. These challenges included leadership changes, COVID-related impacts, and uncertainty as a result of a portfolio review and a new operating model being finalised.

Against this constructive backdrop, a substantial change program has been underway. We adopted a new operating model in Australia, which came into effect from 1 July 2021. This new structure, supported by system upgrades and better behaviours, directly addresses the opportunities for improvement that the culture survey identified.

Diversity and inclusion

Our new Value of *Looking out for each other* captures our strong belief in showing consideration to all people, being open to listening to the input and ideas of others, and respecting and encouraging diversity and inclusion in every aspect of the way we work.

In FY2022, we will review and upgrade our diversity and inclusion strategy to bring a renewed approach that incorporates our new Values and aligns with our new way of thinking and our new operating model.

Women represent

38% of Directors
33% of Executive Committee members
13% of management positions
35% of professional positions
14% of employees

In FY2021, 14% of our employees were women, which compares with 13% in the prior year. Increasing the representation of women at Boral, particularly in leadership roles, remains a priority and will be a key focus of our upgraded diversity and inclusion strategy to be developed in FY2022.

Training and development

In Boral Australia, more than 4,600 employees completed learning programs through Learning@ Boral in FY2021. In addition, 748 employees completed vocational units of competency, certificates and training modules in a range of areas through Boral's registered training organisation (RTO) or external RTOs.

Boral's foundation leadership training, known as the zero|one|ten Leader program was developed in 2018, and to date about 1,200 employees have been through the program.

Health, safety and wellbeing

Our first and foremost priority is the health and safety of our people and all those who we interact with through our operations. We want everyone to go home healthy and safe every day.

Our approach to health and safety is underpinned by our health, safety and environment (HSE) strategy and management systems. This year, we embarked on the next evolution of HSE at Boral to think differently about everyday safety and enable us to deliver industry-leading HSE excellence.

Our refreshed approach aims to build a culture where our people are engaged in the solution to eliminate or control critical risks, and they are empowered to seek and support continuous improvement.

Our key focus is to strengthen the prevention of serious harm through more standardised and tailored controls that identify and mitigate our critical risks.

In FY2021, we also started a refresh of our Group-wide Health, Safety, Environment and Quality Management System (HSEQ MS). We are streamlining our system to focus on controls for identified HSE hazards and risks, with controls tailored specifically to each site and to our frontline people.

Safety outcomes

Following a best practice review of our health and safety reporting in FY2020, we broadened our metrics to better capture leading and lagging indicators related to serious harm and injury.

We have started reporting our actual serious harm incident frequency rate (ASHIFR) and our potential serious harm incident frequency rate (PSHIFR). Serious harm incidents are those that cause life-threatening or life-changing injuries or fatalities.

Pleasingly, we reported a 67% reduction in ASHIFR¹ and a 53% reduction in PSHIFR¹. This reflects the success of our programs that focus on identifying and preventing incidents that cause serious harm.

67% reduction in ASHIFR to 0.1

53% reduction in PSHIFR 5.1

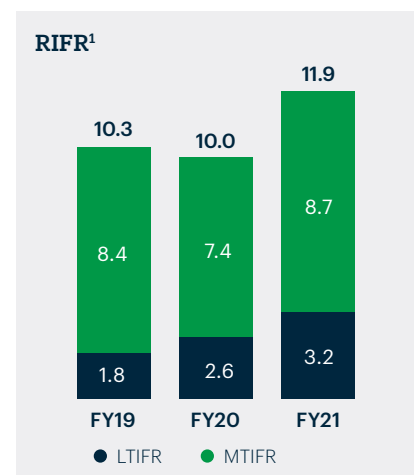
We reported a 19% increase in our recordable injury frequency rate (RIFR)^{1,2} to 11.9.

While we had zero reportable employee or contractor fatalities in our controlled operations, we were deeply saddened that in FY2021 there were three community fatalities. Two members of the public lost control of their vehicles and collided with a Boral heavy vehicle in two tragic road fatalities, which both occurred in regional NSW. In addition, as disclosed in our *2020 Boral Review & Sustainability Report*, in July 2020, an employee cement tanker driver was involved in a devastating crash in NSW, resulting in the death of a young girl and serious harm to several others.

There were also two fatalities in joint venture operations. In our Meridian Brick joint venture, an employee was seriously injured after being struck by a moving component of a machine and later died in hospital as a result of his injuries; and prior to the divestment of our 50% interest in USG Boral, there was a fatality involving a contractor working at a customer site in Korea. The impacts of these tragic events were felt across Boral and our heartfelt sympathy goes out to those affected.

Leading Safe Work Program

We continued to roll out our Leading Safe Work Program which supports our Safe Systems of Work, and we expect to complete the rollout in FY2022. The Leading Safe Work Program focuses on coaching and educating frontline leaders and workers in how to make better decisions on the job.



Outperforming industry safety benchmarks

According to Safe Work Australia's latest injury statistics reports, the broader industries in which Boral Australia operates have an extended duration lost time injury frequency rate (eLTIFR) four to five times that of Boral.³

In FY2021, Boral Australia's eLTIFR (five or more days lost) for employees was 2.2, compared with industry averages of 7.6 to 8.4 for the construction; transport, postal, and warehousing; and manufacturing industries.

1. Per million hours worked for employees and contractors.

2. Recordable injury frequency rate is the combined lost time injury frequency rate (LTIFR) and medical treatment injury frequency rate (MTIFR).

3. Safe Work Australia, Australian Workers' Compensation Statistics 2018-19, Table 21 - number, frequency rate and incidence rate of serious claims by industry (2018-19). Based on Safe Work Australia's definition of LTIFR, which is based on workers' compensation claims for work-related injuries that resulted in five or more days of lost time from work.



Committed to net zero

We have set science-based climate targets and committed to reach net-zero emissions from our operations by no later than 2050¹, in line with the most ambitious aim of the Paris Agreement to limit global warming to 1.5°C.

Our targets are:

- 18%** reduction in Scope 1 and 2 emissions by FY2025
- 46%** reduction in Scope 1 and 2 emissions by FY2030
- 22%** reduction in relevant Scope 3 emissions per tonne of cementitious materials produced by FY2030²

These targets are from an FY2019 baseline.

We have submitted our FY2030 Scope 1 and 2, and Scope 3 targets for validation to SBTi.

We have identified clear and viable decarbonisation pathways to achieve our FY2030 targets. Beyond FY2030, emission reductions will depend on further development and commercial viability of new and emerging technologies.

We have established a decarbonisation pathway based on five key levers: energy; cementitious intensity; transport; sourcing; and carbon capture, use and storage. Work is underway on initiatives across each of these levers – with a significant number of these initiatives currently feasible without a carbon price being required. We are investing in R&D, positioning the business for transition, and working with the right business partners and suppliers. We will regularly review our progress against our targets, including reassessing and reprioritising initiatives.

Boral’s cement manufacturing operations accounted for 82% of our Scope 1 and 2 emissions in FY2021. Many of the opportunities for emissions reductions are therefore in our Cement business.

We are also focused on decarbonising concrete through growing the share of revenue from our leading lower carbon concretes, ENVISIA®, Envirocrete® and Envirocrete® Plus.

TCFD scenario analysis

TCFD-based scenario analysis is an important step to obtaining greater insight into the potential future risks and opportunities of climate change. It enables us to adapt Boral’s strategy to strengthen our resilience to climate-related risks and the transition to a low-carbon economy.

In FY2021, we completed the second stage of the physical climate risk scenario analysis, with the completion of the first stage in the prior year. We also considered the transition risk of potential changes in carbon policy to introduce a carbon price and its effect on our operations and the potential implications for the market price of our products.

We are committed to reducing the environmental impacts of our operations, and wherever possible, eliminating these altogether.

	Scope 1 and 2	Scope 3
FY2021 (tonnes CO ₂)	Reduced 3% to 1.6m	Steady at 2.1m
From target FY2019 baseline	Reduced 9%	Reduced 5% CO ₂ tonnes/tonne cementitious materials produced ²



Sustainable operations footprint

We strive to achieve an environmentally sustainable operations footprint that meets today's and tomorrow's needs.

In addition to our ambitious decarbonisation targets and increased use of recycled materials in our products, we are investing resources to improve our water efficiency, reduce our waste generated and waste to landfill, and strengthen our biodiversity management.

Environmental compliance

We work to ensure we meet, and preferably exceed, compliance with environmental legislation and regulations relevant to our operations.

In FY2021, Boral Australia's serious environmental incident frequency rate³ was 0.3, which was an improvement on the prior year. Boral Australia received no penalty infringement notices during the year.

We received four infringement penalties in Boral North America, totalling \$12,310. These related to non-compliance with administrative arrangements, rather than direct environmental impacts.

Water

We used approximately 1.1 gigalitres of municipal water in Australia, in line with the prior year. Most of our municipal water use is in our concrete and quarries operations.

We use recycled water in our production processes across many of our operations, including concrete, quarry and asphalt. While some sites use 100% recycled water for their production processes, this proportion varies across our operations.

In FY2021, to enable us to establish a baseline of water consumption of non-municipal water at a number of our quarry and cement sites that were assessed as at high risk of water stress, we commenced the installation of water meters at these sites.

Waste

In FY2021, we partnered with a new waste services provider to improve our approach to the management of waste generated by our operations in Australia, including by centralising data on our waste streams. In FY2022, this will enable us to report on the waste we generate as well as set improvement targets to reduce waste and improve landfill diversion rates.

In our operations, we re-use by-products from our processes, such as concrete washout, recycled asphalt pavement, quarry by-products and process water from our production facilities.

Land management and biodiversity

Given our substantial land footprint across a broad geographic region, responsible land management is an integral part of how we operate.

For each of our extraction and operating sites, we carefully plan to mitigate any adverse environmental impacts – from development applications and operational land use through to rehabilitation and end-use planning and development.

We have management plans in place for all sites identified as having biodiversity values. Biodiversity obligations that are integrated into site permits are audited under Boral's environmental audit program to verify that we are meeting our commitments.

1. While SBTi's methodology permits the use of carbon offsets to achieve net-zero emissions post-2030, our decarbonisation pathway post-2030 is focused on achieving absolute emissions reductions for Scopes 1, 2 and 3. This pathway remains dependent on further development and commercial viability of new and emerging technologies.

2. Target applies to 68% of our Scope 3 emissions, consistent with SBTi's methodology which requires inclusion of at least two-thirds of Scope 3 emissions. Cementitious materials produced is defined following the Global Cement and Concrete Association definition: Total clinker produced for cement production or direct clinker sale plus mineral components and all clinker substitutes consumed for blending, plus all cement substitutes.

3. Serious environmental incident frequency rate is defined as Level 3 (or greater) environmental, regulatory or community incident rate (per million hours). Incident thresholds are determined by using the Boral HSEQ risk matrix.

Our Operations

(continued)



Customer experience

We aim to deliver a superior customer experience by listening to our customers to better understand their needs and focusing our efforts on delivering improvements.

We seek feedback from our customers to understand how we can serve them better through three types of Net Promoter Score (NPS). These key performance indicators help us measure customer satisfaction and loyalty.

After establishing a baseline Strategic and Episode NPS in our Concrete business in FY2019, this year we conducted a second Strategic and Episode NPS survey and expanded this to our Quarry business. In Concrete, our Strategic and Episode scores increased by 15 points compared to FY2019, which reflects the business' positive efforts in responding to customer feedback.

In FY2021, we continued to listen to our customer feedback and work with customers to improve the functionality of Boral Connects. Customers representing more than 70% of our total annual volume are now active users of Boral Connects, with adoption continuing to increase.

Sustainable procurement

We recognise that sustainable procurement is vital to support our environmental and social priorities and ambitions, as well as our brand and value proposition to customers.

Our approach to sustainable procurement is underpinned by our Sustainable Procurement, Indigenous Procurement and Human Rights policies and Supplier Code of Conduct.

We seek to promote diversity and inclusion in our supply chain, including by increasing our spend with social enterprises, Aboriginal and Torres Strait Islander-owned businesses and local and regional suppliers.

We screen and evaluate our suppliers through our onboarding processes, which includes ensuring they are aligned with Boral standards as outlined in our Supplier Code of Conduct. The process is differentiated for our domestic and international suppliers.

We continue to enhance our approach to assess and mitigate the risk of modern slavery in our supply chain. Our *Modern Slavery Statement 2021*, to be published in October 2021, sets out information on our approach and progress.

Community relations and partnerships

We work to build genuine and positive long-term relationships with the communities in which we operate. We do this by listening to our stakeholders, maintaining proactive and transparent communication, and responsibly managing our operations.

Across our key sites, we hold regular community liaison group meetings, which are designed to address local issues relating to our operations with stakeholders. Typically, these meetings are attended by neighbours, community representatives, and council and government representatives.

We are committed to building strong and long-lasting relationships with Aboriginal and Torres Strait Islander peoples and communities, and empowering Aboriginal and Torres Strait Islander peoples and communities by driving improved social and economic outcomes.

We also work to build respect for, and an understanding of, Aboriginal and Torres Strait Islander cultures, histories and achievements.

We launched our second Reconciliation Action Plan (RAP), our two-year Innovate RAP in November 2020. It outlines actionable commitments for 2020-2022 to deliver meaningful progress towards reconciliation, across four key pillars: relationships, respect, opportunities and governance.

Community investment

Through our community investment program, we aim to make a positive difference in the communities where we operate.

We support a range of projects through our seven key community partnerships that seek to provide long-term, sustainable benefits.

We continued to support our community partners through a challenging year impacted by COVID-19, working together to extend investment time horizons and modifying our plans and approach in response to the global pandemic. As a result, our community investment spend of about \$550,000 was substantially lower in FY2021 relative to recent years, including \$1.14 million invested in FY2020.

We strive to lead the way by offering innovative and sustainable construction materials and building product solutions that meet our customers' changing needs.

Central to our aspiration to be a leading innovator in sustainability is creating high-performing quality products and solutions that have a lower environmental footprint. We are doing this by embedding a more circular economy mindset across our business.

A core focus of our adjacent growth plans being developed includes growing our contribution to recycling and resource recovery.

We are growing Boral's existing Recycling business, incorporating recycled materials in asphalt, and increasing our use of supplementary cementitious materials (SCMs) to produce lower carbon concrete. This will reduce the embodied carbon in our concrete products, reduce our use of virgin materials and avoid sending waste to landfill.

37% increase in revenue from lower carbon concrete and Boral Recycling



Boral supplied ENVISIA[®] lower carbon and high-performance concrete for Webuild - NRW Joint Venture's Forrestfield Airport Link Project in Perth

Lower carbon concrete

As a leading manufacturer of concrete in Australia, we are working to be at the forefront of lower carbon concrete innovation and development.

By shifting our conventional concrete mixes to lower embodied carbon concrete mixes, we will significantly reduce the embodied carbon of Boral's concrete and reduce our carbon footprint from the manufacture of cement. The manufacture of cement, a key ingredient in concrete, has a substantial carbon footprint.

Boral's lower carbon concretes use our proprietary technology and know-how in concrete mix design to replace 40% to 55% of the cement used in concrete with SCMs. SCMs are typically ground-granulated blast furnace slag and fly ash, by-products of steel manufacturing and coal-fired power generation respectively, that would otherwise go to landfill.

Our goal is to increase the proportion of concrete revenue from lower carbon concrete mixes that contain 40% to 55% SCMs, compared to our conventional concrete mixes, which contain an average of 20% SCMs.

	Portland cement replacement
ENVISIA[®]	≥ 50%
Envirocrete[®] Plus	≥ 45%
Envirocrete[®] 40%	≥ 40%

Innovation, technology and digital disruption

We recognise that investing in innovation and technology is vital to meet the evolving needs of the construction industry, and create new market opportunities, and to strengthen our position as the partner of choice for our customers.

Established in FY2020, our five-year partnership with the University of Technology Sydney (UTS) - the UTS Boral Centre for Sustainable Building partnership - is bringing together industry technology and engineering experts to accelerate lower carbon concrete product innovation.

Boral is highly engaged with collaborative industry innovation hubs, including Cooperative Research Centres (CRCs) to drive broader adoption of innovative and sustainable solutions in the construction industry and benefit from Australian Government funding allocated to the CRCs and other competitive funding schemes.

In June 2021, we were awarded a grant of up to \$2.4 million from the Australian Government's CCUS Development Fund towards a pilot-scale carbon capture and storage project.

Boral also recently joined as a founding industry partner of the Materials & Embodied Carbon Leaders' Alliance (MECLA), a collaboration working to decarbonise Australia's building and construction industry.

Our initiatives collectively provide a balanced portfolio of expertise and required resources to support the implementation of our innovation strategy.

Executive Committee

Zlatko Todorcevski |

Chief Executive Officer (CEO) & Managing Director

Zlatko Todorcevski was appointed as CEO & Managing Director effective 1 July 2020. Biography details of Zlatko Todorcevski are available on page 36.

Tino La Spina | Chief Finance & Strategy Officer

Tino La Spina joined Boral as Chief Finance & Strategy Officer on 14 October 2020.

Tino is a qualified Chartered Accountant whose early career was in taxation and audit functions and who has spent the past 25 years in finance, strategy and leadership roles, primarily in the airline industry.

In 2019, Tino was appointed CEO, Qantas International, before leaving Qantas in August 2020 in light of the extended grounding of the international airline fleet as a result of COVID-19. He previously held the roles of General Manager, Strategy; Executive Manager, Finance & Commercial, Qantas Loyalty; and Deputy Chief Financial Officer, before being appointed Group Chief Financial Officer in 2014. Prior to joining Qantas in 2006, Tino spent five years as Finance Director and Deputy CEO of the National Express Group and five years with Ansett.

He has a Bachelor of Business (Accounting) from Swinburne University, a Graduate Diploma in Investment and Finance from the Australian Securities Institute, and is a Member of the Institute of Chartered Accountants.

Rebelle Moriarty | Chief People & Culture Officer

Rebelle Moriarty joined Boral as Chief People & Culture Officer on 31 May 2021.

Rebelle developed her early career in BHP and BlueScope Steel, most recently as Vice President Human Resources for its Asian operations. In the past decade, she has held Head of HR roles in ASX-listed Alesco Corporation and Coffey International, and from 2016, was the Executive General Manager People and Capability at infrastructure services provider, Ventia.

Rebelle holds a Bachelor of Arts (Industrial Relations) with Honours; a Master of Labour Law and Relations; and a Graduate Certificate in Leadership and Coaching. She is a certified executive coach, a Graduate of the Australian Institute of Company Directors, and a Member of the Australian Human Resources Institute.

Wayne Manners | Chief Operating Officer (Interim)

Wayne Manners joined Boral in 2012 as Regional General Manager WA Construction Materials after a 20-year career in industrial companies, including as Chief Executive Officer of Gemco Rail and Fleetwood Pty Ltd. He became Boral's Executive General Manager WA/NT and led Boral's Building Products in Australia and Boral's Major Projects Office, with overlay responsibility for Boral Australia's Transformation & Innovation group and Value Improvement Program (VIP).

In March 2019, Wayne was appointed President & CEO Boral Australia, a role he held until August 2021. Following the realignment of Boral's portfolio and the introduction of the new Australian operating model, Wayne moved into the newly created role of Chief Operating Officer on an interim basis, responsible for Assets & Product Solutions, Supply Chain & Logistics, HSE, Innovation and Operational Excellence.

He holds a diploma in Civil Engineering and a Master of Business Administration from Deakin University, and is a Graduate of the Australian Institute of Company Directors.

Darren Schulz | President & Chief Executive, Boral North America

Darren Schulz first joined Boral in 2002 and has built a career in building products that includes senior leadership roles in multi-national operations across the Americas, South East Asia, Africa, the Middle East, Europe and Australia. He spent two years in our Australian operations as Vice President, Performance and Executive General Manager, Building Products. In 2015, he joined Fletcher Building Limited as President & General Manager, Roof Tile Group, before returning to Boral in 2017 to take up the role of President, Roofing North America.

Darren holds a Master of Business Administration from The Wharton School, a Bachelor of Business (Accounting) Honours and is a Chartered Accountant.

Dominic Millgate | Company Secretary

Dominic Millgate joined Boral in 2010 and was appointed Company Secretary of Boral Limited in July 2013.

Dom has previously been legal counsel and company secretary for listed entities in Australia and Singapore, and has held legal roles in London and Sydney.

He is a Chartered Secretary and Fellow of the Governance Institute of Australia, a Member of the Australian Institute of Company Directors, is admitted to practise as a solicitor in NSW, and holds a finance degree from the University of New England, a law degree from the University of Sydney and a Master of Laws from the University of NSW.

Amy Jackson | Chief Legal Officer

Amy Jackson joined Boral in 2010, holding senior roles in the Boral Legal Team before being appointed as Deputy Group General Counsel in 2019. She was appointed to the role of Chief Legal Officer in February 2021.

Amy has broad experience across corporate, commercial and compliance matters.

Prior to joining Boral, Amy was part of the Corporate M&A team at Freehills (now Herbert Smith Freehills).

Amy holds a Bachelor of Laws (Hons) and Bachelor of Economics (Social Science) from the University of Sydney, together with a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.

Kylie FitzGerald | Group Communications & Investor Relations Director

Kylie FitzGerald first joined Boral in 1995 and was appointed Manager, Investor Relations & Corporate Affairs in 2001, a role she continued in until August 2010.

In January 2011, Kylie joined the GPT Group as Group Communications Manager, before returning to Boral in July 2012 to again lead Boral's Group Communications and Investor Relations function. Kylie's early roles were in production management in Roofing.

She holds an honours degree in Ceramic Engineering from the University of NSW and an MBA from the Australian Graduate School of Management.

Board of Directors

Ryan Stokes AO | Non-executive Chairman

Ryan Stokes joined the Boral Board in September 2020 and became Chairman in July 2021. Ryan is the Managing Director and Chief Executive Officer of Seven Group Holdings Limited (SGH). He has been an executive director of SGH since February 2010 and CEO since 2015. SGH and its associated entities hold a relevant interest in Boral of 69.6% as at 30 July 2021.

Ryan is Chairman of Coates Hire and a Director of WesTrac, Beach Energy and Seven West Media. He is Chairman of the National Gallery of Australia and is an Officer of the Order of Australia. He is also a member of the International Olympic Committee Education Commission.

His previous roles include Chairman of the National Library of Australia, member of the Prime Ministerial Advisory Council on Veterans' Mental Health, and Founding Chair Headspace, National Youth Mental Health Foundation.

Ryan holds a commerce degree from Curtin University and is a Fellow of the Australian Institute of Management. He is a member of the Health, Safety & Environment Committee and the Remuneration & Nomination Committee.

Zlatko Todorcevski | Chief Executive Officer (CEO) & Managing Director

Zlatko Todorcevski joined Boral as CEO & Managing Director on 1 July 2020. Zlatko's 30-year executive career spans the oil and gas, logistics and steel building products sectors. Prior to joining Boral, Zlatko was on the Board of Adelaide Brighton Limited, where he served as both Chairman, and Deputy Chairman and Lead Independent Director.

He started his career in the downstream building products arm of BHP Steel and held a number of executive roles with BHP's Petroleum business before being appointed the Chief Financial Officer (CFO) for Energy at BHP. He later joined Oil Search Limited as CFO with responsibility for all finance activities, strategy and planning, legal, IT and company secretarial functions. Zlatko was also previously the CFO of Brambles Limited. At Brambles, he led the \$3 billion demerger of Recall Holdings, multiple global acquisitions and divestments, and a major cross-company transformation program.

Zlatko holds a Bachelor of Commerce and Master of Business Administration from the University of Wollongong. He is also a Fellow of CPA Australia, a Fellow of FINSIA, a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

He is a member of the Health, Safety & Environment Committee.

Peter Alexander | Non-executive Director

Peter Alexander joined the Boral Board in September 2018. He is a seasoned former chief executive with more than 28 years of senior executive experience in US building materials and distribution, technology products and services.

In 2010, Peter became CEO of Building Materials Holding Corporation and led the efforts to successfully combine Building Materials Holding Corporation with BMC Stock Holdings Inc (BMC). He continued as President and CEO of the newly merged NASDAQ listed group BMC until early 2018. In addition to his eight years as CEO of BMC, Peter was President and CEO of ORCO Construction Distribution from 2005 to 2009, serving large residential, commercial and concrete construction builders. He previously served as President and CEO, or in other executive positions, for several other companies in the technology, retail, distribution and service industries, including GE Capital, ComputerLand/Vanstar, Premiere Global Services and Coast to Coast Hardware. He holds a BA from The Ohio State University and an MBA from The Pennsylvania State University. Peter is a member of the Remuneration & Nomination Committee.

Karen Moses | Non-executive Director

Karen Moses joined the Boral Board in March 2016. Karen is a Director of Orica Limited, Charter Hall Group, Snowy Hydro and Sydney Symphony Limited, and a Fellow of the Senate of Sydney University. Karen was previously a Director of SAS Trustee Corporation, Australia Pacific LNG Pty Limited, Origin Energy Limited, Contact Energy Limited, Energia Andina S.A., Australian Energy Market Operator Ltd, VENCORP and Energy, Water Ombudsman (Victoria) Limited and Sydney Dance Company. Karen has more than 30 years' experience in the energy industry spanning oil, gas, electricity and coal and upstream production, and supply and downstream marketing operations. This experience has been gained both within Australia and overseas.

She holds a Bachelor of Economics and a Diploma of Education from the University of Sydney.

Karen is a member of the Audit & Risk Committee and Chairman of the Health, Safety & Environment Committee.

Deborah O'Toole | Non-executive Director

Deborah O'Toole joined the Boral Board in September 2020. Deborah brings to the Board extensive executive experience across a number of sectors including more than 20 years in the mining industry. More recently, she held managerial, operational and financial positions in the transport and logistics sector. She has served as CFO in three ASX-listed companies – M.I.M Holdings Limited, Queensland Cotton Holdings Limited and Aurizon Holdings Limited. Deborah's board experience includes directorships of CSIRO, Norfolk Group, various companies in the MIM and Aurizon Groups, and government and private sector advisory boards. Deborah currently serves

as an independent director of the Asciano Group of Companies operating as Pacific National Rail, Credit Union Australia, Sims Metal Management Limited and Alumina Limited, and chairs the Audit Committee, Risk Committee or Audit & Risk Committee for those companies. She holds a law degree and is a Member of the Australian Institute of Company Directors.

Deborah's skills include strategic, financial, commercial and operational expertise, as well as substantial knowledge and understanding of global markets and supply chains. She has also been at the frontline of business transformation and organisational change and has extensive experience leading ASX-listed companies. Deborah is a member of the Audit & Risk Committee and Health, Safety & Environment Committee.

Paul Rayner | Non-executive Director

Paul Rayner joined the Boral Board in September 2008. Paul is the Chairman of Treasury Wine Estates Limited, a Director of Qantas Airways Limited and a Director of the Murdoch Children's Research Institute. He was previously a Director of Centrica plc, a UK-listed company. He brings to the Board extensive experience relevant to Boral. He has worked in the fields of finance, corporate transactions and general management in the consumer goods, manufacturing and resources industries. His last executive role was Finance Director of British American Tobacco plc, based in London from January 2002 to 2008. He holds an Economics Degree from the University of Tasmania and a Masters of Administration from Monash University. Paul is Chairman of the Audit & Risk Committee.

Richard Richards | Non-executive Director

Richard Richards is the CFO of Seven Group Holdings Limited (SGH) and is responsible for finance across the diversified conglomerate (including equipment manufacture, sales and service, equipment hire, investments, property, media and oil and gas).

Richard is a Director of WesTrac, AllightSykes, SGH Energy, Coates Hire, where he is Chair of the Audit & Risk Committee, and Beach Energy, where he is a member of the Audit & Risk Committee. Richard joined SGH from the diverse industrial group, Downer EDI, where he was Deputy CFO responsible for group finance across the company for three years. Prior to joining Downer EDI, Richard was CFO for the Family Operations of LFG, the private investment and philanthropic vehicle of the Lowy family for two years. Prior to that, he held senior finance roles at Qantas for more than 10 years. Richard has a Bachelor of Commerce/Laws (Hons) from Bond University, a Master of Laws from the University of Sydney and a Master of Applied Finance from Macquarie University. He is both a Chartered Accountant and admitted as a solicitor in NSW.

Richard is a member of the Audit & Risk Committee and the Health, Safety & Environment Committee.

Rob Sindel | Non-executive Director

Rob Sindel joined the Boral Board in September 2020. Rob is Chairman of Orora Limited, and a Director of Mirvac Group. He was formerly the Managing Director and Chief Executive Officer of CSR Limited for 8 years from 2011 until 2019. Rob brings to the Board extensive experience obtained from executive management and leadership positions, principally from his 30-year career in construction materials and building products, both in Australia and the United Kingdom. He has insights in manufacturing, sales and marketing in B2B environments, and strategic management. He also has a deep understanding of how to successfully navigate through market cycles. Rob holds an Engineering degree and an MBA. He is a Graduate of the Australian Institute of Company Directors, and a Fellow of the Institution of Engineers Australia.

Rob is Chairman of the Remuneration & Nomination Committee.

Kathryn Fagg AO | Former Non-executive Chairman

Kathryn Fagg joined the Boral Board in September 2014 and served as Board Chairman from 1 July 2018, until her retirement from the Board on 30 July 2021. Kathryn is a Director of National Australia Bank Limited and Djerrivarrh Investments Limited and is on the CSIRO Board. She is also a Director of the Myer Foundation, Chair of the Breast Cancer Network Australia, a board member of the Grattan Institute and Male Champions of Change. She was previously Director of Incitec Pivot Limited, a Board member of the Reserve Bank of Australia, immediate past President of Chief Executive Women and former Chair of the Melbourne Recital Centre and Parks Victoria. Kathryn is an experienced senior executive, having worked across a range of industries in Australia and Asia, including logistics, manufacturing, resources, banking and professional services. She was previously President of Corporate Development with the Linfox Logistics Group and prior to that she held executive roles at BlueScope Steel and ANZ and consulted for McKinsey & Co. She holds an Honorary Doctorate in Business and a Master of Commerce in Organisation Behaviour from the University of NSW, and an Honorary Doctorate in Chemical Engineering and a chemical engineering degree from the University of Queensland.

John Marlay | Former Non-executive Director

John Marlay joined the Boral Board in December 2009 and retired on 27 October 2020.

Eileen Doyle | Former Non-executive Director

Dr Eileen Doyle joined the Boral Board in March 2010 and retired on 27 October 2020.

Corporate Governance Statement

Introduction

This Corporate Governance Statement outlines Boral's governance framework. Boral is committed to ensuring that its policies and practices reflect a high standard of corporate governance.

The Board recognises that good corporate governance is essential to building trust and creating long-term shareholder value, supported by Boral's redefined Purpose and Values.

As set out earlier in the Annual Report, we have redefined our Purpose as: **creating a world future generations will be proud of**, and our new Values are:

- Looking out for each other
- Leading the way
- Doing what we say
- Achieving together

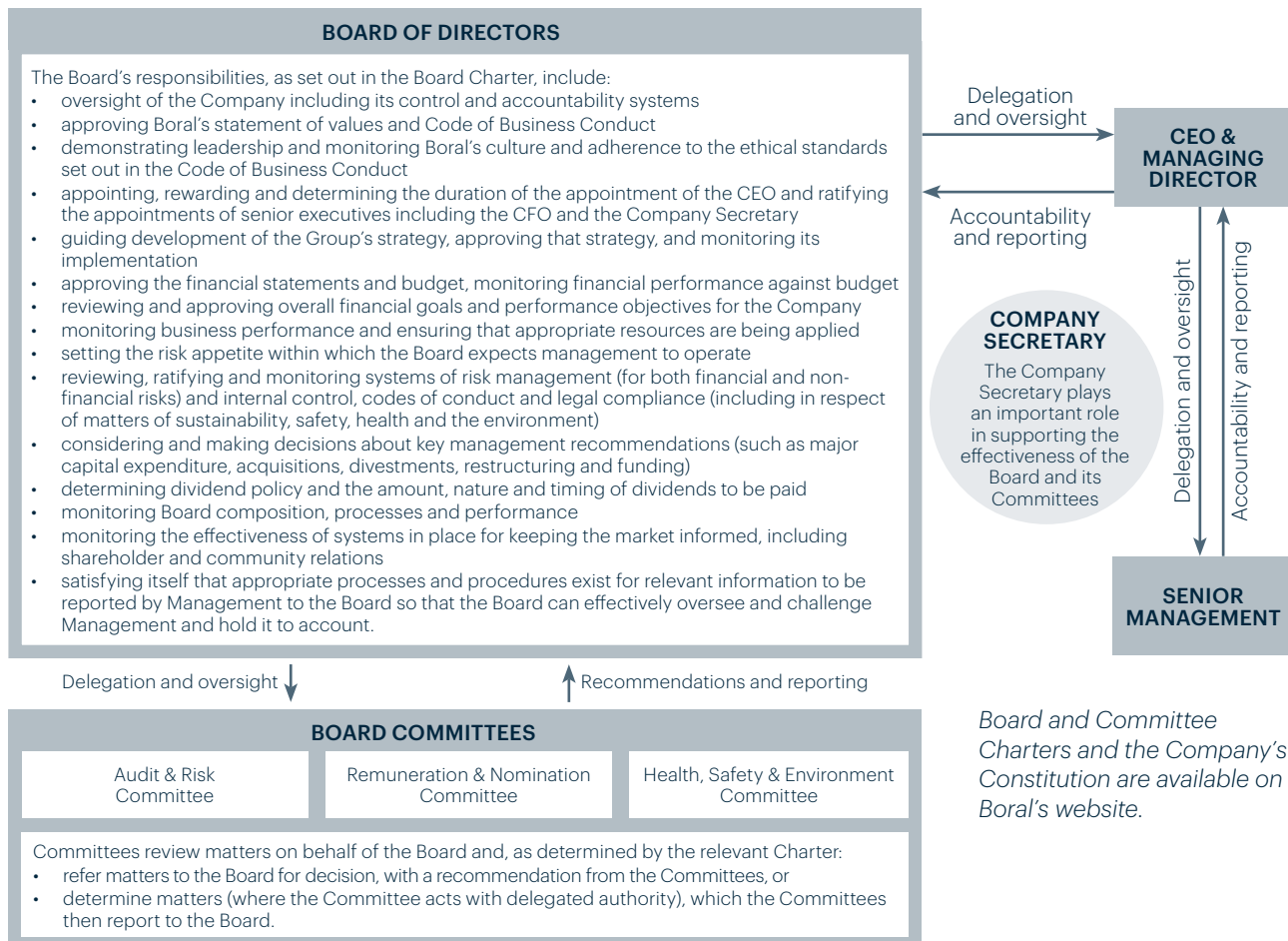
Our Purpose and Values are expected to inform all our decisions, from the top down. The Values are supported by our governance framework and underpin our corporate culture.

Throughout FY2021, Boral's governance arrangements were, unless otherwise stated, consistent with the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council (the ASX Principles and Recommendations).

The Board continually reviews governance at Boral to ensure that our arrangements remain appropriate in light of changing expectations and general developments in good corporate governance.

In accordance with the ASX Principles and Recommendations, the Boral policies referred to in this statement have been posted to the corporate governance section of Boral's website: boral.com/corporate_governance.

This Corporate Governance Statement is current as at 30 June 2021 (unless otherwise stated) and has been approved by the Board of Boral Limited.



The Board and its role

Responsibilities of the Board

Directors are accountable to shareholders for the Company's performance and governance. The Board has delegated to the CEO & Managing Director and, through the CEO & Managing Director, to other senior executives, responsibility for the day-to-day management of the Company's affairs and implementation of the Company's strategy and policy initiatives. The CEO and other senior executives have written agreements in place that set out their terms of appointment, and all executives are to operate in accordance with Board approved policies and delegated limits of authority.

The diagram on page 38 summarises Boral's governance framework and the functions reserved for the Board in accordance with the Board Charter.

Non-executive Directors typically spend at least 35 days each year (considerably more in the case of the Chairman) on Board business and activities. However there has been significantly increased Board activity in this last year as a result of responding to COVID and increased corporate activity including strategic repositioning, portfolio divestments and the takeover bid response. Board activity includes Board and Committee meetings, meetings with senior management to discuss in detail the strategic direction of the Company's businesses, visits to operations, and meeting employees, customers and other stakeholders. The Board's engagement with our people through these business level reviews and operational visits provides additional insights around Boral's culture, capability and execution.

Composition of the Board

Membership

As at 30 June 2021, the Board consisted of eight directors, six of whom were considered independent, including the Chairman.

Following Board changes announced on 30 July 2021, the current composition of the Board is as follows:

Mr Ryan Stokes AO	Non-executive Chairman
Zlatko Todorcevski	Chief Executive Officer & Managing Director
Rob Sindel	Independent non-executive Director
Peter Alexander	Independent non-executive Director
Karen Moses	Independent non-executive Director
Deborah O'Toole	Independent non-executive Director
Paul Rayner	Independent non-executive Director
Richard Richards	Non-executive Director

Boral's Constitution provides that there will be a minimum of three Directors and a maximum of 12 Directors on the Board.

The roles of the Chairman and the CEO & Managing Director are not exercised by the same individual.

Chairman's appointment and responsibilities

The Board selects the Chairman from the non-executive Directors. The Chairman is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and Management. The Chairman regularly communicates with the CEO & Managing Director to review key issues and performance trends. They also represent the Company in the wider community.

Mr Ryan Stokes AO was appointed non-executive Chairman of the Board on 30 July 2021. Mr Stokes is the Managing Director and Chief Executive Officer of the Company's majority shareholder, Seven Group Holdings (SGH), and accordingly is not considered to be independent. The Board acknowledges the ASX Recommendation that the Chairman should be an Independent Director, however the Board considers that it is appropriate that Mr Stokes is Chairman of the Board in light of SGH's majority shareholding and having regard to his experience, business relationships and insights.

Corporate Governance Statement

(continued)

Skills and diversity of the Board

Matters relating to the composition of the Board and its Committees are considered by the Remuneration & Nomination Committee in accordance with the framework set out in the Remuneration & Nomination Committee Charter and through processes implemented by the Board.

The Board actively seeks to ensure that it has an appropriate mix of diversity, skills, experience and expertise to enable it to discharge its responsibilities effectively and to be well-equipped to assist our Company to navigate the range of opportunities and challenges we face.

Diversity includes differences that relate to industry experience, tenure, gender, age and cultural background, as well as differences in life experience, communication styles, interpersonal skills, education, functional expertise and problem-solving skills.

To assist in identifying areas of focus and maintaining an appropriate and diverse mix in its membership, the Board uses a skills matrix. The matrix is an important, but not the only, basis of criteria applying to Board appointments. When the Board reviews the skills matrix, it looks to ensure that it covers the skills needed to address existing and emerging business and governance issues for the Company.

The Board skills matrix sets out the mix of skills, experience and expertise that the Board currently has and is looking to achieve in its membership. The matrix supports the Company's overarching strategy and priorities for the business, as well as other areas of relevance to the composition of the Board.

Referring to the Board skills matrix on this page, each of the areas is currently well represented on the Board. The Board benefits from the combination of Directors' individual skills, experience and expertise in particular areas, as well as the varying perspectives and insights that arise from the interaction of Directors with diverse backgrounds.

As announced on 30 July 2021, the Board intends to have a majority of independent Directors, with an appropriate governance framework consistent with promoting the best interests of all shareholders.

The Board renewal plan is currently focused on recruiting two new independent directors, once suitable candidates with the right skills and experience are identified, consistent with Recommendation 2.4 of the ASX Principles.

The areas addressed in the matrix are as follows.

Board skills matrix – skills and experience across the Board as a whole to support Boral's strategy and business priorities

Element	Skills
Leadership	Executive leadership
	Health, safety and environment
Portfolio	Strategy, mergers and acquisitions
	Financial acumen
	Risk management
	Global experience
	Market and customer knowledge
	Innovation
People	Change and transition
	Information technology
	Organisational sustainability
Governance	Remuneration and rewards
	Governance and regulation
	Board experience

The skills, experience and expertise of each Director are set out on pages 36–37 of this Annual Report.

Director independence

The Board has assessed the independence of each non-executive Director in light of their interests, positions, associations and relationships, and considers each of them to be independent with the exception of Mr Ryan Stokes and Mr Richard Richards.

Mr Stokes and Mr Richards are senior executives with SGH, and SGH and its associated entities hold a relevant interest in up to 69.6% of the shares of Boral as at 24 August 2021.

The criteria considered in assessing the independence of non-executive Directors include that the Director:

- is not and does not represent a substantial shareholder of the Company and has not within the last three years been an officer or employee of, or professional advisor to, a substantial shareholder
- is not employed, or has not previously been employed, in an executive capacity by a Boral company or, if they have been previously employed in an executive capacity, there has been a period of at least three years between ceasing such employment and serving on the Board
- does not receive performance-based remuneration from, or participate in, an employee incentive scheme of Boral

- has not been within the last three years in a material business relationship (e.g. as a supplier, professional advisor, consultant or customer) with a Boral company, or an officer of or otherwise associated with someone with such a relationship
- has no material contractual relationship with a Boral company other than as a Director
- does not have close personal ties with any person who falls within any of the categories described above, or
- has not been a Director of Boral for such a period that his or her independence may have been compromised.

For those Directors assessed as independent, none of the interests of those Directors (or the interests of persons with whom Directors have close family ties) with other firms or companies having a business relationship with Boral could materially interfere with the ability of those Directors to act in Boral's best interests. 'Material', in the context of Director independence is, generally speaking, regarded as being 5% of the revenue of the supplier, customer or other entity being attributable to the association with a Boral company or companies.

Accordingly, all of the non-executive Directors are considered independent, with the exception of Mr Ryan Stokes and Mr Richard Richards.

Conflicts of interest

In accordance with Boral's Constitution and the Corporations Act 2001 (Cth) (Corporations Act), Directors are required to declare the nature of any interest they have in business to be dealt with by the Board. Except as permitted by the Corporations Act, Directors with a material personal interest in a matter being considered by the Board may not be present when the matter is being considered and may not vote on the matter.

The Board has put in place appropriate policies and procedures such as the Information Sharing and Conflict Protocol and Independent & Related Party Committee Charter to manage any potential conflicts.

Established on 30 July 2021, the Independent & Related Party Committee consists of all of the independent non-executive Directors. The Committee provides a forum for the review of material transactions between Boral and its related parties.

Review of related party transactions by the Committee occurs without Non-Independent Directors present.

The Committee will meet at least once a year, and will otherwise hold discussions and receive management reports concerning related party transactions as necessary.

The Committee provides an opportunity for the Independent Directors to meet regularly without Non-Independent Directors present. The Committee is also responsible for considering relevant matters that arise under the Information Sharing and Conflict Protocol.

The Chair of the Independent & Related Party Committee performs the function of Lead Independent Director on the Board.

Tenure

Under Boral's Constitution, and as required by the ASX Listing Rules, a Director must not hold office (without re-election) past the longer of the third Annual General Meeting (AGM) and three years following that Director's last election. Retiring Directors are eligible for re-election. When a vacancy is filled by the Board during a year, the new Director must stand for election at the next AGM. The requirements relating to retirement from office do not apply to the Managing Director of the Company.

The length of service of each current Director is set out on pages 36–37 of this Annual Report, and while the Board has been well served with an appropriate and diverse mix of tenure over time, the Board is actively progressing its plan for Board renewal, as outlined on the previous page.

The Board does not regard nominations for re-election as being automatic but rather as being based on the individual performance of Directors and the needs of the Company. Before the business to be conducted at the AGM is finalised, the Board discusses the performance of Directors standing for re-election in the absence of those Directors. Each Director's suitability for re-election is considered on a case-by-case basis, having regard to individual performance. Tenure is just one of the many factors that the Board takes into account when assessing the independence and ongoing contribution of a Director.

Induction and training

Management, with the Board, provides an orientation program for new Directors. The program includes:

- briefings from executives and management, including detailed introductions to Boral's business and strategy implementation, history, culture, industry and key risks and opportunities
- an introduction to Boral's regulatory environment, including legal duties and responsibilities of Boral Directors, and accounting matters where the Director requests additional background
- the provision of induction materials such as the Strategic Plan and governance charters and policies, and
- discussions with other Directors and, where practicable, site visits to some of Boral's key operations.

The Company also supports continuing education for Directors to develop their professional skills. This is considered regularly in light of emerging business and governance issues relevant to Boral. The Board receives appropriate briefings on material developments in laws, regulations and accounting standards relevant to the Company.

Corporate Governance Statement

(continued)

Succession planning

Board succession planning, and the progressive and orderly renewal of Board membership, are an important part of the governance process. The Board's approach for the selection, appointment and re-appointment of Directors is to ensure that the Board possesses an appropriate range of skills, experience and expertise to enable the Board to carry out its responsibilities most effectively.

As part of the appointment process, Directors consider Board renewal and succession plans, and whether the Board is of a size and composition that is conducive to making appropriate decisions.

The non-executive Directors meet on a regular basis without management present in a forum intended to allow for open discussion, including in relation to Board and management performance.

Process	Explanation
Board review	<ul style="list-style-type: none"> The appointment of Directors follows a process during which the full Board (with the assistance of external search consultants) assesses the necessary and desirable competencies of potential candidates and considers a number of candidates before deciding on the most suitable candidate for appointment. The selection process includes obtaining background checks on candidates and assistance from an external consultant, where appropriate, to identify and assess suitable candidates. Background checks are conducted before appointing a Director and putting forward a candidate to shareholders. These checks include the candidate's experience, education, criminal record and bankruptcy history, and reference checks. Candidates identified as being suitable are interviewed by a number of Directors. Confirmation is sought from prospective Directors that they would have sufficient time to fulfil their duties as a Director.
Remuneration & Nomination Committee recommendation	<ul style="list-style-type: none"> The Remuneration & Nomination Committee is responsible for making recommendations to the Board on matters such as succession plans for the Board, suitable candidates for appointment to the Board, Board induction and Board evaluation procedures.
Appointment	<ul style="list-style-type: none"> At the time of appointment of a new non-executive Director, the key terms and conditions relative to that person's appointment, the Board's responsibilities and the Company's expectations of a Director are set out in a letter of appointment. All current Directors have been provided with a letter confirming their terms of appointment.
Shareholder communications	<ul style="list-style-type: none"> When candidates are submitted to shareholders for election or re-election, the Company includes in the Notice of Meeting all information in its possession that is material to the decision on whether to elect or re-elect the candidate.

Access to information, independent advice and indemnification

After consultation with the Chairman, Directors may seek independent professional advice, in furtherance of their duties, at the Company's expense. Directors may also request relevant information from management at any time through the Chairman or the Company Secretary.

The Company Secretary, who is accountable to the Board through the Chairman, provides advice and support to the Board and is responsible for all matters to do with the proper functioning of the Board.

Board Committees

The qualifications and experience of each Committee member are set out on pages 36–37 of this Annual Report. Details of the number of Committee meetings Directors attended during the reporting period are set out on page 55 in the Directors' Report.

Open lines of communication exist between all of Boral's Board Committees. This is intended to prevent any gaps in risk oversight and to maintain a broader picture of Boral's risk profile.

Audit & Risk Committee

Composition and role

Boral has an Audit & Risk Committee that assists the effective operation of the Board. The Audit & Risk Committee comprises a majority of independent non-executive Directors. Its members were:

Paul Rayner (Chairman)
Deborah O'Toole
Karen Moses
Ryan Stokes

The Committee met six times during FY2021.

The Audit & Risk Committee has a formal Charter which sets out its role and responsibilities, composition, structure and membership requirements. Its responsibilities include review and oversight of:

- the financial information provided to shareholders and the public
- the integrity and quality of Boral's financial statements and disclosures
- the systems and processes that the Board and management have established to identify and manage areas of significant financial and non-financial risk, and the effectiveness of Boral's risk management framework
- risk management culture, and
- Boral's auditing, accounting and financial reporting processes and control framework.

The Committee has the necessary power and resources to meet its responsibilities under its Charter, including rights of access to management and auditors (internal and external), and to seek explanations and additional information.

Accounting and financial control policies and procedures have been established, and are monitored by the Committee to ensure that the financial reports and other records are accurate and reliable. Any new accounting policies are reviewed by the Committee. Compliance with these procedures and policies and limits of authority delegated by the Board to management are subject to review by the external and internal auditors.

When considering the yearly and half yearly financial reports, the Audit & Risk Committee reviews the carrying value of assets, provisions and other accounting issues. Questionnaires completed by divisional management are reviewed by the Committee half yearly.

Both the external and internal auditors attend each scheduled meeting of the Committee and report to the Committee as appropriate on the outcome of their audits and the quality of controls throughout Boral. As part of its agenda, the Audit & Risk Committee meets with the external and internal auditors, in the absence of the CEO & Managing Director and the Chief Financial Officer, in each meeting during the year.

The Chairman of the Audit & Risk Committee reports to the full Board after Committee meetings. Minutes of meetings of the Audit & Risk Committee are included in the papers for the next full Board meeting after each Committee meeting.

Responsibilities in relation to the external audit and internal audit

Boral's external auditor is KPMG. At least annually, as occurred in FY2021, the Audit & Risk Committee reviews the scope of the external audit and evaluates the quality of the performance, the effectiveness and the independence of the external auditor.

If circumstances arise where it becomes necessary to replace the external auditor, the Audit & Risk Committee will formalise a process for the selection and appointment of a new auditor, and recommend to the Board the external auditor to be appointed to fill the vacancy.

The Audit & Risk Committee monitors procedures to ensure the rotation of external audit engagement partners every five years as required by the *Corporations Act*.

The Audit & Risk Committee has approved a process for the monitoring and reporting of non-audit work to be undertaken by the external auditor. The type of services of the external auditor which are prohibited because they have the potential, or appear, to impair independence include the participation in activities normally undertaken by management and where the external auditor would be required to review their work as part of the audit.

The Independence Declaration by the external auditor is set out on page 58. The Committee's role in relation to the internal audit function is discussed on page 46.

Corporate Governance Statement

(continued)

Remuneration & Nomination Committee

Composition and role

The Board has a Remuneration & Nomination Committee that comprises a majority of independent non-executive Directors.

The members of the Committee were:

Rob Sindel (Chairman)
Peter Alexander
Kathryn Fagg (retired 30 July 2021)
Ryan Stokes

The Committee met five times during FY2021.

The Remuneration & Nomination Committee has a formal Charter that sets out its role and responsibilities, composition, structure and membership requirements. The Committee's responsibilities include reviewing, advising and making recommendations to the Board on:

- Boral's remuneration framework (including incentive policies and practices, remuneration arrangements for the CEO and the CEO's direct reports)
- whether the Group's remuneration policies are aligned with Boral's values, strategic objectives and culture
- whether remuneration outcomes are consistent with the Company's remuneration philosophy, are aligned with the Company's performance and the shareholder experience, and demonstrate alignment between executive reward and shareholder value
- identification and recommendation of suitable candidates for appointment to the Board
- the Board skills matrix
- succession planning policy and approach generally, and the succession plan for the CEO in particular
- developing and implementing procedures for the Board's periodic evaluation of its performance and the endorsement of retiring Directors seeking re-election, and
- Board induction and the provision of appropriate training and development opportunities for Directors as required.

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

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

Further information relating to the key areas of focus for the Remuneration & Nomination Committee in FY2021 is set out in the Remuneration Report from page 59.

Health, Safety & Environment Committee

Composition and role

The Board has a Health, Safety & Environment Committee that comprises a majority of independent non-executive Directors.

The members of the Committee were:

Karen Moses (Chairman)
Kathryn Fagg (retired 30 July 2021)
Deborah O'Toole
Zlatko Todorcevski

The Committee met four times during FY2021.

The Health, Safety & Environment Committee has a formal Charter that sets out its role and responsibilities, composition and structure. The Committee's responsibilities include the review and monitoring of:

- the Group's strategy for health, safety and environment (HSE) and management's plans to improve HSE performance
- the effectiveness of the Group's policies, systems and governance structure for identifying and managing HSE risks that are material to the Group
- the policies and systems within the Group for ensuring compliance with applicable legal and regulatory requirements associated with HSE matters
- the performance of the Group, assessed by reference to agreed targets and measures, in relation to HSE matters, including the impact on employees, third parties and the reputation of the Group
- the output of the Group's audit performance in relation to HSE matters
- the adequacy of the Group's systems for reporting actual or potential accidents, breaches and significant incidents, and review of investigations and remedial actions in respect of any significant incident, and
- the Group's material reports, which are prepared and lodged in compliance with its statutory obligations concerning the environment and sustainability reporting.

In performing its role, the Committee seeks to support the activities of Management and enhance the HSE culture of the Group through its interactions with employees and others during meetings and site visits.

Role and responsibility of the Executive Committee

Performance evaluation process

Under the supervision of the CEO, the Executive Committee is responsible for implementing Boral's strategic objectives.

The Executive Committee has also been delegated responsibility for managing business performance, monitoring and reviewing material financial and non-financial risks, and overseeing and developing Boral's people.

The Executive Committee as a whole is collectively responsible for meeting these delegated responsibilities, and each member is delegated specific accountability for overseeing their part of Boral's business (details of the Executive Committee are set out on pages 34–35 of this Annual Report).

The Executive Committee is also responsible for providing timely and accurate reports to the Board on Boral's business and operations, in order to assist the Board in discharging its duties and responsibilities effectively.

Members of the Executive Committee (as well as other senior executives) are employed by Boral through individual Executive Services Agreements. The pre-employment process for executives includes obtaining background checks with the assistance, where appropriate, of an external consultant, to verify qualifications and determine suitability for the role.

Performance evaluation and remuneration

Performance evaluation process

The following table explains the Company's performance evaluation processes for the Board, Committees, individual Directors and senior executives.

Board, Committees and Directors	CEO & Managing Director	Senior executives
<p>The Board undertakes an evaluation of the performance of the Board, its Committees, individual Directors and the Chairman.</p> <p>Periodically, this review is undertaken with the assistance of an external facilitator. The evaluation encompasses a review of the structure and operation of the Board, and the skills and characteristics required by the Board to maximise its effectiveness. It also considers whether the blending of skills, experience and expertise, and the Board's practices and procedures are appropriate for the present, and future needs of the Company.</p> <p>Steps involved in the evaluation include the completion of a questionnaire by each Director, review of responses to the questionnaire at a Board meeting, and a private discussion between the Chairman and each Director.</p>	<p>On an annual basis, the Remuneration & Nomination Committee and subsequently the Board formally review the performance of the CEO & Managing Director.</p> <p>The criteria assessed are both qualitative and quantitative, and include profit performance, other financial measures, safety performance, financial and non-financial risk identification and management, and strategic actions.</p> <p>Further details on the assessment criteria for CEO & Managing Director and senior executive remuneration (including equity-based plans) are set out in the Remuneration Report, which forms part of the Annual Report.</p>	<p>The CEO & Managing Director annually reviews the performance of each of Boral's senior executives, being members of the Executive Committee, using criteria consistent with those used for reviewing the CEO & Managing Director.</p> <p>The performance of senior executives is reviewed annually against appropriate measures as part of Boral's performance management system, which applies to all managers and staff. The system includes processes for the setting of objectives and the annual assessment of performance against objectives and workplace style and effectiveness.</p> <p>The CEO & Managing Director presents the outcomes of those reviews to the Board through the Remuneration & Nomination Committee. The Remuneration & Nomination Committee retains discretion as to the appropriateness of remuneration outcomes for the Executive Committee, both individually and as a whole.</p>
<p>The last evaluation to occur in accordance with this process took place in FY2020. Recognising the Board changes in this last year, an evaluation of the performance of the Board, its Committees and individual Directors is expected to take place in FY2022.</p>	<p>An evaluation of the performance of the CEO & Managing Director took place for FY2021 in accordance with the process described above.</p>	<p>An evaluation of the performance of senior executives of Boral took place for FY2021 in accordance with the process described above.</p>

(continued)

Remuneration

Remuneration of non-executive Directors

The remuneration of non-executive Directors is fixed. The non-executive Directors do not receive any options, at-risk remuneration or other performance-related incentives, nor are there any schemes for retirement benefits for non-executive Directors.

The remuneration arrangements for non-executive Directors are distinct from the arrangements for senior executives.

Remuneration of senior executives

Boral's remuneration policy and practices for senior executives, including the CEO & Managing Director, 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 at risk reward
- remuneration be linked to Boral's performance and the creation of shareholder value
- at-risk remuneration for executives has both short- and long-term components, and
- a significant proportion of executive reward be dependent upon performance assessed against key business measures.

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.

Further information relating to the remuneration of the non-executive Directors and senior executives is set out in the Remuneration Report from page 59.

Boral policies and risk framework

Risk identification and management

The Board (through the Audit & Risk Committee) is responsible for satisfying itself that a sound system of risk oversight and management exists and that internal controls are effective.

In particular, the Board seeks assurance that:

- the principal strategic, operational, financial reporting and compliance risks are identified, and
- systems are in place to assess, manage, monitor and report on these risks and that these systems are rigorously tested to ensure they are operating effectively at all stages of the risk management cycle.

The managers of Boral's businesses are responsible for identifying and managing risks. Under supervision of the Board, management is responsible for designing and implementing risk management and internal control systems to manage the Company's material business risks. This comprises:

- the identification of core strategic, operational, financial and compliance risks
- the identification and monitoring of emerging business risks, and
- assessment, monitoring and mitigation of identified risks.

On at least an annual basis, the Group Audit & Risk Manager facilitates a formal bottom-up, organisation-wide risk management process with the business. Outcomes are shared with the Audit & Risk Committee and Management, who also receive presentations by senior divisional management on a regular basis following division-specific risk reviews.

The process is governed centrally through Boral's risk management framework and directed by policies and procedures within functional areas such as Treasury, Health, Safety and Environment, Human Resources and Learning, Group Legal and Finance.

Boral's senior management has reported to the Board (through the Audit & Risk Committee) on the effectiveness of the management of the material business risks faced by Boral during FY2021. The Audit & Risk Committee has reviewed the risk management framework and is satisfied that it continues to be sound, and that Boral is operating with due regard to the risk appetite set by the Board.

Boral's Risk Management Policy is available on Boral's website.

Internal audit

The internal audit function is carried out by Group Audit, which provides independent and objective assurance to Management and the Board on the effectiveness of Boral's internal control, risk management and governance systems and processes. The function is led by the Group Audit Manager, who oversees the execution of the internal audit plan as approved by the Audit & Risk Committee. The Group Audit Manager has a reporting line to the Chief Financial Officer as well as to the Audit & Risk Committee.

The function comprises a dedicated in-house team of qualified professionals based in Australia and the USA, with targeted support as required from external specialists. The internal audit function is independent of Management and has full access to all Boral entities, records and personnel.

The internal audit plan is formulated using a risk-based approach to align audit activity with the key risks of Boral. Internal audit activity and outcomes are reported to the Audit & Risk Committee on at least a quarterly basis.

Business and sustainability risks

Details regarding our approach to managing business and sustainability risks are contained in the OFR (pages 6–23), including in this year's expanded Risks and Responses section (pages 20–23), as well as in the Sustainability highlights and overview section (pages 24–27) of this Annual Report. These explain the Company's exposure to social and environmental risks, and how that exposure is managed.

Chief Executive Officer and Chief Financial Officer declaration

The CEO & Managing Director and the Chief Financial Officer give a declaration to the Board, before the Board resolves that the Directors' Declaration accompanying the full year and half year financial statements be signed, that in their opinion, the Company's financial records have been properly maintained, and the financial reports comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The CEO & Managing Director and the Chief Financial Officer gave this declaration to the Directors for the full year ended 30 June 2021 and the half year ended 31 December 2020.

Compliance with laws and policies

The Company has adopted policies to monitor compliance with occupational health, safety, environment, anti-corruption and bribery, discrimination, bullying and harassment, competition and consumer laws throughout the jurisdictions in which it operates.

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 believes that whistleblowing can be an appropriate means to protect Boral and individuals, and ensure operations are conducted within the law.

There are ongoing programs for the audit of the large number of Boral operating sites. Occupational health and safety, environmental and other risks are covered by these audits. Boral 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.

Conduct and ethics

The Board's policy is that Boral's companies and employees must observe both the letter and the spirit of the law, adhere to high standards of business conduct and comply with best practice.

Boral's management guidelines include the Code of Business Conduct and other guidelines and policies that set out legal and ethical standards for employees. As part of performance management, employees are assessed against the Boral Purpose and Values.

The Code and related guidelines and policies guide the Directors, the CEO & Managing Director, the Chief Financial Officer, the Company Secretary and other key executives as to the practices necessary to maintain confidence in the Company's integrity, and as to the responsibility and accountability of individuals for reporting, and investigating reports of, unethical practices. The Code also guides compliance with legal and other obligations to stakeholders.

Employees are provided with regular training sessions about expected standards of behaviour, the Boral Values and compliance with the Code of Business Conduct. Compliance with the Code is monitored by senior management, and the Board is notified of material breaches. The Board reviews the Code periodically, with the next review to occur in FY2022.

Boral's Code of Business Conduct is available on Boral's website.

Reporting misconduct

There are procedures providing employees with alternative means to usual management communication lines through which to raise concerns relating to suspected illegal or unethical conduct, including an external telephone service that enables reports to be made anonymously, a facility known as Faircall. The Company believes that whistleblowing can be an appropriate means to protect Boral and individuals, and to ensure that operations are conducted ethically and within the law.

At least twice a year, the Audit & Risk Committee receives a confidential report about the number, nature and status of Faircall reports. All Directors have access to this report.

Material breaches of the Code of Business Conduct and other Boral policies including the anti-corruption and bribery policy (contained in the Code) are reported to the Board and/or Audit & Risk Committee as appropriate. All material conduct issues are reported to the Board, whether they are financial or non-financial in nature.

Corporate Governance Statement

(continued)

Diversity at Boral

Diversity at Boral is led by the CEO & Managing Director, with the support of the Board overseeing the strategy and plan initiatives and progress on diversity objectives.

Management, supported and assisted by the Boral Diversity Council, is responsible for implementing initiatives throughout the businesses to achieve the Group's diversity objectives, and more generally to reinforce Boral's commitment to fostering an inclusive and supportive workplace in accordance with the principles outlined in the Diversity Policy.

Boral is committed to fostering an inclusive workplace that embraces diversity and recognises that a diverse workplace can:

- produce better business outcomes by leveraging the unique experiences of people with diverse backgrounds, and
- improve employee engagement and retention by fostering a culture that promotes personal achievement, and is based on fair and equitable treatment of all employees, irrespective of their individual backgrounds.

We believe that a diverse workforce is fundamental to the success of the business.

Diversity at Boral is underpinned by the following principles:

- remunerating on a non-discriminatory basis
- ensuring that development activities are available to all on a non-discriminatory basis, and
- striving to increase the proportion of women in the organisation, particularly in executive and senior management roles.

Diversity – Measurable objectives for FY2021

Boral has in place a diversity plan with five key elements: leadership; communication and education; system and process design; gender equality and equity; and Indigenous relations. Boral has successfully progressed initiatives in each of these areas during FY2021. Boral continues its long term partnership with the Diversity Council of Australia, and is a member of the Australian Veterans Employment Coalition. Internally, Boral supports a variety of networks, alumni and support groups across that enable and engage employees to build our culture of inclusion.

In regard to the measurable objective for achieving gender diversity in the composition of the Board, Boral had not less than 30% of its directors of each gender as at 30 June 2021.

Boral launched its Innovate Reconciliation Action Plan (November 2020 – November 2022) during the reporting period, recognising that we want to do more to build a just, equitable and reconciled Australia. Our Innovate RAP sets more ambitious goals and commitments to contribute to reconciliation, focusing on four key pillars: Relationships, Respect, Opportunities and Governance.

During FY2021, as part of its refreshed strategy, Boral mapped its current and target cultures, and sought feedback from its workforce on future improvements, including in improving the culture of inclusion. Now, with a new Sustainability and People Framework in place, Boral will undertake a review of its diversity strategy and plan, with the aim of enhancing its approach - and its outcomes - to build a workforce that is both open minded and diverse, and that can deliver on its purpose of creating a world future generations will be proud of.

Strategic Element and Objective	Status	Key Outcomes
1 Leadership		
1.1 Leadership engagement: engage senior leaders to take carriage of deploying diversity communication and education	Completed	<ul style="list-style-type: none"> • Integrated learning on inclusion and unconscious bias into the Front Line Leader development program 'zero one ten'

Strategic Element and Objective	Status	Key Outcomes
2 Communication and Education		
2.1 Education: develop diversity educational framework to provide management with capability to lead and manage diversity and diverse teams	Completed	<ul style="list-style-type: none"> 104 front line leaders and coaches completed zero one ten Leader Foundations program. Participation of women in leadership development programs increased in FY2021 from 13% of participants in FY2020 to 25% of participants in FY2021.
2.2 Networking: establish networks, alumni and support groups across Boral to educate, support and engage employees	Completed	<ul style="list-style-type: none"> Ongoing support and promotion of networks, alumni, and support groups to provide networking and development opportunities (including Women in Science and Engineering, and Veterans Alumni) Launch of new Indigenous network.
2.3 Track and report: develop key performance indicators to measure, track and report on change and progress	Ongoing	<ul style="list-style-type: none"> Ongoing reporting and analysis by gender, pay levels, selection, retention and promotion, with results considered by the Diversity Council for further planning and program development.
2.4 Benchmark: adopt external metric to measure and benchmark effectiveness of diversity strategy	Ongoing	<ul style="list-style-type: none"> Long-term partnership with the Diversity Council of Australia continuing to identify best practice and benchmark the effectiveness of Boral's diversity strategy and plan against external organisations. Boral is a member of the Australian Veterans Employment Coalition, working to support and progress defence force personnel in transition to civilian employment.
3 System and Process Design		
3.1 Search and selection: embed diversity principles in standardised recruitment	Ongoing	<ul style="list-style-type: none"> Against a target of 50%, 55% of our graduate intake in FY2021 were women in professional and engineering disciplines. 21% of all new hires were women, and 18% of recruitment into management roles were women.
3.2 Flexibility and flexible work practices: develop and implement policy, guidelines and education program to improve flexibility and flexible work outcomes	Completed	<ul style="list-style-type: none"> Launch of Workplace Flexibility playbook.
	Ongoing	<ul style="list-style-type: none"> Commenced review of more formalised hybrid working arrangements.
4 Gender Equality and Equity		
4.1 Analysis: complete an analysis of Boral pay equity at least annually to monitor pay rates and identify issues	Completed	<ul style="list-style-type: none"> Completed annual external industry benchmarking of pay equity and comprehensive gender remuneration gap analysis.
5 Indigenous Relations		
5.1 Reflect Reconciliation Action Plan: progress the actionable commitments set out in the Plan	Completed	<ul style="list-style-type: none"> Launched Boral's Innovate Reconciliation Action Plan (November 2020 – November 2022) recognising that we want to do more to build a just, equitable and reconciled Australia.
	Ongoing	<ul style="list-style-type: none"> Our Innovate RAP sets more ambitious goals and commitments to contribute to reconciliation, focusing on four key pillars: Relationships, Respect, Opportunities and Governance.

Corporate Governance Statement

(continued)

Proportion of female and male employees

The table below is a detailed representation of women and men working in Boral¹ as at 30 June 2021:

Role	Female		Male	
	Number	Percentage	Number	Percentage
Board	3	38	5	62
Executive management ²	32	19	136	81
Middle management ³	124	17	616	83
Other roles ⁴	2,161	22	7,839	78
Total	2,320	21	8,596	79

1. Includes all full-time, part-time and casual employees of Boral and its wholly owned subsidiaries, but excludes employees in joint ventures and contractors.

2. Executive management includes leadership positions four reporting levels from the CEO & Managing Director.

3. Middle management includes management and leadership positions five and more reporting levels from the CEO & Managing Director, excluding supervisor and team leader positions.

4. Other roles includes key functional support roles such as finance, legal, human resources, technical, support services and frontline employees.

In accordance with the requirements of the *Workplace Gender Equality Act 2012* (Cth), Boral submitted its Workplace Gender Equality Public Report with the Workplace Gender Equality Agency. The report can be viewed at wgea.gov.au and on Boral's website.

Boral's Diversity Policy is available on Boral's website.

Dealings in Boral shares

Under Boral's Share Trading Policy, trading in Boral shares by Directors, senior executives and other designated employees and their close associates is restricted to the following trading windows:

- the 30 day period commencing at 10.00am (Sydney time) on the day after the release of Boral's half year results announcement to the ASX
- the 30 day period commencing at 10.00am (Sydney time) on the day after the release of Boral's full year results
- the 30 day period commencing at 10.00am (Sydney time) on the day after the Annual General Meeting, and
- any additional period designated by the Board (or its delegate) from time to time (for example, during a period of enhanced disclosure).

The policy precludes executives from entering into any hedge or derivative transactions relating to options or share rights granted to them as long-term incentives, regardless of whether or not the options or share rights have vested.

Breaches of the policy are treated seriously and may lead to disciplinary action being taken against the executive, including dismissal.

Trading in Boral shares at any time is subject to the overriding prohibition on trading while in possession of inside information.

Boral's Share Trading Policy is available on Boral's website.

Directors' shareholdings

Under Boral's Constitution, Directors must hold a minimum of 1,000 ordinary shares in the Company.

To align the interests of non-executive Directors with the interests of our shareholders, the Board established minimum shareholding guidelines which encourage non-executive Directors to accumulate over time a holding of ordinary shares in the Company equivalent in approximate value to the gross annual base fee paid to each non-executive Director.

Under the guidelines, the minimum shareholding may be held directly or indirectly by a Director, and may be accumulated over a period of up to five years from the later of 1 July 2014 or the date of appointment.

The timeframe to allow Directors to build their minimum shareholding is a necessary reflection of the fact that Directors are very limited in the opportunities they have to acquire shares, given their exposure to price sensitive information from time to time regarding the Company.

Progress is monitored on an ongoing basis, and non-executive Directors are in compliance with these guidelines given time in role.

Details of Directors' shareholdings in the Company are set out on page 56 of this Annual Report.

Continuous disclosure

The Company appreciates the importance of timely and adequate disclosure to the market. It is committed to making timely and balanced disclosure of all material matters, and maintaining effective communication with its shareholders and investors so as to give them ready access to balanced and understandable information.

The Company has in place mechanisms designed to ensure compliance with all relevant disclosure laws and ASX Listing Rule requirements under the Continuous Disclosure Policy adopted by the Board. These mechanisms also ensure accountability at a senior executive level for that compliance.

The CEO & Managing Director, the Chief Financial Officer and the Company Secretary are responsible for determining whether or not information is required to be disclosed to the ASX. Announcements relating to significant matters, such as results, guidance to the market, major acquisitions or divestments, or other corporate matters which involve significant financial or reputational risk, are referred to the Board for approval, unless to do so is impractical in the circumstances (having regard to Boral's continuous disclosure obligations). In such cases, approval can be given by any two of the following officers: the CEO & Managing Director, the Chairman of the Board and the Chairman of the Audit & Risk Committee. The Company Secretary will endeavour to notify all other Directors of the possible disclosure considerations and invite them to participate in any discussions and disclosure decisions where possible. Directors are provided with copies of all announcements made pursuant to Boral's continuous disclosure obligations promptly after they have been made.

Boral's Continuous Disclosure Policy is available on Boral's website.

Process for verifying periodic corporate reports

The Company has an appropriate process for preparing, verifying and approving corporate reporting. The process for verifying the integrity of periodic corporate reports is tailored based on the nature of the relevant report, its subject matter and where it will be published. Boral seeks to adhere to the following principles in respect of the preparation and verification of corporate reporting:

- periodic corporate reports are prepared with appropriate input and oversight by relevant senior management and subject matter experts for the area being reported on
- the relevant report and its supporting information is reviewed having due regard to ensuring it is not inaccurate, false, misleading or deceptive.

Consistent with these principles, the non-audited sections of the Annual Report, Boral Review and Sustainability Report, and Corporate Governance Statement for the reporting period were prepared with input and oversight by relevant senior management and subject matter experts, and reviewed and verified by relevant senior management prior to Board review and approval for release. ASX announcements (other than administrative announcements), are also reviewed and confirmed by relevant senior management prior to Board review and approval for release.

Corporate Governance Statement

(continued)

Communications with shareholders

The Company's policy is to promote effective two-way communication with shareholders and other investors so they understand Boral's business, governance, financial performance and prospects, as well as how to assess relevant information about Boral and its corporate activities.

Investor relations	Boral has a dedicated investor relations team that facilitates ongoing engagement with institutional shareholders, retail investor groups, analysts and proxy advisors. To encourage two-way communication, the Company's investor relations team and share registry can be contacted directly by shareholders by telephone or electronically via email. The links to these contacts are available on Boral's website at www.boral.com .
Annual reporting	Shareholders may elect to receive annual reports electronically or to receive notifications via email when reports are available online. Hard copy annual reports are provided to those shareholders who specifically elect to receive them.
Company announcements	All formal reporting and Company announcements made to the ASX are published on Boral's website after confirmation of lodgement has been received from the ASX. These documents are also available for download by mobile devices from Boral's Investor Relations (IR) app, which is available for no cost from the App Store or Google Play. Furthermore, Boral has an email list of investors, analysts and other interested parties who are sent relevant announcements via email alert after those announcements have been lodged with the ASX. Announcements are also sent to major media outlets and newswire services for broader dissemination. All new and substantive investor or analyst presentations are released on the ASX ahead of the presentation.
General meetings	Boral encourages shareholders to participate in all general meetings including annual general meetings. Given the current restrictions on gatherings and travel imposed by governments as a consequence of the COVID-19 virus, this year the Annual General Meeting will be held via an online platform. All substantive resolutions at general meetings are decided by poll. Shareholders are entitled to ask questions about the management of the Company and of the auditor as to its conduct of the audit and preparation of its reports. Notices of Meeting are accompanied by explanatory notes to provide shareholders with information to enable them to decide how to vote upon the business of the meeting. Full copies of Notices of Meeting and explanatory notes are posted on Boral's website. If shareholders are unable to participate in general meetings, they may vote by appointing a proxy.
Annual General Meeting	Shareholders are invited, at the time of receiving or accessing the Notice of Meeting, to put forward questions they would like addressed at the AGM. At the AGM, shareholders have a reasonable opportunity to ask the external auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements of the Company, and the independence of the external auditor in relation to the conduct of the audit.

Boral's policy on communications with shareholders is available on Boral's website.

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, the corporate governance framework of the Company will be kept under review to take account of changing standards and regulations.

The Directors of Boral Limited (the Company) report on the consolidated entity, being the Company and its controlled entities ('the Group' or 'Boral') for the financial year ended 30 June 2021.

(1) Review and results of operations

Information on the operations and financial position of Boral is set out in our operating and financial review (OFR), which comprises pages 6–23 of the Annual Report and forms part of this Directors' Report.

(2) State of affairs

The OFR sets out a number of matters that have had a significant effect on the Group's state of affairs during the year, including that the Group reported a net profit after tax (NPAT) of \$251 million excluding significant items for the year ended 30 June 2021. Significant items, as detailed in note 2.1 to the financial statements, totalled an after tax gain of \$389 million, resulting in a statutory profit after tax of \$640 million.

(3) Principal activities and changes

Boral's principal activities are the manufacture and supply of building and construction materials. Significant changes in Boral's activities during the year included the sale of its 50% interest in the USG Boral joint venture completed 1 April 2021. Further, on 21 June 2021 Boral announced it had entered into an agreement to sell its North American Building Products business and on 24 August 2021 announced it is well advanced in the divestment process for the North American Fly Ash business. Following these divestments, Boral's principal activities will be focused on the core construction materials business in Australia.

(4) Events after end of financial year

Note 8.2 of the financial statements sets out the events that occurred subsequent to year-end. Other than the matters disclosed, there are no matters or circumstances that have arisen since the end of the year that have significantly affected, or may significantly affect:

- (a) Boral's operations in future financial years
- (b) the results of those operations in future financial years, or
- (c) Boral's state of affairs in future financial years.

(5) Likely developments, business strategies, prospects and risks

Likely developments, business strategies and prospects

The OFR refers to likely developments in Boral's operations in future financial years and the expected results of those operations. Other than the information set out in the OFR, information regarding other likely future developments in Boral's operations and the expected results of those operations has not been included in the Directors' Report.

The OFR sets out information on Boral's business strategies and prospects for future financial years. This information has been provided to enable shareholders to make an informed assessment of our business strategies and future prospects.

While the Company continues to meet its obligations in respect of continuous disclosure, we have not included information where it would be likely to result in unreasonable prejudice to Boral. This includes information that is commercially sensitive, is confidential or could give a third party a commercial advantage (for example, details of our internal budgets and forecasts).

Risks

The achievement of Boral's future prospects may be adversely impacted by several risks, some of which are beyond our control. The material business risks (including climate-related risks) facing the Group and our approach to managing those risks are set out in the OFR (pages 6–23), including in this year's expanded Risks and Responses section (pages 20–23), as well as in the Sustainability highlights and overview section (pages 24–33) of this Annual Report. The Group's broader risk identification and management framework is also set out in the Corporate Governance Statement on pages 38–52 of this Annual Report. Those sections address the material business risks, including:

- health, safety and environment
- market and industry
- customer and competition
- sustainability – weather and climate-related impacts
- business interruption – operations and technology
- licence to operate
- supply chain and cost management
- financial and capital management.

Forward looking statements

This report contains forward looking statements, including statements of current intention, opinion and expectation regarding the Company's present and future operations, possible future events and future financial prospects (including statements related to the ongoing impact of the COVID 19 pandemic). These forward looking statements are based on the information available as at the date of this report and they are, by their nature, subject to significant uncertainties, many of which are outside of the control of the Company. Actual results, circumstances and developments may differ materially from those expressed or implied, and Boral cautions against reliance on any forward looking statements in this report.

(6) Environmental performance

Details of Boral's performance in relation to environmental regulation are set out on pages 31 of the Sustainability overview in this Annual Report.

Directors' Report

(continued)

(7) Other information

Other than information in the Annual Report, there is no information that shareholders of the Company would reasonably require to make an informed assessment of:

- (a) the operations of Boral
- (b) the financial position of Boral, and
- (c) Boral's business strategies and its prospects for future financial years.

(8) Dividends paid or resolved to be paid

No dividends were paid to shareholders during the year and the Board has resolved not to pay a final dividend for FY2021.

(9) Names of Directors

The names of persons who have been Directors of the Company during or since the end of the year are:

Ryan Stokes	Karen Moses
Zlatko Todorcevski	Deborah O'Toole
Peter Alexander	Paul Rayner
Eileen Doyle	Richard Richards
Kathryn Fagg	Rob Sindel
John Marlay	

Ryan Stokes, Deborah O'Toole and Rob Sindel have been Directors of the Company since 28 September 2020. Richard Richards has been a Director from 28 September 2020 to 27 October 2020, and was re-appointed on 30 July 2021. Eileen Doyle and John Marlay retired as Directors on 27 October 2020. Kathryn Fagg retired as a Director on 30 July 2021. Directors have otherwise been Directors of the Company at all times during and since the end of the year.

(10) Options

Boral has no outstanding options granted over unissued shares of the Company, no options that lapsed during the year and no shares of the Company that were issued during the year as a result of the exercise of options.

(11) Indemnities and insurance for officers and auditors

During or since the end of the year, Boral has not given any indemnity to a current or former officer or auditor against a liability or made any agreement under which an officer or auditor may be given any indemnity of the kind covered by subsection 199A(2) or (3) of the *Corporations Act 2001* (Cth) (*Corporations Act*).

During the year, Boral paid premiums in respect of Directors' and Officers' Liability and Legal Expenses insurance contracts for the year ended 30 June 2021 and, since the end of the year, Boral has paid, or agreed to pay, premiums in respect of such contracts for the year ending 30 June 2022.

The insurance contracts insure against certain liability (subject to exclusions) in respect of persons who are or have been Directors or officers of the Company and its controlled entities. A condition of the contracts is that the nature of the liability indemnified and the premium payable not be disclosed.

(12) Directors' qualifications, experience, special responsibilities and directorships of other listed companies in the last three financial years

Each Director's period in office, qualifications, experience and special responsibilities are set out on page 36–37 of the Annual Report.

Details for each Director of all directorships of other listed companies held at any time in the three years before the end of the financial year and the period for which such directorships have been held are:

Ryan Stokes

Seven Group Holdings Limited since 2010 (current)
Seven West Media Limited since 2012 (current)
Beach Energy Limited since July 2016 (current)

Zlatko Todorcevski

Coles Group Limited from Nov 2018 to Sept 2020
Star Entertainment Group Limited, May 2018 to Aug 2020
Adelaide Brighton Limited from March 2017 to June 2020

Peter Alexander

No other directorships to be disclosed

Eileen Doyle

Oil Search Limited from February 2016 (current)
NEXTDC Limited from August 2020 (current)
GPT Group from March 2010 to May 2019

Kathryn Fagg

National Australia Bank Ltd from December 2019 (current)
Djerriwarrh Investments Limited from May 2014 (current)
Incitec Pivot Limited from April 2014 to December 2019

John Marlay

No other directorships to be disclosed

Karen Moses

Orica Limited from July 2016 (current)
Charter Hall Group from September 2016 (current)

Deb O'Toole

Sims Limited from November 2014 (current)
Alumina Limited from December 2017 (current)

Paul Rayner

Qantas Airways Limited from July 2008 (current)
Treasury Wine Estates Limited from May 2011 (current)

Richard Richards

Beach Energy Ltd since February 2017 (current)

Rob Sindel

Orora Limited since February 2020 (current)
Mirvac Limited since September 2020 (current)
CSR Limited from January 2011 to September 2019

(13) Meetings of Directors

The number of meetings of the Board of Directors and each Board Committee held during the year and each Director's attendance at those meetings are set out below.

	Board of Directors		Audit & Risk Committee		Remuneration & Nomination Committee		Health, Safety & Environment Committee	
	Meetings held while a Director	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
Peter Alexander	25	25	–	–	5	5	–	–
Eileen Doyle	12	12	3	3	–	–	1	1
Kathryn Fagg	25	25	–	–	5	5	4	4
John Marlay	12	12	–	–	2	2	1	1
Karen Moses	25	25	6	6	–	–	4	4
Deborah O'Toole	19	19	3	3	–	–	3	3
Paul Rayner	25	25	6	6	–	–	–	–
Richard Richards	7	7	–	–	–	–	–	–
Rob Sindel	19	19	–	–	3	3	–	–
Ryan Stokes	19	9	3	2	3	3	–	–
Zlatko Todorcevski	25	25	–	–	–	–	4	4

The Chairman and the CEO & Managing Director attend all Board and committee meetings. There were additional due diligence and response committee meetings held during the year for the purposes of Boral responding to the SGH Takeover Offer, where only the independent non-executive Directors and the CEO & Managing Director were in attendance. Mr Stokes recused himself from all Boral Board and committee meetings for the duration of the SGH Takeover Offer, and this is the sole reason for the variation between the meetings held and the meetings he attended.

(14) Company Secretary

Dominic Millgate was appointed Company Secretary of the Company in July 2013, after holding the position of Assistant Company Secretary since November 2010. He has previously been legal counsel and company secretary for listed entities in Australia and Singapore, and has held legal roles in London and Sydney. He is a Fellow of the Governance Institute of Australia and holds a Master of Laws from the University of NSW, a finance degree from the University of New England and a law degree from the University of Sydney.

Directors' Report

(continued)

(15) Directors' shareholdings

Set out below are details of each Director's relevant interests in the shares and other securities of the Company as at the date of this report.

	Shares	Non-executive Directors' Share Plan ^a
Peter Alexander	83,871	–
Karen Moses	45,582	–
Deborah O'Toole	16,000	–
Paul Rayner	169,835	2,597
Rob Sindel	46,060	–
Richard Richards*	–	–
Ryan Stokes*	1,000	–
Zlatko Todorcevski ^b	151,000	–

* While Mr Stokes does not hold a relevant interest in other Boral shares, he was nominated as a director by Boral's largest shareholder Seven Group Holdings Limited (SGH) and related corporations that collectively have a relevant interest in 69.6% of Boral shares. He is Managing Director and Chief Executive Officer of SGH. Mr Richards was also nominated as a director by SGH. He is the Chief Financial Officer of SGH.

The shares are held in the name of the Director except in the case of:

- Peter Alexander: 82,871 shares are held by Peter C Alexander & Aarati A Alexander as trustees for The Peter C Alexander Revocable Trust
- Karen Moses: 44,582 shares are held by Aventeos Investments Limited on behalf of KRN Pty Limited as trustee for the KRN Family Discretionary Trust
- Deborah O'Toole: 15,000 shares are in the name of Deborah O'Toole's self-managed superannuation fund The Raheny Super Fund
- Paul Rayner: 39,135 shares are held by Yarradale Investments Pty Limited and 128,749 shares are held by Invia Custodian Pty Limited for and on behalf of Bigpar Pty Ltd (the trustee of the PaulJul Super Fund), and
- Zlatko Todorcevski: 150,000 shares are held by TenTwentyFive Pty Ltd as trustee for Zaneis A/C.

Shares or other securities with rights of conversion to equity in the Company or in a related body corporate are not otherwise held by any Director of the Company:

- a Shares in the Company allocated to the Director's account in the Non-executive Directors' Share Plan. Directors will only be entitled to a transfer of the shares in accordance with the terms and conditions of the Plan. No shares were allocated to non-executive Directors during FY2020.
- b Zlatko Todorcevski holds 1,189,162 Boral Performance Rights under Boral's Equity Incentive Plan, details of which are set out in the Remuneration Report.

(16) No officers are former auditors

No officer of the Company has been a partner in an audit firm, or a Director of an audit company, that is an auditor of the Company during the year or was such a partner or Director at a time when the audit firm or the audit company undertook an audit of the Company.

(17) Non-Audit Services

Amounts paid or payable to Boral's auditor, KPMG, for non-audit services provided during the year by KPMG totalled \$677,000. These services consisted of:

Taxation compliance services	\$426,000
Advisory and assurance-related services in Australia (including matters relating to USG Boral and Midland Brick)	\$251,000

In accordance with advice from the Company's Audit & Risk Committee, Directors are satisfied that the provision of the above non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act*.

Also in accordance with advice from the Audit & Risk Committee, Directors are satisfied that the provision of those non-audit services during the year by the auditor did not compromise the auditor independence requirements of the *Corporations Act* because:

- Directors are not aware of any reason to question the auditor's independence declaration under section 307C of the *Corporations Act*
- the nature of the non-audit services provided is not inconsistent with the requirements of the *Corporations Act*, and
- provision of the non-audit services is consistent with the processes in place for the Audit & Risk Committee to monitor the independence of the auditor.

(18) Auditor's Independence Declaration

The auditor's independence declaration made under section 307C of the *Corporations Act* is set out on page 58 of the Annual Report and forms part of this report.

(19) Remuneration Report

The Remuneration Report is set out on pages 59–83 of this Annual Report and forms part of this report.

(20) Proceedings on behalf of the Company

No application under section 237 of the *Corporations Act* has been made in respect of the Company and there are no proceedings that a person has brought or intervened in on behalf of the Company under that section.

(21) Rounding of amounts

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016.

Signed in accordance with a resolution of the Directors.



Ryan Stokes AO
Chairman



Zlatko Todorcevski
Director
Sydney, 24 August 2021

Lead Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001



To: the Directors of Boral Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Boral Limited for the financial year ended 30 June 2021 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'Kenneth Reid'.

Kenneth Reid

Partner

Sydney, 24 August 2021

2021 Remuneration Report

Message from the Chairman of the Remuneration & Nomination Committee

Dear shareholders,

I am pleased to present Boral's 2021 Remuneration Report (the Report), on behalf of the Remuneration & Nomination Committee (Committee) and the Board.

Over the past year, Boral undertook leadership and Board renewal, our portfolio of businesses became more focused, and the operating model of the business was reorganised.

We welcomed Boral's new CEO & Managing Director (CEO), Zlatko Todorcevski, on 1 July 2020 and our new Chief Finance & Strategy Officer (CFSO), Tino La Spina on 14 October 2020. Together they completed a comprehensive portfolio review and defined Boral's new strategy, which was supported and endorsed by the Board. Changes in Boral's leadership teams have combined experienced Boral and industry executives with new external appointments, bringing a fresh and more diverse approach to the business.

The uncertainty our people faced during a time of substantial internal re-organisation were coupled with the challenges associated with the continuing impacts of the global COVID-19 pandemic. Boral's new leadership teams and our people more broadly have shown exceptional resilience, a strong commitment to looking after each other and a clear focus on serving our customers well. The teams have been executing the strategy with urgency and substantial progress has already been made to refocus, restructure and unlock considerable value for shareholders.

Remuneration in FY2021

In the context of significant uncertainty and ongoing challenges faced by the business, the Board and Executive Leadership Team took early action on remuneration outcomes for the year. The Short-term Incentive (STI) was suspended for FY2021 and there were no salary increases or increases to the fees of Non-executive Directors.

Updates to CEO and CFSO remuneration arrangements

On 21 June as the SGH Takeover Offer of Boral progressed, Boral's independent directors made considered adjustments to the CEO's and CFSO's remuneration arrangements to provide reassurance and further alignment between the Board and Management in their commitment to deliver value for the benefit of all shareholders. These refinements are outlined on page 64.

Remuneration in 2022

Modest changes within the Group's remuneration framework will take effect for 2022 to ensure performance measures align with Boral's new strategy and to maintain alignment with shareholder value. These refinements are covered on page 65 of the Report, and include changes to the STI.

In light of the continuing impact of COVID-19, impacts to our broader workforce, and our focus on cost conservation, some members of the Executive Committee voluntarily reduced their salary by 20% over August and September 2021. Non-Executive Directors have also agreed to reduce fees by 20% over the same period.

Board renewal

FY2021 was a period of substantial Board renewal, which is continuing through to this year's AGM. Deb O'Toole, Ryan Stokes and I were appointed to the Board in September 2020, while Eileen Doyle and John Marlay retired following the 2020 AGM. Subsequent to year end, in July 2021, Kathryn Fagg who had been Boral's Chairman since July 2018 retired from the Board, Ryan Stokes became Chairman and Richard Richards joined the Board. We have also announced that Peter Alexander and Deb O'Toole will step down from the Board following the 2021 AGM.

Ryan Stokes and Richard Richards (the directors from Seven Group Holdings) have decided that from 30 July 2021 they will not receive remuneration for their roles on the Boral Board in light of the corporate structure and given the importance of prudent cost management.

It is important to us and our shareholders that there is good alignment between executive pay and shareholder value. We continue to actively engage with our shareholders and their proxy advisors to maintain an understanding of shareholder views and priorities, and to improve our remuneration practices and reporting. We are committed to remuneration arrangements that take into account the expectations of our stakeholders and align with good practices in Australia.



Rob Sindel

Chairman, Remuneration & Nomination Committee

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83	Section 8: Glossary of key terms for the Remuneration Report

Section 1:

Who is covered by this Report

The Directors of Boral Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2021 (FY2021). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report sets out remuneration information for the Company's Key Management Personnel (KMP).

The table below details the KMP for FY2021.

Name	Position
Senior Executives	
Zlatko Todorcevski	Chief Executive Officer & Managing Director (CEO)
Tino La Spina	Chief Finance & Strategy Officer (CFSO) (appointment effective 14 October 2020)
Wayne Manners	President & CEO, Boral Australia
Darren Schulz	President & CEO, Boral North America
Former Senior Executives	
Rosaline Ng	Group President Ventures & Chief Financial Officer (CFO) (ceased as KMP on 13 October 2020)
Non-executive Directors	
Kathryn Fagg	Chairman and non-executive Director
Peter Alexander	Non-executive Director
Karen Moses	Non-executive Director
Deborah O'Toole	Non-executive Director (appointment effective 28 September 2020)
Paul Rayner	Non-executive Director
Robert Sindel	Non-executive Director (appointment effective 28 September 2020)
Ryan Stokes	Non-executive Director (appointment effective 28 September 2020)
Former Non-Executive Directors	
Eileen Doyle	Non-executive Director (retirement effective 28 October 2020)
John Marlay	Non-executive Director (retirement effective 28 October 2020)
Richard Richards	Non-executive Director (appointment effective 28 September 2020, stepped down effective 28 October 2020)

Changes following the end of the Financial Year

The table below details changes to KMP following the end of the financial year.

Name	Change
Ryan Stokes	Appointed Chairman of the Board (effective 30 July 2021)
Richard Richards	Appointed Non-Executive Director (effective 30 July 2021)
Kathryn Fagg	Retired from the Board (effective 30 July 2021)
Peter Alexander	To retire from the Board (effective immediately following the AGM in October 2021)
Deborah O'Toole	To retire from the Board (effective immediately following the AGM in October 2021)

Section 2:

Our remuneration approach

Priorities in FY2021

Our remuneration priorities in FY2021 were driven by our changing business circumstances, including responding effectively to the continued impact of the COVID-19 pandemic on our people and operations.

Our Senior Executives focused on:

- delivering Zero Harm Today everyday
- refocusing Boral's portfolio of businesses, delivering better financial results and building a stronger performing business for our shareholders, our customers and our people
- disciplined capital management via a renewed Financial Framework
- renewing the focus on Boral's core business in Australia for improved profitability and to deliver its competitive advantage in the short-, medium- and long-term
- redefining Boral through decarbonisation and adjacent growth to establish a competitive advantage
- driving performance excellence and business improvement initiatives in a challenging operating environment.

Executive remuneration

The Committee supports the Board to assess whether adjustments to remuneration policy are required to take into account the changing nature of our business and the environment in which we operate, including the expectations of Boral's stakeholders and market practice. The Committee supported the Board in responding to the challenges of FY2021 by:

- taking decisive action around people and remuneration
- adopting remuneration arrangements that recognise current market- and COVID-related challenges, and
- adjusting the approach to executive remuneration in response to our operating environment.

The Committee has continued to listen to shareholders and respond to feedback and concerns, which have focused on:

- aligning executive remuneration rewards and outcomes with the experiences and expectations of shareholders
- continuing to improve the clarity and transparency of remuneration disclosures, and
- using an approach to STI and Long term Incentive (LTI) plans that continues to recognise and achieve an appropriate balance between executive and shareholder interests.

The following table sets out the Committee's areas of focus and work in FY2021.

Issues and decision	Comments
FY2021 in review	
COVID-19 pandemic	<p>As discussed in the FY2020 Remuneration Report (page 62), the health and safety of our people, customers and communities is the number one priority in our response to the COVID-19 pandemic.</p> <p>In FY2020, we took a range of remuneration actions in response to the COVID-19 pandemic that addressed operational challenges and focused on the financial health of our businesses including maintaining strong liquidity and cash flows.</p> <p>The remuneration actions taken in response to COVID-19 in FY2020 have been maintained in FY2021, as follows:</p> <p>Salaries and Non-Executive Director fees Incentives</p> <ul style="list-style-type: none"> • Salary freeze in FY2021 for executives and employees, with the next review of salaries to be in September 2021 • A freeze on non-executive Director fees in FY2021 • STI award plan suspended in FY2021 <p>The support and assistance provided to our people included:</p> <ul style="list-style-type: none"> • Enhanced leave provisions • Flexible work arrangements • Additional benefits and support • Information and assistance <p>For more information on our response to COVID-19, see pages 20 and 28 of the Annual Report.</p>
Impact of impairment on executive remuneration outcomes	<p>Boral's typical approach has been to exclude the value of significant items (including impairments), when determining performance. The Board retains its discretion to consider different treatment on a case-by-case basis.</p> <p>As set out in the FY2020 Remuneration Report, in the context of the non-cash impairment in FY2020, the Board made the following decisions around remuneration:</p> <ul style="list-style-type: none"> • For the LTI awards granted in September 2018 and 2019, when determining the Company's return on funds employed (ROFE) performance, the calculation will be based on pre-impairment funds employed. • LTI awards made from September 2020 onwards are expected to be calculated on the basis of funds employed after impairment. <p>In determining the Company's ROFE performance, the Board retains its discretion to make adjustments where it considers it necessary or appropriate in order to accurately reflect the ROFE outcomes and reward performance in a manner that is consistent with shareholder expectations and the intent and purpose of the relevant ROFE target.</p>

Issues and decision	Comments												
FY2021 in review													
Decision to adjust the LTI vesting schedule for vesting when ROFE exceeds WACC	<p>The ROFE performance hurdle is intended to reward achievement linked to improving the Company's ROFE performance through the cycle. In general, any ROFE performance that exceeds the weighted average cost of capital (WACC) over the long-term performance period is considered to be aligned to our aim of creating sustained shareholder value.</p> <p>On review of the existing vesting schedule, the Board determined that the 'cliff' of allowing 50% vesting at threshold could be better aligned with the overall aim of rewarding incremental performance above WACC.</p> <p>A new vesting schedule was adopted for the FY2021 LTI grant as follows.</p> <table border="1" data-bbox="448 786 1398 1032"> <thead> <tr> <th data-bbox="448 786 1050 808">If the Company's ROFE performance for FY2023 is:</th> <th data-bbox="1066 786 1286 808">Proportion vesting:</th> </tr> </thead> <tbody> <tr> <td data-bbox="448 831 660 853">At or below WACC</td> <td data-bbox="1066 831 1091 853">Nil</td> </tr> <tr> <td data-bbox="448 875 863 898">Between WACC and WACC plus 1.0%</td> <td data-bbox="1066 875 1398 898">Vesting on a straight line basis</td> </tr> <tr> <td data-bbox="448 920 746 943">At WACC plus 1.0% (target)</td> <td data-bbox="1066 920 1107 943">75%</td> </tr> <tr> <td data-bbox="448 965 975 987">Between WACC plus 1.0% and WACC plus 2.0%</td> <td data-bbox="1066 965 1398 987">Vesting on a straight line basis</td> </tr> <tr> <td data-bbox="448 1010 847 1032">At or above WACC plus 2.0 (stretch)</td> <td data-bbox="1066 1010 1123 1032">100%</td> </tr> </tbody> </table>	If the Company's ROFE performance for FY2023 is:	Proportion vesting:	At or below WACC	Nil	Between WACC and WACC plus 1.0%	Vesting on a straight line basis	At WACC plus 1.0% (target)	75%	Between WACC plus 1.0% and WACC plus 2.0%	Vesting on a straight line basis	At or above WACC plus 2.0 (stretch)	100%
If the Company's ROFE performance for FY2023 is:	Proportion vesting:												
At or below WACC	Nil												
Between WACC and WACC plus 1.0%	Vesting on a straight line basis												
At WACC plus 1.0% (target)	75%												
Between WACC plus 1.0% and WACC plus 2.0%	Vesting on a straight line basis												
At or above WACC plus 2.0 (stretch)	100%												
CEO and CFO employment arrangements	<p>As announced to the market on 21 June 2021, Boral's independent directors agreed to strengthen the employment arrangements for Boral's CEO and CFO. This decision was made in the context of Boral's strategic priorities and transformation program, and the importance of completing key initiatives that are underway including the sale of Boral's North American Building Products business.</p> <p>To this end Boral agreed:</p> <ul data-bbox="448 1256 1398 1469" style="list-style-type: none"> • That it will not exercise its right to terminate their employment without cause by giving notice at any time prior to 1 July 2022; and • If Boral thereafter unilaterally terminates their employment without cause prior to the end of the vesting period of the long-term incentive award granted to them upon their commencement with Boral last year, the award will remain on foot and capable of vesting subject to the performance conditions, set at the time the award was granted, being satisfied at the end of the performance period (that is, 1 July 2023). <p>Importantly, the incentive remains as fully performance tested equity under the long-term incentive award, which strongly aligns them with shareholders.</p>												
Managing safety well is a fundamental part of everyone's role at Boral	<p>Managing safety well is considered a fundamental part of everyone's role and is taken into consideration in performance reviews and performance management.</p> <p>Boral employees make a personal commitment to identify safety risks, and ensure appropriate controls are in place and working effectively before commencing any activities.</p> <p>The Board continues to examine Boral's track record in taking appropriate responsive action including terminating employment for poor safety management and safety breaches.</p>												

Issues and decision	Comments
Looking ahead to FY2022	
Changes to executive remuneration	<p>During FY2021, Boral undertook a detailed review of executive remuneration and noted the opportunity for a refreshed incentive framework to better support the significant strategic and cultural change being driven throughout the organisation. Limitations of the existing model were noted, including its simplistic EBIT focus and a lack of individual differentiation.</p> <p>With the aim of focusing management on the delivery of key priorities and sustainable value creation for shareholders, the following changes were identified for the STI:</p> <ul style="list-style-type: none"> • Adopting a balanced scorecard • Increasing individual differentiation of STI payment outcomes based on performance and contribution • Increasing the STI deferral proportion for senior employees <p>EBIT will remain in the plan, via the balanced scorecard.</p>
STI balanced scorecard	<p>A balanced scorecard is being established and is expected to have an equal weighting for financial performance (50%), and non-financial performance (50%).</p> <p>FY2022 focus areas are expected to include strategy, customer, sustainability, safety, and engagement.</p> <p>Further detail will be provided in the FY2022 Remuneration Report.</p>
Allocation methodology for LTI grant	<p>In light of the share price volatility during the early stages of COVID-19, a 12 month average share price was used to determine the number of shares under LTI awards – preventing windfall gains.</p> <p>For LTI awards to be made during FY2022, the Board will again consider the most appropriate approach in light of share price movements. Details will be contained within the Notice of Annual General Meeting.</p>
Minimum shareholding requirements	<p>Boral expanded the minimum shareholding requirements to apply to all executive direct reports of the CEO, not just executive KMP. The broader group is required to build a minimum shareholding equivalent to approximately 50% of their annual fixed remuneration.</p> <p>Executives will have up to five years from the later of 1 May 2021 or their date of appointment into the relevant role. The expectation is that the requirements should be met through the vesting of awards under Boral's equity incentive plan (rather than expecting individuals to fund acquisitions directly)</p>
NED Fees	<p>Following analysis of Boral's Board and Committee fees against relevant market competitors, the Board determined that base fees will remain at current levels.</p> <p>The directors from Seven Group Holdings (Ryan Stokes and Richard Richards) have decided that from 30 July 2021 they will not receive remuneration for their roles on the Boral board in light of the corporate structure and given the importance of prudent cost management.</p> <p>Fees in relation to Committee roles (Chair and Members) will be increased from 1 July 2021, to align with the market, as follows:</p> <ul style="list-style-type: none"> • Audit & Risk Committee - Chair \$50,000, Member \$25,000 • Remuneration & Nomination Committee - Chair \$40,000, Member \$20,000 • Health, Safety & Environment Committee - Chair \$40,000, Member \$20,000 <p>Committee fees for Non-executive Directors on the Bid Due Diligence Committee were incurred in FY2021 and will be paid during FY2022.</p> <ul style="list-style-type: none"> • Committee Chairman - Paul Rayner - \$20,000 • Committee Member - Deborah O'Toole - \$10,000

Section 3:

FY2021 performance and actual pay received

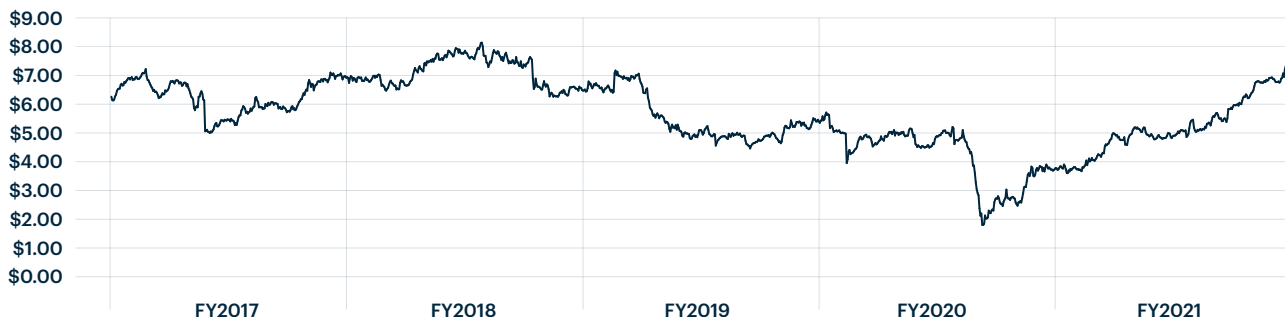
Boral's FY2021 results reflect mixed market conditions continuing to be experienced during the pandemic. Boral's total operations (continuing and discontinuing) delivered earnings before interest and tax (EBIT) of \$445 million up 37%. EBIT¹ from continuing operations (excluding Property) of \$157 million was up 11% reflecting transformation benefits partially offset by lower volumes and softer pricing.

Boral reported a statutory net profit after tax (NPAT) of \$640 million for the full year ended 30 June 2021 compared to a loss of \$1.145 billion in FY2020. NPAT before significant items of \$251 million, was up 44% on the prior year.

In response to the uncertain and challenging conditions, the Board suspended the STI plan in FY2021.

Financial performance	FY2017 ²	FY2018	FY2019	FY2020	FY2021
Earnings per share ^{1,3} (cents)	33.7	40.4	35.7	14.5	20.6
Dividends per share (cents)	24.0	26.5	26.5	9.5	0
Return on equity ¹ (%)	6.3	8.3	7.2	3.9	5.7

Boral share price



Boral's performance and STI awards

EBIT performance

The use of EBIT effectively aligns rewards for Senior Executives with Boral's focus on delivering strong earnings through the business cycle. This recognises the importance of ensuring that the level of payments received reflects performance achieved. Year on year, EBIT targets for the STI have been set at challenging levels against our budget.

For FY2021, Boral reported EBIT¹ of \$445 million, which was \$121 million or 37% higher than the prior year. This increase in EBIT reflects a strong lift in EBIT from discontinuing operations and \$16 million lower EBIT from continuing operations, as underlying EBIT growth did not fully offset the impact of lower earnings from Property sales. For Boral's continuing operations, which are the construction materials operations in Australia, benefits from Transformation initiatives offset the impacts of lower volumes from infrastructure, non-residential and multi-residential construction activity. Overall, the value of work done in Boral's Australian construction segments was down 3% in FY21 relative to FY20, with Boral impacted more significantly because of the company's geographic exposures and several major projects completing ahead of new projects commencing. In addition, major projects are currently at a stage of construction where materials intensity is low.

There were no STI awards made in FY2021 following the Board's decision to suspend the plan for FY2021.

STI payments over the past 10 years demonstrate the cyclical nature of our industry and the variability of STI payments. Over the last 10 years (FY2012 to FY2021), Boral's STI has paid out at an average 57.0% of target.

Senior Executive historical STI as percentage of target outcomes⁴

Year	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 ⁴	FY2019	FY2020	FY2021	Average
(% of target)	14.0%	6.9%	100.4%	126.7%	136.5%	103.7%	81.0%	1.1%	0.0%	0.0%	57.0%

1. Excludes significant items.

2. In FY2017, earnings per share and return on equity reflect additional shares on issue following the capital raising in December 2016 but only eight weeks of Headwaters post-acquisition earnings contribution.

3. Earnings per share is adjusted to reflect the bonus element in the renounceable entitlement offer that occurred during November and December 2016.

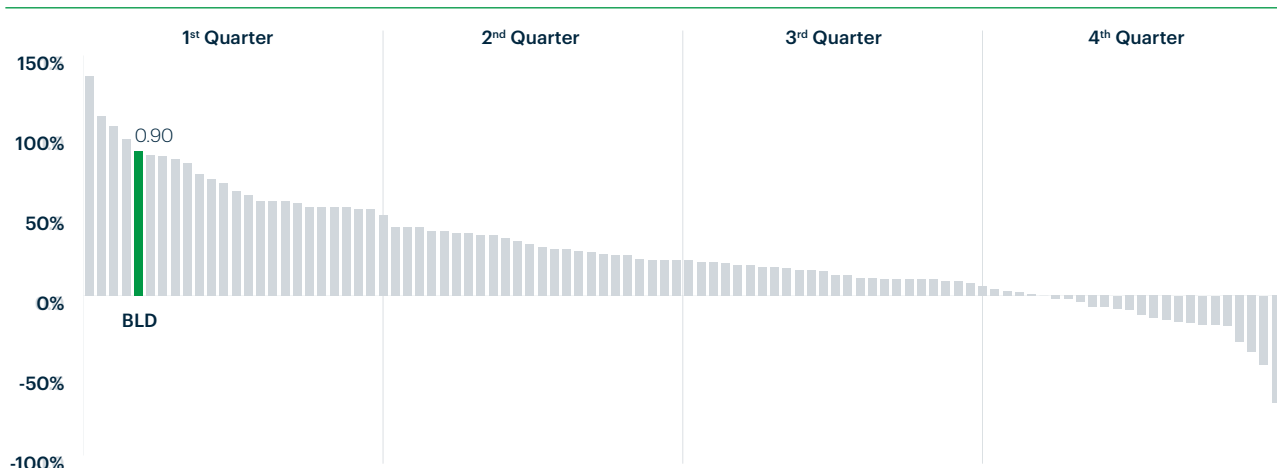
4. FY2018 STI outcomes were adjusted downwards retrospectively in FY2020, reflecting the lapsing of some deferred STI awards. This adjustment was due to the restatement of underlying earnings for FY2018.

Boral's performance and LTI awards

Total Shareholder Returns performance in FY2021

Boral's relative TSR performance increased in FY2021. Factoring share price and dividends paid, Boral delivered a TSR of 89.9% for shareholders between 1 July 2020 and 30 June 2021. This TSR ranked Boral at the 96th percentile of S&P/ASX 100 companies for FY2021.

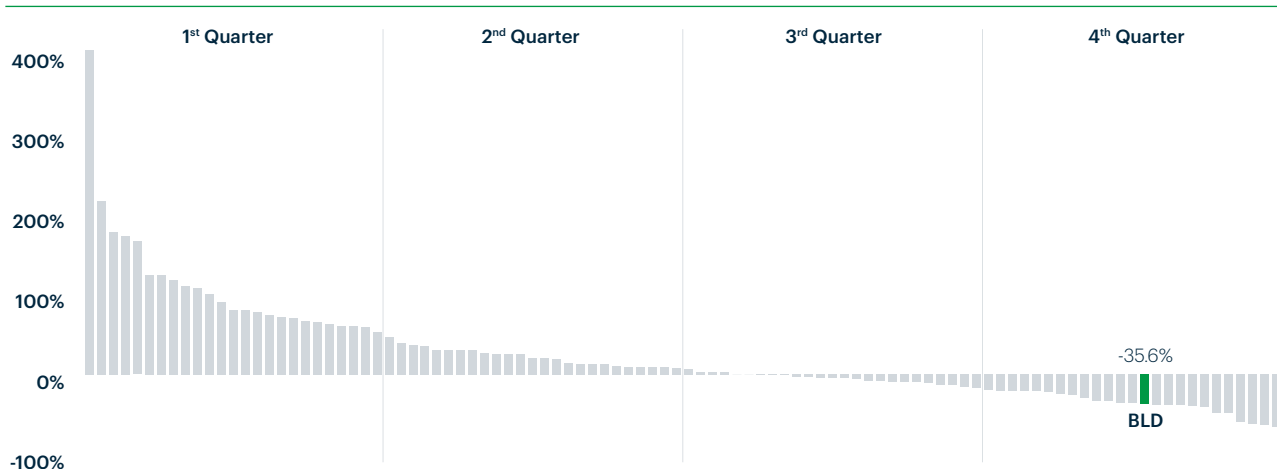
FY2021 Total Shareholder Return (TSR) for Boral vs. S&P/ASX 100 companies



Total Shareholder Returns over three years

Over the three-year period from September 2017 to September 2020, Boral's TSR of negative 35.6% was at the 12th percentile of the Company's TSR comparator group, resulting in the 2017 LTI grant lapsing.

TSR for Boral vs S&P/ASX 100 companies: Sept 2017 to Sept 2020



Note: Franking credits are included in TSR calculations

Section 3:

FY2021 performance and actual pay received

(continued)

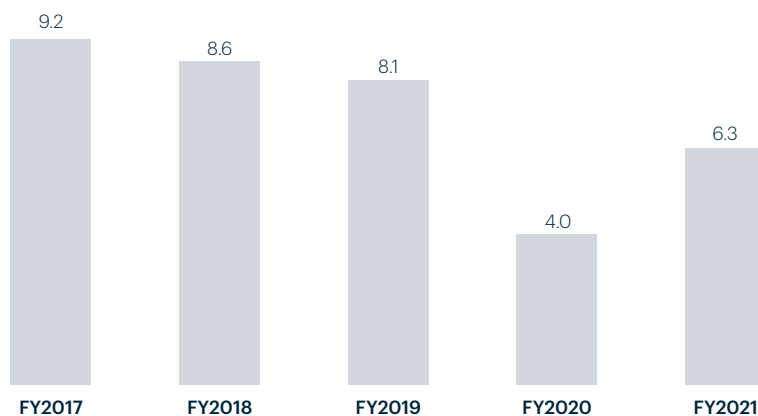
Return on Funds Employed performance

The use of ROFE is designed to test the efficiency and profitability of the Company's capital investments. It links executive rewards to the achievement of improved ROFE performance and a long-term goal of ROFE exceeding the cost of capital through the cycle.

Boral's 4.0% ROFE in FY2020 (on a pre-impairment basis) was below the 12.0% to 12.5% vesting range for the 2017 LTI grant and none of the ROFE tranche vested.

Boral's ROFE performance was 6.3% in FY2021, as measured by EBIT¹ return on average funds employed on a pre-impairment basis. ROFE performance in FY2021 would be 7.7% on a post-impairment basis. The increase in ROFE from FY2020 reflects the benefits of the Transformation initiatives, however, further work is required to deliver a ROFE that exceeds the cost of capital throughout the cycle.

EBIT return on average funds employed (ROFE)¹, %



LTI

2017 LTI

Further details in Section 4

Vesting for the 2017 LTI was based on performance against the relative TSR hurdle (two-thirds of the grant) and the ROFE hurdle (one-third of the grant). Relative TSR was at the 12th percentile of the S&P/ASX 100 comparator group, below the vesting target. The ROFE target was not met. Based on these outcomes, all awards lapsed.

2018 LTI

The FY2018 LTI grant will be tested on 1 September 2021. The grant is not forecast to vest.

Fixed annual remuneration (FAR) outcomes

The key remuneration outcomes for Boral's Senior Executives in FY2021 are outlined below.

Component	Outcomes
FAR (or BCS for US employees)	As indicated in last year's Remuneration Report, the Board applied a salary freeze for executives and employees in FY2021.
<i>Further details in Section 4</i>	This was in response to the challenging and uncertain conditions that Boral continued to operate in as a result of the ongoing global pandemic.

1. ROFE for remuneration purposes is EBIT (excluding significant items) return on average funds employed. Funds employed is calculated as the average of funds employed at the start and end of the year, except for FY2017, which was calculated on a monthly average funds employed basis, recognising the impact of the Headwaters acquisition part way through the year. ROFE for FY2021 excludes the impact of impairments (FY2021 result is 7.7% including impairments).

Actual remuneration for FY2021

The remuneration outcomes table below has been prepared to provide shareholders with a view of remuneration that was actually paid to Senior Executives for FY2021 and is unaudited. The Board believes that presenting information this way provides shareholders with increased clarity and transparency. Remuneration details prepared in accordance with statutory obligations and accounting standards are contained in Section 7 of this Report.

FY2021 remuneration cash outcomes table

A\$'000s	Cash payments and other benefits received							Vesting of prior year 'at risk' equity awards		
	Fixed rem (cash) ^a	FAR equity ^b	STI (cash) ^c	Super/pension payments	Other Cash allowances & Benefits ^d	Other non-cash ^e	FBT	Total payments	Vesting of STI deferral earned in 2018 ^f	Vesting of 2017 LTI Grant ^g
Zlatko Todorcevski	1,728.3	206.0	-	21.7	-	9.5	2.7	1,968.2	-	-
Tino La Spina ¹	772.0	-	-	16.3	-	7.1	2.0	797.4	-	-
Wayne Manners	787.5	-	-	26.2	-	-	-	813.7	24.9	-
Rosaline Ng ²	275.9	-	-	11.4	-	16.4	3.9	307.6	31.2	-
Darren Schulz	652.3	-	-	96.4	32.9	11.8	-	793.4	5.6	-
US-based Senior Executives^h										
US\$'000										
Darren Schulz	487.4	-	-	72.0	24.5	8.8	-	592.8	4.2	-

A portion of actual remuneration received in FY2021 relates to the vesting of deferred STI for some individuals, as well as the CEO's fixed annual remuneration equity (FAR equity) award. By providing these awards as equity, outcomes for Senior Executives were aligned to the outcomes for shareholders over the vesting period.

Ref	Item	Notes relating to the FY2021 remuneration cash outcomes table
a.	Fixed remuneration (cash)	Fixed remuneration (cash) is cash salary paid to the Senior Executive for their period as a KMP. Fixed remuneration for Tino La Spina is for the period from 14 October 2020. Fixed remuneration for Rosaline Ng is for the period to 13 October 2020.
b.	FAR equity	FAR equity are rights awarded to the CEO for the year as part of his fixed remuneration. FAR equity rights vest pro rata in equal instalments at the end of each month during FY2021. The value attributed to these awards at vesting is based on the average of the 5-day VWAPs for each month end in FY2021, being \$5.2195.
c.	STI (cash)	As the Board suspended the STI plan for FY2021, no STI was earned by Senior Executives in FY2021.
d.	Other cash allowances & benefits	Other cash allowances and benefits, other non-cash benefits and associated fringe benefits tax (FBT) are not taken into account for the purposes of calculating an executive's STI or LTI opportunity.
e.	Other non-cash	Other non-cash is comprised of non-monetary benefits, including medical cover, life and disability insurance, vehicle costs and parking. These amounts are not taken into account for the purposes of calculating an executive's STI or LTI opportunity.
f.	STI deferral	The value for earned deferred STI granted in September 2018 that vested on 1 September 2020, calculated using the VWAP of Boral ordinary shares in the five trading days up to and including 1 September 2020, being \$3.8859, multiplied by the number of rights that vested.
g.	LTI	LTI performance targets were not met for the 2017 LTI grant, which resulted in this award lapsing in full.
h.	US-based Senior Executives	Remuneration for US-based Senior Executives is converted from US dollars to Australian dollars for reporting and accounting purposes based on the A\$/US\$ exchange rate, averaged over the 12 months to 30 June for the reporting period.

1. Tino La Spina commenced as a KMP on 14 October 2020 and his fixed remuneration cash payments are for the period from 14 October 2020.

2. Rosaline Ng ceased as a KMP on 13 October 2020, ceasing employment on 31 March 2021. Cash payments are for the period to 13 October 2020. These cash payments exclude the contractual separation payment equivalent to 12 months FAR paid at the time of Rosaline Ng's departure, after her time as a KMP, which is reported in the statutory remuneration table in section 7.

Section 4: Remuneration framework for FY2021

Remuneration strategy

Boral's remuneration strategy and framework provides the foundation for how remuneration is determined and paid. The chart below summarises Boral's remuneration strategy for FY2021, including details of Boral's Remuneration Principles.



The strategy has guided the way remuneration has been set for FY2021, as outlined in the following pages.

Remuneration framework components

Component	Delivery	Year 1	Year 2	Year 3
FAR	Base salary, non-cash benefits (including any fringe benefits tax) and superannuation paid during the financial year			
STI	Annual 'at-risk' incentive in which 80% of the STI is delivered in cash and 20% is deferred in Performance Rights	Deferred STI vests after 2 years		
LTI	Equity awards that are subject to the satisfaction of long-term performance conditions 100% is delivered as Performance Rights	Two-thirds of the LTI vests after 3 years based on TSR performance compared to a selected group of comparator companies		
		One-third of the LTI vests after 3 years based on achieving ROFE targets set by the Board		

Remuneration framework details

Remuneration strategy	Description												
<p>FAR/BCS</p> <p>Attract and retain high-calibre employees with a market competitive and flexible reward.</p> <p>Boral benchmarks the remuneration of our executives against comparator companies of a similar size (referencing market capitalisation and revenue, as applicable) and within similar industries (focusing on industrial and materials sector entities). Comparator companies used in the benchmarking are described in Section 8 of this Report.</p>	<p>Considerations in setting FAR/BCS are</p> <ul style="list-style-type: none"> • position responsibilities and financial impact • individual's knowledge, skills and experience, and • market practice for companies of similar size and complexity to Boral. 												
<p>2021 outcomes</p> <p>The Board implemented a salary freeze in FY2021 for executives and employees.</p>													
<p>STI</p> <p>STI rewards for achievement of financial performance over one year.</p> <p>STI hurdles</p> <p>Performance at the end of the financial year is measured against pre-determined EBIT targets established as part of the Group's annual budget process. STI awards have threshold, target and maximum opportunities that are differentiated based on Group and/or divisional results. No STI awards are made if relevant EBIT performance hurdles are not met.</p> <p>EBIT targets are considered to be commercial-in-confidence and are therefore not disclosed in the interests of shareholders.</p> <p>The Board retains discretion to adjust STI outcomes up or down to ensure consistency with the Company's remuneration philosophy, to prevent any inappropriate reward outcomes, including in the event of a seriously negative safety issue, and to maintain alignment with the shareholder experience before the final award is determined.</p> <p>STI deferral</p> <p>Deferring 20% of the awarded STI over two years is considered necessary by the Board to promote sustainability of annual performance over the medium term, provide executives with additional share price exposure and facilitate the Board's ability to exercise malus or clawback provisions, should this be required.</p>	<p>Target and maximum STI opportunities as a percentage of BCS for the President & CEO, Boral North America and FAR for other Senior Executives are outlined below. The CEO and CFO do not have STI targets as their remuneration had no short-term incentive component.</p> <table border="1"> <thead> <tr> <th>Position</th> <th>Target</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>CFO</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>Other Senior Executives</td> <td>60%</td> <td>100%</td> </tr> </tbody> </table> <p>When measuring EBIT, significant items are generally excluded on the basis that STI outcomes should reflect performance during the relevant period and should not be skewed upwards (or downwards) due to one-off investments or decisions in prior performance periods.</p> <p>The Board, supported by the Remuneration & Nomination Committee and the Audit & Risk Committee, reviews the treatment and classification of significant items for remuneration purposes when reviewing the appropriateness of reward outcomes.</p>	Position	Target	Maximum	CEO	0%	0%	CFO	0%	0%	Other Senior Executives	60%	100%
Position	Target	Maximum											
CEO	0%	0%											
CFO	0%	0%											
Other Senior Executives	60%	100%											
<p>2021 outcomes</p> <p>As the Board suspended the plan for FY2021, no STI payments were awarded to Senior Executives.</p>													

Section 4: Remuneration framework for FY2021

(continued)

Remuneration strategy

LTI

LTI links long-term executive rewards with the sustained creation of shareholder value through allocation of equity awards subject to long-term performance conditions.

TSR

TSR measures the compound growth in the Company's TSR over the performance measurement period compared to the TSR performance over the same period of a comparator group.

The Board believes that a relative TSR hurdle measured against constituents of an ASX index ensures alignment between comparative shareholder return and reward for the executive, and provides reasonable alignment with diversified portfolio investors.

In considering selection of the TSR comparator group, the Board has determined there to be an insufficient number of direct ASX company comparators to produce a meaningful bespoke peer group.

ROFE

ROFE tests the efficiency and profitability of the Company's capital investments and is determined by the Board based on EBIT (before significant items) in the year of testing as a percentage of average funds employed (where funds employed is the sum of net assets and net debt).

The ROFE performance hurdle is intended to reward achievement linked to improving the Company's ROFE performance through the cycle. ROFE targets are set relative to the WACC.

WACC is calculated by Boral on a pre-tax basis, providing a direct comparison with the pre-tax ROFE measure, using the average annual WACC over a three year performance period.

Since FY2019, the share of EBIT (before significant items) from our joint ventures (JVs) (rather than post-tax JV earnings) has been included in the pre-tax ROFE calculation, consistent with the treatment for Boral's wholly owned businesses.

The WACC and ROFE calculations are overseen by the Audit & Risk Committee, supporting the Remuneration & Nomination Committee and the Board. It is also reviewed and validated by an independent external advisor. The calculated WACC for each year and the Company's ROFE performance will be disclosed retrospectively in Boral's Remuneration Report.

Description

For FY2021, the CEO and Senior Executives were eligible to participate in the LTI at the following opportunity levels.

Position	Maximum opportunity (face value)
CEO	230% of FAR
CFSO	200% of FAR
Other Senior Executives	100% of FAR/BCS

The FY2021 LTI awards have two performance hurdles:

	Relative TSR	ROFE
Hurdle	Relative TSR measured against the S&P/ASX 100 Index	EBIT in year of testing as a percentage of average funds employed
Portion	Two-thirds	One-third
Period	30 June 2020 to 30 June 2023	Year ending 30 June 2023

The TSR vesting schedule to be applied for the FY2021 LTI grant is:

If at the end of the period, the TSR of the Company is:	Proportion vesting
Below the 50 th percentile	0%
At 50 th percentile	50%
Between the 50 th and 75 th percentile	Pro-rata vesting from 50% to 100%
Reaches or exceeds 75 th percentile	100%

The ROFE vesting schedule to be applied for the FY2021 LTI grant is:

If the Company's ROFE performance for FY2023 is:	Proportion vesting
At or below WACC	0%
Between WACC and WACC plus 1.0%	Vesting on a straight-line basis
At WACC plus 1.0% (target)	75%
Between WACC plus 1.0% and WACC plus 2.0%	Vesting on a straight-line basis
At or above WACC plus 2.0% (stretch)	100%

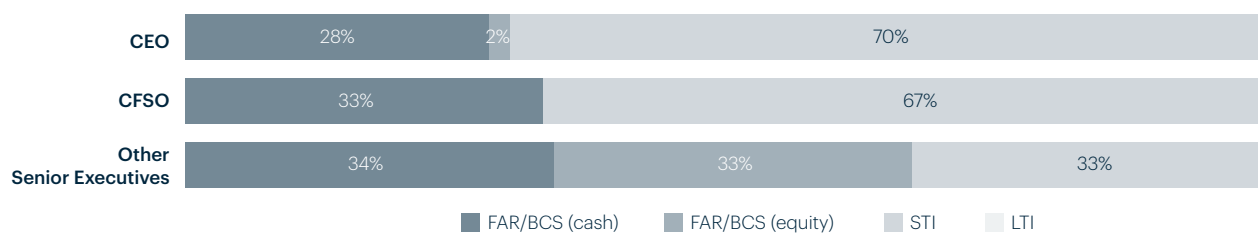
2021 outcomes

In September 2020, the 2017 LTI did not vest as neither the Relative TSR or ROFE targets were met.

LTI grants vesting in FY2022 onwards will be assessed using ROFE relative to WACC. Boral's FY2021 WACC will be incorporated into the three-year average pre-tax WACC values that will be used to test the LTI grants subject to vesting in FY2022 and FY2023. The FY2021 WACC was 10.4%. The average WACC for the three years up to and including FY2021 was 9.8%.

Total remuneration

Boral's remuneration mix is set to balance the need to attract and retain high-calibre talent with the ability to vary reward with performance. Total maximum remuneration mix for FY2021 is shown below, reflecting the remuneration mix should all performance hurdles at maximum be met in full.



As approved by shareholders in the 2020 Annual General Meeting, the CEO's 2% FAR equity relates to the CEO receiving a small portion of his FAR in equity on a pro-rata basis over the FY2021 financial year in equal monthly instalments.

Section 5:

Remuneration governance

Roles and responsibilities

The table below outlines the roles and responsibilities of the Board, the Committee and management in relation to Board and KMP remuneration.

The Board	The Committee	Management
<ul style="list-style-type: none"> Approving remuneration arrangements for the CEO, other Senior Executives and non-executive Directors Monitoring the performance of Senior Executives 	<ul style="list-style-type: none"> Recommending remuneration and incentive policies and practices Recommending remuneration arrangements for the CEO Recommending remuneration arrangements for KMP (excl. CEO) 	<ul style="list-style-type: none"> Prepares recommendations and provides supporting information for the Committee's consideration Implements approved incentive policies and practices

Open lines of communication exist between all of Boral's Board Committees. For example, in FY2021 the Committee was supported by the Audit & Risk Committee in reviewing the calculation of ROFE relative to WACC.

These open lines of communication are intended to prevent any gaps in risk oversight and to maintain a broader picture of Boral's risk profile as it relates to remuneration governance. In addition to the overlapping membership of the Board Committees, the Board Chairman and the CEO attend all Board and Committee meetings and provide a link between each Committee's oversight responsibilities.

Further detail on the responsibilities of the Committee are outlined in its Charter, which is reviewed annually by the Board. A copy of the Charter is available in the Corporate Governance section of Boral's website at: www.boral.com/about-boral/corporate-governance.

How decisions are made

The Committee makes recommendations for approval by the full Board on remuneration arrangements for non-executive Directors, the CEO, other Senior Executives and other executives. When decisions are made, consideration is applied to the Boral strategy, remuneration strategy, alignment with shareholder interests and market practice.

Board discretion

The Board maintains discretion to adjust remuneration outcomes for Senior Executives to ensure outcomes appropriately reflect Company performance and the shareholder experience over the relevant performance period.

Component	Board discretion	Determinations made in FY2021
STI	<p>The Board retains discretion to adjust STI outcomes up or down to ensure consistency with the Company's remuneration philosophy, to prevent any inappropriate reward outcomes, including in the event of a seriously negative safety issue, and maintain alignment with the shareholder experience before the final award is determined.</p> <p>The Remuneration & Nomination Committee assists the Board on these matters, supported by the Audit & Risk Committee and HSE Committee, including in respect of financial performance, safety performance and the treatment and classification of significant items, considered in the context of reviewing the appropriateness of reward outcomes.</p> <p>The Board also has the discretion to exercise malus or clawback provisions in circumstances where an employee has acted fraudulently or dishonestly; has breached their obligations to the Company; in the event that there is a material misstatement or omission in Boral's financial statements; or if the Company is required or entitled to reclaim any overpaid incentive or other amount from an employee.</p>	As noted in last year's Remuneration Report, the Board suspended the STI plan for FY2021.
LTI	<p>The Board retains discretion to make LTI adjustments as considered necessary to ensure rewards reflect performance in a manner that is consistent with shareholder expectations and the intent and purpose of the relevant targets.</p> <p>The Board also has the discretion to partially reduce or forfeit an LTI award where an employee has their employment terminated for cause, acts fraudulently or dishonestly, or breaches their obligations to the Company. The Company has a further discretion to apply clawback provisions in the event that there is a material misstatement or omission in Boral's financial statements, or if the Company is required or entitled to reclaim any overpaid incentive or other amount from an employee.</p>	

Minimum shareholding requirements

To further align the interests of the Company's Senior Executives with the interests of shareholders, the Board has established minimum shareholding requirements for the CEO and all other Senior Executives.

Senior Executives are required to accumulate a minimum shareholding in the Company over a period of up to five years from the later of 1 May 2021 or their date of appointment as a KMP.

Position	Minimum shareholding	Status
CEO	100% of FAR	As at 30 June 2021, in compliance given time in role
Senior Executives	50% of FAR/BCS	As at 30 June 2021, in compliance given time in role

The Company's guidelines for non-executive Directors' minimum shareholdings are set out in the Corporate Governance Statement on page 51 of this Annual Report. These guidelines require the non-executive Directors to build minimum shareholdings equivalent in approximate value to the gross annual base fee paid to each non-executive Director. Progress is monitored on an ongoing basis, and non-executive Directors are in compliance with these guidelines given time in role.

Section 5: Remuneration governance

(continued)

External advice on remuneration

The Committee seeks information and advice regarding remuneration directly from external remuneration consultants EY, who are independent of the Company's management.

During FY2021, these consultants provided general information and support only. No advice was provided that contained remuneration recommendations relating to the remuneration of KMP.

The Board has adopted a protocol governing the engagement of remuneration consultants and the provision of remuneration recommendations. The purpose of this protocol is to ensure that recommendations provided by consultants are made free from undue influence by the Senior Executives to whom the recommendations relate.

The protocol provides that before Boral enters into a contract to engage a consultant to provide remuneration recommendations, the proposed consultant must be approved by the Committee or the non-executive Directors. The remuneration consultant must report directly to the Committee or the non-executive Directors. If a consultant makes a recommendation concerning the remuneration of a Senior Executive, the recommendation must be provided directly to the Committee or the non-executive Directors.

Senior Executive contracts

An overview of key terms of employment for Senior Executives is provided below.

Contract term	CEO	Other Senior Executives
Contract type	Permanent	Permanent
Notice period by Boral	12 months	6 months (12 months for CFO)
Notice period by employee	6 months	6 months
Termination without cause		
Termination payment	Up to 12 months' FAR	Up to 12 months' FAR/BCS
STI	Unless otherwise determined by the Board, no entitlement to STI for the year of termination.	
LTI	Treatment of LTI awards are dealt with under the LTI Plan rules and the specific terms of grant. In general, unless otherwise determined by the Board, LTI awards will remain on foot (with a pro rata scale-back based on the proportion of the performance period elapsed at the cessation date) to be tested against the relevant performance conditions at the vesting date.	
Resignation or termination with cause	Unless otherwise determined by the Board: <ul style="list-style-type: none"> • no termination payment • no entitlement to STI • forfeiture of all deferred STI, and • all unvested LTI awards will lapse. 	
Dealing restrictions	<p>Boral's Share Trading Policy prohibits executives from entering into hedge and other derivative transactions in relation to rights granted under the LTI Plan.</p> <p>Shares allocated to participants upon vesting of their LTIs may only be dealt with in accordance with the Share Trading Policy. Any contravention of the Policy will result in disciplinary action.</p> <p>For the CEO, a holding restriction on the sale of Boral shares will apply for 12 months post termination, except where the sale of shares is required to meet tax obligations.</p>	

Section 6: Non-executive Directors' remuneration

The non-executive Directors receive fixed fees only, which includes base fees and Board Committee fees. These are structured on a total fee basis and paid in the form of cash and superannuation contributions. The non-executive Directors do not receive any at-risk remuneration or other performance-related incentives, such as options or rights to shares, and no retirement benefits are provided to non-executive Directors other than superannuation contributions. The Board Chairman, while attending all Board and Committee meetings, does not receive any Committee fees in addition to their Board Chairman fees.

Considering the COVID-19 pandemic, the Board decided not to increase non-executive Director fees in FY2021. Non-executive Director fee levels for FY2021 were as follows.

Fees (A\$)	2021		2020	
	Chair	Member	Chair	Member
Board	474,900	158,100	474,900	158,100
Audit & Risk Committee	43,100	22,000	43,100	22,000
Remuneration & Nomination Committee	32,400	16,200	32,400	16,200
HSE Committee	32,400	16,200	32,400	16,200

The total annual non-executive Director remuneration for the Board for FY2021 was \$1,684,200 including superannuation. This was within the current aggregate fee limit of \$2,000,000 per annum, which was approved at the Company's Annual General Meeting in November 2016.

Section 7:

Statutory remuneration disclosures

The following Senior Executive remuneration table has been prepared in accordance with the accounting standards and has been audited. The values in the table below align with the amounts expensed in Boral's financial statements. Additional information has been included for Darren Schulz, who is paid in US dollars.

Senior Executive remuneration table

A\$'000s	Year	Short-term				Post-employment	Separation payments	Share-based payments ^a			Other	Total	At risk remuneration	
		Cash salary ^b	Short-term incentive ^c	Non-monetary benefits ^d	Other cash allowance & benefits ^e	Super / Pension	Contractual separation payment ^f	Fixed Rem (rights)	Rights	Deferred equity	Long service leave accrual	Total	% of remuneration related to performance	% of target STI paid
Senior Executives														
Zlatko Todorcevski														
	2021	1,762.0	-	12.2	-	21.7	-	150.0	914.3	-	28.8	2,889.0	31.6%	0.0%
	2020	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
Tino La Spina¹														
	2021	781.5	-	9.1	-	16.3	-	-	460.3	-	12.8	1,280.0	36.0%	0.0%
	2020	-	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%
Wayne Manners														
	2021	806.3	-	-	-	26.2	-	-	306.5	2.6	13.1	1,154.7	26.8%	0.0%
	2020	687.3	-	32.3	-	25.5	-	-	174.9	12.9	27.6	960.5	19.6%	0.0%
Rosaline Ng²														
	2021	298.0	-	20.3	-	11.4	1,000.0	-	(514.9)	3.2	6.4	824.4	0.0%	0.0%
	2020	975.7	-	57.6	-	28.2	-	-	335.8	11.4	16.1	1,424.8	24.4%	0.0%
Darren Schulz³														
	2021	652.3	-	44.7	-	96.4	-	-	120.7	3.5	-	917.6	13.5%	0.0%
	2020	51.2	-	3.5	-	8.6	-	-	8.8	0.4	-	72.5	12.7%	0.0%
Total	2021	4,300.1	-	86.3	-	172.0	1,000.0	150.0	1,286.9	9.3	61.1	7,065.7	18.3%	0.0%
	2020	1,714.2	-	93.4	-	62.3	-	-	519.5	24.7	43.7	2,457.8	22.1%	0.0%
US-Based Senior Executives⁴														
US\$'000s														
Darren Schulz														
	2021	487.4	-	33.4	-	72.0	-	-	90.2	2.6	-	685.6	13.5%	0.0%
	2020	34.3	-	2.4	-	5.8	-	-	5.9	0.2	-	48.6	12.7%	0.0%

Please refer to the notes on the following page relating to the Senior Executive remuneration table.

1. 2021 remuneration for Tino La Spina is from 14 October 2020.

2. 2021 remuneration for Rosaline Ng is until she ceased as a KMP on 13 October 2020.

3. 2020 remuneration for Darren Schulz is from 1 June 2020 when he commenced as a KMP.

4. Remuneration is converted at the average exchange rates for the respective years, being \$0.7472 for FY2021 and \$0.6703 for FY2020.

Ref	Item	Notes relating to the Senior Executive remuneration table
a.	Share-based payments	<p>The fair value of rights is calculated at the date of grant. Rights subject to the relative TSR hurdle are valued using the Monte Carlo simulation analysis; rights subject to the ROFE hurdle are valued using the Black Scholes methodology; and both fixed annual remuneration rights and deferred STI rights are valued at face value.</p> <p>The value of LTI awards are allocated evenly over the period of three years from the grant date; deferred STI rights are allocated evenly over the one year performance period plus the two year vesting period; and fixed annual remuneration rights are allocated to the financial year as they are fully vested by year-end. The value disclosed in the table is the portion of the fair value of the rights for each relevant reporting period.</p> <p>For Rosaline Ng, her LTIs lapsed when she ceased employment with Boral. The negative number in the table represents the lapsing of LTI awards over a series of relevant reporting periods.</p>
b.	Cash salary	Cash salary includes all fixed salary and accrued annual leave.
c.	Short-term incentive	STI values for KMP represent 80% of total STI paid in cash, with the remaining 20% to be deferred into equity and expensed over three years, in accordance with the Deferred STI plan introduced from FY2014. The deferred component is included in the 'Deferred equity' column.
d.	Non-monetary benefits	Non-monetary benefits include parking, medical, life and disability insurance, vehicle costs and applicable fringe benefits tax payable by the Company upon providing these benefits.
e.	Other cash allowances & benefits	Other cash allowances and benefits, other non-cash benefits and associated fringe benefits tax (FBT) are not taken into account for the purposes of calculating an executive's STI or LTI opportunity.
f.	Contractual separation payment	Contractual separation payments for Rosaline Ng were provided in accordance with her employment agreement. Rosaline was entitled to receive a separation payment equivalent to 12 months FAR. This payment complies with the limits on termination benefits under the Corporations Act 2001.

Section 7: Statutory remuneration disclosures

(continued)

Equity grants and movement during the year

The following table provides details of rights granted during the year under the Boral Equity Incentive Plan, as well as the movement during the year in rights granted under the plan in previous financial years.

	Equity type	Balance as at 30 June 2020	Granted during the year as remuneration ^a	Value of grant ^b	Exercised/ vested during the year	Value of rights vested ^c	Lapsed/ cancelled during the year ^d	Balance as at 30 June 2021
		No.	No.	\$	No.	\$	No.	No.
Zlatko Todorcevski	LTI Rights	-	1,149,698	3,314,963	-	-	-	1,149,698
	FAR (Equity) Rights ^e	-	39,464	150,003	(39,464)	205,982	-	-
Tino La Spina	LTI Rights	-	578,796	1,668,862	-	-	-	578,796
	Deferred STI Rights	-	-	-	-	-	-	-
Wayne Manners	LTI Rights	252,743	215,733	622,030	-	-	(40,300)	428,176
	Deferred STI Rights	6,411	-	-	(6,411)	24,913	-	-
Rosaline Ng	LTI Rights	511,491	-	-	-	-	(511,491)	-
	Deferred STI Rights	8,033	-	-	(8,033)	31,215	-	-
Darren Schulz	LTI Rights	108,818	196,247	565,846	-	-	-	305,065
	Deferred STI Rights	3,594	-	-	(1,446)	5,619	-	2,148

Notes relating to the equity grants table are outlined below.

Ref	Item	Explanation
a.	Rights granted during the year as remuneration	All LTI Rights were granted to Senior Executives effective 1 September 2021. All Fixed Remuneration Rights were granted on 19 March 2021.
b.	Value of grant	The fair market value of LTI Rights granted on 1 September 2020, calculated using a Monte Carlo simulation analysis, is \$2.52 per right for two-thirds of the grant relating to the TSR measure and \$3.61 per right for one-third of the grant relating to the ROFE hurdle. The fair market value of the Fixed Annual Remuneration (Equity) Rights is \$3.8010 per right, reflecting a face value calculated by taking the VWAP of Boral shares on the ASX during the 12-month trading period up to and including 30 June 2020.
c.	Value of vested rights	Calculated per right as the market price of Boral shares on the date of vesting. No exercise price is payable in respect of rights that vest.
d.	Lapsed rights	Rights that lapsed during the year include rights granted to Senior Executives under the 2017 LTI grant (100% lapsed). All rights held by Rosaline Ng lapsed on cessation of employment on 31 March 2021 (including rights over relevant periods from 2017 through to cessation of employment).
e.	FAR (Equity) Rights	As approved by shareholders in the 2020 Annual General Meeting, these FAR (Equity) Rights vest on a pro-rata basis over the FY2021 financial year in equal monthly instalments. Following vesting, the rights become exercisable. These rights have not yet been exercised and converted to shares.

Senior Executive equity rights balances

The number of rights included in the balance at 30 June 2021 for the Senior Executives is set out below.

		2018	2019	2020	Balance as at 30 June 2021
Senior Executives					
Zlatko Todorcevski	LTI Rights	–	–	1,149,698	1,149,698
Tino La Spina	LTI Rights	–	–	578,796	578,796
	Deferred STI Rights	–	–	–	–
Wayne Manners	LTI Rights	43,426	169,017	215,733	428,176
	Deferred STI Rights	–	–	–	–
Rosaline Ng	LTI Rights	–	–	–	–
	Deferred STI Rights	–	–	–	–
Darren Schulz	LTI Rights	37,975	70,843	196,247	305,065
	Deferred STI Rights	–	2,148	–	2,148

Non-executive Directors' total remuneration

The remuneration of the non-executive Directors is set out in the following table.

A\$'000s	2021			2020			
	Short-term Board and Committee fees	Post-employment superannuation	Total fees	Short-term Board and Committee fees	Travel allowances	Post-employment superannuation	Total fees
Kathryn Fagg, Chairman	453.9	21.7	475.6	453.9	–	21.0	474.9
Peter Alexander	174.3	–	174.3	174.3	15.0	–	189.3
Eileen Doyle ¹	63.2	6.0	69.2	194.1	–	18.4	212.5
John Marlay ¹	67.3	6.4	73.7	197.7	–	9.0	206.7
Karen Moses	207.3	–	207.3	187.8	–	8.5	196.3
Deborah O'Toole ^{2,4}	145.6	12.9	158.5	–	–	–	–
Paul Rayner ⁴	203.7	17.5	221.2	183.7	–	17.5	201.2
Richard Richards ³	14.0	–	14.0	–	–	–	–
Robert Sindel ²	130.8	12.4	143.2	–	–	–	–
Ryan Stokes ²	147.2	–	147.2	–	–	–	–
Total	1,607.3	76.9	1,684.2	1,391.5	15.0	74.4	1,480.9

1. 2021 fees for Eileen Doyle and John Marlay are for the period to 28 October 2020, being their retirement dates.

2. 2021 fees for Deborah O'Toole, Robert Sindel, and Ryan Stokes are from 28 September 2020.

3. 2021 fees for Richard Richards reflect the period 28 September 2020 to 28 October 2020.

4. 2021 fees include Due Diligence Committee fees for Paul Rayner (DDC Chairman \$20,000) and Deborah O'Toole (DDC Member \$10,000).

Section 7: Statutory remuneration disclosures

(continued)

Senior Executive and non-executive Director transactions

Movements in shares

The number of shares held in Boral Limited during the financial year by each Senior Executive and non-executive Director of Boral Limited, including their personally related entities, are set out below.

		Balance at the beginning of the year	Received during the year on the exercise of rights	Pro-rata entitlement purchased in equity raising	Other changes during the year	Balance at the end of the year
		Number	Number	Number	Number	Number
Senior Executives						
Zlatko Todorcevski	2021	50,000	–	–	101,000	151,000
	2020	N/A	–	–	–	–
Tino La Spina	2021	–	–	–	100,000	100,000
	2020	N/A	–	–	–	–
Wayne Manners	2021	121,609	–	–	22,093	143,702
	2020	117,154	4,455	–	–	121,609
Rosaline Ng	2021	135,420	–	–	–	135,420
	2020	120,000	15,420	–	–	135,420
Darren Schulz	2021	–	–	–	–	–
	2020	–	–	–	–	–

		Balance at the beginning of the year	Received during the year on the exercise of rights	Other changes during the year	Balance at the end of the year
		Number	Number	Number	Number
Non-executive Directors					
Kathryn Fagg, Chairman	2021	107,345	–	20,000	127,345
	2020	83,562	–	23,783	107,345
Peter Alexander	2021	73,871	–	10,000	83,871
	2020	59,571	–	14,300	73,871
Eileen Doyle	2021	47,313	–	–	47,313
	2020	45,248	–	2,065	47,313
John Marlay	2021	39,310	–	–	39,310
	2020	39,310	–	–	39,310
Karen Moses	2021	45,582	–	–	45,582
	2020	31,757	–	13,825	45,582
Deborah O'Toole	2021	–	–	16,000	16,000
	2020	–	–	–	–
Paul Rayner	2021	172,432	–	–	172,432
	2020	123,652	–	48,780	172,432
Richard Richards	2021	–	–	–	–
	2020	–	–	–	–
Robert Sindel	2021	20,060	–	26,000	46,060
	2020	–	–	–	–
Ryan Stokes	2021	1,000	–	1,000	1,000
	2020	–	–	–	–

Loans

There were no loans made or outstanding to Senior Executives or non-executive Directors during FY2021.

Other transactions

Transactions entered into during the year with non-executive Directors or Senior Executives of Boral Limited and the Group are within normal employee, customer or supplier relationships, and on terms and conditions no more favourable than dealings in the same circumstances on an arm's length basis and include:

- the receipt of dividends from Boral Limited
- participation in the Boral LTI Plan
- terms and conditions of employment
- reimbursement of expenses, and
- purchases of goods and services.

A number of Directors of the Company hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions no more favourable than those available on an arm's length basis.

Glossary of key terms for the remuneration report

Term	Description
BCS	Base Cash Salary (BCS) is a remuneration term applicable to Boral employees in the USA. It describes base salary only, excluding pension contributions and other non-monetary benefits.
Committee	The Remuneration & Nomination Committee.
Comparator companies	Two comparator groups are used for market benchmarking: <ul style="list-style-type: none"> • Market capitalisation and revenue: S&P/ASX 200 (ASX 200) companies within 50% to 200% of Boral's market capitalisation and 50% to 200% of Boral's revenue (ranges expanded to 33% to 300% where sample sizes are small). • Market capitalisation, revenue and industry: ASX 200 companies within the market capitalisation and revenue comparator group within the 'Industrials' or 'Materials' Global Industry Classification Standard (GICS).
Face value of LTI performance rights	The face value of LTI performance rights was determined from the VWAP of Boral shares on the ASX during the 12-month trading period up to and including 30 June 2020.
Fair market value of LTI performance rights	The fair market value of LTI performance rights is determined from the face value of a Boral share on 1 September, discounted for a number of factors that impact the value of a TSR tested right, such as the possibility that the TSR performance hurdle will not be met. Other factors that are taken into account when determining the discount from face value include the time to vesting, expected volatility of the share price and the dividends expected to be paid in relation to the shares. This approach is in line with the methodology used for valuing TSR tested rights for accounting purposes. The fair value is determined by an independent valuer (being PwC).
FAR	Fixed Annual Remuneration (FAR) includes base salary, non-cash benefits such as provision of a vehicle (including any fringe benefits tax) and superannuation contributions.
KMP	The Key Management Personnel of the Company. Defined as the people accountable for planning, directing and controlling the affairs of the Company and its controlled entities. Includes each of the: <ul style="list-style-type: none"> • non-executive Directors; and • Senior Executives.
Performance right	Upon vesting, each performance right entitles the executive to one ordinary share.
Relative TSR	Relative Total Shareholder Return (TSR) measures the compound growth in the Company's TSR over the performance measurement period compared with the TSR performance over the same period of a comparator group. TSR represents the change in capital value of a listed entity's share price over a three year performance period, plus reinvested dividends, expressed as a percentage of the opening value.
ROFE	Return on funds employed (ROFE) tests the efficiency and profitability of the Company's capital investments and is determined by the Board based on EBIT (before significant items) in the year of testing as a percentage of average funds employed (where funds employed is the sum of net assets and net debt).
Senior Executives	The CEO & Managing Director as well as other current and former members of the senior executive team who are KMP of the Company. The broader management group (who also participate in the various reward programs) are referred to as 'executives'.
WACC	Weighted average cost of capital (WACC) reflects the aggregate cost of the Company's debt and equity. For the purposes of Boral's LTI plans, WACC is calculated on a pre-tax basis so that it can be compared to ROFE on an equivalent basis.

Financial Statements

Boral Limited and Controlled Entities

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Earnings before interest, taxes, depreciation and amortisation (EBITDA) before significant items, earnings before interest and taxes (EBIT) before significant items and net profit after tax (NPAT) before significant items are alternative measures to those prescribed under International Financial Reporting Standards (IFRS) used to provide a greater understanding of the underlying performance of the Group. This information has been extracted or derived from the financial statements. Significant items are detailed in Note 2.1 to the financial statements and relate to income and expenses that are associated with significant business restructuring, impairment or individual transactions.

Income Statement

Boral Limited and Controlled Entities

For the year ended 30 June	Note	2021 \$m	2020 ¹ \$m
Continuing operations			
Revenue	2.2	2,924.1	3,116.5
Cost of sales		(2,166.8)	(2,335.9)
Selling and distribution expenses		(404.5)	(417.1)
Administrative expenses		(217.6)	(245.6)
		(2,788.9)	(2,998.6)
Other income	2.2	26.9	65.1
Other expenses	2.2	(41.2)	(110.8)
Results of equity accounted investments	6.2	19.1	13.7
Profit before net interest expense and income tax		140.0	85.9
Interest income	2.2	1.5	1.6
Interest expense	2.2	(124.4)	(117.6)
Net interest expense		(122.9)	(116.0)
Profit/(loss) before income tax		17.1	(30.1)
Income tax benefit	5.1	2.0	14.5
Profit/(loss) from continuing operations		19.1	(15.6)
Discontinued operations			
Profit/(loss) from discontinued operations (net of income tax)	6.1	620.8	(1,129.2)
Net profit/(loss)		639.9	(1,144.8)
Continuing operations			
Basic earnings per share	2.4	52.5c	(95.8c)
Diluted earnings per share	2.4	52.2c	(95.8c)
Continuing operations			
Basic earnings per share	2.4	1.6c	(1.3c)
Diluted earnings per share	2.4	1.6c	(1.3c)

1. Restated, refer to Note 1c and 1d for further details.

The Income Statement should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Statement of Comprehensive Income

Boral Limited and Controlled Entities

For the year ended 30 June	Note	2021 \$m	2020 ¹ \$m
Net profit/(loss)		639.9	(1,144.8)
Other comprehensive income			
Items that may be reclassified subsequently to Income Statement:			
Net exchange differences from translation of foreign operations taken to equity		(166.3)	10.1
Foreign currency translation reserve transferred to net profit on disposal of equity accounted investment	4.4	(56.8)	-
Fair value adjustment on cash flow hedges		22.3	(8.9)
Income tax on items that may be reclassified subsequently to Income Statement		(31.9)	20.9
Total comprehensive income/(loss)		407.2	(1,122.7)

1. Restated, refer to Note 1c for further details.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Balance Sheet

Boral Limited and Controlled Entities

As at 30 June	Note	2021	2020 ¹
		\$m	\$m
CURRENT ASSETS			
Cash and cash equivalents	2.5	903.8	904.4
Receivables	3.1	472.7	798.3
Inventories	3.2	213.5	523.9
Financial assets		11.6	4.7
Current tax assets		13.4	12.5
Other assets		28.6	47.2
Assets classified as held for sale		3,626.1	84.2
TOTAL CURRENT ASSETS		5,269.7	2,375.2
NON-CURRENT ASSETS			
Receivables	3.1	24.2	24.9
Inventories	3.2	4.8	11.2
Investments accounted for using the equity method	6.2	15.0	1,209.7
Financial assets		8.3	55.7
Property, plant and equipment	3.3	2,031.7	3,060.0
Intangible assets	3.4	72.4	2,223.2
Deferred tax assets	5.2	133.1	162.5
Other assets		25.2	39.6
TOTAL NON-CURRENT ASSETS		2,314.7	6,786.8
TOTAL ASSETS		7,584.4	9,162.0
CURRENT LIABILITIES			
Trade creditors		484.1	728.8
Interest bearing liabilities	4.1	33.2	106.0
Financial liabilities		22.1	13.7
Current tax liabilities		5.0	4.4
Employee benefit liabilities	7.1	93.2	119.7
Provisions	3.6	32.5	63.1
Liabilities classified as held for sale		610.3	10.3
TOTAL CURRENT LIABILITIES		1,280.4	1,046.0
NON-CURRENT LIABILITIES			
Interest bearing liabilities	4.1	1,769.7	3,378.0
Financial liabilities		19.4	26.6
Deferred tax liabilities	5.2	39.9	14.1
Employee benefit liabilities	7.1	10.1	43.4
Provisions	3.6	100.6	152.5
Other liabilities		0.3	6.3
TOTAL NON-CURRENT LIABILITIES		1,940.0	3,620.9
TOTAL LIABILITIES		3,220.4	4,666.9
NET ASSETS		4,364.0	4,495.1
EQUITY			
Issued capital	4.3	3,839.5	4,376.4
Reserves	4.4	122.8	356.9
Retained earnings/(accumulated deficit)		401.7	(238.2)
TOTAL EQUITY		4,364.0	4,495.1

1. Restated, refer to Note 1c for further details.

The Balance Sheet should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Statement of Changes in Equity

Boral Limited and Controlled Entities

BORAL ANNUAL REPORT 2021

	Issued capital	Reserves	Retained earnings/ (accumulated deficit) ¹	Total equity ¹
	\$m	\$m	\$m	\$m
Balance at 30 June 2020	4,376.4	356.9	(238.2)	4,495.1
Net profit	-	-	639.9	639.9
Other comprehensive income				
Translation of net assets of overseas entities	-	(256.2)	-	(256.2)
Translation of share of equity accounted other comprehensive income	-	6.0	-	6.0
Translation of long-term borrowings and foreign currency forward contracts	-	83.9	-	83.9
Foreign currency translation reserve transferred to net profit on disposal of equity accounted investment	-	(56.8)	-	(56.8)
Fair value adjustment on cash flow hedges	-	22.3	-	22.3
Income tax relating to other comprehensive income	-	(31.9)	-	(31.9)
Total comprehensive income/(loss)	-	(232.7)	639.9	407.2
Transactions with owners in their capacity as owners				
On-market share buy-back ²	(536.9)	-	-	(536.9)
Share acquisition rights vested	-	(1.3)	-	(1.3)
Share-based payments	-	(0.1)	-	(0.1)
Total transactions with owners in their capacity as owners	(536.9)	(1.4)	-	(538.3)
Balance at 30 June 2021	3,839.5	122.8	401.7	4,364.0
Balance at 30 June 2019	4,265.1	331.0	1,236.3	5,832.4
Transition impact from implementation of AASB 16	-	-	(26.2)	(26.2)
IFRIC decision – software capitalisation ¹	-	-	(33.8)	(33.8)
Balance at 1 July 2019	4,265.1	331.0	1,176.3	5,772.4
Net loss	-	-	(1,144.8)	(1,144.8)
Other comprehensive income				
Translation of net assets of overseas entities	-	91.4	-	91.4
Translation of share of equity accounted other comprehensive income	-	(20.5)	-	(20.5)
Translation of long-term borrowings and foreign currency forward contracts	-	(60.8)	-	(60.8)
Fair value adjustment on cash flow hedges	-	(8.9)	-	(8.9)
Income tax relating to other comprehensive income	-	20.9	-	20.9
Total comprehensive income/(loss)	-	22.1	(1,144.8)	(1,122.7)
Transactions with owners in their capacity as owners				
Shares issued under the Dividend Reinvestment Plan	111.3	-	-	111.3
Share acquisition rights vested	-	(2.0)	-	(2.0)
Dividends paid	-	-	(269.7)	(269.7)
Share-based payments	-	5.8	-	5.8
Total transactions with owners in their capacity as owners	111.3	3.8	(269.7)	(154.6)
Balance at 30 June 2020	4,376.4	356.9	(238.2)	4,495.1

1. Restated, refer to Note 1c and 1d for further details.

2. This includes \$30.3 million of share buy-back that was paid after 30 June 2021.

The Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Statement of Cash Flows

Boral Limited and Controlled Entities

For the year ended 30 June	Note	2021 \$m	2020 ¹ \$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,672.1	6,194.5
Payments to suppliers and employees		(4,900.9)	(5,418.2)
		771.2	776.3
Dividends received		84.0	26.3
Interest received		3.5	3.1
Borrowing costs paid		(137.4)	(124.3)
Income taxes paid		(7.0)	(30.7)
Restructure, transaction and integration costs paid	2.5	(60.6)	(37.8)
Net cash provided by operating activities	2.5	653.7	612.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(257.7)	(324.1)
Purchase of intangibles		-	(3.7)
Repayment of loans by associates		(0.3)	-
Proceeds on disposal of non-current assets		40.2	27.3
Proceeds on disposal of controlled entities and associates (net of transaction costs)		1,409.4	13.1
Net cash provided by/(used in) investing activities		1,191.6	(287.4)
CASH FLOWS FROM FINANCING ACTIVITIES			
On-market share buy-back		(506.6)	-
Dividends paid	2.3	-	(158.3)
Repayment of lease principal		(88.0)	(98.4)
Settlement of financial instruments		(37.3)	-
Proceeds from borrowings		105.9	2,266.3
Repayment of borrowings		(1,256.3)	(1,603.9)
Net cash provided by/(used in) financing activities		(1,782.3)	405.7
NET CHANGE IN CASH AND CASH EQUIVALENTS			
		63.0	731.2
Cash and cash equivalents at the beginning of the year		904.4	207.2
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		(63.6)	(34.0)
Cash and cash equivalents at the end of the year	2.5	903.8	904.4

1. Restated, refer to Note 1c for further details.

The Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Notes to the Financial Statements

Boral Limited and Controlled Entities

Section 1: About this report

Statement of compliance

These financial statements represent the consolidated results of Boral Limited (ABN 13 008 421 761), a for-profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements comprise Boral Limited ('the Company') and its controlled entities ('the Group'). The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001 (Cth)*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The nature of the operations and principal activities of the Group are described in Note 2.1.

The financial statements were authorised for issue by the Board of Directors on 24 August 2021.

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation in the preparation of the financial statements are consistent with those adopted and disclosed in the Company's Annual Report for the financial year ended 30 June 2020, except in relation to the relevant amendments and their effects on the current period or prior periods as described in Note 1c 'Changes in accounting policies and reclassification'.

Accounting estimates and judgements

Preparation of the financial statements requires management to make judgements, estimates and assumptions about future events. Information on material estimates and judgements considered when applying the accounting policies can be found in the following notes:

Accounting estimates and judgements

	Note	Page
Receivables	3.1	105
Inventories	3.2	107
Property, plant and equipment	3.3	108
Lease term assessment	3.3	108
Intangible assets	3.4	110
Carrying value assessment	3.5	112
Provisions	3.6	113
Income tax expense	5.1	133
Deferred tax assets	5.2	135
Equity accounted investments	6.2	141
Share-based payments	7.3	147

Rounding of amounts

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016. Amounts shown as '-' represent zero amounts and amounts less than \$50,000 which have been rounded down.

Materiality

Information is only being included in the financial statements to the extent it has been considered material and relevant to the understanding of the financial statements. Factors that influence if a disclosure is considered material and relevant, include whether:

- the dollar amount is significant in size and/or nature;
- the Group's results cannot be understood without the specific disclosure;
- it is critical to allow a user to understand the impact of significant changes in the Group's business during the period; and
- it relates to an aspect of the Group's operations that is important to its future performance.

Significant accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Other significant accounting policies are contained in the notes to the consolidated financial statements to which they relate.

A. Principles of consolidation

The financial statements incorporate the financial statements of the Company and entities controlled by the Group and its subsidiaries. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its involvement and power over the entity.

The financial statements include the information and results of each entity from the date on which the Company obtains control, until the time the Company ceases to control the entity.

In preparing the financial statements, all intercompany balances, transactions, and unrealised profits arising within the Group, are eliminated in full.

B. Foreign currencies

Foreign currency transactions

Transactions, assets and liabilities denominated in foreign currencies are translated into Australian dollars at reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Transactions	Date of transaction
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities carried at fair value	Date fair value is determined

Foreign exchange gains and losses resulting from translation are recognised in the Income Statement, except for qualifying cash flow hedges, which are deferred to equity.

Foreign operations

On consolidation, the assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date

Foreign exchange differences resulting from translation of long-term borrowings and foreign currency forward contracts, which are designated as hedges of the net investment in overseas entities, and net assets of overseas entities are initially recognised in the foreign currency translation reserve and subsequently transferred to profit or loss on disposal of the foreign operation.

C. Changes in accounting policies and reclassification

The Group has adopted all new and amended Australian Accounting Standards and AASB interpretations that are mandatory for the current reporting period and relevant to the Group, which excluding the impact of the IFRS Interpretations Committee (IFRIC) ruling in relation to the configuration and customisation costs in a cloud computing arrangement (IAS 38 *Intangible Assets*), did not have a significant impact on the Group's financial statements. The details of changes in accounting policies are disclosed below.

Treatment of configuration and customisation costs in a cloud computing arrangement

At the end of April of the current financial year, the IASB accepted the IFRIC's decision around the accounting treatment for costs of configuring and customising software in a Software as a Service (SaaS) arrangement. The decision clarifies that the right to receive access to the supplier's application software over an agreed contract term does not provide the customer with a software asset at the contract commencement date. As a result, the costs of configuring and customising the software are considered to be period costs expensed as the service is performed.

Accounting policy applicable prior to 1 July 2020

The Group has historically capitalised configuration and customisation costs for all software agreements.

Accounting policy applied from 1 July 2020

The IFRIC's decision has resulted in the Group changing its accounting policy for cloud computing arrangements to align with the conclusion that configuration and customisation costs for SaaS arrangements should be expensed at the time the service is performed. As a result of the change in accounting policy, the Group has reduced the 1 July 2019 opening retained earnings by \$33.8 million. The impact to 30 June 2020 is disclosed below.

Impact on the Balance Sheet of the Group – increase/(decrease)

	Impact
	\$m
30 June 2020	
Property, plant and equipment	(57.0)
Deferred tax assets	17.0
Total assets	(40.0)
Retained earnings	(40.0)
Total equity	(40.0)

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 1: About this report (continued)

C. Changes in accounting policies and reclassification (continued)

Impact on the Income Statement of the Group – (increase)/decrease

	30 June 2021	30 June 2020
	\$m	\$m
Administrative expenses	15.7	(5.4)
Other expenses	(10.2)	(3.4)
Income tax (expense)/benefit	(1.6)	2.6
Profit/(loss) from continuing operations	3.9	(6.2)

Impact on total earnings per share – increase/(decrease)

Basic earnings per share	0.3c	(0.5c)
Diluted earnings per share	0.3c	(0.5c)

The change did not have an impact on other comprehensive income for the periods ended 30 June 2021 and 30 June 2020. In the Group's Statement of Cash Flows for 30 June 2021, \$9.2 million (2020: \$18 million) of SaaS costs previously classified as investing cash outflows are now presented as operating cash outflows.

Presentation of internal distribution costs

As a result of the change in Group's new operating model from a regional operating structure to a national integrated operating structure, the Group has changed the presentation of internal distribution costs to better reflect the integrated financial outcome. The voluntary change in presentation results in all internal distribution costs being presented as part of cost of sales within the Income Statement, as opposed to within selling and distribution expenses. As a result of the change, the Group has adjusted the presentation of these expenses in the Income Statement, resulting in an increase of \$163 million (2020: \$190.5 million) in cost of sales and an offsetting decrease of \$163 million (2020: \$190.5 million) in selling and distribution expenses for the year ended 30 June 2021.

D. Comparative figures

Where applicable, certain comparative figures have been reclassified to discontinued operations, to align with current year presentation, as a result of the divestments of Boral's 50% interest in USG Boral and Midland Brick; and the expected divestment of Boral's investments in North America, specifically Building Products, Fly Ash and the 50% interest in Meridian Brick and Australian Building Products. Refer to Note 6.1 for further details.

Impact of comparative figures adjustments on the Balance Sheet – increase/(decrease)

	Previously reported	Changes in accounting policies ¹	Restated ¹
30 June 2020	\$m	\$m	\$m
Property, plant and equipment	3,117.0	(57.0)	3,060.0
Deferred tax assets	145.5	17.0	162.5
Total assets	9,202.0	(40.0)	9,162.0
Retained earnings/(accumulated deficit)	(198.2)	(40.0)	(238.2)
Total equity	4,535.1	(40.0)	4,495.1

1. Refer to Note 1c for further details.

D. Comparative figures (continued)

Impact of comparative figures adjustments on the Income Statement – increase/(decrease)

	Previously reported	Changes in accounting policies and reclassification ¹	Discontinued operations	Restated
30 June 2020	\$m	\$m	\$m	\$m
Revenue	5,671.4	-	(2,554.9)	3,116.5
Cost of sales	(3,965.0)	(190.5)	1,819.6	(2,335.9)
Selling and distribution expenses	(996.5)	190.5	388.9	(417.1)
Administrative expenses	(478.8)	(5.4)	238.6	(245.6)
Other income	66.3	-	(1.2)	65.1
Other expenses	(1,322.9)	(3.4)	1,215.5	(110.8)
Results of equity accounted investments	(42.1)	-	55.8	13.7
Interest income	3.4	-	(1.8)	1.6
Interest expense	(129.8)	-	12.2	(117.6)
Income tax (expense)/benefit	60.9	2.6	(49.0)	14.5
Profit/(loss) from continuing operations	(1,133.1)	(6.2)	1,123.7	(15.6)
Profit/(loss) from discontinued operations (net of income tax)	(5.5)	-	(1,123.7)	(1,129.2)

1. Refer to Note 1c for further details.

E. New accounting standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 July 2021, with early adoption permitted. However, with the exception of AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*, the Group has not early adopted the new or amended standards in preparing these financial statements.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 2: Business performance

This section provides the information that is most relevant to understanding the financial performance of the Group during the financial year and, where relevant, the accounting policies applied and the critical judgements and estimates made.

2.1 Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision-maker in order to effectively allocate Group resources and assess performance.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO and Managing Director in assessing performance and in determining the allocation of resources. The operating segments are identified by the Group based on consideration of the nature of the services provided as well as the geographical region. Discrete financial information about each of these operating businesses is reported to the CEO and Managing Director on a recurring basis.

The following summary describes the operations of the Group's reportable segments:

Boral Australia	Construction Materials (comprising quarries, concrete, asphalt, transport, landfill, property, cement and concrete placing).
Discontinued Operations	USG Boral, Boral North America (fly ash, stone, roofing, light building products, windows and bricks joint venture) and Australian Building Products (comprising bricks, roofing and masonry, and timber products).
Corporate	Non-trading operations and unallocated corporate costs.

The major end-use markets for Boral's products include residential and non-residential construction and the engineering and infrastructure markets.

The Group has a large number of customers to which it provides products, with no single customer responsible for more than 10% of the Group's revenue.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Reconciliations of reportable segment revenues and profits	Note	2021	2020 ¹
		\$m	\$m
External revenue		5,345.7	5,728.4
Less: Revenue from discontinued operations	6.1	(2,421.6)	(2,611.9)
Revenue from continuing operations		2,924.1	3,116.5
Profit/(loss) before tax			
Profit/(loss) before net interest expense and income tax from reportable segments		802.3	(1,084.1)
Less: (Profit)/loss before net interest expense and income tax from discontinued operations	6.1	(662.3)	1,170.0
Profit before net interest expense and income tax from continuing operations		140.0	85.9
Net interest expense from continuing operations	2.2	(122.9)	(116.0)
Profit/(loss) before tax from continuing operations		17.1	(30.1)

1. Restated, refer to Note 1c and 1d for further details.

2.1 Segments (continued)

(a) Reportable segments

	Boral Australia		Discontinued Operations		Corporate		Total	
	2021	2020 ¹	2021	2020 ¹	2021	2020	2021	2020 ¹
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
External revenue	2,924.1	3,116.5	2,421.6	2,611.9	-	-	5,345.7	5,728.4
Profit/(loss) before depreciation, amortisation, interest, income tax expense and significant items (EBITDA)	432.1	471.5	476.2	371.3	(26.3)	(36.1)	882.0	806.7
Depreciation and amortisation	(222.5)	(236.6)	(212.8)	(244.3)	(2.1)	(2.1)	(437.4)	(483.0)
Profit/(loss) before interest, income tax and significant items (EBIT)	209.6	234.9	263.4	127.0	(28.4)	(38.2)	444.6	323.7
Discontinued operations matters (i)	-	-	398.9	(4.8)	-	(7.8)	398.9	(12.6)
Takeover costs (ii)	-	-	-	-	(10.0)	-	(10.0)	-
Transformation and restructure costs (iii)	-	(32.5)	-	(13.2)	(21.0)	-	(21.0)	(45.7)
SAP implementation costs (iv)	(10.2)	(3.4)	-	-	-	-	(10.2)	(3.4)
Impairment (v)	-	(671)	-	(1,279.0)	-	-	-	(1,346.1)
Significant items before income tax expense	(10.2)	(103.0)	398.9	(1,297.0)	(31.0)	(7.8)	357.7	(1,407.8)
Profit/(loss) before interest and income tax expense	199.4	131.9	662.3	(1,170.0)	(59.4)	(46.0)	802.3	(1,084.1)
Equity accounted income before significant items	19.1	13.7	52.5	25.7	-	-	71.6	39.4
Significant items (i) (v)	-	-	-	(81.5)	-	-	-	(81.5)
Equity accounted income after significant items	19.1	13.7	52.5	(55.8)	-	-	71.6	(42.1)

1. Restated, refer to Note 1c and 1d for further details.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 2: Business performance (continued)

2.1 Segments (continued)

(a) Reportable segments

Significant items (\$m)	Gross	Tax	Net	Gross	Tax	Net
	2021	2021	2021	2020	2020	2020
(i) Discontinued operations matters	398.9	19.1	418.0	(12.6)	-	(12.6)
(ii) Takeover costs	(10.0)	3.0	(7.0)	-	-	-
(iii) Transformation and restructure costs	(21.0)	6.3	(14.7)	(45.7)	12.6	(33.1)
(iv) SAP implementation costs	(10.2)	3.1	(7.1)	(3.4)	1.0	(2.4)
(v) Impairment	-	-	-	(1,346.1)	75.9	(1,270.2)
	357.7	31.5	389.2	(1,407.8)	89.5	(1,318.3)

(i) Discontinued operation matters

During the current financial year, the Group made significant progress resetting the portfolio including:

- completing the sale of the Midland Brick business, which generated a profit before tax of \$2.4 million, and the divestment of its 50% interest in USG Boral, which generated a profit before tax of \$442.9 million; and
- progressing the portfolio review and the decision to exit the North American businesses, including entering into agreements to dispose the North American Building Products business and its 50% interest in Meridian Brick, as well as the Australian Building Products businesses, including entering into an agreement to dispose the Australian Timber business. As a result of these activities, the Group incurred:
 - \$15.4 million of transaction costs, primarily legal and consulting;
 - \$9.7 million of property, plant and equipment impairments, primarily due to the closure of the innovation factory in the United States;
 - \$3.2 million of restructuring costs incurred in conjunction with the business disposals in the United States; and
 - \$18.1 million of net asset write-downs primarily related to inventory in the Australian Building Products business.

In the prior year, the Group incurred \$7.8 million of costs, primarily legal and consulting, in conjunction with the previously announced change in ownership and operating structure of the plasterboard businesses, as a result of Knauf's acquisition of USG. In addition, the joint venture directly incurred costs related to the change in operating structure and restructuring costs in response to softer trading conditions with \$4.8 million recognised as Boral's share of the costs.

(ii) Takeover costs

During the second half of the current financial year, the Group incurred \$10 million of costs, primarily legal and advisory, in response to the off-market takeover offer made by Network Investment Holdings Pty Limited, a wholly owned subsidiary of Seven Group Holdings Limited.

(iii) Transformation and restructure costs

During the current financial year, the Group incurred \$21 million of costs in conjunction with the implementation of the Group's transformation program, primarily restructuring costs incurred in resetting the operating model as well as consulting costs to support the major initiatives.

In the prior year, \$36.2 million of restructuring-related costs were incurred to align the Australian business with the prevailing trading conditions and \$9.5 million of costs were incurred in relation to the integration of the Headwaters business into the Group's existing North America business portfolio.

(iv) SAP implementation costs

The implementation of SAP in Australia is a key initiative in the Group's transformation program with \$10.2 million (2020: \$3.4 million) of costs incurred during the period.

(v) Impairment

In the prior year, the non-cash asset impairment charges relate to updated year-end valuation estimates of several assets and asset groups across the Group primarily driven by forecast declines in the US and Australian housing markets as well as taking into account the potential longer-term impact of prevailing economic conditions. The impairments recognised relate to Boral North America goodwill (\$1,066.8 million), the Windows cash generating unit (CGU) (\$79.4 million relating to intangible assets), the Australian Building Products CGU (\$56.1 million relating to property, plant and equipment), the investment in the Meridian Brick joint venture impairment loss of \$76.7 million and the Western Region Construction Materials CGU (\$1.9 million relating to goodwill and \$65.2 million relating to property, plant and equipment).

2.1 Segments (continued)

(a) Reportable segments

	Boral Australia		Discontinued Operations		Total	
	2021	2020 ¹	2021	2020 ¹	2021	2020
External revenue by product	\$m	\$m	\$m	\$m	\$m	\$m
Concrete	1,204.9	1,258.9	-	-	1,204.9	1,258.9
Asphalt	697.4	824.6	-	-	697.4	824.6
Fly ash	-	-	672.2	785.7	672.2	785.7
Roofing	-	-	566.6	570.0	566.6	570.0
Quarry products	436.7	439.7	-	-	436.7	439.7
Light building products	-	-	434.4	416.6	434.4	416.6
Stone	-	-	346.5	363.3	346.5	363.3
Cement	315.6	305.7	-	-	315.6	305.7
Windows	-	-	212.1	275.6	212.1	275.6
Concrete placing	223.5	239.9	-	-	223.5	239.9
Other ²	46.0	47.7	189.8	200.7	235.8	248.4
	2,924.1	3,116.5	2,421.6	2,611.9	5,345.7	5,728.4

1. Restated, refer to Note 1d for further details.

2. Other revenue in Boral Australia includes transport and landfill, Discontinued operations include bricks, timber and masonry.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 2: Business performance (continued)

2.1 Segments (continued)

(a) Reportable segments

	Boral Australia		Discontinued Operations		Corporate		Total	
	2021	2020 ¹	2021	2020 ¹	2021	2020	2021	2020 ¹
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Segment assets (excluding equity accounted investments) ²	2,856.5	2,910.3	3,626.1	3,917.0	36.5	45.6	6,519.1	6,872.9
Equity accounted investments	15.0	20.9	-	1,188.8	-	-	15.0	1,209.7
	2,871.5	2,931.2	3,626.1	5,105.8	36.5	45.6	6,534.1	8,082.6
Cash and cash equivalents	-	-	-	-	903.8	904.4	903.8	904.4
Tax assets	-	-	-	-	146.5	175.0	146.5	175.0
Total assets	2,871.5	2,931.2	3,626.1	5,105.8	1,086.8	1,125.0	7,584.4	9,162.0
Segment liabilities ³	623.9	637.0	610.3	428.1	138.4	99.3	1,372.6	1,164.4
Interest bearing liabilities	-	-	-	-	1,802.9	3,484.0	1,802.9	3,484.0
Tax liabilities	-	-	-	-	44.9	18.5	44.9	18.5
Total liabilities	623.9	637.0	610.3	428.1	1,986.2	3,601.8	3,220.4	4,666.9
Acquisition of segment assets	184.4	248.5	128.2	205.1	-	0.5	312.6	454.1

1. Restated, refer to Note 1c and 1d for further details.

2. \$163 million of equity accounted investment relating to the Meridian Brick joint venture is included within Discontinued Operations segment assets.

3. \$207 million of lease liabilities (2020: \$1.5 million) are included within Discontinued Operations segment liabilities.

2.1 Segments (continued)

(b) Geographic location

In presenting information on a geographical basis, assets are based on the geographical location of the assets.

	2021	2020 ¹
NON-CURRENT ASSETS	\$m	\$m
Australia	2,173.3	2,519.7
Asia	-	723.0
North America	-	3,236.5
Other	-	89.4
	2,173.3	6,568.6
Tax assets	133.1	162.5
Financial assets	8.3	55.7
	2,314.7	6,786.8

1. Restated, refer to Note 1c for further details.

2.2 Profit for the period

(a) Revenue

Sales revenue is revenue earned from the provision of products or services, net of returns, discounts and allowances.

Sale of goods

Revenue from the sale of goods is recognised at the point in time the customer obtains control of the goods, which is typically at the time of delivery to the customer.

Contracting businesses

Revenue from contracting businesses is recognised progressively over the period of time the performance obligation is fulfilled and the customer obtains control of the goods being provided in the contract, with the Group having a right to payment for performance to date. The Group predominantly uses the output method based on volumes delivered, to determine the amount of revenue to recognise in a given period.

When estimating the transaction price, variable consideration is considered, which typically relates to claims or variations submitted in connection with the performance of a contract. Assumptions are made in order to determine the amount of variable consideration that can be recognised, including assessing whether the variable consideration is constrained. Claims and variations are included to the extent they are approved, or if not approved, are estimated whilst also considering the constraint requirement.

Rendering of services

Revenue from the rendering of services is allocated across each service or performance obligation based on their stand-alone selling price, and recognised as the service or performance obligation is performed.

Bundling of performance obligations

Contracts with customers, particularly in concrete and asphalt, may contain revenue items for ancillary services such as mobilisation and demobilisation of plant, concrete testing, and other related services. These services are typically combined into the core performance obligation of delivering concrete, or the supply and lay of asphalt. On occasion, ancillary services may be deemed to have a stand-alone value to the customer, and are accounted for as a separate performance obligation.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 2: Business performance (continued)

2.2 Profit for the period (continued)

(a) Revenue (continued)

	2021	2020 ¹
For the year ended 30 June	\$m	\$m
Revenue from continuing operations		
Sale of goods	2,631.3	2,807.8
Rendering of services	69.3	68.8
Contracting business	223.5	239.9
Revenue from continuing operations	2,924.1	3,116.5

1. Restated, refer to Note 1d for further details.

(b) Other income and expenses

Other income and expenses also include significant items recorded in the period. These items relate to significant transactions, which are disclosed separately in order to better explain financial performance. Further information is included in Note 2.1.

		2021	2020 ¹
For the year ended 30 June	Note	\$m	\$m
Other income from continuing operations			
Net profit on sale of assets		26.0	60.5
Net foreign exchange gain		0.7	1.2
Other income		0.2	3.4
Other income from continuing operations		26.9	65.1
Other expenses from continuing operations			
Significant items	2.1	(41.2)	(110.8)
Other expenses from continuing operations		(41.2)	(110.8)

1. Restated, refer to Note 1d for further details.

2.2 Profit for the period (continued)

(c) Net interest expense

Net interest expense comprises mainly interest expense on borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. They are recognised in profit or loss when incurred, except to the extent the expenses are directly attributable to the acquisition, construction or production of a qualifying asset. Such interest expense is capitalised as part of the cost of the asset up to the time it is ready for its intended use and is then amortised over the expected useful economic life.

Interest expense also includes the unwinding of the lease liability discount.

During the period, the Group repaid US\$75 million of US senior notes and successfully tendered US\$323.1 million of US 144A senior notes. The Group has also refinanced the Bilateral facilities in May 2021. As a result of these transactions, the Group has incurred \$14.6 million of make-whole costs and expensed \$7.6 million of deferred borrowing costs.

	2021	2020 ¹
For the year ended 30 June	\$m	\$m
Interest income received or receivable from:		
Other parties (cash at bank and bank short-term deposits)	1.5	1.6
Interest expense paid or payable to:		
Other parties (bank overdrafts, bank loans and other loans) ²	(95.2)	(108.1)
Make-whole and refinance related costs	(22.2)	-
Interest expense on capitalised leases	(4.4)	(5.0)
Unwinding of discount	(2.6)	(4.5)
	(124.4)	(117.6)
Net interest expense from continuing operations	(122.9)	(116.0)

1. Restated, refer to Note 1d for further details.

2. In 2021, interest of \$4.5 million (2020: \$3.4 million) was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used was 3.9% (2020: 5.4%).

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 2: Business performance (continued)

2.3 Dividends

	Amount per share	Total amount \$m	Franked amount per share	Date of payment
2021				
2020 final – ordinary	-	-	-	-
2021 interim – ordinary	-	-	-	-
Total		-		
2020				
2019 final – ordinary	13.5 cents	158.4	6.75 cents	1 October 2019
2020 interim – ordinary	9.5 cents	111.3	4.75 cents	15 April 2020
Total		269.7		

Subsequent event

Since the end of the financial year, the Directors have decided that no final dividend would be paid for the financial year ended 30 June 2021.

Dividend franking account

The balance of the franking account of Boral Limited as at 30 June 2021 is \$19.9 million (2020: \$1.5 million).

The franking account balance is \$6.5 million (2020: \$11.0 million deficit) after adjusting for franking credits/(debits) that will arise from:

- the refund of the amount of the current tax receivable;
- the receipt of dividends recognised as receivables at year end; and
- before taking into account the Directors' decision around the payment of a final dividend and any associated franking credits.

Dividend Reinvestment Plan

The Group's Dividend Reinvestment Plan was in effect for the payment of the interim dividend on 15 April 2020.

2.4 Earnings per share

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit by the weighted average number of ordinary shares of Boral Limited, adjusted for any bonus issue.

Diluted earnings per share

Diluted EPS is calculated by dividing the net profit by the weighted average number of ordinary shares, after adjustment for the effects of all dilutive potential ordinary shares and bonus issue.

Options outstanding under the Executive Share Option Plan and Share Performance Rights have been classified as potential ordinary shares and are included in diluted earnings per share only.

	2021	2020
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	1,219,708,646	1,194,951,891
Effect of potential ordinary shares	6,287,372	3,944,754
Number for diluted earnings per share	1,225,996,018	1,198,896,645

	Continuing operations	Discontinued operations	Total	Continuing operations ¹	Discontinued operations ¹	Total ¹
	2021	2021	2021	2020	2020	2020
	\$m	\$m	\$m	\$m	\$m	\$m
Earnings reconciliation						
Net profit excluding significant items	47.9	202.8	250.7	64.9	108.6	173.5
Net significant items (refer Note 2.1)	(28.8)	418.0	389.2	(80.5)	(1,237.8)	(1,318.3)
Net profit/(loss)	19.1	620.8	639.9	(15.6)	(1,129.2)	(1,144.8)
Basic earnings per share	1.6c	50.9c	52.5c	(1.3c)	(94.5c)	(95.8c)
Diluted earnings per share	1.6c	50.6c	52.2c	(1.3c)	(94.5c)	(95.8c)
Basic earnings per share (excluding significant items) ²	3.9c	16.6c	20.6c	5.4c	9.1c	14.5c
Diluted earnings per share (excluding significant items)	3.9c	16.5c	20.4c	5.4c	9.1c	14.5c

1. Restated, refer to Note 1c and 1d for further details.

2. Numbers may not add due to rounding.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options and performance rights was based on quoted market prices for the period that the options were outstanding.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 2: Business performance (continued)

2.5 Notes to Statement of Cash Flows

	2021	2020 ¹
	\$m	\$m
(i) Reconciliation of cash and cash equivalents:		
Cash includes cash on hand, at bank and short-term deposits, net of outstanding bank overdrafts. Cash as at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash at bank and on hand	98.4	451.4
Bank short-term deposits	805.4	453.0
	903.8	904.4
The bank short-term deposits mature within 90 days and have a weighted average interest rate of 0.07% (2020: 0.35%).		
(ii) Reconciliation of net profit to net cash provided by operating activities:		
Net profit/(loss)	639.9	(1,144.8)
Adjustments for non-cash items:		
Depreciation and amortisation	437.4	483.0
Discount unwinding	(3.3)	5.2
Gain on sale of assets and businesses	(472.4)	(5.6)
Impairment of assets, businesses and restructuring costs	51.2	1,292.4
Share-based payment (income)/expense	(0.1)	5.8
Non-cash impact from equity accounted investments	12.4	68.4
Net cash provided by operating activities before change in assets and liabilities	665.1	704.4
Changes in assets and liabilities net of effects from disposals		
Receivables	3.1	77.1
Inventories	19.2	107.5
Payables	(37.7)	(144.0)
Provisions	(5.8)	(2.1)
Current and deferred taxes	24.8	(96.4)
Other	(15.0)	(33.6)
Net cash provided by operating activities	653.7	612.9
(iii) Restructure, transaction and integration costs:		
During the year, the Group settled costs associated with:		
Restructure costs	(15.9)	(18.2)
Transaction and defence costs	(34.5)	(9.4)
SAP implementation costs	(10.2)	(3.4)
Integration costs	-	(6.8)
	(60.6)	(37.8)
(iv) Changes in loans and borrowings arising from financing activities:		
Balance at the beginning of the year	3,484.0	2,400.5
Proceeds from borrowings	105.9	2,266.3
Repayment of borrowings	(1,256.3)	(1,603.9)
Repayment of lease principal	(88.0)	(98.4)
Changes in fair values	(16.2)	20.4
Transferred to assets held for sale	(207.0)	(2.0)
Non-cash lease liabilities	60.8	477.9
Net foreign currency exchange differences and other	(280.3)	23.2
Balance at the end of the year	1,802.9	3,484.0

1. Restated, refer to Note 1c and 1d for further details.

Section 3: Operating assets and liabilities

This section provides information relating to the operating assets and liabilities of the Group. Boral is committed to maintaining a strong Balance Sheet through continued focus on cash conversion. The Group's strategy also considers expenditure, growth and acquisition requirements.

3.1 Receivables

Trade and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost less any provisions for expected impairment losses or actual impairment losses. Credit losses and recoveries of items previously written off are recognised in profit or loss.

Significant accounting judgements, estimates and assumptions

The Group has considered the collectability and recoverability of trade receivables. An allowance for doubtful debts has been made for the estimated irrecoverable trade receivable amounts arising from the past rendering of services, determined by reference to past default experience along with an expected credit loss calculation which considers the past events, and exercises judgement over the impact of current and future economic conditions when considering the recoverability of outstanding trade receivable balances at the reporting date. Subsequent changes in economic and market conditions may result in the provision for impairment losses increasing or decreasing in future periods.

	2021	2020
	\$m	\$m
Current		
Trade receivables	451.4	757.2
Associated entities	3.9	2.9
	455.3	760.1
Less: Allowance for impairment	(1.8)	(13.0)
	453.5	747.1
Other receivables	19.2	51.2
	472.7	798.3

Included in the following table is an age analysis of the Group's trade receivables, along with impairment provisions against these balances as at 30 June:

	Gross	Impairment	Net	Gross	Impairment	Net
	2021	2021	2021	2020	2020	2020
	\$m	\$m	\$m	\$m	\$m	\$m
Current	429.7	-	429.7	663.8	(2.9)	660.9
Overdue 0 - 60 days	17.4	-	17.4	73.4	(1.0)	72.4
Overdue > 60 days	4.3	(1.8)	2.5	20.0	(9.1)	10.9
Total	451.4	(1.8)	449.6	757.2	(13.0)	744.2

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 3: Operating assets and liabilities (continued)

3.1 Receivables (continued)

The movement in the allowance for impairment in respect to trade receivables during the year was as follows:

	2021	2020
	\$m	\$m
Balance at the beginning of the year	(13.0)	(12.9)
Amounts written off during the year	1.4	0.8
Decrease/(increase) recognised in Income Statement	1.2	(1.0)
Transferred to assets held for sale	7.9	0.1
Net foreign currency exchange differences	0.7	-
Balance at the end of the year	(1.8)	(13.0)

	2021	2020
	\$m	\$m
Non-current		
Loans to associated entities	19.4	15.7
Other receivables	4.8	9.2
	24.2	24.9

No amounts owing by associates or included in other receivables were past due as at 30 June 2021 (30 June 2020: nil).

3.2 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

For land development projects, cost includes the cost of acquisition, development and holding costs during development. Costs incurred after completion of development are expensed as incurred.

Significant accounting judgements, estimates and assumptions

The Group has considered the net realisable value of inventories at reporting date. An inventory provision is recognised where the realisable value from sale of inventory is estimated to be lower than the inventory's carrying value. Inventory provisions for different product categories are estimated based on various factors, including expected sales profile, prevailing sales prices, seasonality and expected losses associated with slow-moving inventory items.

	2021	2020
	\$m	\$m
Current		
Raw materials and consumable stores	75.1	156.9
Work in progress	10.9	44.0
Finished goods	125.7	321.5
Land development projects	1.8	1.5
	213.5	523.9
Non-current		
Land development projects	4.8	11.2
Land development projects comprises:		
Cost of acquisition	1.8	1.5
Development costs capitalised	4.8	11.2
	6.6	12.7

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 3: Operating assets and liabilities (continued)

3.3 Property, plant and equipment

Owned assets

The value of property, plant and equipment is measured as the cost of the asset, less accumulated depreciation and impairment losses (see Note 3.5). The cost of the asset is the consideration paid plus incidental costs directly attributable to the acquisition.

The value of self-constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Subsequent costs in relation to replacing a part of property, plant and equipment are capitalised in the carrying amount of the item if it is probable that future economic benefits will flow to the Group and its cost can be measured reliably. All other costs are recognised in the Income Statement as incurred.

Depreciation

Depreciation is calculated to expense the cost of items of property, plant and equipment (excluding freehold land) less their estimated residual values on a straight-line basis over their estimated useful lives.

Depreciation is recognised in the Income Statement from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Quarry stripping assets are amortised over the expected life of the identified resources using the units of production method.

Depreciation rates and methods, useful lives and residual values are reviewed at each balance sheet date. When changes are made, adjustments are reflected prospectively in current and future financial years only.

The depreciation and amortisation rates used for each class of asset are as follows:

	2021	2020
Buildings	1 – 10%	1 – 10%
Mineral reserves and licences	2.4 – 5%	1 – 5%
Plant and equipment	5 – 33.3%	5 – 33.3%

Significant accounting judgements, estimates and assumptions

Estimation of useful lives of assets has been based on historical experience. In addition, the condition of assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Leased assets

The Group's operating leases with a term of more than 12 months, unless the underlying asset is of low value, are recognised on the Balance Sheet as 'ROU assets', with the cost of the leases over time recognised as depreciation of the ROU asset.

The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Significant accounting judgements, estimates and assumptions

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

3.3 Property, plant and equipment (continued)

Reconciliation of movements in property, plant and equipment

	Land and buildings						Mineral reserves, licences and quarry stripping						Plant and equipment						Capital work in progress						Total					
	Owned		Leased		Owned		Leased		Owned		Leased		Owned		Leased		Owned		Leased		Owned		Leased		Owned		Leased			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m		
Balance at the beginning of the year	930.5	210.5	920.1	204.7	147.5	153.8	147.5	147.5	153.8	1,366.4	162.9	1,470.3	181.7	242.2	334.2	2,686.6	373.4	2,878.4	386.4											
Accounting policy change ¹	-	-	-	-	-	-	-	-	-	-	(43.7)	-	-	-	(4.5)	-	-	(48.2)	-											
Revised balance at the beginning of the year	930.5	210.5	920.1	204.7	147.5	153.8	147.5	147.5	153.8	1,366.4	162.9	1,426.6	181.7	242.2	329.7	2,686.6	373.4	2,830.2	386.4											
Additions	1.2	8.3	23.3	51.2	-	8.0	-	-	8.0	21.3	46.6	23.0	75.1	235.2	269.8	257.7	54.9	324.1	126.3											
Disposals	(6.5)	(3.7)	(17.6)	(4.2)	-	-	-	-	-	(8.3)	(3.8)	(9.9)	(12.7)	-	-	(14.8)	(7.5)	(27.5)	(16.9)											
Transferred (to)/from other property, plant and equipment	24.5	(3.8)	81.6	4.7	25.5	13.0	25.5	4.7	268.4	106.5	4.7	268.4	(13.4)	(157.4)	(354.3)	(0.9)	8.7	(8.7)												
Impairment and write off disclosed as significant items	-	-	(30.7)	(7.2)	-	(5.5)	-	(4.4)	(74.1)	(4.4)	(3.9)	(74.1)	(5.7)	(1.4)	(2.9)	(5.8)	(3.9)	(113.2)	(12.9)											
Lease reassessment	-	11.4	-	-	-	-	-	-	-	-	0.1	-	(3.0)	-	-	-	11.5	-	(3.0)											
Transfer (to)/from other assets or liabilities	10.2	0.3	0.1	(0.8)	(6.4)	-	(6.4)	35.3	5.4	(1.7)	(1.8)	5.4	(1.8)	(16.2)	(3.1)	22.9	(1.4)	2.4	(2.6)											
Transferred to assets held for sale	(212.6)	(110.0)	(20.0)	-	-	-	-	(374.7)	(11.3)	(96.2)	(1.4)	(88.5)	(0.1)	(675.8)	(206.2)	(31.4)	(31.4)	(1.4)												
Depreciation or amortisation expense	(28.2)	(36.9)	(29.1)	(39.2)	(20.6)	(21.8)	(20.6)	(48.1)	(268.1)	(248.9)	(48.1)	(59.6)	(59.6)	-	-	(297.7)	(85.0)	(319.0)	(98.8)											
Net foreign currency exchange differences	(18.5)	(11.0)	2.8	1.3	-	-	-	(38.1)	6.4	(8.3)	3.7	3.7	(1.3)	(1.3)	3.1	(57.9)	(19.3)	12.3	5.0											
Balance at the end of the year	700.6	65.1	930.5	210.5	146.0	147.5	146.0	855.1	1,366.4	52.3	162.9	212.6	242.2	1,914.3	117.4	2,686.6	373.4	2,686.6	373.4											
At cost	852.6	136.2	1,196.1	317.8	365.5	357.8	365.5	3,063.1	4,097.5	106.2	255.5	212.6	242.2	4,493.8	242.4	5,893.6	573.3	5,893.6	573.3											
Less: Accumulated depreciation, amortisation and impairment	(152.0)	(71.1)	(265.6)	(107.3)	(219.5)	(210.3)	(219.5)	(2,208.0)	(2,731.1)	(53.9)	(92.6)	(212.6)	(212.6)	(2,579.5)	(125.0)	(3,207.0)	(199.9)	(3,207.0)	(199.9)											
Balance at the end of the year	700.6	65.1	930.5	210.5	146.0	147.5	146.0	855.1	1,366.4	52.3	162.9	212.6	242.2	1,914.3	117.4	2,686.6	373.4	2,686.6	373.4											

1. Restated, refer to Note 1c for further details.

Short-term leases and leases of low value assets

Short-term leases and leases of low-value assets are not recognised as right-of-use assets. Lease payments associated with these leases are expensed on a straight-line basis over the lease term. Total lease expense for the year is \$54.3 million (2020: \$53.5 million).

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 3: Operating assets and liabilities (continued)

3.4 Intangible assets

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment (see Note 3.5).

Other intangible assets

Other intangible assets, which include trade names, fly ash contracts, customer relationships and patents, are acquired individually or through business combinations and are stated at cost less accumulated amortisation and impairment losses (see Note 3.5).

Amortisation

Amortisation is calculated to expense the cost of the intangible asset less its estimated residual value on a straight-line basis over its estimated useful life.

The estimated useful lives for each class of intangible asset are as follows:

	Trade names	Fly ash contracts	Customer relationships	Other
Estimated useful lives – years	2 to indefinite	10 – 20	5 – 20	3 – 19

Amortisation is recognised in the Income Statement from the date the assets are available for use unless their lives are indefinite.

The total value of indefinite life intangible assets (excluding goodwill) is nil (2020: \$98.1 million), as a result of being transferred to asset held for sale as at 30 June 2021.

Significant accounting judgements, estimates and assumptions

Judgements are made with respect to identifying, valuing and estimating useful lives of intangible assets on acquisition of new businesses. Estimation of useful lives of other intangible assets has been based on historical experience, with reassessments of remaining useful life performed at least annually. Adjustments to useful lives are made when considered necessary.

	2021	2020
	\$m	\$m
Goodwill	71.2	1,199.7
Other intangible assets	18.2	1,324.9
Less: Accumulated amortisation and impairment	(17.0)	(301.4)
Total	72.4	2,223.2
Reconciliation of movements in goodwill		
Balance at the beginning of the year	1,199.7	2,230.2
Impairment disclosed as significant items	-	(1,068.7)
Transferred to assets held for sale	(1,036.7)	-
Net foreign currency exchange differences	(91.8)	38.2
Balance at the end of the year	71.2	1,199.7

3.4 Intangible assets (continued)

Reconciliation of movements in other intangible assets

	Trade names	Fly ash contracts	Customer relationships	Other	Total
As at 30 June 2021	\$m	\$m	\$m	\$m	\$m
Balance at the beginning of the year	113.3	449.5	444.4	16.3	1,023.5
Amortisation expense	(0.6)	(24.7)	(25.5)	(3.9)	(54.7)
Transferred to assets held for sale	(103.5)	(388.8)	(384.5)	(10.8)	(887.6)
Net foreign currency exchange differences	(9.2)	(36.0)	(34.4)	(0.4)	(80.0)
Balance at the end of the year	-	-	-	1.2	1.2
At cost	-	-	-	18.2	18.2
Less: Accumulated amortisation	-	-	-	(17.0)	(17.0)
Balance at the end of the year	-	-	-	1.2	1.2

	Trade names	Fly ash contracts	Customer relationships	Other	Total
As at 30 June 2020	\$m	\$m	\$m	\$m	\$m
Balance at the beginning of the year	145.5	468.0	509.5	19.6	1,142.6
Additions	-	-	3.7	-	3.7
Impairment disclosed as significant items	(35.2)	-	(44.2)	-	(79.4)
Amortisation expense	(1.8)	(27.5)	(32.2)	(3.7)	(65.2)
Net foreign currency exchange differences	4.8	9.0	7.6	0.4	21.8
Balance at the end of the year	113.3	449.5	444.4	16.3	1,023.5
At cost	158.4	533.8	588.0	44.7	1,324.9
Less: Accumulated amortisation	(45.1)	(84.3)	(143.6)	(28.4)	(301.4)
Balance at the end of the year	113.3	449.5	444.4	16.3	1,023.5

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 3: Operating assets and liabilities (continued)

3.5 Carrying value assessment

The Group annually tests goodwill and other intangible assets with indefinite useful lives for impairment. Other non-financial assets, with the exception of inventories (see Note 3.2) and deferred tax assets (see Note 5.2), are tested if there is any indication of impairment or if there is any indication that an impairment loss recognised in a prior period may no longer exist or may have decreased.

An asset that does not generate independent cash flows and its individual value in use cannot be estimated is tested for impairment as part of a cash generating unit (CGU).

An impairment loss is recognised in the Income Statement when the carrying amount of an asset or CGU exceeds its recoverable amount. The asset's recoverable amount is estimated based on the higher of its value in use and fair value less costs to sell.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

Significant accounting judgements, estimates and assumptions

Management is required to make significant estimates and judgements in determining whether the carrying amount of non-financial assets has any indication of impairment, in particular in relation to:

- *the forecasting of future cash flows* – these are based on the Group's latest forecasts and reflect expectations of sales growth, operating costs, margin, capital expenditure and cash flows, based on past experience and management's expectation of future market changes, taking into account external forecasts.
- *discount rates applied to those cash flows* – pre-tax discount rates used are determined by current market inputs and adjusted for the risks specific to the asset or CGU.
- *the expected long-term growth rates* – cash flows beyond the forecast period are extrapolated using estimated growth rates. The growth rates are based on the long-term performance of each CGU in their respective market.
- *the regulatory and legislative environment* – modelling is based upon current regulatory and legislative requirements including licensing and environmental obligations.

Management has incorporated consideration of the significant uncertainty of the short- and long-term impacts of COVID-19 on our businesses and the economies in which they operate into the judgements and assumptions considered to calculate recoverable amounts for non-financial assets in the current year.

Such estimates and judgements are subject to change as a result of changing economic, operational, regulatory and legislative conditions. Actual cash flows may therefore differ from forecasts and could result in changes to cash flow assumptions and asset useful lives that result in the recognition of impairment charges in future periods.

Impairment testing for cash generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's CGUs containing goodwill according to business types, geographical span of operations and with reference to the CGUs impacted by the acquisition upon which the goodwill was generated. The allocation of goodwill, and subsequently the impairment testing, reflects the lowest level within the business for which information about goodwill is available and monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each CGU or group of CGUs are as follows:

	2021	2020
	\$m	\$m
North America	-	1,107.9
Other ¹	71.2	91.8
	71.2	1,199.7

1. Relates to multiple business units, that are not considered to be individually significant. As at 30 June 2021, this relates to goodwill in Australian Construction Materials.

3.5 Carrying value assessment (continued)

Impairment testing for cash generating units containing goodwill (continued)

Other (Australian Construction Materials) cash generating units

The recoverable amount of other CGU containing goodwill (Australian Construction Materials) has been assessed via a value in use model. The key assumptions used in the model were a cash flow projection period of five years using a pre-tax discount rate of 10.7%, a terminal growth rate of 2% and segment trading activity aligned to future estimates prepared by reputable third parties. These assumptions have been determined with reference to current and historical performance and taking into account independent economists' forecasts. As the value in use recoverable value significantly exceeds the carrying value of the CGU, any adverse change in the value in use model assumptions in isolation or combination would not result in an impairment.

3.6 Provisions

A provision is recognised in the Balance Sheet when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

Provision	Description	Significant accounting judgements, estimates and assumptions
Rationalisation and restructuring	Provisions for rationalisation and restructuring are recognised when the Group has a detailed formal plan identifying the business or part of the business concerned, the location and approximate number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the restructuring has either commenced or been publicly announced. Costs related to ongoing activities are not provisioned.	Future costs associated with the restructuring and the expected time period.
Claims	Provisions are raised for liabilities arising from the ordinary course of business, in relation to claims against the Group, including insurance, workers compensation insurance, legal and other claims. Where recoveries are considered virtually certain in respect of such claims, these are included in other receivables.	Likelihood of settling customer, legal and insurance claims.
Restoration and environmental rehabilitation	The restoration and environmental rehabilitation provisions comprise mainly: <ul style="list-style-type: none"> • make-good provisions included in lease agreements for which the Group has a legal or constructive obligation; and • restoration and decommissioning costs associated with environmental risks. <p>At a number of sites, there are restoration and environmental rehabilitation requirements of areas from which natural resources were extracted. The provision includes costs associated with the clean-up of sites the Group owns, or contamination that the Group caused, to enable ongoing use of the land as an industrial property or development to a higher value end use, and costs associated with the decommissioning, removal or repair of sites.</p>	Future costs associated with dismantling and removing assets and restoring sites to their original condition, requiring assumptions on closure dates, application of environmental legislation, available technologies, regulatory requirements, expected future use of the site and consultant cost estimates.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 3: Operating assets and liabilities (continued)

3.6 Provisions (continued)

	Rationalisation and restructuring	Claims	Restoration and environmental rehabilitation	Other	Total
As at 30 June 2021	\$m	\$m	\$m	\$m	\$m
Reconciliations					
Balance at the beginning of the year	24.4	54.9	134.3	2.0	215.6
Provisions made during the year	12.1	17.2	3.2	1.4	33.9
Unwind of discount	-	-	3.0	-	3.0
Payments made during the year	(16.3)	(17.1)	(7.2)	(1.1)	(41.7)
Transferred to liabilities held for sale	(4.6)	(34.0)	(32.5)	(0.3)	(71.4)
Net foreign currency exchange differences	(0.1)	(3.3)	(2.9)	-	(6.3)
Balance at the end of the year	15.5	17.7	97.9	2.0	133.1
Current	15.5	10.7	4.3	2.0	32.5
Non-current	-	7.0	93.6	-	100.6
Total	15.5	17.7	97.9	2.0	133.1

	Rationalisation and restructuring	Claims	Restoration and environmental rehabilitation	Other	Total
As at 30 June 2020	\$m	\$m	\$m	\$m	\$m
Reconciliations					
Balance at the beginning of the year	16.5	56.9	89.2	5.5	168.1
Transition impact from implementation of AASB 16	-	-	33.0	-	33.0
Revised balance at the beginning of the year	16.5	56.9	122.2	5.5	201.1
Provisions made during the year	32.5	7.8	13.4	-	53.7
Unwind of discount	-	-	5.2	-	5.2
Payments made during the year	(24.8)	(10.9)	(6.9)	(3.3)	(45.9)
Transferred to liabilities held for sale	-	-	-	(0.2)	(0.2)
Net foreign currency exchange differences	0.2	1.1	0.4	-	1.7
Balance at the end of the year	24.4	54.9	134.3	2.0	215.6
Current	24.4	17.6	19.2	1.9	63.1
Non-current	-	37.3	115.1	0.1	152.5
Total	24.4	54.9	134.3	2.0	215.6

3.7 Contract liabilities

In the case of certain contracts, the Group receives payments in advance of the services being rendered, which is recognised as a Contract Liability within Trade Creditors. The Contract Liability balance as at 30 June 2021 is \$16 million (2020: \$26.8 million) with the majority expected to be recognised as revenue in the next financial year given the nature of the projects.

Section 4: Capital and financial structure

This section provides information relating to the Group's capital structure and its exposure to financial risks, how they affect the Group's financial position and performance, and how the risks are managed.

The capital structure of the Group consists of debt and equity. The Directors determine the appropriate capital structure of Boral, specifically how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the current and future activities of the Group. The Directors review the Group's capital structure and dividend policy regularly and do so in the context of the Group's ability to continue as a going concern, to invest in opportunities that grow the business and enhance shareholder value.

This section also provides information around the Group's risk management policies and how Boral uses derivatives to hedge the underlying exposure to changes in interest rates, foreign exchange rate fluctuations and commodity prices.

4.1 Interest bearing liabilities

Interest bearing liabilities include loans, borrowings and lease liabilities. Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequently, loans and borrowings are stated at amortised cost, with any difference between amortised cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest rate basis. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Subsequently, lease liabilities are stated at amortised costs using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; if the Group changes its assessment of whether it will exercise a purchase, extension or termination option; or if there is a revised in-substance fixed lease payment.

	2021	2020
	\$m	\$m
Current		
Loans – unsecured	-	9.0
Other loans	1.8	5.3
Lease liabilities ¹	31.4	91.7
	33.2	106.0
Non-current		
Loans – unsecured	1,672.1	3,084.6
Other loans	0.1	2.0
Lease liabilities ¹	97.5	291.4
	1,769.7	3,378.0
Total	1,802.9	3,484.0

1. \$207 million lease liabilities (2020: \$1.5 million) have been reclassified to liabilities held for sale in the Balance Sheet.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 4: Capital and financial structure (continued)

4.1 Interest bearing liabilities (continued)

Term and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Effective interest rate 2021	Calendar year of maturity	30 June 2021		30 June 2020	
				Carrying amount	Fair value	Carrying amount	Fair value
				\$m	\$m	\$m	\$m
Current							
Bank loans – unsecured	GBP	–	–	-	-	9.0	9.0
Other loans	USD	3.25%	2021–2022	1.8	1.8	5.3	5.3
				1.8	1.8	14.3	14.3
Non-current							
US senior notes – private placement – unsecured	USD	4.20%	2025–2030	830.6	964.1	1,011.3	1,223.8
US senior notes – 144A/Reg S – unsecured	USD	3.60%	2022–2028	841.5	973.7	1,396.1	1,600.7
Bank loans – unsecured	USD	–	–	-	-	677.2	677.2
Other loans	USD	3.25%	2023	0.1	0.1	2.0	2.0
				1,672.2	1,937.9	3,086.6	3,503.7
Total				1,674.0	1,939.7	3,100.9	3,518.0

US SENIOR NOTES – PRIVATE PLACEMENT – UNSECURED

	Notional amount	Issue date	Interest rate	Maturity date	AUD equivalent
Borrower	US\$m				\$m
Boral Limited	135.0	05/2015	4.01%	05/2025	178.2
Boral Limited	41.0	05/2015	4.16%	05/2027	54.0
Boral Limited	24.0	03/2015	4.31%	03/2030	31.5
Boral Industries Inc.	225.0	04/2018	4.05%	04/2026	300.1
Boral Industries Inc.	100.0	05/2020	4.40%	05/2025	133.4
Boral Industries Inc.	100.0	05/2020	4.58%	05/2027	133.4
Total	625.0				830.6

4.1 Interest bearing liabilities (continued)

US SENIOR NOTES – 144A/REG S – UNSECURED

	Notional amount	Issue date	Interest rate	Maturity date	AUD equivalent
Borrower	US\$m				\$m
Boral Finance Pty Ltd	126.9	11/2017	3.00%	11/2022	169.3
Boral Finance Pty Ltd	500.0	11/2017	3.75%	05/2028	672.2
Total	626.9				841.5

BANK FACILITIES

Bilateral facilities

In May 2021, the Group restructured its committed loan facilities by terminating US\$1 billion multi-currency committed bilateral loan facilities and replacing them with A\$450 million committed bilateral loan facilities, with A\$225 million maturing in 2024, A\$100 million maturing in 2025 and A\$125 million maturing in 2026. The facilities were undrawn as at 30 June 2021.

US senior notes – private placement

The Group repaid the floating rate private placement senior notes of US\$75 million in April 2021.

US senior notes – 144A/Reg S

The Group successfully tendered US\$323.1 million of US 144A/Reg S 3% Guarantee senior notes that were due to mature in November 2022, with a balance of approximately US\$126.9 million remaining outstanding. As a result, the Group has incurred \$14.6 million of make-whole costs.

Bank overdraft and other

The Group operates unsecured bank overdraft facility arrangements in Australia and the USA that have combined limits of A\$19.3 million (2020: A\$20.5 million). The facilities within Australia are conducted on a set-off basis. All facilities are subject to annual review where repayment can occur on demand by the lending bank.

The Group has complied with the borrowing covenants for all interest bearing liabilities and bank facilities throughout the year ended 30 June 2021.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 4: Capital and financial structure (continued)

4.2 Financial risk management

Boral's Treasury function provides funding, risk management and specialist Treasury advice to the Group with the objective of ensuring Boral's strategic and operational objectives are met. The Group's business activities are exposed to a variety of financial risks, including credit, liquidity, foreign currency, interest rate and commodity price risks.

Derivative instruments are used to manage these financial risks. The Group does not use derivative or financial instruments for trading or speculative purposes. The use of financial derivatives is controlled by policies approved by Boral's Board of Directors. The Group documents the relationship between hedging instruments and hedged items, including the risk management objective and strategy for undertaking each transaction.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. Any gains or losses arising from changes in fair value of derivatives, except those that qualify as effective hedges, are immediately recognised in the Income Statement.

Fair value hedge

Fair value hedges are used to hedge exposure to changes in the fair value of recognised assets, liabilities or firm commitments. Changes in the fair value of derivatives, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk, are immediately recognised in the Income Statement.

Cash flow hedge

Cash flow hedges are used to hedge risks associated with highly probable forecast transactions. For cash flow hedges, changes in the fair value of the derivative are recognised in equity in the hedging reserve for the effective portion of the hedge. The gain or loss relating to the ineffective portion of the hedge is recognised immediately in the Income Statement.

Amounts deferred in equity are transferred to the Income Statement in the periods the hedged item is recognised in profit or loss. When the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred to form part of the initial cost and carrying amount of the asset or liability.

If a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is immediately recognised in the Income Statement. If the hedging instrument expires or is sold, terminated, or no longer qualifies for hedge accounting, any gain deferred in equity remains in equity until the forecast transaction occurs.

Hedge of net investment in a foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the Income Statement.

Derivatives disclosed on a gross basis

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. The ISDA agreements do not meet the criteria for offsetting in the Balance Sheet. Accordingly, derivatives have been disclosed on a gross basis on the Balance Sheet.

4.2 Financial risk management (continued)

Hedge accounting

The London Interbank Offer Rate (LIBOR) plays a critical role in the global financial markets as a reference rate to price financial products such as corporate loans, derivative hedging transactions and various securities.

As a result of the regulatory reform on benchmark rates, USD LIBOR 1-week and 2-month are expected to be discontinued and replaced by an alternative benchmark rate by the end of December 2021, while all the other tenors are expected to be discontinued and replaced by an alternative benchmark rate by the end of June 2023.

The Group holds interest rate swaps and cross currency swaps for risk management purposes. These are designated in fair value hedge and cash flow hedge relationships against the loans exposed directly or indirectly to USD LIBOR.

As at 30 June 2021, the notional value of the Group's derivative hedging transactions exposed to USD LIBOR is US\$100 million (2020: US\$400 million).

The Interbank Offered Rates (IBOR) reform creates uncertainty as to when the replacement will occur and how replacement will impact the cash flows of the relevant hedged items and hedging instruments. Such uncertainty may impact hedge accounting relationships, such as the effectiveness assessment and the highly probable criteria.

In the prior year, the Group elected to early adopt AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* issued by AASB in October 2019. The amendments provide relief to all hedging relationships affected by the reform.

In the current year, the Group has elected to early adopt AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* issued by AASB in September 2020. Phase 2 amendments enable the Group to reflect the effects of transitioning IBORs to the new Risk-Free Rates (RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The Group's derivative hedging instruments are governed by the ISDA's Master Agreement. The Group is monitoring the recent developments of ISDA and international regulators to assess the impact of the new benchmark RFRs on loans and derivative hedging transactions and is actively engaging with lenders and derivative counterparties on application of relevant fall-back provisions. There is no change in Boral's risk management activities due to this reform and Boral is working with Treasury management system vendor to ensure the system has capability to manage the transition to RFRs.

CREDIT RISK

Credit risk is the risk of loss if a counterparty fails to fulfil their obligations under a financial instrument contract. The Group is exposed to credit risk arising from financing activities including cash at bank, trade and other receivables and other financial instruments.

Management has a counterparty credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

Credit risk relating to cash at bank and derivative contracts is minimised by using financial counterparties that have a long-term credit rating equal to or greater than A-/A3, although allowance is given for credit exposures up to A\$50 million with financial counterparties with a rating below A-/A3.

No more than 40% of Boral's total credit exposure is to be with any individual eligible counterparty, subject to A\$150 million total credit exposure.

For information on the management of credit risk relating to trade and other receivables, see Note 3.1.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

CREDIT RISK (continued)

The following table indicates the Group's maximum credit exposure from non-derivative financial assets.

	Carrying amount	Carrying amount
	2021	2020
	\$m	\$m
Non-derivative financial assets		
Loans to and receivables from associates	23.3	18.6
Trade and other receivables	473.6	804.6
Cash at bank, on hand and bank short-term deposits	903.8	904.4
Equity securities	-	33.1
	1,400.7	1,760.7

The following table indicates the Group's maximum credit exposure for derivative financial assets, the periods in which the cash flows associated with derivative financial assets are expected to occur and the impact on profit or loss:

	Carrying amount	Fair value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2021	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Derivative financial assets								
Forward exchange contracts ¹	0.2	0.2	0.2	0.2	-	-	-	-
Interest rate swaps ²	10.2	10.2	11.2	1.0	1.4	2.6	4.5	1.7
Commodity swaps ¹	9.5	9.5	9.5	4.6	4.4	-	0.5	-
	19.9	19.9	20.9	5.8	5.8	2.6	5.0	1.7

	Carrying amount	Fair value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2020	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Derivative financial assets								
Forward exchange contracts ¹	0.2	0.2	0.2	0.2	-	-	-	-
Interest rate swaps ²	26.2	26.2	26.7	1.7	2.8	5.9	9.9	6.4
Cross currency swaps ²	0.3	0.3	0.3	-	-	0.2	0.1	-
Commodity swaps ¹	0.6	0.6	0.6	-	-	0.6	-	-
	27.3	27.3	27.8	1.9	2.8	6.7	10.0	6.4

1. Designated as cash flow hedges.

2. Designated as fair value hedges.

4.2 Financial risk management (continued)

LIQUIDITY RISK

Liquidity risk is the risk that the Group has insufficient funds to meet its financial obligations when they fall due. It is also associated with planning for unforeseen events or business disruptions that may cause pressure on liquidity.

The Group manages liquidity risk by ensuring that:

- Boral has a well-spread debt facility maturity profile, with a target of exceeding 3.5 years;
- short term debt (< 1 year) less cash deposits, is not to exceed 20% of the sum of total debt + committed undrawn facilities (> 1 year) at all times; and
- committed undrawn facilities plus cash (liquidity sources) exceeds liquidity uses at all times.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2021	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Non-derivative financial liabilities							
US senior notes – private placement – unsecured	830.6	(1,009.5)	(17.5)	(17.5)	(35.1)	(525.3)	(414.1)
US senior notes – 144A/Reg S – unsecured	841.5	(1,006.3)	(15.0)	(15.0)	(196.9)	(75.0)	(704.4)
Other loans	1.9	(1.9)	(0.6)	(1.2)	(0.1)	-	-
Lease liabilities	128.9	(173.2)	(18.0)	(18.0)	(21.8)	(39.0)	(76.4)
Trade creditors	484.1	(484.1)	(484.1)	-	-	-	-
	2,287.0	(2,675.0)	(535.2)	(51.7)	(253.9)	(639.3)	(1,194.9)
Derivative financial liabilities							
Forward exchange contracts ¹	21.1	(21.1)	(21.1)	-	-	-	-
Commodity swaps ¹	0.4	(0.4)	(0.2)	(0.2)	-	-	-
Cross currency swaps ¹	20.0	(25.2)	(0.4)	(0.4)	(0.8)	(3.3)	(20.3)
	41.5	(46.7)	(21.7)	(0.6)	(0.8)	(3.3)	(20.3)
	2,328.5	(2,721.7)	(556.9)	(52.3)	(254.7)	(642.6)	(1,215.2)

1. Designated as cash flow hedges.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2020	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Non-derivative financial liabilities							
US senior notes – private placement – unsecured	1,011.3	(1,249.4)	(13.7)	(19.9)	(39.8)	(264.7)	(911.3)
US senior notes – 144A/Reg S – unsecured	1,396.1	(1,739.9)	(16.5)	(24.8)	(49.5)	(761.8)	(887.3)
Bank loans – unsecured	677.2	(677.2)	-	-	-	(677.2)	-
Bank loans – unsecured	9.0	(9.0)	(9.0)	-	-	-	-
Other loans	7.3	(7.3)	-	(5.3)	(2.0)	-	-
Lease liabilities	383.1	(445.5)	(49.4)	(49.3)	(85.0)	(129.0)	(132.8)
Trade creditors	728.8	(728.8)	(728.8)	-	-	-	-
	4,212.8	(4,857.1)	(817.4)	(99.3)	(176.3)	(1,832.7)	(1,931.4)
Derivative financial liabilities							
Forward exchange contracts ¹	0.7	(0.7)	(0.7)	-	-	-	-
Commodity swaps ¹	14.0	(14.0)	(7.0)	(4.6)	(2.3)	(0.1)	-
Cross currency swaps ¹	25.6	(33.7)	(0.5)	(0.9)	(2.5)	(20.6)	(9.2)
	40.3	(48.4)	(8.2)	(5.5)	(4.8)	(20.7)	(9.2)
	4,253.1	(4,905.5)	(825.6)	(104.8)	(181.1)	(1,853.4)	(1,940.6)

1. Designated as cash flow hedges.

FOREIGN CURRENCY RISK

The Group is exposed to fluctuations in foreign currency as a result of the purchase of raw materials, interest expenses related to non-Australian dollar borrowings, imported plant and equipment, some export-related receivables and the translation of its investments in overseas assets.

The Group manages this risk by adopting the following policies:

- All global operational foreign exchange exposures are regarded as being within hedging parameters. If hedging is elected, then maximum hedging levels of 75% for Year 1 (months 1 to 12) and 50% for Year 2 (months 13 to 24) apply. The maximum hedging term permitted is two years.
- Capital expenditure-related foreign currency exposures greater than A\$0.5 million must be 100% hedged at the time of capital expenditure approval.
- Net investments, including net intercompany loans, in overseas domiciled investments are hedged, where regulatory conditions and available hedge instruments permit.

The Group uses forward exchange contracts to hedge foreign exchange risk. Most of the forward exchange contracts have maturities of less than one year. Where necessary and in accordance with policy compliance, forward exchange contracts can be rolled over at maturity.

4.2 Financial risk management (continued)

FOREIGN CURRENCY RISK (continued)

(i) Translation risk

Foreign currency translation risk is the risk that upon consolidation for financial reporting the value of the Group's investment in foreign domiciled entities will fluctuate due to changes in foreign currency rates.

The Group uses foreign currency denominated borrowings and cross currency swaps to hedge the Group's net investment in overseas domiciled assets. The related exchange gains/losses on foreign currency movements are taken to the Foreign Currency Translation Reserve.

The table below shows the Group's net exposure to translation risk. The Group's investment in foreign operations is partially offset against foreign currency borrowings, reducing the Group's overall exposure to translation risk. Amounts below are calculated based on notional amounts:

	USD	CAD	Euro	GBP	Multi
Currency	Notional A\$ equivalent (\$m)²				
30 June 2021					
Balance sheet					
Net investment in overseas domiciled entities	2,212.4	49.5	2.0	7.2	-
Foreign currency borrowings	(697.1)	-	-	-	-
	1,515.3	49.5	2.0	7.2	-
Currency	USD	CAD	Euro	GBP	Multi ¹
	Notional A\$ equivalent (\$m)²				
30 June 2020					
Balance sheet					
Net investment in overseas domiciled entities	2,398.2	61.3	1.8	6.5	723.0
Foreign currency borrowings	(1,087.6)	-	-	(9.0)	-
	1,310.6	61.3	1.8	(2.5)	723.0

1. Exposure relates to investment in USG Boral Building Products Pte Ltd, which is denominated in multiple Asian currencies.

2. The notional amount shows the principal face value for each instrument.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

(ii) Transaction risk

Foreign currency transaction risk is the risk that the value of financial commitments, recognised monetary assets or liabilities or cash flows will fluctuate due to changes in foreign currency rates.

The Group's foreign currency transaction risk is managed through the use of forward exchange contract derivatives. A forward exchange contract is an agreement between two parties to exchange two currencies at a given exchange rate at some point in the future, with the aim of mitigating foreign currency transaction risk.

Based on notional amounts, the forward exchange contracts taken out to hedge foreign exchange transactional risk at balance date were as follows:

	Notional amount AUD ¹		Average exchange rate	
	2021	2020	2021	2020
	\$m	\$m		
US dollars				
Buy USD/sell AUD – one year or less	63.6	64.4	0.7599	0.6863
Sell USD/buy AUD – one year or less ²	(2,387.6)	-	0.7568	-
Euros				
Buy EUR/sell AUD – one year or less	5.9	9.1	0.6261	0.6070

1. The notional amount shows the principal face value for each instrument.

2. US\$1.75 billion foreign exchange contracts which we sell USD/buy AUD was entered for the sale of North American Building Products business.

The forward exchange contracts are considered to be highly effective hedges as they are matched against underlying foreign currency cash flows such as future interest payments, purchases and sales. There was no significant cash flow hedge ineffectiveness in the current or prior year.

As at balance date, the unhedged foreign currency payables were \$5.9 million at 30 June 2021 (2020: \$7.2 million). The related exchange gains/losses on foreign currency movements are taken to the Income Statement.

Sensitivity

At 30 June 2021, had the Australian dollar weakened/strengthened by 10% against the respective foreign currencies where all other variables remain constant, the Group's pre-tax change to earnings would have increase/decreased by \$0.2 million in 2021 (2020: \$11.2 million) and equity would have increased/decreased respectively by around equivalent \$76.4 million (2020: equivalent \$211.2 million).

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2021	2020	2021	2020
USD	0.7472	0.6703	0.7497	0.6896
Euro	0.6257	0.6059	0.6326	0.6142
GBP	0.5514	0.5315	0.5432	0.5570
CAD	0.9554	0.9000	0.9302	0.9372

INTEREST RATE RISK

Interest rate risk is the risk that the Group is impacted by significant changes in interest rates. Borrowings issued at or swapped to floating rates expose the Group to interest rate risk.

Interest rate swaps and cross currency swaps have been transacted to assist with achieving an appropriate mix of fixed and floating interest rate borrowings. All interest rate derivative instruments mature progressively over the next seven years, with the duration applicable to the interest rate and cross currency swaps consistent with maturities applicable to the underlying borrowings.

4.2 Financial risk management (continued)

INTEREST RATE RISK (continued)

The Group adopts a policy that ensures a maximum of 75% of its borrowings are fixed interest rates borrowings. The use of interest rate derivative instruments provides the Group with the flexibility to raise term borrowings at fixed or variable interest rate and subsequently convert these borrowings to variable or fixed rates of interest.

At the reporting date, following the repayment of borrowings in May 2021, all term funding for the Group was sourced from fixed rate instruments. The maximum percentage of fixed interest rate borrowings under the policy was temporarily increased to a maximum of 100% fixed rate borrowings. At the reporting date, the Group had US\$100 million of derivatives to convert borrowings to floating interest rates.

Borrowings are held at amortised cost, meaning that the borrowing's effective rate of interest is charged as a finance cost to the Income Statement (not the interest paid in cash) and changes in market rates of interest are ignored. Whilst generally close, the carrying value at amortised cost may be different to the principal face value.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2021	2021	2020	2020
	Carrying amount	Notional amount ³	Carrying amount	Notional amount ³
	\$m	\$m	\$m	\$m
Fixed rate instruments				
US senior notes – private placement – unsecured	830.6	833.7	902.5	906.3
US senior notes – 144A/Reg S – unsecured	841.5	836.3	1,396.1	1,377.6
Other loans	1.9	1.9	7.3	7.3
Lease liabilities	128.9	128.9	383.1	383.1
	1,802.9	1,800.8	2,689.0	2,674.3
Variable rate instruments				
Bank loans – unsecured	-	-	9.0	9.0
Bank loans – unsecured	-	-	677.2	677.2
US senior notes – private placement – unsecured	-	-	108.8	108.8
	-	-	795.0	795.0
	1,802.9	1,800.8	3,484.0	3,469.3
Pay variable interest rate derivatives				
Interest rate swap pay floating US\$ LIBOR ¹	(10.2)	133.4	(26.2)	290.0
Cross currency swap pay floating A\$ BBSW ²	20.0	150.7	25.3	602.4
	9.8	284.1	(0.9)	892.4

1. US\$100 million (equivalent A\$133.4 million) fixed rate notes due May 2028 have been swapped to USD floating rate via interest rate swaps in October 2017.

2. US\$100 million fixed rate notes due May 2028, which were previously swapped to USD floating rate via interest rate swaps, have been swapped to AUD floating rate (equivalent A\$150.7 million) via cross currency swaps in May 2020.

3. The notional amount shows the principal face value for each instrument.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

INTEREST RATE RISK (continued)

The ineffective portion of the hedges transferred to the Income Statement was a \$0.3 million gain in 2021 due to the unwind of credit and execution charge cost of hedge on the interest rate swaps and cross currency swaps, as well as the termination of the US\$300 million cross currency swaps (2020: \$0.2 million gain).

Sensitivity

At 30 June 2021, if interest rates had changed by +/- 1% pa from the year-end rates with all other variables held constant, the Group's pre-tax profit for the year would have been \$0.4 million higher/lower (2020: \$0.8 million) and the change in equity would have been \$0.4 million (2020: \$3.4 million) mainly as a result of a higher/lower interest cost applying to interest rate derivatives.

COMMODITY PRICE RISK

Commodity price risk is the risk that the Group is exposed to fluctuations in commodity prices. The Group's primary exposures to commodity price risk are the purchase of diesel, natural gas, electricity and coal under variable price contract arrangements. The Group uses commodity swaps and options to hedge a component of these exposures.

The Group uses commodity swaps and options to hedge a component of these exposures. If hedging is elected, then the maximum hedging levels are:

- 75% for Year 1 (months 1 to 12), and
- 50% for Year 2 (months 13 to 24).

The maximum permitted term for a hedge transaction is two years.

Commodities hedging activities

The notional and fair value of commodity derivative instruments at year end is as follows:

	2021	2021	2020	2020
	Notional ¹	Fair value/ carrying amount	Notional ¹	Fair value/ carrying amount
	\$m	\$m	\$m	\$m
Singapore Gasoil	15.0	7.6	41.8	(7.8)
Newcastle Coal	-	-	6.3	(0.4)
Electricity	14.2	1.5	30.9	(5.2)

1. The notional amount shows the principal face value for each instrument, and the amounts have been presented in Australian dollars.

The commodity swaps and options are considered to be highly effective hedges as they are matched against forward commodity purchases. There was no ineffective portion of the hedges transferred to the Income Statement in 2021 and 2020.

Sensitivity

At 30 June 2021, if the commodity price had changed by +/- 10% from the year-end prices with all other variables held constant, the Group's pre-tax earnings for the year would have been unchanged (2020: unchanged) and the change in equity would have been \$3.6 million (2020: \$6.0 million).

4.2 Financial risk management (continued)

FAIR VALUE

The fair value of all financial instruments approximates their carrying value. The following describes the methodology adopted to derive fair values:

Financial instrument	Valuation method	Carried at fair value?
Commodity swaps and options	The fair value is calculated using closing commodity market prices and implied volatility data and includes bilateral credit value adjustments.	Yes
Forward exchange contracts and cross currency swaps	The fair value is calculated based on market-derived spot and forward prices, relevant currency interest rate curves, foreign currency basis spreads applicable to the relevant currency and includes bilateral credit value adjustments.	Yes
Interest rate swaps	The fair value is calculated from the present value of expected future cash flows for each instrument and includes the bilateral credit adjustment. The expected future cash flows are derived from yield curves constructed from market sources reflecting their term to maturity.	Yes
Cash, deposits, loans and receivables, payables and short-term borrowings	The carrying value approximates fair value due to the short-term nature of these assets and liabilities.	No
Long-term borrowings	Loans and borrowings are recognised initially at fair value less attributable transaction costs. Fair value on inception reflects the present value of expected cash flows using interest rates derived from market sources reflecting their term to maturity. Subsequently, loans and borrowings are stated at amortised cost, with any difference between amortised cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest rate basis.	No

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

INTEREST RATES USED FOR DETERMINING FAIR VALUE

Where appropriate, the Group uses BBSW, LIBOR and Treasury Bond yield curves as of 30 June 2021 plus an adequate credit spread to discount financial instruments. The interest rates used are as follows:

	2021	2020
	% pa	% pa
Derivatives	1.19 – 3.11	1.28 – 3.66
Loans and borrowings	3.00 – 4.58	2.44 – 4.58
Leases	1.60 – 6.89	1.70 – 7.22

THE FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at Level 1 and Level 2 fair value:

	Level 1		Level 2	
	2021	2020	2021	2020
	\$m	\$m	\$m	\$m
Assets				
Equity securities	-	33.1	-	-
Derivative financial assets	-	-	19.9	27.3
Total assets	-	33.1	19.9	27.3
Liabilities				
Derivative financial liabilities	-	-	41.5	40.3
Total liabilities	-	-	41.5	40.3

The Group does not have financial instruments that have been valued at Level 3.

4.2 Financial risk management (continued) HEDGE ACCOUNTING

Boral has applied the ratio of 1:1 to all hedge relationships.

	Nominal Amount of Hedging Instrument and hedged item	Hedge Rates	Carrying Amount of the Hedging Instrument (AUD)		Change in Value of the Hedging Instrument Used for Calculating Hedge Ineffectiveness	Change in Value of the Hedged Item Used for Calculating Hedge Ineffectiveness	Change in Value of the Hedging Instrument Recognised in Reserve	Hedge Ineffectiveness Recognised in Profit/(Loss) ³	Amount Reclassified from the Cash Flow Hedge Reserve to Profit and Loss and Asset Carrying Values				
			Financial Assets	Financial Liabilities						\$m	\$m	\$m	\$m
			\$m	\$m						\$m	\$m	\$m	\$m
30 June 2021													
Cash flow hedges													
USD diesel costs – Commodity Swaps (up to 1 year)	Barrels	USD/Barrel	7.7	-	7.1	(7.1)	7.1	-	8.4				
		50.2											
AUD electricity costs – Commodity Swaps (up to 2 years)	MWh	AUD/MWh	1.8	(0.3)	3.2	(3.2)	3.2	-	3.5				
		34.75 - 81.25											
USD coal costs – Commodity Swaps	MT	USD/MT	-	-	-	-	-	-	0.4				
		-											
Capital expenditures – Foreign Exchange Contracts (up to 1 year)	AUD	AUD/EUR	-	(0.1)	(0.3)	0.3	(0.3)	-	0.3				
		0.5979 - 0.6448											
Capital expenditure – Foreign Exchange Contracts	AUD	AUD/USD	-	-	0.2	(0.2)	0.2	-	-				
		-											
Operation expenditures – Foreign Exchange Contracts (up to 1 year)	AUD	AUD/USD	0.2	-	0.3	(0.3)	0.3	-	0.1				
		0.7574 - 0.7778											
Asset sale proceeds – Foreign Exchange Contracts (up to 1 year)	AUD	AUD/USD	-	(21.1)	(1.5)	1.5	(1.5)	-	-				
		0.7518 - 0.7592											
Cross Currency Swaps (up to 7 years) ¹	AUD	Floating	-	(20.0)	(12.6)	12.6	(12.6)	-	-				
		n/a											
Foreign currency borrowings – 144A/Reg S senior notes	USD	Fixed	-	-	-	-	11.6	-	-				
		3.75%											
			9.7	(41.5)	(3.6)	3.6	8.0	-	12.7				
Fair value hedges													
Interest – Interest Rate Swaps (up to 7 years) ²	USD	Floating	10.2	-	(9.7)	10.2	-	0.5	-				
		n/a											
			10.2	-	(9.7)	10.2	-	0.5	-				
			19.9	(41.5)	(13.3)	13.8	8.0	0.5	12.7				

1. USDAUD cross currency swaps designated in cash flow hedge.

2. USD interest rate swaps designated in fair value hedge. Accumulated fair adjustment on hedged item carrying amount is \$10.7 million.

3. Recognised in Other Income/Other expenses in the Income Statement.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

HEDGE ACCOUNTING (continued)

Boral has applied the ratio of 1:1 to all hedge relationships.

	Nominal Amount of Hedging Instrument and hedged Item	Hedge Rates	Carrying Amount of the Hedging Instrument (AUD)		Change in Value of the Hedging Instrument Used for Calculating Hedge Ineffectiveness		Change in Value of the Hedged Item Used for Calculating Hedge Ineffectiveness	Change in Value of the Hedging Instrument Recognised in Reserve	Hedge Ineffectiveness Recognised in Profit/(Loss) ⁷	Amount Reclassified from the Cash Flow Hedge Reserve to Profit and Loss and Asset Carrying Values
			\$m	\$m	\$m	\$m				
30 June 2020										
Cash flow hedges										
USD diesel costs – Commodity Swaps (up to 2 years)	Barrels	USD/Barrel	41.8	0.6	(8.4)	(7.8)	7.8	(7.8)	-	0.7
AUD electricity costs – Commodity Swaps (up to 3 years)	MWh	50.15 - 76.98 AUD/MWh	30.9	-	(5.2)	(5.9)	5.9	(5.9)	-	(1.7)
USD coal costs – Commodity Swaps (up to 1 year)	MT	375 - 123.3 USD/MT	6.3	-	(0.4)	(0.4)	0.4	(0.4)	-	0.6
Capital expenditures – Foreign Exchange Contracts (up to 1 year)	AUD	58.2 AUD/EUR	91	-	(0.1)	(0.1)	0.1	(0.1)	-	0.1
Capital expenditure – Foreign Exchange Contracts (up to 1 year)	AUD	0.5942 - 0.6141 AUD/USD	2.9	-	(0.2)	(0.2)	0.2	(0.2)	-	-
Operation expenditures – Foreign Exchange Contracts (up to 1 year)	AUD	0.6403 - 0.6865 AUD/USD	61.5	0.2	(0.4)	(0.1)	0.1	(0.1)	-	(0.9)
Interest – Foreign Exchange Contracts (up to 1 year)	AUD	0.6538 - 0.6996 AUD/USD		-	(0.1)	(0.1)	0.1	(0.1)	-	(0.1)
Foreign currency borrowings – Cross Currency Swaps ¹	AUD	Fixed 6.2%	189.4	-	-	-	-	-	-	(28.3)
Foreign currency borrowings – CHF notes ¹	CHF	Fixed 2.25%	150.0	-	-	-	-	-	-	28.3
Cross Currency Swaps (up to 8 years) ⁶	AUD	Floating n/a	602.4	-	(25.6)	(25.6)	25.6	(25.6)	-	-
Foreign currency borrowings – 144A/Reg S senior notes	USD	Fixed 3% and 3.75%	400.0	-	-	-	-	22.3	-	-
Fair value hedges										
Interest – Interest Rate Swaps ³	USD	Floating n/a	169.8	-	-	0.5	-	-	0.5	-
Interest – Interest Rate Swaps (up to 8 years) ⁴	USD	Floating n/a	200.0	26.2	-	19.8	(20.1)	-	(0.3)	-
Cross Currency Swaps (up to 8 years) ⁵	USD	Floating n/a	200.0	0.3	-	0.3	(0.3)	-	-	-
Net investment hedges										
Foreign currency investment – Cross Currency Swaps ²	USD	Fixed 4.0%	169.8	-	-	20.6	(20.4)	-	0.2	-
				27.3	(40.3)	29.8	(29.6)	31.5	0.2	(1.3)

1. CHF/USD cross currency swaps designated in cash flow hedge, matured in February 2020.

2. CHF/USD cross currency swap designated in net investment hedge, matured in February 2020.

3. USD interest rate swaps designated in fair value hedge, matured in February 2020.

4. USD interest rate swaps designated in fair value hedge. Accumulated fair adjustment on hedged item carrying amount is \$27.2 million.

5. USD/AUD cross currency swaps designated in fair value hedge. Accumulated fair adjustment on hedged item carrying amount is \$0.3 million.

6. USD/AUD cross currency swaps designated in cash flow hedge.

7. Recognised in Other income/Other expenses in the Income Statement.

4.3 Issued capital

Ordinary shares issued are classified as equity and are fully paid, have no par value and carry one vote per share and the right to dividends. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax effects.

Where the Group purchases the Company's own equity instruments, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. The amount of the consideration paid, including directly attributable costs, is recognised as a deduction from contributed equity, net of any related income tax effects.

During the year, the Company completed the buy-back of 78,919,134 shares, as part of the Company's on-market share buy-back program on 1 April 2021 for up to 10% of the Company's issued capital or approximately 122 million ordinary shares. As at 30 June 2021, the total consideration of shares bought back on market was \$536.9 million and at an average price of \$6.80. The consideration paid was allocated to share capital.

In the event of a winding up of Boral Limited, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

	2021	2020
	\$m	\$m
Issued and paid up capital		
1,146,734,664 (2020: 1,225,653,798) ordinary shares, fully paid	3,839.5	4,376.4
Movements in ordinary issued capital		
Balance at the beginning of the year	4,376.4	4,265.1
78,919,134 (2020: nil) on-market share buy-back ¹	(536.9)	-
Nil (2020: 14,407,567) shares issued under the Dividend Reinvestment Plan	-	29.7
Nil (2020: 38,914,307) shares issued under the Dividend Reinvestment Plan underwriting agreement	-	81.6
Balance at the end of the year	3,839.5	4,376.4

1. This includes 5,505,800 shares bought back on market prior to 30 June 2021 that were cancelled on 2 July 2021. \$30.3 million of the share buy-back was paid after 30 June 2021.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 4: Capital and financial structure (continued)

4.4 Reserves

Foreign currency translation reserve (FCTR)

Exchange differences arising on translation of foreign operations are recognised in FCTR, together with foreign exchange differences from the translation of liabilities that hedge the Group's net investment in a foreign operation. Gains or losses accumulated in equity are recognised in the Income Statement when a foreign operation is disposed.

	2021	2020
	\$m	\$m
Balance at the beginning of the year	327.8	299.5
Net (loss)/gain on translation of assets and liabilities of overseas entities	(256.2)	91.4
Translation of share of equity accounted other comprehensive income	6.0	(20.5)
Foreign currency translation reserve transferred to net profit on disposal of equity accounted investment	(56.8)	-
Net gain/(loss) on translation of long-term borrowings and foreign currency forward contracts net of tax expense \$25.2 million (2020: \$18.2 million tax benefit)	58.7	(42.6)
Balance at the end of the year	79.5	327.8

Hedging reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

Balance at the beginning of the year	(12.0)	(5.8)
Transferred to the Income Statement	12.4	(1.5)
Transferred to initial carrying amount of hedged item	0.3	0.1
Gain/(loss) taken directly to equity	9.6	(7.5)
Tax benefit	(6.7)	2.7
Balance at the end of the year	3.6	(12.0)

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and rights recognised as an expense.

Balance at the beginning of the year	41.1	37.3
Option/rights (benefit)/expense	(0.1)	5.8
Share acquisition rights vested	(1.3)	(2.0)
Balance at the end of the year	39.7	41.1
Total reserves	122.8	356.9

Section 5: Taxation

This section provides the information that is most relevant to understanding the taxation treatment by the Group during the financial year.

Boral Limited and its wholly owned Australian controlled entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Boral Limited.

5.1 Income tax expense

Income tax expense includes current and deferred tax. Current and deferred tax are recognised in the Income Statement except to the extent that they relate to items recognised directly in other comprehensive income or equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Significant accounting judgements, estimates and assumptions

The Group is primarily subject to income taxes in Australia and North America. In determining the amounts of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. Changes in circumstances will alter expectations, which may impact the amount recognised on the Balance Sheet and the amounts of other tax losses and temporary differences not yet recognised.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 5: Taxation (continued)

5.1 Income tax expense (continued)

For the year ended 30 June	Note	2021	2020 ¹
		\$m	\$m
(i) Income tax expense			
Current income tax expense		6.1	9.1
Deferred income tax expense/(benefit)		24.4	(72.3)
Changes in estimate from prior years		1.3	(2.5)
Income tax expense/(benefit) attributable to profit		31.8	(65.7)
(ii) Reconciliation of income tax expense/(benefit) to prima facie tax			
Income tax expense on profit:			
– at Australian tax rate 30%		201.5	(363.1)
– adjustment for difference between Australian and overseas tax rates		(5.4)	48.1
Income tax expense/(benefit) on pre-tax profit at standard rates		196.1	(315.0)
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
Exempt income on disposal of business		(118.4)	-
Capital and income tax losses realised		(28.7)	(17.2)
Share of associates' net profit (excluding significant items)		(16.6)	(8.6)
Non-deductible significant items		-	275.3
Tax benefit arising from share acquisition rights vested		(0.3)	(0.6)
Other items		(1.6)	2.9
Income tax expense/(benefit) on profit		30.5	(63.2)
Changes in estimate from prior years		1.3	(2.5)
Income tax expense/(benefit) attributable to profit		31.8	(65.7)
Income tax expense/(benefit) from continuing operations			
Income tax expense excluding significant items		10.4	15.8
Income tax benefit relating to significant items	2.1	(12.4)	(30.3)
		(2.0)	(14.5)
Income tax expense/(benefit) from discontinued operations			
Income tax expense excluding significant items		52.9	8.0
Income tax benefit relating to significant items	2.1	(19.1)	(59.2)
	6.1	33.8	(51.2)
		31.8	(65.7)
(iii) Tax amounts recognised directly in equity			
The following deferred tax amounts were charged/(credited) directly to equity during the year in respect of:			
Net exchange differences taken to equity		25.2	(18.2)
Fair value adjustment on cash flow hedges		6.7	(2.7)
Recognised in comprehensive income		31.9	(20.9)

1. Restated, refer to Note 1c and 1d for further details.

5.2 Deferred tax assets and liabilities

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised.

Significant accounting judgements, estimates and assumptions

The assumptions regarding future realisation, and the recognition of deferred tax assets, may change due to future operating performance, transactions and other factors.

	2021	2020 ¹
	\$m	\$m
Recognised deferred tax balances		
Deferred tax asset	133.1	162.5
Deferred tax liability	(39.9)	(14.1)
	93.2	148.4
Unrecognised deferred tax assets		
The potential deferred tax asset has not been taken into account in respect of tax losses where recovery is not probable	116.2	50.8

The gross amount of capital and revenue tax losses carried forward that have not been recognised and the range of expiry dates for recovery by tax jurisdiction are as follows:

		2021	2020
		\$m	\$m
Tax jurisdiction	Expiry date		
Australia	No restriction	207.7	12.0
Germany	No restriction	46.8	42.2
United Kingdom ²	No restriction	42.8	41.8
United States of America ³	30 June 2022 – 30 June 2040	628.1	102.4

1. Restated, refer to Note 1c for further details.

2. Unrecognised capital losses.

3. As a result of the sale of the North American Building Products business and change in control, the Group has revised the expected utilisation of the United States of America's Federal and State losses, resulting in the recognition of deferred tax asset for Federal losses and the derecognition of the deferred tax assets for State losses. US State losses are recognised at an average State tax rate of 5%.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 5: Taxation (continued)

5.2 Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

	Balance at the beginning of the year	Recognised in income	Recognised in equity	Other movements	Balance at the end of the year
	\$m	\$m	\$m	\$m	\$m
As at 30 June 2021					
Receivables	1.2	0.3	-	-	1.5
Inventories	0.9	6.0	-	-	6.9
Other financial instruments	5.4	6.2	(6.7)	-	4.9
Property, plant and equipment	(55.9)	10.0	-	3.2	(42.7)
Intangible assets	(180.2)	0.7	-	14.5	(165.0)
Payables	3.4	1.0	-	-	4.4
Interest bearing liabilities	39.4	3.2	-	-	42.6
Provisions	80.7	10.5	-	(1.3)	89.9
Other	(14.9)	1.0	-	(0.2)	(14.1)
Unrealised foreign exchange	47.7	(25.3)	(25.2)	-	(2.8)
Tax losses carried forward	220.7	(38.0)	-	(15.1)	167.6
	148.4	(24.4)	(31.9)	1.1	93.2

Section 5: Taxation (continued)

5.2 Deferred tax assets and liabilities (continued) Movement in temporary differences during the year (continued)

	Balance at the beginning of the year	Transition impact from implementation of AASB16	IFRIC decision – software capitalisation ¹	Recognised in income	Recognised in equity	Other movements	Balance at the end of the year ¹
As at 30 June 2020	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Receivables	2.0	-	-	(0.8)	-	-	1.2
Inventories	2.8	-	-	(1.9)	-	-	0.9
Other financial instruments	18.2	-	-	(15.5)	2.7	-	5.4
Property, plant and equipment	(77.5)	(34.7)	14.4	42.6	-	(0.7)	(55.9)
Intangible assets	(211.6)	-	-	36.1	-	(4.7)	(180.2)
Payables	15.8	-	-	(12.4)	-	-	3.4
Interest bearing liabilities	(1.7)	36.9	-	4.2	-	-	39.4
Provisions	80.6	3.8	-	(4.0)	-	0.3	80.7
Other	(28.9)	1.1	-	12.9	-	-	(14.9)
Unrealised foreign exchange	33.0	-	-	(3.5)	18.2	-	47.7
Tax losses carried forward	202.9	-	-	14.6	-	3.2	220.7
	35.6	7.1	14.4	72.3	20.9	(1.9)	148.4

1. Restated, refer to Note 1c for further details.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 6: Group structure

This section explains significant aspects of Boral's group structure, including equity accounted investments that the Group has an interest in, its controlled entities and how changes have affected the Group structure. When applicable, it also provides information on business acquisitions and disposals made during the financial year.

6.1 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. An operation would be classified as held for sale if the carrying value of the assets of the operation will be principally recovered through a sale transaction rather than continuing use. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued, the comparative Income Statement is restated as if the operation had been discontinued from the start of the comparative period.

During the current financial year, the Group made significant progress resetting the portfolio including:

- completing the divestment of its 50% interest in USG Boral in March 2021, which generated a profit before tax of \$442.9 million and the sale of the Midland Brick business in September 2020, which generated a profit before tax of \$2.4 million; and
- progressing the portfolio review and the decision to exit the North American businesses, including entering into agreements to dispose the North American Building Products business and its 50% interest in Meridian Brick, as well as the Australian Building Products businesses, including entering into an agreement to dispose the Australian Timber business post-year end. Subject to regulatory approvals, the disposals of these businesses are expected to occur in financial year 2022.

The earnings up to the date of disposal, in the current and comparative periods for these businesses, including the gain on sale in USG Boral and Midland Brick business, have been reclassified to 'Discontinued Operations' in the Income Statement, and are summarised below.

6.1 Discontinued operations (continued)

	Boral North America		USG Boral		Australian Building Products		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Results of discontinued operations								
Revenue	2,162.4	2,335.8	-	-	259.2	276.1	2,421.6	2,611.9
Expenses	(1,969.6)	(2,215.8)	-	-	(241.1)	(294.8)	(2,210.7)	(2,510.6)
Share of equity accounted income	16.0	0.7	36.5	25.0	-	-	52.5	25.7
Trading profit before significant items, net interest expense and income tax	208.8	120.7	36.5	25.0	18.1	(18.7)	263.4	127.0
Significant items	(26.4)	(1,236.1)	442.9	(4.8)	(17.6)	(56.1)	398.9	(1,297.0)
Profit/(loss) before net interest expense and income tax	182.4	(1,115.4)	479.4	20.2	0.5	(74.8)	662.3	(1,170.0)
Net interest expense	(7.4)	(10.0)	-	-	(0.3)	(0.4)	(7.7)	(10.4)
Profit/(loss) before income tax	175.0	(1,125.4)	479.4	20.2	0.2	(75.2)	654.6	(1,180.4)
Income tax (expense)/benefit	(40.7)	291	-	-	6.9	22.1	(33.8)	51.2
Net profit/(loss)	134.3	(1,096.3)	479.4	20.2	7.1	(53.1)	620.8	(1,129.2)
Cash flows from discontinued operations								
Net cash provided by operating activities	293.6	397.1	62.6	194	40.9	4.1	397.1	420.6
Net cash (used in)/provided by investing activities	(89.1)	(92.0)	1,337.9	-	65.4	(5.9)	1,314.2	(97.9)
Net cash used in financing activities	(51.7)	(58.2)	-	-	(3.9)	(4.8)	(55.6)	(63.0)
Net cash (used in)/provided by discontinued operations	152.8	246.9	1,400.5	194	102.4	(6.6)	1,655.7	259.7

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 6: Group structure (continued)

6.1 Discontinued operations (continued)

	2021
	\$m
Assets and liabilities classified as held for sale	
Receivables	311.2
Inventories	262.0
Investments accounted for using the equity method	163.0
Property, plant and equipment	882.0
Intangible assets	1,924.3
Other financial assets	36.0
Other assets	47.6
Assets classified as held for sale	3,626.1
Payables	(251.8)
Interest bearing liabilities	(207.0)
Employee benefit liabilities	(80.1)
Provisions	(71.4)
Liabilities classified as held for sale	(610.3)
Net assets	3,015.8

The North American businesses represent the remaining overseas exposure. The foreign currency translation reserve will be transferred to net profit on disposal of those businesses.

The following disposal entries in relation to the divestment of 50% interest in USG Boral and Midland Brick were recorded in the current period.

Amount (\$m)	Note	USG Boral	Midland Brick	Total
Current period		1,340.4	72.3	1,412.7
Prior period		-	9.0	9.0
Consideration		1,340.4	81.3	1,421.7
Receivables		-	(7.6)	(7.6)
Inventories		-	(42.1)	(42.1)
Investments accounted for using the equity method		(948.4)	-	(948.4)
Property, plant and equipment		-	(30.9)	(30.9)
Other assets		-	(1.6)	(1.6)
Trade creditors		-	3.5	3.5
Employee benefit liabilities		-	3.0	3.0
Provisions		-	0.3	0.3
Net assets disposed		(948.4)	(75.4)	(1,023.8)
Foreign currency translation reserve transferred to net profit on disposal		56.8	-	56.8
Costs incurred		(5.9)	(3.5)	(9.4)
Gain on disposal before income tax	2.1	442.9	2.4	445.3

6.2 Equity accounted investments

The Group's investment in its equity accounted investments is initially recorded at cost and subsequently accounted for using the equity method. The carrying amount of the investment is adjusted to recognise changes in the Group's interest in the net assets of the investees. Dividends received from the investees are recognised as a reduction in the carrying amount of the investment. Goodwill relating to the investees is included in the carrying amount of the investment and is not tested for impairment individually. However, the carrying value of the investment is tested for impairment when there are indicators that the investment is potentially impaired.

The Group's share of the results of the investees is reported in the Income Statement and its share of movements in other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses from an equity accounted investment exceed the Group's investment in the relevant equity accounted investment, the losses are taken against any long-term receivables relating to the equity accounted investment and if the Group's obligation for losses exceeds this amount, they are recorded as a provision in the Group's financial statements to the extent that the Group has an obligation to fund the liability.

Significant accounting judgements, estimates and assumptions

Assessing the recoverability of the carrying value of investments accounted for using the equity method requires judgement and estimates in determining the fair value of the asset. The value in use calculation requires the Group to estimate several key assumptions such as market forecasts, discount rate, long-term growth rate and EBITDA forecasts to calculate the future discounted cash flows expected to be generated by the CGU.

Name	Principal activity	Country of incorporation	Balance date	Ownership interest		Investment carrying amount	
				2021 %	2020 %	2021 \$m	2020 \$m
Details of equity accounted investments							
Bitumen Importers Australia Pty Ltd	Bitumen importer	Australia	30-Jun	50	50	5.2	11.9
ConnectSydney Pty Ltd ¹	Road maintenance	Australia	30-Jun	38.5	-	-	-
Flyash Australia Pty Ltd	Fly ash collection	Australia	31-Dec	50	50	1.7	2.1
Highland Pine Products Pty Ltd ²	Timber	Australia	30-Jun	50	50	-	-
Meridian Brick ³	Bricks	USA/Canada	30-Jun	50	50	-	154.0
Penrith Lakes Development Corporation Ltd	Property development	Australia	30-Jun	40	40	-	-
South Australian Road Services Pty Ltd ⁴	Road maintenance	Australia	30-Jun	50	-	-	-
South East Asphalt Pty Ltd	Asphalt	Australia	30-Jun	50	50	1.4	1.5
Sunstate Cement Ltd	Cement manufacturer	Australia	30-Jun	50	50	6.7	5.4
USG Boral Building Products ⁵	Plasterboard	Australia/ Singapore	30-Jun	-	50	-	1,034.8
Total						15.0	1,209.7

1. The Group has a 38.5% interest in the new joint venture with Lendlease Services Pty Ltd and Tyco Australia Group Pty Ltd, which was formed on 17 December 2020.

2. The Group has a 50% interest in the Highland Pine Products Pty Ltd joint venture, which has been reclassified as assets held for sale. Refer to Note 6.1.

3. The Group has a 50% interest in the joint ventures in the USA (Meridian Brick LLC) and Canada (Meridian Brick Canada Ltd). This has been reclassified as assets held for sale. Refer to Note 6.1.

4. The Group has a 50% interest in the new joint venture with Lendlease Services Pty Ltd, which was formed on 2 July 2020.

5. On 31 March 2021, the Group divested its interests in the joint ventures in Australia (USG Boral Building Products Pty Ltd) and Asia (USG Boral Building Products Pte Ltd).

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 6: Group structure (continued)

6.2 Equity accounted investments (continued)

	Note	2021 \$m	2020 \$m
Movements in carrying value of equity accounted investments			
Balance at the beginning of the year		1,209.7	1,292.0
Transition impact from implementation of AASB 16		-	(8.7)
Disposed during the year		(948.4)	-
Share of equity accounted income		71.6	39.4
Significant items	2.1	-	(81.5)
Dividends received		(84.0)	(26.3)
Results recognised against losses previously taken to non-current receivables		(3.4)	0.4
Share of movement in currency reserve		6.0	(20.5)
Transferred to assets held for sale		(163.0)	-
Net foreign currency exchange differences		(73.5)	14.9
Balance at the end of the year		15.0	1,209.7

	2021 \$m	2020 ¹ \$m
Summarised Income Statement at 100%		
Revenue	290.4	261.4
Profit before income tax	53.5	36.0
Income tax expense	(13.4)	(8.9)
Net profit from continuing operations	40.1	27.1
The Group's share based on % ownership:		
Net profit before significant items	19.1	13.7
Net profit from continuing operations	19.1	13.7

1. Restated, refer to Note 1d for further details.

6.2 Equity accounted investments (continued)

	2021	2020
	\$m	\$m
Summarised Balance Sheet at 100%		
Current assets	71.7	783.8
Non-current assets	201.7	2,430.0
Total assets	273.4	3,213.8
Current liabilities	(31.7)	(321.5)
Non-current liabilities	(211.5)	(346.5)
Total liabilities	(243.2)	(668.0)
Non-controlling interest	-	(126.5)
Net assets	30.2	2,419.3
The Group's share of net assets based on % ownership	15.0	1,209.7

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 6: Group structure (continued)

6.3 Controlled entities

The consolidated financial statements include Boral Limited (parent entity) and the following wholly owned subsidiaries, unless stated otherwise, in the table below.

	Country of incorporation	Beneficial ownership by	
		Group 2021 %	Group 2020 %
Boral Limited	Australia		
Boral Cement Limited >*	Australia	100	100
Barnu Pty Ltd *	Australia	100	100
Boral Building Materials Pty Ltd >*	Australia	100	100
Boral International Pty Ltd >*	Australia	100	100
Boral Concrete (1992) Limited	Thailand	100	100
Eldorado Stone Philippines, Inc.	Philippines	100	100
Piedras Headwaters, S. de R.L. de C.V.	Mexico	100	100
Boral Holdings Inc. +	USA	100	-
Boral USA <	USA	100	100
Boral Construction Materials LLC	USA	100	100
BCM Oklahoma LLC	USA	100	100
Boral Industries Inc.	USA	100	100
Boral Meridian Holdings Inc.	USA	100	100
Boral IP Holdings LLC	USA	100	100
Boral Windows LLC	USA	100	100
Boral Building Products Inc.	USA	100	100
Headwaters Building Products Inc.	USA	100	100
Headwaters Stone LLC	USA	100	100
Boral Stone Products LLC	USA	100	100
Dutch Quality Stone, Inc. **	USA	-	100
Boral CM Holdings LLC	USA	100	100
Boral Resources LLC	USA	100	100
Boral Plant Services LLC	USA	100	100
Boral Transportation Services LLC	USA	100	100
Synthetic Materials, LLC	USA	100	100
Boral Materials LLC	USA	100	100
Headwaters Energy Services Corp.	USA	100	100
American Lignite Energy, LLC	USA	67	67
Covol Fuels Chinook, LLC	USA	100	100
Covol Fuels Rock Crusher, LLC	USA	100	100
Covol Engineered Fuels, LLC	USA	100	100
Covol Fuels No.2, LLC	USA	100	100
Covol Fuels No.4, LLC	USA	100	100
Boral Lifetile Inc.	USA	100	100
Boral Roofing de Mexico, S. de R.L. de C.V.	Mexico	100	100
Boral Roofing LLC	USA	100	100
Gerard Roof Products, LLC	USA	100	100
Metrotile Manufacturing, LLC	USA	100	100
Boral Concrete Tile Inc.	USA	100	100
Tile Service Company LLC	USA	100	100
E.U.M. Tejas De Concreto Servicios, S. de R.L. de C.V.	Mexico	100	100

6.3 Controlled entities (continued)

	Country of incorporation	Beneficial ownership by	
		Group 2021 %	Group 2020 %
Boral (UK) Ltd	UK	100	100
Tapco Europe Limited	UK	100	100
Boral Investments BV	Netherlands	100	100
Boral Industrie GmbH	Germany	100	100
Boral Klinker GmbH	Germany	100	100
Boral Mecklenburger Ziegel GmbH	Germany	100	100
Boral Canada Ltd	Canada	100	100
Boral Investments Pty Ltd >*	Australia	100	100
Boral Construction Materials Ltd >*	Australia	100	100
Boral Resources (WA) Ltd >*	Australia	100	100
Boral Contracting Pty Ltd *	Australia	100	100
Boral Construction Related Businesses Pty Ltd >*	Australia	100	100
Boral Resources (Vic) Pty Ltd >*	Australia	100	100
Bayview Quarries Pty Ltd *	Australia	100	100
Boral Resources (Qld) Pty Ltd >*	Australia	100	100
Allen's Asphalt Pty Ltd >*	Australia	100	100
Q-Crete Premix Pty Ltd >*	Australia	100	100
Boral Resources (NSW) Pty Ltd >*	Australia	100	100
Dunmore Sand & Soil Pty Ltd *	Australia	100	100
Boral Recycling Pty Ltd >*	Australia	100	100
De Martin & Gasparini Pty Ltd >*	Australia	100	100
Pro Concrete Group Pty Limited *	Australia	100	100
De Martin & Gasparini Pumping Pty Ltd *	Australia	100	100
De Martin & Gasparini Contractors Pty Ltd *	Australia	100	100
Boral Precast Holdings Pty Ltd >*	Australia	100	100
Boral Construction Materials Group Ltd >*	Australia	100	100
Concrite Pty Ltd >*	Australia	100	100
Boral Resources (SA) Ltd >*	Australia	100	100
Bitumax Pty Ltd >*	Australia	100	100
Road Surfaces Group Pty Ltd >*	Australia	100	100
Alsafes Premix Concrete Pty Ltd >*	Australia	100	100

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 6: Group structure (continued)

6.3 Controlled entities (continued)

	Country of incorporation	Beneficial ownership by	
		Group 2021 %	Group 2020 %
Boral Transport Ltd >*	Australia	100	100
Boral Corporate Services Pty Ltd	Australia	100	100
Bitupave Ltd >*	Australia	100	100
Boral Resources (Country) Pty Ltd >*	Australia	100	100
Found Concrete Pty Ltd >*	Australia	100	100
Bayview Pty Ltd *	Australia	100	100
Dandenong Quarries Pty Ltd *	Australia	100	100
Boral Insurance Pty Ltd	Australia	100	100
Allen Taylor & Company Ltd >*	Australia	100	100
Oberon Softwood Holdings Pty Ltd >*	Australia	100	100
Duncan's Holdings Ltd >*	Australia	100	100
Boral Bricks Pty Ltd >*	Australia	100	100
Boral Masonry Pty Ltd >*	Australia	100	100
Boral Hollostone Masonry (South Aust) Pty Ltd >*	Australia	100	100
Boral Montoro Pty Ltd >*	Australia	100	100
Boral Timber Fibre Exports Pty Ltd >*	Australia	100	100
Boral Shared Business Services Pty Ltd >*	Australia	100	100
Boral Building Products Ltd >*	Australia	100	100
Boral Bricks Western Australia Pty Ltd >*	Australia	100	100
Boral IP Holdings (Australia) Pty Ltd	Australia	100	100
Boral Finance Pty Ltd >*	Australia	100	100

> Granted relief by the Australian Securities and Investments Commission (ASIC) from specified accounting requirements in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (refer to Note 8.7).

* Entered into cross guarantee with Boral Limited (refer to Note 8.7).

** Deregistered during the year.

+ Incorporated during the year.

< A Delaware general partnership.

All the shares held by Boral Limited in controlled entities are ordinary shares.

The following controlled entities were deregistered during the financial year ended 30 June 2021:

Entities deregistered:	Date of deregistration
Dutch Quality Stone, Inc. merged into Boral Stone Products LLC	October 2020

The following controlled entities had name changes during the financial year ended 30 June 2021:

Name changes during the financial period:
Pour Concrete Supply Pty Ltd to Found Concrete Pty Ltd

Section 7: Employee benefits

This section provides a breakdown of the various programs Boral uses to reward and recognise employees and key executives, including Key Management Personnel (KMP). Boral believes that these programs reinforce the value of ownership and incentives and drive performance both individually and collectively to deliver better returns to shareholders.

7.1 Employee liabilities

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date, are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for long service leave are measured as the present value of estimated future payments for the services provided by employees up to the reporting date. Liabilities that are not expected to be settled within 12 months are discounted at the reporting date using market yields of high-quality corporate bonds or government bonds for countries where there is no deep market for corporate bonds. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

	2021	2020
	\$m	\$m
Employee liabilities		
Current	93.2	119.7
Non-current	10.1	43.4
	103.3	163.1

7.2 Employee benefits expense

Employee benefits expense includes salaries and wages, defined contribution expenses, share-based payments and other entitlements.

	2021	2020
	\$m	\$m
Employee benefits expense ¹	1,148.6	1,333.7

1. Total defined contribution expense for the period was \$49.4 million (2020: \$52.3 million).

7.3 Share-based payments

The Group provides benefits to senior executives in the form of share-based payment transactions, whereby senior executives render services in exchange for options and/or rights over shares.

The cost of the share-based payments with employees is measured by reference to the fair value at the date at which they are granted, and amortised over the expected vesting period with a corresponding increase in equity. The amount recognised is adjusted to reflect the actual number of rights that vest, except for those that fail to vest due to market conditions not being achieved.

Significant accounting judgements, estimates and assumptions

The fair value at grant date is independently determined using a pricing model that takes into account the exercise price, the terms of the share-based payment, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the payment, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share-based payment.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 7: Employee benefits (continued)

7.3 Share-based payments (continued)

Share Acquisition Rights (SAR)

During the current year, SARs were issued under the Boral Equity Plan Rules. SARs issued with a Total Shareholder Return (TSR) hurdle were valued at \$2.52 per right, while SARs with a Return on Funds Employed (ROFE) target were valued at \$3.61 per right.

The following represents the inputs to the pricing model used in estimating fair value:

	2021	2020
Grant date share price	\$3.73	\$4.25
Risk-free rate	0.27%	0.67%
Dividend yield	2.40%	5.74%
Volatility factor	35%	25%

In addition, fixed equity rights were issued during the year in accordance with the contractual terms of the Group's Chief Executive Officer.

Further details of the terms and conditions of the issue of rights are contained in the Remuneration Report.

Set out below are summaries of share acquisition rights granted under the plans.

Rights	Grant date	Vesting date	Exercise price	Balance at beginning of the year	Issued during the year	Cancelled during the year	Vested and exercised during the year	Balance at end of the year
				Number	Number	Number	Number	Number
Consolidated – 2021								
TSR	1/9/2017	1/9/2020	\$0.00	1,555,955	-	(1,555,955)	-	-
ROFE	1/9/2017	1/9/2020	\$0.00	777,972	-	(777,972)	-	-
TSR	1/9/2018	1/9/2021	\$0.00	1,466,082	-	(473,596)	-	992,486
ROFE	1/9/2018	1/9/2021	\$0.00	733,036	-	(236,797)	-	496,239
Deferred STI	1/9/2018	1/9/2020	\$0.00	363,997	-	(303)	(363,694)	-
TSR	1/9/2019	1/9/2022	\$0.00	2,700,314	-	(747,761)	-	1,952,553
ROFE	1/9/2019	1/9/2022	\$0.00	1,350,153	-	(373,881)	-	976,272
Deferred STI	1/9/2019	1/9/2021	\$0.00	26,005	-	(885)	-	25,120
TSR	1/9/2020	1/9/2023	\$0.00	-	3,743,195	(218,473)	-	3,524,722
ROFE	1/9/2020	1/9/2023	\$0.00	-	1,871,599	(109,237)	-	1,762,362
Fixed equity ¹	1/7/2020	30/6/2021	\$0.00	-	39,464	-	-	39,464
				8,973,514	5,654,258	(4,494,860)	(363,694)	9,769,218

1. Fixed performance rights are fully vested as at 30 June 2021.

7.3 Share-based payments (continued)

Share Acquisition Rights (SAR) (continued)

Rights	Grant date	Expiry date	Exercise price	Balance at beginning of the year	Issued during the year	Cancelled during the year	Vested and exercised during the year	Balance at end of the year
				Number	Number	Number	Number	Number
Consolidated – 2020								
TSR	1/9/2016	1/9/2019	\$0.00	1,496,877	-	(1,496,877)	-	-
ROFE	1/9/2016	1/9/2019	\$0.00	748,410	-	(748,410)	-	-
TSR	1/9/2017	1/9/2020	\$0.00	1,771,294	-	(215,339)	-	1,555,955
ROFE	1/9/2017	1/9/2020	\$0.00	885,642	-	(107,670)	-	777,972
Deferred STI	1/9/2017	1/9/2019	\$0.00	480,523	-	(11,119)	(469,404)	-
TSR	1/9/2018	1/9/2021	\$0.00	1,884,334	-	(418,252)	-	1,466,082
ROFE	1/9/2018	1/9/2021	\$0.00	942,166	-	(209,130)	-	733,036
Deferred STI	1/9/2018	1/9/2020	\$0.00	477,673	-	(113,676)	-	363,997
TSR	1/9/2019	1/9/2022	\$0.00	-	3,397,339	(697,025)	-	2,700,314
ROFE	1/9/2019	1/9/2022	\$0.00	-	1,698,665	(348,512)	-	1,350,153
Deferred STI	1/9/2019	1/9/2021	\$0.00	-	26,005	-	-	26,005
				8,686,919	5,122,009	(4,366,010)	(469,404)	8,973,514

During the year ended 30 June 2021, the Group recognised a reversal of expense of \$0.1 million (2020: \$5.8 million expense recognised) in relation to share-based payments.

7.4 Key management personnel disclosures

Key management personnel compensation is set out below. Detailed remuneration disclosures are provided in the audited Remuneration Report section in the Directors' Report.

	2021	2020
	\$'000	\$'000
Short-term employee benefits	5,993.7	6,897.1
Post-employment benefits	248.9	546.4
Separation payments	1,000.0	2,903.1
Share-based payments	1,446.2	2,120.7
Long-term employee benefits	61.1	113.8
	8,749.9	12,581.1

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 8: Other notes

This section provides details on other required disclosures relating to the Group to comply with the accounting standards and other pronouncements.

8.1 Contingent liabilities

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events that is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

The Group presently has litigation, tax and other claims, for which the timing of resolution and the potential economic outflow are uncertain.

Bank guarantees

The Group has granted indemnities to banks to cover bank guarantees given on behalf of controlled entities to a maximum exposure of \$41.6 million (2020: \$43.2 million).

Environmental contingent liabilities

The Group's activities have historically involved the extraction of resources from the natural environment as well as the handling of materials that could contaminate the natural environment. As a consequence of these activities, the Group has incurred and may continue to incur environmental costs associated with closure, remediation, aftercare and monitoring. Provisions have been recognised for sites where obligations are known to exist and the cost can be reliably measured. However, additional environmental costs may be incurred due to factors outside of the Group's control such as changes in the laws and regulations that govern land use and environmental protection across the various jurisdictions in which we operate.

Shareholder class action

During 2020, Boral Limited was served with three shareholder class action proceedings filed in the Federal Court by Quinn Emanuel, Maurice Blackburn, and Phi Finney McDonald. The proceedings allege disclosure breaches in relation to financial irregularities in Boral's North American Windows business. The Federal Court considered the multiplicity of claims during March 2021, determining that the Maurice Blackburn filed class action could continue on an open basis and that the Quinn Emanuel filed class action would be permanently stayed. The Federal Court is still determining how the Phi Finney McDonald filed proceeding will be dealt with. It is not possible to determine the ultimate impact, if any, of the proceedings on Boral. Boral continues to vigorously defend the proceedings.

8.2 Subsequent events

On 14 July 2021, the Group announced the completion of the on-market share buy-back, having acquired 122,565,379 ordinary shares for the total consideration of \$859.5 million, being approximately \$7.01 per share.

On 26 July 2021, the Group has announced that it has entered into an agreement with Allied Natural Wood Enterprises Pty Limited (Pentarch Group) to sell its Australian hardwood and softwood timber business for \$64.5 million, subject to customary completion adjustments.

Network Investment Holdings Pty Limited, a wholly owned subsidiary of Seven Group Holdings Limited, obtained control of the Group subsequent to 30 June 2021 as a result of its off-market takeover offer. Network Investment Holdings Pty Limited finished with an ownership interest of 69.6% upon completion of the takeover offer.

On 30 July 2021, the Group announced that Ryan Stokes has been appointed Chairman of the Board of Directors, Richard Richards has been appointed as a Director and Kathryn Fagg has retired from the Board. In addition, Peter Alexander and Deborah O'Toole will retire from the Board immediately following Boral's AGM in October 2021.

8.3 Commitments

	2021	2020
	\$m	\$m
Capital expenditure commitments		
Contracted but not provided for are payable as follows:		
Not later than one year	26.8	21.6

The capital expenditure commitments are in respect of the purchase of plant and equipment.

8.4 Auditors' remuneration

	2021	2020
	\$'000	\$'000
Audit and review services:		
Auditors of the Group – KPMG		
Audit and review of financial statements – Group	2,301	3,158
Audit and review of financial statements – controlled entities ¹	1,520	-
	3,821	3,158
Assurance services:		
Auditors of the Group – KPMG		
Other assurance services	49	156
Other services:		
Auditors of the Group – KPMG		
Taxation services	426	397
Due diligence	166	813
Advisory	85	26
	677	1,236
	4,547	4,550

1. This relates to the audit and review of 30 June 2019 and 30 June 2020 financial statements on the disposal of North American operations.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 8: Other notes (continued)

8.5 Related party disclosures

Controlled entities

Interests held in controlled entities are set out in Note 6.3.

Associated entities

Interests held in associated entities are set out in Note 6.2. The business activities of a number of these entities are conducted under joint venture arrangements. Associated entities conduct business transactions with various controlled entities. Such transactions include purchases and sales of certain products, dividends, interest and loans. All such transactions are conducted on the basis of normal commercial terms and conditions.

	2021	2020
	\$m	\$m
Sale of goods and services		
Associates	51.0	89.9
Purchase of goods and services		
Associates	104.4	101.8
Others		
Associates		
Loan receivable	23.3	18.6
Payables	2.7	1.9

Director transactions with the Group

Transactions entered into during the year with Directors of Boral Limited and the Group are within normal employee, customer or supplier relationships on terms and conditions no more favourable than dealings in the same circumstances on an arm's length basis and include:

- the receipt of dividends from Boral Limited;
- participation in the Boral Long Term Incentive Plan;
- terms and conditions of employment;
- reimbursement of expenses; and
- purchases of goods and services.

A number of Directors of the Company hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions no more favourable than those available on an arm's length basis.

8.6 Parent entity disclosures

	BORAL LIMITED	
	2021	2020
For the year ended 30 June	\$m	\$m
RESULT OF THE PARENT ENTITY		
Profit/(loss) after tax	33.3	(379.4)
Other comprehensive income after tax	-	0.9
Total comprehensive income/(loss) for the period	33.3	(378.5)
SUMMARISED BALANCE SHEET		
Current assets	3,699.7	4,232.8
Non-current assets	1,347.8	1,394.4
Total assets	5,047.5	5,627.2
Current liabilities	748.2	801.9
Non-current liabilities	276.1	297.1
Total liabilities	1,024.3	1,099.0
Net assets	4,023.2	4,528.2
Issued capital	3,839.5	4,376.4
Reserves	39.7	41.1
Retained earnings	144.0	110.7
Total equity	4,023.2	4,528.2

Parent entity contingencies

Bank guarantees

The Company has granted indemnities to banks to cover bank guarantees given on behalf of controlled entities to a maximum exposure of \$17.1 million (2020: \$16.7 million).

Shareholder class action

During 2020, Boral Limited was served with three shareholder class action proceedings filed in the Federal Court by Quinn Emanuel, Maurice Blackburn, and Phi Finney McDonald. The proceedings allege disclosure breaches in relation to financial irregularities in Boral's North American Windows business. The Federal Court considered the multiplicity of claims during March 2021, determining that the Maurice Blackburn filed class action could continue on an open basis and that the Quinn Emanuel filed class action would be permanently stayed. The Federal Court is still determining how the Phi Finney McDonald filed proceeding will be dealt with. It is not possible to determine the ultimate impact, if any, of the proceedings on Boral. Boral continues to vigorously defend the proceedings.

Notes to the Financial Statements

Boral Limited and Controlled Entities

(continued)

Section 8: Other notes (continued)

8.7 Deed of cross guarantee

Under the terms of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, certain wholly owned controlled entities have been granted relief from the requirement to prepare audited financial reports. Boral Limited has entered into an approved deed of indemnity for the cross guarantee of liabilities with those controlled entities identified in Note 6.3.

The following consolidated Statement of Comprehensive Income and Balance Sheet comprises Boral Limited and its controlled entities which are party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed.

During the current financial year, the Group made significant progress resetting the portfolio including:

- completing the sale of the Midland Brick business, which generated a profit before tax of \$2.4 million; and
- progressing the portfolio review and the decision to exit Australian Building Products businesses, including entering into an agreement to dispose the Australian Timber business post-year end.

The earnings in the current and comparative periods for these businesses have been reclassified to 'Discontinued Operations' in the Statement of Comprehensive Income below.

	2021	2020 ¹
	\$m	\$m
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	2,924.1	3,173.6
Profit/(loss) before income tax expense	592.5	(911.7)
Income tax (expense)/benefit	(33.5)	26.5
Profit/(loss) from continuing operations	559.0	(885.2)
Discontinued operations		
Profit/(loss) from discontinued operations (net of income tax)	43.7	(32.9)
Net profit/(loss)	602.7	(918.1)
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Exchange differences from translation of foreign operations taken to equity	(17.5)	(19.5)
Fair value adjustment on cash flow hedges	22.3	(8.9)
Income tax on items that may be reclassified subsequently to Income Statement	(6.7)	2.7
Total comprehensive income/(loss)	600.8	(943.8)
Reconciliation of movements in retained earnings		
Balance at the beginning of the year	85.2	1,319.1
Transition impact from implementation of AASB 16	-	(12.3)
IFRIC decision – software capitalisation ¹	-	(33.8)
Net profit/(loss)	602.7	(918.1)
Dividends paid	-	(269.7)
Balance at the end of the year	687.9	85.2

1. Restated, refer to Note 1c for further details.

8.7 Deed of cross guarantee (continued)

	2021	2020 ¹
	\$m	\$m
BALANCE SHEET		
CURRENT ASSETS		
Cash and cash equivalents	873.5	291.3
Receivables	616.5	448.5
Inventories	213.6	366.6
Financial assets	11.6	4.7
Current tax assets	13.4	12.5
Other assets	28.7	32.2
Assets classified as held for sale	112.0	84.2
TOTAL CURRENT ASSETS	1,869.3	1,240.0
NON-CURRENT ASSETS		
Receivables	24.1	16.5
Inventories	4.8	11.2
Investments accounted for using the equity method	15.1	1,055.7
Financial assets	2,715.7	2,752.0
Property, plant and equipment	2,031.7	2,067.6
Intangible assets	72.4	74.3
Deferred tax assets	132.9	162.5
Other assets	25.0	18.3
TOTAL NON-CURRENT ASSETS	5,021.7	6,158.1
TOTAL ASSETS	6,891.0	7,398.1
CURRENT LIABILITIES		
Payables	826.9	719.8
Interest bearing liabilities	46.3	60.5
Financial liabilities	22.1	13.7
Employee benefit liabilities	93.2	105.2
Provisions	29.9	45.2
Liabilities classified as held for sale	43.0	10.3
TOTAL CURRENT LIABILITIES	1,061.4	954.7
NON-CURRENT LIABILITIES		
Interest bearing liabilities	1,202.6	1,778.9
Financial liabilities	19.4	26.6
Employee benefit liabilities	10.1	9.5
Provisions	100.5	87.7
Other liabilities	0.4	6.4
TOTAL NON-CURRENT LIABILITIES	1,333.0	1,909.1
TOTAL LIABILITIES	2,394.4	2,863.8
NET ASSETS	4,496.6	4,534.3
EQUITY		
Issued capital	3,839.5	4,376.4
Reserves	(30.8)	72.7
Retained earnings	687.9	85.2
TOTAL EQUITY	4,496.6	4,534.3

1. Restated, refer to Note 1c for further details.

Statutory Statements

Boral Limited and Controlled Entities

Directors' Declaration

1. In the opinion of the Directors of Boral Limited:
 - (a) the consolidated financial statements and notes set out on pages 84 to 155 and the Remuneration Report in the Directors' Report, set out on pages 59 to 83, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that Boral Limited and the controlled entities identified in Note 6.3 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between Boral Limited and those controlled entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2021.
4. The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Ryan Stokes AO
Chairman



Zlatko Todorovski
CEO & Managing Director

Sydney, 24 August 2021



Independent Auditor's Report to the shareholders of Boral Limited

Report on the audit of the Financial Report

Opinion

We have audited the *Financial Report* of Boral Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the *Group's* financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The *Financial Report* comprises:

- Balance Sheet as at 30 June 2021;
- Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The *Group* consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The *Key Audit Matters* we identified are:

- Accounting and presentation of assets and liabilities held for sale and discontinued operations;
- Availability and recoverability of US Federal and US State tax loss assets; and
- Accounting for revenue from continuing operations.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Statutory Statements

Boral Limited and Controlled Entities

(continued)

Accounting and presentation of assets and liabilities held for sale and discontinued operations

Refer to Note 6.1 of the Financial Report

The Key Audit Matter

Boral have divested, or are in the process of divesting, a number of businesses. These include USG Boral, Boral North America (comprising Fly Ash, Building Products and Meridian Brick joint venture) and Australian Building Products (comprising Midland Brick, Timber and Roofing and Masonry). This has led to recognition of \$3,626.1m and \$610.3m respectively of assets and liabilities held for sale, and profit after tax from discontinued operations of \$620.8m.

We considered the accounting and presentation of held for sale assets and liabilities and discontinued operations to be a Key Audit Matter due to:

- significance in quantum and scale of the businesses to the Group's income statement and balance sheet;
- judgements applied by the Group when assessing the status of the divestments against the requirements of the Australian Accounting Standards as at 30 June 2021; and
- judgements applied by the Group when assessing events occurring after the reporting date but before the financial statements are authorised for issue.

In assessing this Key Audit Matter, we involved senior audit team members, including our component auditors, who understand Boral's businesses, and the industries and economic environment in which they operate.

How the matter was addressed in our audit

Our procedures included, amongst others, for each disposal group held for sale and completed disposal transaction:

- reading the relevant transaction or other documents, including minutes of Board meetings, to understand the terms and conditions of the disposals;
- assessing the criteria for each disposal group to be recognised and measured as held for sale at the balance date against the criteria in the Australian Accounting Standards;
- assessing the identification of assets and liabilities classified as held for sale on a sample basis, comparing to transaction documents and underlying financial records;
- checking the assessment of fair value less costs to sell by comparing amounts to relevant transaction or other documents or sales offers received;
- comparing the carrying value to the fair value less costs to sell basis for the measurement of held for sale assets and liabilities;
- evaluating the substance of the disposals, using the terms and conditions of the transaction or other documents, against the criteria for discontinued operations in the accounting standards; and
- assessing the disclosure in the Financial Report relating to the disposals, including the restatement of prior period information to reflect the impact of discontinued operations, against the requirements in the Australian Accounting Standards.

Availability and recoverability of US Federal and US State tax loss assets

Refer to Note 5.2 of the Financial Report

The Key Audit Matter

Boral has recognised deferred tax assets of \$131.4m and \$12.3m relating to US Federal and US State tax losses respectively as at 30 June 2021. \$628.1m (gross) of US State tax losses remain unrecognised.

We considered the availability and recoverability of US Federal and State tax loss assets to be a Key Audit Matter due to:

- the complexity of US laws and regulations governing the continued availability of tax losses, particularly in assessing the potential impact of the Seven Group Holdings Limited achieving a greater than 50% ownership post 30 June 2021 on continuity of ownership test requirements; and
- the significant level of judgement required to audit forward looking estimates on Boral's assessment of the future utilisation of tax losses via generation of taxable income, which are inherently subjective.

In assessing this Key Audit Matter, we involved senior audit team members and our US taxation specialists, who understand Boral's US business, industry and the economic and regulatory environment it operates in.

How the matter was addressed in our audit

Our procedures included, amongst others:

- assessing the competence, capability and objectivity of Boral's taxation experts who prepared the US continuity of ownership assessment;
- with the involvement of our US taxation specialists, examining the results of the continuity of ownership assessment regarding the availability of US Federal and US State tax losses for utilisation;
- analysing the forecast timing of utilisation of US Federal and US State tax losses with reference to forecast future taxable income and the anticipated taxable outcomes arising from the sale of US businesses; and
- assessing the impact of the Seven Group Holdings Limited achieving a greater than 50% ownership and the consequent change in control event that is likely to have occurred on or around 15 July 2021 on the availability and recoverability of the remaining US losses.

Statutory Statements

Boral Limited and Controlled Entities

(continued)

Accounting for revenue from continuing operations

Refer to Note 2.2a of the Financial Report

The Key Audit Matter

We considered the accounting for revenue from continuing operations to be a key audit matter due to:

- the significance of revenue to the financial report;
- the number of different products and service categories that may have differing revenue accounting requirements that require our procedures and evaluation to be different across these categories; and
- judgement involved in certain categories such as revenue relating to long term contracts.

In assessing this Key Audit Matter, we involved senior audit team members, including our component auditors, who understand Boral's businesses, revenue streams and sources of other income.

How the matter was addressed in our audit

Our procedures included, amongst others:

- considering the appropriateness of the Group's accounting policies regarding revenue recognition against the requirements of the Australian Accounting Standards;
- testing relevant controls over revenue recognition and measurement;
- checking a sample, by revenue stream, to customer acceptance such as signed proof of delivery documentation;
- testing a sample of long-term contracts accounted for using the input method by:
 - reading the contract terms and conditions to understand relevant characteristics;
 - comparing revenue, actual costs and forecast costs to underlying documentation including signed contracts and variations with customers, information provided by third parties and internal forecast cost estimates; and
 - checking the mathematical accuracy of Boral's revenue calculation;
- checking a sample of revenue transactions recorded in June 2021 and July 2021 to signed customer acceptances to determine revenue recognised in the correct financial year; and
- assessing the Group's disclosures regarding revenue recognition against the requirements of Australia Accounting Standards.

Other Information

Other Information is financial and non-financial information in Boral Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Boral Limited for the year ended 30 June 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Statutory Statements

Boral Limited and Controlled Entities

(continued)

Our responsibilities

We have audited the Remuneration Report included in pages 59 to 83 of the Directors' Report for the year ended 30 June 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Kenneth Reid

Partner

Sydney, 24 August 2021

Shareholder communications

Enquiries or notifications by shareholders regarding their shareholdings or dividends should be directed to Boral's share registry:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

Hand deliveries to:
Level 12, 680 George Street
Sydney NSW 2000 Australia
Telephone +61 1300 730 644
Facsimile +61 2 9287 0303

Online services

Shareholders can access and update information about their Boral shareholdings via the internet by visiting Link Market Services' website at www.linkmarketservices.com.au or Boral's website at www.boral.com.

Some of the services available online include: checking current and previous holding balances, choosing a preferred Annual Report option, updating address and bank details, confirming that a tax file number (TFN), Australian business number (ABN) or proof of exemption has been lodged, checking the share prices and graphs, and downloading a variety of forms.

Dividends

The Board has determined not to pay a final dividend for FY2021.

Dividend Reinvestment Plan

Boral's Dividend Reinvestment Plan (DRP) was reactivated in February 2020. For additional information on the DRP please visit Boral's website.

Dividend payments

Boral uses direct credit as the preferred method for paying cash dividends.

For those shareholders with a registered address in Australia or New Zealand, dividend payments will only be made by direct credit to a nominated bank account (rather than by cheque posted to a registered address). To provide or update bank account details, please contact the share registry or visit its website at www.linkmarketservices.com.au.

Shareholders who don't have a registered address in Australia or New Zealand and who wish their dividends to be paid directly to a bank, building society or credit union account in Australia or New Zealand should contact the share registry or visit its website at www.linkmarketservices.com.au for an application form. Payments are electronically credited on the dividend payment date and confirmed by a payment advice mailed to the shareholder's registered address. All instructions received remain in force until amended or cancelled in writing.

Shareholders are also reminded to bank dividend cheques as soon as possible. Dividend cheques that are not banked are required to be handed over to the Chief Commissioner of State Revenue under the *Unclaimed Money Act 1995* (NSW).

Tax or exemption

Shareholders are strongly advised to lodge their TFN, ABN or exemption. If these details are not lodged with the share registry, Boral Limited is obliged to deduct tax at the highest marginal rate (plus the Medicare levy) from the unfranked portion of any dividend payment. Certain pensioners are exempt from supplying a TFN. Shareholders can confirm whether they have lodged a TFN, ABN or exemption via the internet at www.linkmarketservices.com.au.

Uncertificated forms of shareholding

Two forms of uncertificated holdings are available to Boral shareholders:

Issuer-sponsored holdings: this type of holding is sponsored by Boral and provides shareholders with the advantages of uncertificated holdings without the need to be sponsored by any particular stockbroker.

Broker-sponsored holdings (CHESS): shareholders may arrange to be sponsored by a stockbroker (or certain other financial institutions) and are required to sign a sponsorship agreement appointing the sponsor as their 'controlling participant' for the purposes of CHESS. This type of holding is likely to attract regular stock market traders or those shareholders who have their share portfolio managed by a stockbroker.

Holding statements are issued to shareholders not later than five business days after the end of any month in which transactions alter the balance of a holding. Shareholders requiring replacement holding statements should request them from their controlling participant.

Shareholders communicating with the share registry should have to hand their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as it appears on the Issuer Sponsored/CHESS holding statements or dividend statements. For security reasons, shareholders should keep their Securityholder Reference Numbers confidential.

Shareholder Information

Boral Limited and Controlled Entities

(continued)

Annual report mailing list

Shareholders are able to update their preferences for receiving the annual report via the Link Market Services or Boral websites, and can nominate to receive email notification of the release of the Annual Report and then access it via a link.

Change of address

Issuer-sponsored shareholders should notify any change of address to the share registry promptly. This can be done via the Link Market Services website or in writing quoting their Securityholder Reference Number, previous address and new address. Change of Address application forms are also available for download via the Link Market Services or Boral websites. Broker-sponsored (CHES) holders must advise their sponsoring broker of the change.

Information on Boral

Boral has a comprehensive website featuring news items, announcements, corporate information and a wide range of product and service information. Boral's internet address is www.boral.com.

The Annual Report is the main source of information for shareholders. Other sources of information include:

- February – the interim results announcement for the December half year
- August – the annual results announcement for the year ended 30 June, and
- October/November – the Annual General Meeting.

Requests for publications and other enquiries about Boral's affairs should be addressed to:

Group Communications & Investor Relations
Boral Limited
PO Box 1228
North Sydney NSW 2059

Enquiries can also be made via email: info@boral.com.au.
Or visit Boral's website at www.boral.com.

Share trading and price

Boral shares are traded on the Australian Securities Exchange Limited (ASX).

The stock code under which they are traded is 'BLD' and the details of trading activity are available on the internet and published in most daily newspapers under that abbreviation.

Share sale facility

Issuer-sponsored shareholders, particularly small shareholders, can sell their entire Boral shareholding using the share registry's sale facility.

To do so, contact Link Market Services' Share Sale Centre on +61 1300 730 644.

American depositary receipts (ADRs)

In the USA, Boral shares are traded in the over-the-counter market in the form of ADRs issued by the depositary, The Bank of New York Mellon (BNY Mellon). Each ADR represents four ordinary Boral shares.

Holders of Boral's ADRs should contact BNY Mellon on all matters relating to their ADR holdings.

By mail:
BNY Mellon Shareowner Services
PO Box 30170
College Station, TX 77842-3170
USA

By telephone:
To speak directly to a BNY Mellon representative, please call 1-888-BNY-ADRS (1-888-269-2377) if calling from within the United States. If calling from outside the United States, please call 201-680-6825.

By email:
Send email enquiries to shrrelations@bnymellon.com or visit the website at www.bnymellon.com/shareowner.

Share information as at 20 August 2021

Substantial shareholders

Seven Group Holdings Limited, by notice of change of interest of substantial holder dated 30 July 2021, advised that it and its associates were entitled to 767,751,883 ordinary shares (69.60% of voting power).

Macquarie Group Limited, by notice of change of interest of initial substantial holder dated 6 August 2021, advised that it and its associates were entitled to 81,061,166 ordinary shares (7.34% of voting power).

Rights granted under the Equity Incentive Plan

As at 20 August 2021, Boral Limited had 9,769,218 unquoted rights under its Equity Incentive Plan for which the number of holders was 111.

Rights do not give the holder an entitlement to be issued Boral Limited shares, and do not confer any voting rights on the holder, unless and until those rights vest (subject to performance hurdles) and are converted into shares.

Share information as at 20 August 2021 (continued)

Distribution schedule of shareholders as at 20 August 2021

Size of shareholding	Number of shareholders	% of ordinary shares
(a) in the categories –		
1 to 1,000	24,797	1.07
1,001 to 5,000	23,309	5.03
5,001 to 10,000	4,687	3.05
10,001 to 100,000	2,858	5.28
100,001 and over	115	85.58
	55,766	100
(b) holding less than a marketable parcel (75 shares)	1,306	0.01

Voting rights – ordinary shares

On a show of hands, every person present, who is a member or proxy, attorney or representative of a member, shall have one vote and on a poll every member who is present in person or by proxy, attorney or representative shall have one vote for each share held by him or her.

On-market share buy-back

On 19 April 2021 Boral commenced an on-market share buy-back to acquire up to 10% of the issued ordinary shares of the Company. Boral announced completion of the share buy-back on 14 July 2021, having acquired 122,565,379 ordinary shares on-market for the total consideration of \$859,466,693, being approximately \$7.01 per share.

On-market acquisitions for employee incentive schemes during the financial year ended 30 June 2021

No shares were purchased on market to satisfy entitlements under Boral's employee incentive schemes.

Twenty largest shareholders as at 20 August 2021

	Ordinary shares	% of ordinary shares
1 NETWORK INVESTMENT HOLDINGS PTY LTD	699,816,265	63.43
2 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	82,591,710	7.49
3 BUTTONWOOD NOMINEES PTY LTD	52,805,262	4.79
4 J P MORGAN NOMINEES AUSTRALIA LIMITED	30,029,160	2.72
5 CITICORP NOMINEES PTY LIMITED	17,170,633	1.56
6 NATIONAL NOMINEES LIMITED	10,443,271	0.95
7 WOODROSS NOMINEES PTY LTD	10,015,840	0.91
8 BNP PARIBAS NOMS PTY LTD	4,420,470	0.40
9 BNP PARIBAS NOMS PTY LTD <BARCLAYS DRP A/C>	2,307,837	0.21
10 PACIFIC CUSTODIANS PTY LIMITED	2,021,814	0.18
11 EQUITAS NOMINEES PTY LIMITED	1,842,265	0.17
12 CS THIRD NOMINEES PTY LIMITED	1,760,344	0.16
13 MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD	1,515,065	0.14
14 BROADGATE INVESTMENTS PTY LTD	1,491,757	0.14
15 HSBC CUSTODY NOMINEES (AUST) LTD <EUROCLEAR BANK A/C>	1,400,100	0.13
16 MERRILL LYNCH (AUSTRALIA) NOMS PTY LTD <MLPRO A/C>	1,366,333	0.12
17 NETWEALTH INVESTMENTS LIMITED	1,206,437	0.11
18 BNP PARIBAS NOMINEES PTY LTD <SIX SIS LTD DRP A/C>	1,162,067	0.11
19 PORTMAN TRADING PTY LIMITED	1,013,830	0.09
20 INVIA CUSTODIAN PTY LIMITED	887,848	0.08

Financial History

Boral Limited and Controlled Entities

BORAL ANNUAL REPORT 2021

30 June	2021	2020 ⁶	2019	2018	2017	2016	2015	2014	2013	2012
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue	5,346	5,728	5,861	5,869	4,388	4,311	4,415	5,204	5,286	5,010
Earnings before interest, tax, depreciation and amortisation (EBITDA) ¹	882	807	1,010	1,051	720	645	605	556	519	473
Depreciation and amortisation	437	483	378	368	260	247	249	261	291	273
Earnings before interest and tax (EBIT) ¹	445	324	632	684	460	398	357	294	228	200
Net interest expense ¹	(131)	(126)	(103)	(104)	(51)	(63)	(64)	(83)	(97)	(88)
Profit before tax ¹	314	197	529	580	409	335	293	211	130	111
Income tax expense ¹	(63)	(24)	(110)	(110)	(67)	(67)	(44)	(37)	(20)	(9)
Non-controlling interests	-	-	-	-	-	-	-	(3)	(6)	(1)
Profit after tax ¹	251	174	419	469	343	268	249	171	104	101
Significant items – net of tax	389	(1,318)	(168)	(32)	(46)	(12)	8	2	(316)	75
Net profit/(loss) attributable to members of Boral Limited	640	(1,145)	251	437	297	256	257	173	(212)	177
Total assets	7,584	9,162	9,520	9,507	9,381	5,801	5,865	5,559	6,316	6,499
Total liabilities	3,220	4,667	3,688	3,781	3,940	2,294	2,341	2,211	2,923	3,096
Net assets	4,364	4,495	5,832	5,726	5,441	3,506	3,524	3,348	3,394	3,403
Net debt	899	2,580	2,193	2,453	2,333	893	817	718	1,446	1,518
Funds employed ²	5,162	6,918	8,019	8,168	7,833	4,199	4,192	4,002	4,783	5,025
Dividends paid or declared	-	111	311	311	281	167	139	117	85	82
Statistics										
Dividend per ordinary share	-	9.5c	26.5c	26.5c	24.0c	22.5c	18.0c	15.0c	11.0c	11.0c
Dividend payout ratio ¹	-	64%	74%	66%	82%	62%	56%	68%	81%	81%
Dividend cover ¹	-	1.6	1.3	1.5	1.2	1.6	1.8	1.5	1.2	1.2
Earnings per ordinary share ¹	20.6c	14.5c	35.7c	40.0c	33.7c	35.8c	31.9c	22.0c	13.6c	13.6c
Earnings per ordinary share ^{1,3}	20.6c	14.5c	35.7c	40.0c	33.7c	33.3c	29.7c	20.5c	12.7c	12.7c
Return on equity ¹	5.7%	3.9%	7.2%	8.2%	6.3%	7.6%	7.1%	5.1%	3.2%	3.0%
EBIT to sales ¹	8.3%	5.7%	10.8%	11.7%	10.5%	9.2%	8.1%	5.7%	4.3%	4.0%
ROFE ^{4,5} (EBIT ¹ to average funds employed)	7.4%	4.3%	7.8%	8.5%	7.6%	9.5%	8.7%	6.7%	4.6%	4.5%
Net interest cover (times) ¹	3.4	2.6	6.1	6.6	9.1	6.3	5.6	3.5	2.3	2.3
Gearing (net debt to equity)	21%	57%	38%	43%	43%	25%	23%	21%	43%	45%
Gearing (net debt to net debt plus equity)	17%	36%	27%	30%	30%	20%	19%	18%	30%	31%
Net tangible asset backing per share	\$2.06	\$1.85	\$2.10	\$1.99	\$1.79	\$4.40	\$4.31	\$4.03	\$3.17	\$3.31

1. Excludes significant items.

2. Funds employed has been restated to exclude tax balances.

3. Adjusted to reflect the bonus element in the renounceable entitlement offer that occurred during November and December 2016.

4. Return on funds employed (ROFE) is calculated as EBIT before significant items on funds employed (average of opening and closing funds employed for the year).

5. Refer to the Remuneration Report for a discussion of how ROFE is used as an additional performance hurdle under the Company's Long Term Incentive Plan.

6. Certain financial figures have been restated. Refer to Note 1c and 1d for further details.

Results have been prepared under Australian equivalents to International Financial Reporting Standards (A-IFRS).

Figures may not add due to rounding.



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AGM DETAILS

The Annual General Meeting
of Boral Limited will be held on
Thursday, 28 October 2021
at 10.30am (Sydney time).

Find Boral's reporting suite at www.boral.com

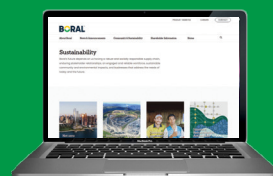
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