

Boral



We are continuing to lift performance in the short-term
and develop a sustainable position for the long-term

Boral Limited Sustainability Report 2009



Boral's overriding objective is to "deliver superior returns in a sustainable way" in a financial, social and environmental sense.

About this report

This Sustainability Report is Boral's sixth annual sustainability report. The Report addresses the issues we have identified as most important to our stakeholders and outlines our sustainability strategy, management approach, priorities and goals, and performance. Our stakeholders include: shareholders, employees, customers, suppliers and contractors, local communities and neighbours, and government and regulators.

The data included in this Report are for Boral Limited and 100% Boral owned and controlled subsidiaries, unless otherwise stated, and are for the year ended 30 June 2009.

The data and commentary in this Report are assured in accordance with the AA1000 Assurance Standard 2008 (refer to page s42), which requires the report to be assessed against the principles of Inclusivity, Materiality and Responsiveness.

Our report applies the Global Reporting Initiative (GRI) reporting framework to an A+ level, which means that we have undertaken all G3 Profile and Management Approach disclosures and reported on all core indicators. We have provided an explanation about any core indicators that we have not reported against. The GRI Index is available on our website www.boral.com.au/sustainability.

Any feedback or queries on our sustainability performance and reporting should be directed through the "Contact Us" link on our website (www.boral.com.au) or by contacting Boral Corporate Affairs at CorporateAffairs@boral.com.au or on (02) 9220 6300.

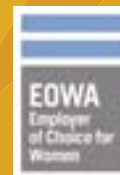
External recognition



Since 2005



CRI Leaders Network in 2009



Since 2008



Climate Leadership Index (Aus-NZ) member since 2006



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Front Cover: Emily Strang, Peter Bush, Steve Podmore and Andrea Pidcock in training for the JDRF Ride to Cure Diabetes held in South Australia each January.

Boral is an integrated resource-based manufacturing company with strong upstream reserves and downstream market positions in building and construction materials markets in Australia, the USA and Asia.

We have 14,766 full-time equivalent employees around 5,700 full-time equivalent contractors and some 3,000 joint venture employees working across 706 operating sites and 143 distribution sites and offices in 13 countries.

Boral had sales of \$4.9 billion in 2008/09 and is listed on the Australian Securities Exchange.

Our resources

Boral has long-term and well positioned hard rock, sand and gravel reserves as well as valuable limestone, shale, clay and gypsum reserves. Boral's access to timber resources are primarily through long-term supply agreements with Forests NSW.

Our products

We produce and distribute a broad range of construction materials, including quarry products, cement, fly ash, concrete and asphalt; and building products including clay bricks and pavers, clay and concrete roof tiles, concrete masonry products, plasterboard, windows and timber.

Our markets

We are generally number one or two in the markets in which we operate. We service the building and construction materials segments, including new residential, non-residential and major infrastructure projects such as roads, highways, subdivisions and bridges.

In 2008/09, most of Boral's markets declined as a result of the global recession. In response, production was lowered and cost reduction programs were implemented. Nevertheless, our sustainability programs continued and capital investments made in recent years delivered environmental benefits.

Key performance outcomes for 2008/09:

- Lost time injury frequency rate down 28% to **1.8**, which was better than targeted performance improvement
- Employee turnover of **24%** in line with last year remains high due to a reduction in the workforce, particularly in the USA, resulting from the economic downturn
- Mains water consumption down 22% to **2,285 million litres**, reflecting lower production, higher use of rainwater and water efficiency gains
- Greenhouse gas emissions down 8% to **3.62 million tonnes** of CO₂, mainly due to lower production
- By-products and waste material re-used or recycled of **4.62 million tonnes**, down by 17% reflecting lower production volumes

Extraction



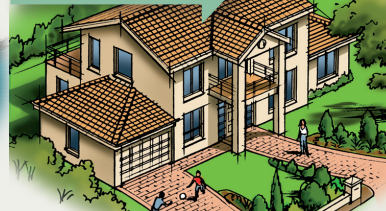
Manufacturing



Distribution



Product use



End of life



Message from the Managing Director



Rod Pearce

In 2000, at my first Annual General Meeting as Boral's CEO, a shareholder asked the question, "What sort of improvement targets are being set in areas such as ethics and employee relations and how will we know you've improved by next year?" I was also asked, "How is Boral meeting its responsibilities in regard to greenhouse gas emissions?"

These simple questions had quite an impact on what we did next. We had already set clear financial objectives and targets and disclosed them publicly and had started to think about the development of the Boral Sustainability Diagnostic Tool (BSDT) as an internal tool. However, our shareholders' questions and broader interest in Boral's sustainability performance strengthened our resolve to set challenging targets and establish a framework against which to report our performance.

This year, we completed the fifth round of BSDT assessments since its introduction in 2001. With an overall score of 3.1, Boral's businesses are broadly performing at Industry Best Practice (Level 3) across 20 areas of sustainability, which was a target that we had set ourselves eight years ago. We have clearly demonstrated continuous improvement since 2001 when our businesses received an average BSDT score of 1.55. Pleasingly, our 2009 score of 3.1 out of a possible 4.0 (World's Best Practice), has been achieved at the same time as the standards required to reach each BSDT level have been reviewed and increased in line with higher community expectations and global standards.

To demonstrate best practice performance at these levels, our businesses are required to have: data collection systems and measurable targets in place; comprehensive stakeholder programs; integrated risk management systems; formalised sustainability programs; a good understanding of how we are performing relative to our peers; and demonstrated performance improvement.

Safety

Over the past 10 years and in 2008/09, Boral's safety performance has strengthened, with strong improvements in the key performance indicators of lost time injury frequency rate (LTIFR) and percentage hours lost.

Our safety targets are set at a 25% improvement on the last three-year average for each of Boral's divisions. Overall, Boral's performance was again ahead of target in 2008/09. Employee LTIFR of 1.8 compares with an improvement target of 2.5 and percentage hours lost of 0.06 was better than the targeted improvement of 0.07. Contractor LTIFR of 2.4 was a 58% improvement on last year and compares with a targeted improvement of 4.9. All divisions except Timber were broadly in line with or better than their employee safety targets and all divisions except Plasterboard exceeded their contractor safety targets.

The greatest disappointment in our performance in 2008/09 was the tragic transport related death of an employee in Indonesia in November 2008. The employee, a security guard at our Jelambar concrete batching plant in Central Jakarta, was fatally injured in an accident involving two concrete trucks. The incident was immediately investigated and, as a result, a number of changes were made to improve the site traffic management plan including pedestrian and vehicle separation. Lessons learnt

from this tragic incident have been reviewed across Boral and improvements implemented to minimise the risk of similar incidents occurring again.

Climate change performance and targets

In 2008/09, Boral's emissions totalled 3.62 million tonnes of CO₂, which on a comparable basis was 8% lower than 2007/08, largely due to lower production volumes in the USA and Australia. Underlying efficiency improvements have also been delivered in some businesses, which will help us to manage our emissions as markets recover.

Boral has undertaken projects to reduce energy consumption and greenhouse gas emissions, and we have identified further abatement opportunities in the areas of energy efficiency, renewable energy, alternate fuels and alternate materials. These potential projects have been consolidated into an overarching abatement cost curve to assist in prioritising opportunities and capital investments. The implementation of these abatement opportunities is dependent on the anticipated cost of carbon in a trading environment, the costs to Boral for implementing identified abatement initiatives and available technologies.

Through strategic planning processes and the application of longer-term growth rates, we have established a forecast for Boral's future emissions out to 2020. On a business as usual basis, we predict that Boral's total emissions would increase from around 3.93 million tonnes of CO₂ in 2007 to around 4.8 million tonnes per annum by 2020. In Australia, Boral's emissions are projected to grow from 3.45 million tonnes per annum in 2007 to 4.2 million tonnes per annum by 2020.

In 2007, we set a climate change target to at least hold Boral's absolute greenhouse gas emissions steady and to offset any increase in emissions associated with market demand growth by reducing emissions per tonne of production.

The Australian Government has proposed a minimum target for the country of reducing emissions to 5% below 2000 levels by 2020. For Boral's Australian operations, this is approximately 35% below business as usual emissions by 2020, and it is around 20% below the internal target of offsetting future emissions growth that we set ourselves in 2007. This is an extremely challenging target for Boral, requiring the abatement of around 1.4 million tonnes of business as usual emissions per annum from Boral's Australian operations by 2020.

In our current business plans, we have identified emission abatement initiatives for our Australian operations that would deliver around 45% of the 5% below 2000 emissions target, based on known technologies and anticipated carbon prices. Beyond this, we have identified additional potential abatement initiatives that could reduce our annual CO₂ emissions by a further 55% of the targeted reduction, but these projects are not yet justifiable on foreseeable economics or with existing technologies. There is a lot more to be done if we are to achieve the Government's target of a 5% reduction on 2000 emission levels by 2020. We need to see significant advances in the cost effectiveness of emerging technologies such as carbon capture and storage, and we need to consider plant closures and restructuring options. Beyond internal abatement initiatives, we need to consider the cost effectiveness of purchasing carbon permits and of sourcing carbon offsets from the offshore CDM market¹.

Emissions trading

As Australia has worked to develop an emissions trading scheme over the past few years, Boral has consistently argued that there is a need for the cement industry to be recognised as an emissions-intensive trade-exposed (EITE) industry and for EITE operations to receive appropriate transitional assistance ahead of Australia's key trading partners adopting similar carbon pricing regimes.

The current form of the Carbon Pollution Reduction Scheme (CPRS) proposed by the Government is a significant improvement over its earlier proposals; it more appropriately recognises EITE industries and through the provision of transitional assistance it better maintains Australia's competitiveness until such time as there is a regional, sectoral and global response. We are pleased with the most recent modifications, including the delay to the proposed start date to 1 July 2011, the fixing of the carbon price in the first year at \$10/tonne and the 5% increase in initial EITE assistance to recognise the current economic downturn.

While the proposed CPRS is much better in its current form than when originally proposed, there remain concerns. The EITE activity definition should include all affected activities, including cement milling in the case of the cement industry. Assistance provided to the cement industry appears to be broadly sufficient at the start of the scheme, but over the first five years of the scheme, the level of transitional assistance decays significantly. This decline in the absence of a global carbon price will potentially have a significant impact on the industry.

With the exception of the cement business, which competes with imports, we expect that Boral's businesses will offset the increased costs associated with the CPRS with price increases and cost reduction initiatives. However, the estimated incremental costs as a result of the CPRS for Boral's cement business will increase by a factor of around six times from 2012 to 2017 (and will continue to grow) as a result of a decline in EITE assistance of 1.3% per annum, the removal of the 5% "recession buffer" and the increase in the price of carbon. To preserve Australia's competitiveness, in the absence of a global carbon price, sectoral review mechanisms must be a feature of the CPRS legislation. We are continuing to reinforce these issues with the Australian Government.

The USA has introduced a major cap and trade (and energy efficiency) bill, the American Clean Energy and Security Act, which is being debated in Congress. Boral's US CO₂ emissions are typically in the range of 0.4-0.5 million tonnes per annum at longer-term average production levels (they were 0.23 million tonnes in 2008/09, reflecting the significant downturn in US markets and production). We have identified and continue to pursue a number of abatement initiatives in the USA, particularly focused on alternative fuels. These will deliver solid reductions against business as usual emissions as markets recover, with scope for further reductions as additional potential projects become economically viable.

Impacts of the global economic downturn

The past year has been challenging, as the global economic downturn has led to a significant decline in production volumes. In the USA, we are operating our plants at around 20-30% of capacity, with eight of Boral's 23 brick plants mothballed and a further six temporarily closed until market demand recovers. In Australia, we are running our plants at between around 50% and 80% of capacity as a result of the downturn in residential and non-residential demand. We have suspended production at several operations, including at our Walcha timber mill, Galong lime kiln, Kempsey brick plant and Midland Brick's kiln 8.

Boral's 2008/09 profit after tax of \$142 million is a 42% reduction on the prior year. Accelerated cost reduction programs have been implemented across the Company, which has had a notable impact on Boral's labour force. Employee numbers at June 2009 expressed as full-time equivalent (FTE) employees have fallen by around 7% from June 2008. In the USA, around 600 employees or around 28% of the workforce were laid off in 2008/09 and in our Australian operations, the number of FTE employees at June 2009 reduced by around 500 or 5% compared to last year. Across

most operations we are using significantly less contractor labour and overtime has significantly reduced. Overall, Boral's employee and contract labour FTEs reduced by 2,460 or 11% in 2008/09.

Despite the challenging times, and the need to reduce costs, we have not cut expenditure on our sustainability programs. We recognise that our community partners are also facing challenges and broadly speaking we have maintained, or in some cases increased, our level of support through our community programs.

At the end of the year I will retire as Boral's CEO and Managing Director. I am confident and proud of the fact that the Company's sustainability programs are delivering long-lasting benefits to Boral's customers, employees, communities and shareholders. Our systems and approach to managing the business in a sustainable way have evolved and matured and we have worked hard to demonstrate that we are managing our businesses in line with best practice.

The Company is well positioned to deliver further performance improvements, particularly in the areas of reducing greenhouse gas emissions and other environmental impacts, sustainable product development, responsible supply chain management and safety management.

I congratulate and thank Boral's employees for their commitment, teamwork and determination to do things in a more sustainable way, particularly in these challenging times.



Rod Pearse, CEO AND MANAGING DIRECTOR

¹ The Clean Development Mechanism (CDM), an arrangement established under the Kyoto Protocol, allows industrialised countries with a greenhouse gas reduction commitment to invest in abatement and offset projects in developing countries as an alternative to more expensive emission reductions in their own countries.

Sustainability Priorities and Performance

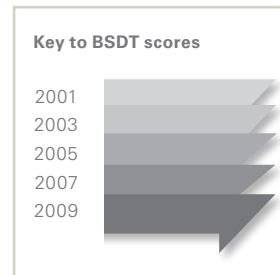
Boral's sustainability priorities are integrated into our internally developed Boral Sustainability Diagnostic Tool (BSDT). The BSDT comprises 20 elements which represent what is important to meet our commitment to sustainable development. The elements are outlined below (pages s4 to s6). The first seven focus on "Sustainability Management" while the remaining 13 are considered to represent Boral's sustainability performance priorities. The listed goals/targets for each sustainability priority are a selection of a broader number of performance requirements to achieve Industry Best Practice, as well as Boral's policies and Values.

More about the BSDT

BSDT performance assessments against each element are undertaken across Boral's businesses every two years, with performance graded Level 1 (Compliance/Reactive), Level 2 (Proactive), Level 3 (Industry Best Practice) or Level 4 (World's Best Practice). The assessment process is used to set improvement targets and monitor progress. Our aim is to reach and sustain a standard of Industry Best Practice (Level 3) across our businesses and for each element.

Developed in 2000/01 in conjunction with a specialist consultant, the BSDT has been refined on a biennial basis to reflect developments in sustainability principles. During 2008/09, the criteria for each performance level were independently verified by Net Balance to ensure alignment with best practice.

The latest assessments were undertaken in 2009. A total of 49 businesses were assessed across Boral. An assurance statement was issued by Net Balance for 41 Australian operations reviewed. The BSDT scores for each element below are for Australian and US businesses only. The BSDT was progressively introduced into Asia from 2005, with the current BSDT score for Asia 1.8, up from 1.6 in 2007.



	Our goals/targets	Examples of our performance in FY2009	BSDT scores
Sustainability Management			
Scope of commitment	Measurable sustainability targets for all aspects of the business are incorporated into business plans Managers are personally involved in sustainability initiatives	Strengthened divisional strategic environmental plans Sustainability focus at annual senior management conference More business managers involved in sustainability initiatives	3.3
Management systems – Quality, Environmental, Health and Safety	Stakeholder input is used in the assessment of the effectiveness of management systems All management systems undergo regular independent review	Council and community representatives involved in air quality monitoring at Berrima cement works Third party review in accordance with ISO 14001 of Australian Construction Material's environmental management system	3.1
Accountability and performance	Managers' performance assessments and reward systems are linked with sustainability objectives	Sustainability objectives linked to incentives and reward systems including safety (refer to Remuneration Report, page 43)	3.1
Budgeting and financial	Business plans, budgets and reports include substantial detail on sustainability performance	Comprehensive modelling of CPRS and related impacts Retained investment in independent assurance of sustainability report, BSDT program and community partnerships	3.2
Risk management – new business and/or development, plant and equipment	All products and services are analysed for long-term impacts and decisions taken on precautionary principle approach Sustainability risks and outcomes are considered in new business and/or plant and equipment decisions	Sustainability risk assessments integrated into planning process Resources allocated to product lifecycle assessment work Sustainability focus in capital works programs (eg Terre Haute brick plant in USA and Pinkenba plasterboard plant in Queensland)	3.2

	Our goals/targets	Examples of our performance in FY2009	BSDT scores
Sustainability Management			
Compliance review and reporting (CRR)	Sustainability performance is regularly reported externally CRR is integrated with performance management and business planning systems	2009 Sustainability Report; participant in Carbon Disclosure Project, Corporate Responsibility Index, FTSE4Good and DJSI Completed internal trial of NGRS reporting	3.2
Continuous improvement	Plans and processes are reviewed regularly to incorporate new technologies and best practice R&D strategy includes a sustainability focus	Internal innovation forum to share learnings and strengthen development of sustainable products New products developed include: ENVIRO™ plasterboard, PACT by BMTI, and solar capacity roofing system in US Tile	3.3
Human Resources			
Health, safety and wellbeing	Zero fatalities At least 25% improvement in LTIFR and % hours lost for employees and contractors over average for prior three years	One employee fatality in Indonesia Employee LTIFR of 1.8 and contractor LTIFR of 2.4, down 36% and down 58% on past three year average, respectively	3.1
Employee and labour relations	To have the best people in our industries To maximise workforce satisfaction, productivity and retention	92% of employees moderately or highly engaged, up 1% Maintained EOWA Employer of Choice for Women status Employee turnover of 24% ¹ consistent with last year	3.1
Communications, awareness and training	Provide our people with appropriate training and knowledge on sustainability and business issues to deliver on our objectives	1,691 employees trained through Boral's global learning programs, including Leading Health & Safety program; supplemented by safety, environment, trade practices, ethics and compliance training	3.1
Environment			
Energy conservation and climate change	Reduce emissions per unit and offset Boral's increase in absolute emissions as a result of market demand growth	CO ₂ emissions down 8% ² to 3.62 million tonnes, largely due to lower production, especially in the USA	2.9
Water conservation, extraction and protection	Reduce reliance on mains water and overall water consumption Undertake strategic and operational risk assessments of the operational impacts on water systems	Mains water use down 22% ³ on last year to 2,285 million litres Water management plans and targets in place for key sites	2.9
Waste and resource management, recycling and re-use	Minimise waste from our operations and increase waste re-used and recycled	Re-used or recycled between 38% and 114% of Boral's operations' production waste Estimated 4.62 million tonnes of waste and by-products recycled or re-used, down 17% on 2007/08	3.1
Land protection, remediation and rehabilitation	Prevent land contamination through well developed management systems and remediate contaminated sites to international standards for the site purpose Where possible, rehabilitation is part of ongoing resource extraction operations and completion plans incorporate development approval rehabilitation conditions	Maturing of quarry end use activities; Deer Park quarry landfill operation now a waste business with landfill gas generation Rehabilitation of former Prospect quarry to "Employment Lands"; innovative groundwater and stormwater management to reduce reliance on mains water supply for local golf club	3.0

1 This figure was reported as 23% in Boral's 2008 Sustainability Report and has been revised to 24% due to a reclassification of data in the USA.
3 On a comparative basis.

2 In Boral's 2008 Sustainability Report, Boral's 2007/08 GHG emissions were reported as 3.79 million tonnes. This restated figure reflects new reporting methodologies in Australia and the USA, enhanced data collection and review processes. Refer to figure 17 on page s20.

	Our goals/targets	Examples of our performance in FY2009	BSDT scores
Environment			
Environment and ecosystem protection	<p>Strive for continuous improvement in the efficient use of natural resources</p> <p>Protect and, where possible, enhance biodiversity values at and around our facilities</p>	<p>Annual divisional environmental strategic plans incorporate targets for reduction in energy, water and waste</p> <p>18,720 trees/stems planted and 21,390 m² weeded and regenerated through Living Green Projects</p> <p>Narangba Quarry buffer lands used for 1,200 koala fodder trees</p>	<p>1.0 2.0 Target 3.0 4.0</p> <p>2.9</p>
Marketplace and Supply Chain			
Strategic sourcing and supply chain	<p>Manage Boral's supply chain in a sustainable way including consideration of compliance, environment, health and safety, labour rights, innovation and cost</p>	<p>Ongoing development and implementation of contractor management processes across businesses</p> <p>Strategic sourcing delivered above target performance, particularly in the area of cost reductions and risk management</p>	<p>3.0</p>
Sales and marketing	<p>Provide customers with better value and service than our competitors</p> <p>Consult and collaborate with customers in the development of sustainable products</p> <p>Conduct lifecycle evaluations on core products and services</p>	<p>Perception study of consumers and builders identified a need for Boral to better communicate successful initiatives</p> <p>Supplied bricks into Perth's first 8-star house and Envirocrete™, ENVIRO™ plasterboard and Silkwood into Australia's first 9-star house</p> <p>Participated in industry and internal lifecycle work</p>	<p>2.9</p>
Social Responsibility			
Community relations and engagement	<p>Maintain support and goodwill of communities through constructive engagement on relevant issues</p> <p>Make a meaningful contribution to the social and economic well-being of our communities while providing value through support of business objectives and community relations</p>	<p>Formal community consultation at key operational sites</p> <p>\$569,853 invested in eight key community programs including the Red Cross, plus \$600,422 to Juvenile Diabetes Research Foundation and the Red Cross through employee fundraising</p> <p>483 volunteer days across 63 conservation projects</p>	<p>2.9</p>
Business ethics and corporate governance	<p>Boral companies and employees must observe both the letter and the spirit of the law and adhere to high standards of business conduct and strive for best practice</p>	<p>66 employees dismissed for serious breach of policy</p> <p>616 Australian staff undertook online Trade Practices Act training and 460 attended face to face training; 107 US employees completed Ethics and Compliance online training and 505 attended Code of Conduct and antitrust training</p> <p>Remuneration Review to align with best practice</p>	<p>3.0</p>
External relations and communications	<p>Understand and consider stakeholders' views on Boral's sustainability priorities and performance</p> <p>Engage in policy shaping on sustainability issues</p> <p>Provide reliable sustainability information to our stakeholders</p>	<p>Stakeholder feedback used to improve this Report</p> <p>Government submissions and dialogue around emissions trading and NGERS reporting</p> <p>Participated in the Carbon Disclosure Project (CDP7)</p>	<p>3.1</p>

Sustainability Data Table

For the year ended 30 June	2009	2008	2007
Boral's sites			
Operating sites	706	718	707
Total sites	854	867	851
Operating countries	13	12	11

Human Resources

People and safety

Employees, FTEs	14,766	15,928	16,194
Contractors, FTEs	~5,700	~7,000	–
Joint venture employees	~3,000	~3,400	~3,500
Employee LTIFR, per million hours worked	1.8	2.5	2.8
Contractor LTIFR, per million hours worked	2.4	5.7	5.7
Employee hours lost, %	0.06	0.08	0.09
Contractor hours lost, %	0.03	0.09	0.09

Environment

Greenhouse gas emissions

CO ₂ , tonnes (millions)	3.62	3.94 ¹	3.93 ¹
Equity share of JV CO ₂ , tonnes (millions)	0.18	0.20	0.19

Energy consumed

Coal, tonnes ('000)	282.72	283.67	273.95
Natural gas, petajoules	10.53	13.20	14.31
Electricity, GWh	704.35	830.12	795.20
Diesel, litres (millions)	155.99	162.23	156.90
LPG, litres (millions)	13.07	4.72	5.15
Petrol, litres (millions)	6.85	8.44	9.31
Alternative fuels, petajoules	2.09	1.79	2.16

Water consumption

Mains water, litres (millions)	2,285.06	2,819.80	2,932.49
River water, litres (millions)	161.03	308.34	306.41
Surface water, litres (millions)	2,935.82	2,866.52	349.46
Ground/bore water, litres (millions)	604.58	791.93	130.04

Waste

Waste product produced, tonnes ('000)	1,001.85	1,372.21	977.06
Waste recycled/re-used ² , %	38 – 114	43 – 100	33 – 100
External waste used, tonnes ('000)	3,805.18	4,322.91	2,298.74

Social Responsibility

Community investment

in eight key partnerships (total cash and materials)	\$569,853	\$591,500	\$594,280
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Employee fundraising	\$600,422	\$443,000	\$336,000
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Boral Reserves³

For the year ended 30 June 2009	Million tonnes	Years of reserves ⁴
Hard rock, sand and gravel		
Australia	1,131	38
USA	98	36
Asia	66	38
Limestone and shale		
Australia	101	25
Clay		
Australia	96	45
USA	110	35

NOTE: Data is for Boral Limited and 100% owned and controlled subsidiaries, unless otherwise stated.

¹ Restated to reflect new reporting methodologies, enhanced data collection and review processes.

² Boral's waste recycled/re-used represents a range across Boral's products.

³ Comprises reserves which are licensed for extraction and economically recoverable, with geological certainty in the proven and probable category.

⁴ Typically, "years of reserves" are calculated based on current production rates; however, for the USA this number has been calculated based on longer-term average production rates, given the current significant downturn in demand.

Managing Sustainability



Underpinning Boral's objective of "superior performance in a sustainable way" is a robust corporate governance framework and management system.

Boral's Board of Directors is accountable to shareholders for appropriately overseeing Boral's business, including sustainability matters. The Company's corporate governance practices and frameworks provide the means by which the Board monitors performance on behalf of shareholders.

Boral's Values, policies and operating frameworks provide guidance to its employees and managers in managing their businesses in a sustainable way.

Corporate governance

Details of Boral's governance framework and practices are disclosed in the Corporate Governance section of the Annual Review (pages 31 to 37) and on our website. Responsibilities of Boral's Board which relate to sustainability are:

- oversight of the Company, including its conduct and accountability systems;
- reviewing the performance of the chief executive officer and senior management;

- reviewing sustainability performance and overseeing occupational health and safety and environmental management performance;
- meeting legal requirements and ensuring that the Company acts responsibly and ethically and prudently manages business risks and assets; and
- remuneration policies and practices for Boral and the remuneration arrangements for senior executives.

Executive General Managers, functional heads and the Managing Director regularly report to the Board on progress and performance as it relates to health and safety, climate change, broader aspects of environmental and community management, human resources and risk management.

Management responsibility

Boral's Management Committee, which comprises Boral's Managing Director, divisional Executive General Managers and key functional General Managers, is responsible for delivering Boral's sustainability objectives.

Sustainability management is integrated into the day-to-day activities of line management. Specialists in health and safety, environmental services, corporate affairs and human resources provide advisory support and corporate functions. Sustainability matters are also integrated into individual managers' objectives, which are linked to variable remuneration outcomes.

Since January 2007, an internal Energy and Climate Change Technical Working Group (ECCTWG) has been in place to make recommendations and advise the Management Committee on technical issues relating to climate change matters. The ECCTWG reports back to the Management Committee on at least a bi-monthly basis. Work undertaken by the ECCTWG is discussed on page s19.

Our Values

Boral's Values describe how we do things and influence our business activities. Our Values are: Leadership, Respect, Focus, Performance and Persistence. Our corporate Values are referred to in our Strategic Intent to reinforce their ongoing importance in Boral, and they are incorporated into annual performance reviews to assess behaviour or workplace style and effectiveness. Examples of expected behaviour are

provided for managers to ensure a common understanding of Boral's Values across the organisation.

Our policies

The Boral Management Guidelines contain our formal Code of Corporate Conduct and 52 policies and guidelines setting out legal and ethical standards for employees. Our Code of Corporate Conduct articulates the standards of behaviour that are expected of Boral's employees in the performance of their duties. The Boral Management Guidelines are reviewed triennially and will be reviewed again in 2010.

Boral Sustainability Diagnostic Tool

The BSDT assessment process is an integral tool in Boral's sustainability management and is discussed on page s4.

Our management approach to our people

Most of our Human Resources (HR) activities are managed within divisional management structures, including: performance management and development plans; employee surveys; employee relations; organisational effectiveness reviews; divisional HR planning; recruitment and induction management; and maintenance of employee records.

Boral's line managers play a significant role in the daily HR processes. Boral has 52 specialist HR staff working within Boral's divisions, most of whom are actively involved in business processes to ensure that support is provided to line managers to deliver business plans and objectives.

A small corporate HR team provides an advisory and support service to the divisions, as well as managing centralised HR activities such as: superannuation; remuneration reviews and incentive schemes; learning and organisational development; health and safety direction; and workers' compensation.

The corporate function also plays a governance and assurance role for HR processes and behaviours and is responsible for: Boral-wide policies; succession planning; MBA and graduate recruitment; indigenous employment; management of expatriates; and HR planning for Boral.

HR strategy is developed at a divisional level and communicated through to the Board via divisional strategic plans on an annual basis.

Incorporated into the Boral Management Guidelines is a series of HR policies and guidelines including policies on diversity, employee complaints, harassment, induction, leave and performance management.

Our management approach to health and safety

In line with our Value of Respect, Boral is committed to providing safe and healthy working environments for all people involved in our business, including employees, contractors, visitors and the general public.

We require all contractors to comply with Boral's health and safety requirements and they are also subject to Boral's internal audit and assessment programs.

Responsibilities

Across Boral's businesses, there is an emphasis on all managers demonstrating commitment and leadership – on being role models by doing what is right and not just what is expedient. This creates an environment where employees take personal responsibility for health and safety issues and for sharing information.

In addition to the health and safety professionals working in Boral's divisions, there is a small corporate health and safety function that provides advice and support to divisions and assurance to the Board of Directors and the Management Committee. The corporate function assists in safety management planning and Boral-wide or cross-divisional initiatives, audits and assessments, and reporting systems.

Management system

Boral's Health and Safety Management System embodies the requirements contained within Australian Standards 4801:2001 and 4804:2001 and has been designed to take account of the scope and diversity of Boral business functions.

Boral's Health and Safety Management System articulates the minimum requirements to ensure consistent practice across Boral's businesses whilst enabling each division and business unit to develop Health and Safety Management Systems that address their individual requirements.

Boral has a formal Health and Safety Policy which applies across all Boral businesses globally. The policy states our fundamental commitment to providing safe and healthy working conditions for all people involved in our operations, including employees, contractors, visitors and the general public, and how we work towards meeting that commitment. The policy is displayed at all Boral worksites and posted on our intranet and website.

Boral's Best Practice Elements (BPEs) broadly define the fundamental principles of health and safety activity at Boral. The BPEs are designed to enable each business to develop health and safety systems and processes that address individual business requirements while ensuring consistent high quality practice in critical safety areas across the organisation (refer to Figure 1).

Boral's High Consequence Protocols set out rules and procedures to manage specific hazards that are associated with serious injuries and fatalities. Boral's high risk hazards include mobile equipment; equipment safeguarding; isolation of plant and equipment; and working at heights. These protocols are integrated into Boral's Health and Safety Management System.

Accountability and performance management

Boral's BPEs define required levels of accountability and responsibility for safety performance. Individual management accountabilities are linked to strategic plans with performance measured and linked to managers' variable remuneration.

A component of the variable remuneration of Boral's Managing Director, Executive General Managers and senior line managers is also linked to safety performance.

Compliance review and reporting

The corporate health and safety team undertakes formal reviews of divisional performance, reporting back to the Management Committee and the Board on a regular basis.

In addition to business level reporting, the following internal reporting takes place:

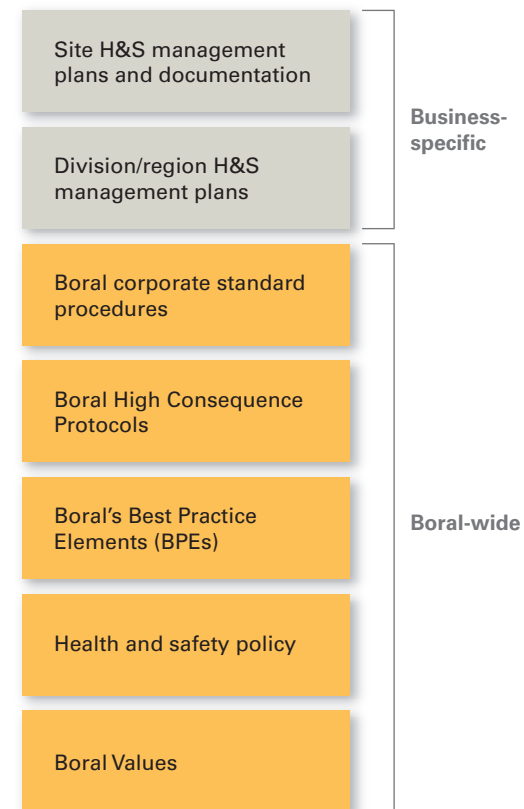
- Divisional management teams present their health and safety plans to the Board annually.
- The Management Committee reviews employee and contractor safety, including serious and potentially serious incidents, on a monthly basis.
- Safety results and updates are reviewed monthly by the Board of Directors.

Executive General Managers and business managers meet with the Board as soon as practicable to discuss and review all Boral-related accidents involving fatalities.

Boral's health and safety audit and assessment programs include corporate reviews against Boral's BPEs as well as a range of internal and independent third party audits and assessments which include:

- assessments of electrical safety management;
- management systems audits;

Boral's Health and Safety Management System, which is built on a foundation of solid corporate policies, standards and procedures, provides for the diversity and geographic spread of Boral's operations, and ensures accountability at the site level.



Sustainability Management

Managing Sustainability continued

- physical hazards audits;
- corrective action closeouts;
- regulatory compliance audits;
- contractor safety management audits; and
- audits against safety programs.

Continuous improvement

Boral's BPEs require continuous improvement in health and safety performance. Essential components of continuous improvement in safety outcomes include: engagement of Boral's people, communication, training and review.

Engagement is aided by safety programs which focus on changing behaviours and include such activities as "safety conversations". Hazard identification and corrective actions are closely monitored and communicated to ensure that corrective actions are taking place within planned time periods.

Communication and consultation with employees on health and safety is achieved through a number of different consultative mechanisms at sites. Boral has an estimated 250 health and safety groups which cover a substantial proportion of Boral's workforce. These groups take on a number of roles including hazard identification, monitoring corrective actions, reviewing safe working practices, and overviewing health, safety and ergonomic considerations before purchase of materials and equipment.

Divisional safety alerts are broadcast to communicate serious accidents and near miss cases. Where cross-divisional learning opportunities exist, safety alerts are communicated throughout Boral's global operations. Incidents are captured in Boral's safety management information system and responsibilities are assigned against corrective actions to ensure tracking and monitoring through to completion.

Health and safety training is conducted extensively across Boral's global operations. The Leading Health and Safety residential program is designed to enable leaders to influence behaviours and manage safety activities leading to a culture of zero harm. Other training programs include site-specific safety training for employees and contractors which includes consultation, risk management, safe work practices, emergency procedures and first aid.

Boral's divisions maintain employee training databases to ensure that required competencies have been identified and are monitored to ensure that ongoing training needs are met.

Our management approach to environment**Responsibilities**

Most environmental responsibilities are managed within Boral businesses, with 32 full-time equivalent environmental professionals working across Boral's divisions. All divisions have a sustainability or environment manager at divisional level.

Boral's corporate Environmental Services department consists of five full-time environmental professional staff; it provides advisory support services to all divisions globally and undertakes a governance role, including auditing the businesses, and reporting back to divisional management, the Managing Director and the Board. In addition, Boral's Sustainability Reporting Manager provides regulatory reporting and external communications support.

Management system

Boral's approach to environmental management is to develop business level environmental management systems based on an overarching Boral Environmental Management System (EMS), which is based on the International Standard ISO 14001 "Environmental Management System – Specification with guidance for use".

Boral has a formal Environmental Policy which applies across all of Boral's businesses. Our policy states that we are committed to pursuing industry-specific best practice in environmental performance or more specifically:

- reducing greenhouse gas (GHG) emissions;
- protecting and, where possible, enhancing biodiversity;
- remediating our contaminated sites;
- complying with environmental legislation; and
- continual improvement of environmental performance.

Boral's environmental management procedures include tools to be used by Boral's businesses to develop and implement their own EMS, as set out in Boral's Environmental Policy, and include EMS System Procedures and Environmental General Procedures. The EMS System Procedures are designed to interpret ISO 14001 for Boral users, while the Environmental General Procedures are designed to set out Boral's particular operational requirements and to assist Boral's divisions to develop and maintain their own EMS.

Figure 1
Boral's health and safety Best Practice Elements (BPEs)

Planning

- Planning and performance indicators

Implementation

- Leadership and commitment
- Acquisitions, modifications and divestments
- Risk management
- People and training
- Contractors and suppliers
- Employee involvement
- Communication
- Health and safety assurance and work environment
- Systems and procedures of work
- Health management
- Emergency preparedness and response
- Corrective and preventative action

Measurement, evaluation and management review

- Auditing and performance review

Formal ISO 14001 certification is maintained by Boral Roofing at Wyee, our cement facility at Waurn Ponds and the SEPL woodchip operation at Kooragang Island. Australian Construction Materials (ACM) has also developed an ACM-specific EMS in accordance with ISO14001 which is currently being rolled out across the various regions.

Audit and assurance programs are integral to Boral's EMS. Boral's environmental audit and assurance programs undertaken during 2008/09 are outlined on page s18.

Budgeting and financial management

Environmental strategic plans are prepared annually by each of Boral's operating divisions and reviewed and approved by the Managing Director and Boral's General Manager, Environmental Services.

These plans have a one and five year outlook but include consideration of energy and GHG emission implications out to at least 2020. The plans focus on priority areas covered in Boral's Environmental Policy and areas of importance specific to individual businesses; they include targets and action plans.

Compliance review and reporting

The corporate Environmental Services team undertakes formal audits of divisional environmental performance and maintains a monthly reporting system for Australian operations, reporting back to the Management Committee and the Board on a regular basis.

Improved collection and management of environmental data, particularly relating to energy/GHG emissions, water and waste, has been a focus across Boral's businesses in recent years. Independent verification of environmental data takes place as part of Boral's annual sustainability reporting, as well as a number of government schemes.

Continuous improvement

Environmental training and communication are integral to continued improvement in environmental management and performance. Details of Boral's environmental training programs during 2008/09 are covered on page s18.

Environmental best practice is communicated internally through a number of channels, including: an annual environmental conference or roadshows which took place in five States this year, Boral's Awards for Excellence, an environmental newsletter, and Boral in the News.

Ethical standards and compliance

Boral's Code of Conduct states that Boral companies and employees must observe both the letter and the spirit of the

law and adhere to high standards of business conduct and strive for best practice. We take adherence to legal and ethical standards seriously. During 2008/09, 66 Boral employees were dismissed for serious breach of policy.

Boral's employees have access to a whistleblowing service known as FairCall to report possible fraud, illegal acts or misconduct. Calls made via the FairCall hotline are received by an independent service provider, KPMG, which then provides this information to appropriate Boral senior management. Outcomes are reported back to Boral's Audit Committee. FairCall has been in place since 2001. During 2008/09, 15 calls making new allegations to the FairCall hotline were logged, resulting in investigations.

Boral supports the Australian Government's commitment to the global fight against corruption and to raising public awareness about the foreign bribery offence under Australian Criminal Law.

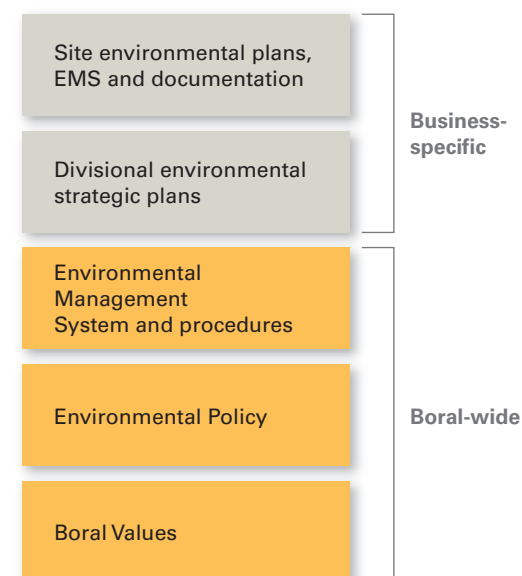
In addition to our Code of Conduct and FairCall whistleblowing services, we have formal policies in place that relate to offering or accepting bribes, kickbacks or gifts. They include our Gifts, Entertainment and Financial Inducements policy, Business Expenses policy, and Government Relations policy. These policies apply to all of Boral's operations globally. Induction programs for new managers and ongoing annual performance reviews are used for training and discussion regarding these matters. In addition, internal risk management processes include consideration of "high risk" countries¹. In summary, Boral's policies and/or compliance systems:

- prohibit Boral's businesses, and agents acting on our behalf, from giving and receiving bribes;
- commit to obeying all relevant laws;
- restrict and ensure controls relating to political donations;
- restrict and ensure controls relating to facilitation payments; and
- restrict the giving and receiving of gifts.

Boral's joint venture business, Lafarge Boral Gypsum Asia (LBGA), which operates in countries including those identified as "high risk", is a 50/50 joint venture with Lafarge SA. Lafarge is a large French multinational company which comprehensively discloses information on its policies and practices, including those in relation to its Code of Business Conduct and bribery and corruption. Refer to www.lafarge.com for more information.

Boral typically derives around 4-5% of revenues from "high risk" countries.

Boral's Environmental Management System



¹ "High risk" countries identified by the FTSE4Good Index include the following countries in which Boral operates: Indonesia and Thailand (and through joint ventures in China, the Philippines, India, Vietnam, Mexico and Trinidad).

Human Resources

Our People



To achieve our objective of having the best people in our industries, it is crucial that we attract, develop, engage and retain the best people at all levels. Our human resource (HR) strategies are developed to meet our internal requirements while addressing external challenges.

This year, we faced an extremely difficult economic climate, particularly in the USA. To improve the long-term sustainability of Boral and to manage costs, some tough decisions were made. We reduced employment levels, overtime and contractor labour, and implemented salary and wage restraint measures for senior executives and around 4,500 salaried staff in Australia and the USA.

Providing a healthy and safe work environment is one of our key HR priorities, as evidenced by our ambitious safety targets. Tragically, we had a fatality during the year, which is reported in more detail on page s16. We are pleased, however, to have again exceeded our overall lost time injury frequency rate (LTIFR) and percentage hours lost continual improvement targets for employees and

contractors, which reflects our commitment and focus on safety management.

Our workforce

As at 30 June 2009, Boral had 14,766 full-time equivalent (FTE) employees and around 5,700 FTE contractors working in Boral's operations. A further 3,000 or so employees were working in Boral's joint venture operations globally.

The number of FTE employees reduced by 7% during the year, with a significant 28% decline in the USA. In Australia, employee numbers were down by 5% and in Asia employment levels were down 1%. The reduction in Boral's workforce, particularly in the USA, is an outcome of the economic downturn, which has resulted in most of Boral's plants running well below capacity, with temporary plant shutdowns and the mothballing of some operations.

Across most operations, we used less contractors due to the market downturn. The estimated number of FTE contractors was down by 18% overall and 67% in the USA in 2008/09. Boral engages contractors in a range of activities including transport, maintenance, roof tiling, plasterboard installations, concrete placement and various professional services such as finance and information technology.

Absenteeism for Boral's Australian operations increased to 3.5% in 2008/09, up from 2.3% last year.

Employee turnover

Employee turnover in Australia was 20% in 2008/09, down from 23% last year. In 2007/08, the high turnover reflected very tight labour markets, in Western Australia and Queensland. In 2008/09, however, the turnover reflected the reduction in the workforce due to the housing downturn.

Staff turnover in the USA was 60% in 2008/09, up from 37%³ last year, reflecting the protracted US housing downturn. In Asia, turnover was 18%, down from 20% last year.

The average length of service of employees in Australia increased to 8.4 years, from 7.8 years last year. In the USA, average length of service increased to 11.1 from 10.2, while in Asia, average length of service increased from 4.6 to 4.8

At a glance	FY2009	FY2008
FTE employees	14,766	15,928
Joint venture employees	~3,000	~3,400
FTE contractors	~5,700	~7,000 ¹
Staff turnover	24%	24% ²
Absenteeism (Australia)	3.5%	2.3%
LTIFR for employees	1.8	2.5
Percentage hours lost for employees	0.06	0.08
LTIFR for contractors	2.4	5.7
Percentage hours lost for contractors	0.03	0.09

Figure 2
Employees by region

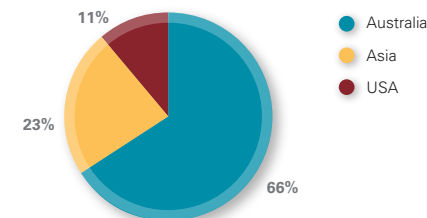
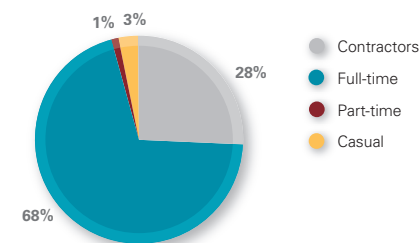


Figure 3
Employment type



1 Reported as ~5,700 in Boral's 2008 Sustainability Report and has been revised to ~7,000 due to enhanced data collection.

2 Reported as 23% in Boral's 2008 Sustainability Report and has been revised to 24% due to reclassification of USA data.

3 Reported as 29% in Boral's 2008 Sustainability Report and has been restated to 37% due to reclassification of USA data.

years. The proportion of all Boral employees with 11 or more years of service was 27%, up from 26% last year.

Diversity

Boral's Diversity Policy outlines our commitment to operating in a manner that respects differences among employees, customers and communities. Diversity is the variety of skills, abilities, experiences and cultural backgrounds that enables people to achieve superior business and personal results. Diversity brings many benefits; we are increasingly encouraging greater diversity within our workplaces.

Gender

For the second year in succession, Boral has been recognised as an Employer of Choice for Women. This award has been made by the Federal Government's Equal Opportunity for Women in the Workplace Agency, which monitors how employers manage their female workforce. The award recognises Boral's initiatives to create equity for women and, among other things, that its recruitment and promotion processes are merit-based and transparent.

Women represent 13% of Boral's employees at 30 June 2009, which is consistent with our industry sector, and is in line with last year. The proportion of female employees varies significantly by occupation. Women occupy 68% of clerical positions and 32% of sales positions. In contrast, men account for 98% of Boral's trade and plant/transport roles. Women occupy 9% of Boral's management positions, which is consistent with last year, but is significantly higher than the industry average of 6.5%.

The overall pay gap between males and females is 2.5%, which is significantly less than the industry average of 15.7%.

Some of Boral's initiatives aimed at attracting and retaining women include: Boral's parental policy, the "Springboard for Women" training program and Boral's new Care for Kids program (see page s15).

Indigenous employment

Boral has had an Indigenous Employment Strategy since 2003 as part of our commitment to the employment of Aboriginal and Torres Strait Islander people. In partnership with the Federal Government's Corporate Leader Program, and managed by Boral's Indigenous Employment Coordinator, this strategy has seen a continual increase in the number of Indigenous people applying for and being successful in obtaining jobs with Boral. Boral employed 46 Indigenous people under its most recent Structured

Training and Employment Program (STEP) which is in place with the Federal Government (Department of Education, Employment and Workplace Relations).

Boral supports the NSW Government's Aboriginal Job Compacts, which are aiming to improve employment outcomes for Indigenous people in Dubbo, Tweed Heads, South Western Sydney, Eastern Sydney and Western Sydney. As part of this strategy, Boral is committed to better connecting with local Aboriginal communities, schools and TAFE Colleges to assist in improving community awareness of local employment opportunities.

Boral also works extensively on the retention and career development of Indigenous staff through Aboriginal Cross Cultural Training, establishment of a mentoring program for Indigenous staff and better community relations with their local Indigenous communities. This year, Boral sponsored two Outward Bound Aboriginal Leadership Programs for Indigenous youth in Western Sydney and in Kempsey; 30 young Indigenous people completed the programs.

Personal development and training

An important part of Boral's people strategy is to ensure that our people have the right skills and capabilities to perform their jobs effectively and develop their careers. Providing appropriate training and development is a key component in achieving this strategy, as well as maximising workforce satisfaction, productivity and retention.

We use a range of methods to train and develop our people, spanning from on-the-job training through to leadership development programs. In general, on-the-job training and competency-based training for operational and frontline employees as well as contractors is managed within Boral's divisions. Boral's Organisational Development team provides learning, direction and support for the development of managers and future leaders through Learning at Boral (L@B).

During 2008/09, 1,691 employees participated in a range of training programs offered through Boral's global learning teams. 449 employees in Australia, Asia and the USA participated in Boral's leadership development programs.

Boral developed a formal Asia People Development Plan in 2007 to attract, develop and retain local people, identify future leaders and enhance management talent. In 2008/09, extensive work was undertaken across Boral's Asian operations and in the Lafarge Boral Gypsum Asia joint venture

Figure 4
Employees by occupation

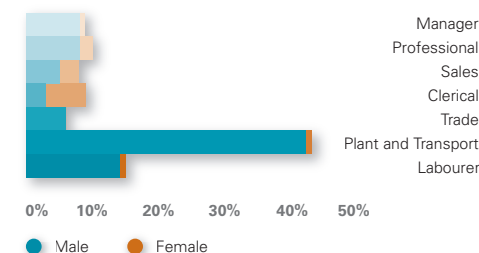


Figure 5
Turnover in Australia by age

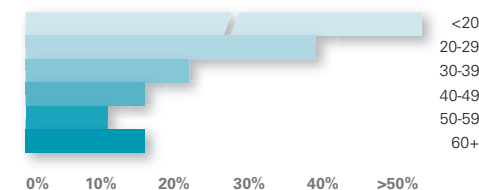


Figure 6
Age profile of Boral's employees

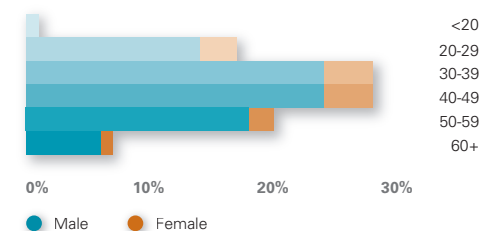
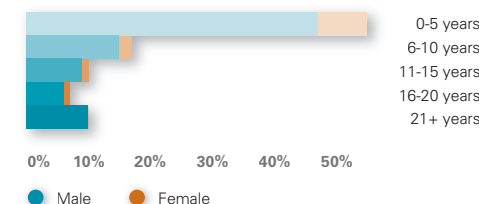


Figure 7
Length of service of Boral's employees



Human Resources

Our People continued

to train more than 50 facilitators to deliver supervisory, safety and middle management training in their local languages.

Safety training is conducted by all of Boral's businesses and is complemented by Boral's centrally administered leadership program, Leading Health and Safety. This program focuses on safety culture and leadership. A total of 257 Boral employees participated in this program in 2008/09.

Registered training organisation

Boral's Australian Construction Materials division operates a registered training organisation (RTO). Boral's RTO uses the national training system, including competency standards and qualifications, to establish rigorous performance benchmarks for operator and some frontline, supervisor and management roles.

During 2008/09, 378 statements of attainment and 75 certificates at levels II, III, IV and V under the Australian Quality Training Framework (AQTF) were issued through Boral's RTO. A large number of employees undertake structured training on modules under the AQTF relevant to their work, but do not go on to complete a full certificate program. In addition to promoting entry level employment and up-skilling in non-salaried roles, Boral has an extensive number of registered traineeships in place, including 211 in Australian Construction Materials.

Employee engagement

Boral conducts independent employee satisfaction surveys on a regular basis. The results of these surveys allow us to identify and address areas that require attention in working towards our goal of maximising workforce satisfaction, productivity and retention.

In 2008/09, employee surveys were conducted in several of the business groups in Australia. A total of 1,620 employees responded, representing a 66% response rate (76% in 2007/08). The survey results indicate that our employees in Australia continue to be highly engaged and satisfied with working at Boral. 92% of Australian employees were engaged compared to 91% last year, with 49% of employees highly engaged compared to 43% last year.

The survey results indicate that there have been improvements in regard to fair pay and maintenance of workplace and equipment. Nevertheless, key issues which affect employee engagement that require ongoing attention

include: fair pay, work/life balance, training and coaching, resourcing, inclusive leadership style, communicating and involving employees in decisions, recognising good work and having a clear direction within Boral. These issues are indicative of the needs of our increasing numbers of Generations X and Y employees. Feedback sessions take place with our employees at a local level to discuss the survey results and likely actions in key areas.

In Asia, we engage with employees directly through a number of communication channels that promote two-way exchange of information. In Thailand Concrete & Quarries, for example, a number of measures were implemented in 2008/09 to improve employee engagement and hence morale as part of a broader business improvement plan. These initiatives included: a new vision for the business, improved communication initiatives for employees, and a new bonus scheme and objectives. Anecdotal evidence indicates that employee morale continues to improve.

Employee relations

This year saw further substantial change to the Australian workplace relations legislative framework, with the introduction of the Fair Work Act. This required a broad-ranging education program for key functional staff and line management and the introduction of new materials and tools to support the business. In addition to this in-house activity, Boral took a lead role for many building and construction materials industry groups in the award modernisation process.

Boral is working to understand the new legislative framework to ensure that we continue to achieve key business outcomes while maintaining our underlying employee relations strategy, based on engaging directly with our employees.

All of Boral's Australian non-salaried employees work under registered industrial instruments. Some 104 collective enterprise agreements operate in Australia, supplemented by a diminishing number of individual agreements, Australian Workplace Agreements and Individual Transitional Employment Agreements.

We estimate from our records of union payroll deductions that in Australia 37% of our non-salaried employees are financial members of a trade union and in the USA 11% of Boral's employees are members of a trade union.

Figure 8
Number of staff participants in Boral's leadership development programs in 2008/09

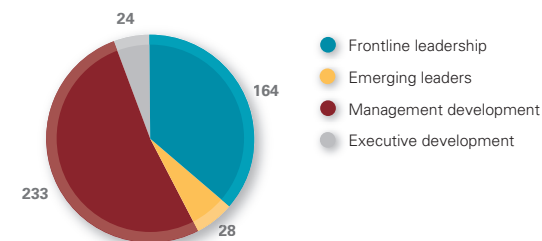
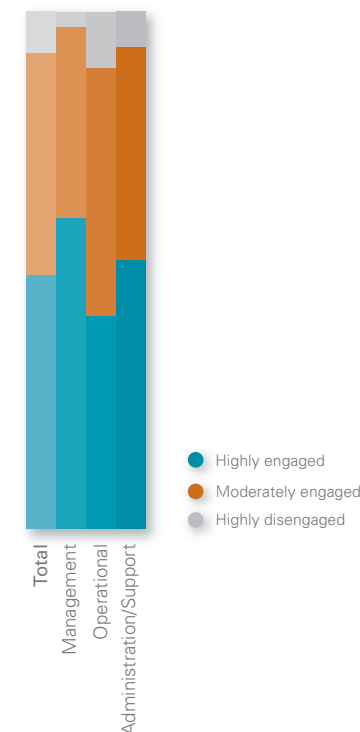


Figure 9
Results from Boral's employee engagement surveys



Celebrating our sustainability successes

Celebrating and communicating sustainability success is important for employee engagement and morale, as well as continuing to raise employee and contractor awareness of sustainability issues and initiatives.

Internally, the annual Boral Awards for Excellence recognise and celebrate the best achievements across Boral's businesses. Categories include: Safety, Environment and Community Relations, Innovation and People Practices. The Boral Awards for Excellence finalists and winners are also recognised through Boral in the News, which is distributed quarterly to employees, and available for external stakeholders via Boral's website. For a listing of the 2009 finalists and winners, refer to www.boral.com.au/sustainability.

Externally, during 2008/09 Boral was:

- awarded Employer of Choice for Women status for the second year in succession by the Federal Government's Equal Opportunity for Women in the Workplace Agency (refer to page s13);
- included in the Carbon Disclosure Project Climate Leadership Index (Aus-NZ) for the fourth successive year;
- awarded a Gold Star rating in the Corporate Responsibility Index (CRI), ranking second out of the 35 participating organisations, and invited to join the CRI Leaders Network; and
- included in the Ethical Investor 50 by Corporate Monitor.

In September 2009 Boral was selected as a member of the Dow Jones Sustainability Asia Pacific Index.



Managing and rewarding our people

Boral's remuneration practices are designed to be market-competitive to help us attract and retain the best people. We use variable at-risk remuneration to reward good performance and motivate employees to meet and exceed targets.

Of Boral's Australian workforce, about 59% work under an enterprise or industrial agreement, which generally involves hourly rates of remuneration and in some cases a productivity bonus; 34% are in salaried staff positions with an annual bonus linked to individual performance; and 7% are in management positions (including senior executives) which involve an annual short-term incentive tied to individual performance objectives and financial performance of the business. Details of Boral's remuneration policy and structure for executives, is included in the Remuneration Report found on pages 43 to 59 of the 2009 Annual Review.

Performance reviews are carried out annually for salaried and management staff (39% of all Australian employees in 2008/09) as part of our annual remuneration reviews. Performance reviews consist of a formal two-step performance management process, incorporating identification of individual development needs, and assessing performance against pre-agreed individual objectives.

A formal succession planning process focused on managerial positions is conducted on an annual basis. This enables us to identify talent and future leaders and develop our leaders through aligning individual development plans with participation in Boral's Leadership Development programs and providing opportunities for internal promotion.

Work/life balance

Boral strives to support employees and families and encourage a greater focus on work/life balance. To facilitate this, flexible working arrangements are increasingly being adopted by Boral's businesses. Often these arrangements have been created due to maternity leave, return to work, breastfeeding, work location, semi-retirement and special circumstances relating to a sick employee or family member.

In Australia, Boral provides eight weeks paid maternity leave and one week paid paternity leave. Boral has also recently introduced the Boral Care for Kids program to help employees find appropriate child care.

Boral's community partnership programs are designed to allow employees to combine community-giving activities with their work schedules and with their family life. Through our community partnership programs, employees have access to family zoo passes for complimentary entry to Taronga and Western Plains Zoos and discounted tickets for partner events. Through our partnership with Outward Bound Australia, Boral funded 20 Family Re-Discovery scholarships in 2008/09 to employees with a high school, aged son or daughter.

In the USA, Boral provides six Educational Scholarships of US\$4,000 per year for four years towards the college tuition fees for children of employees.

Boral's employees in Australia also have access to the BWell program and BEAP (a counselling service for employees and their families). Further information on these programs is included on page s17.



Boral Care for Kids program

In July 2009, Boral launched a new child care initiative – the Boral Care for Kids program. The program taps into Australia's most comprehensive online child care resource, providing parents with up-to-date information on child care. It brings together all the pieces of the child care puzzle to make it faster and simpler for families to match their children's needs with the right child care.

Employees taking parental leave

	FY2009	FY2008
Maternity leave	110	94
Paternity leave	308	277

Human Resources

Health and Safety

Boral's approach to health and safety is built on a solid foundation of corporate policies, standards and procedures. Details of Boral's approach to managing health and safety are provided in the Managing Sustainability section.

Safety performance

Boral's lost time injury frequency rate (LTIFR) for employees was 1.8, down 28% compared to 2007/08. Percentage hours lost improved by 25% to 0.06 over the same period.

Our target is to reduce LTIFR and percentage hours lost by 25% on the previous three year average. The LTIFR of 1.8 and percentage hours lost of 0.06 both represent a 36% improvement on the previous three year averages.

Despite our improved safety performance and progress towards "zero harm", an employee in our Indonesian operations was killed during the year. Mr Hard Arapa, a security officer at our Jelambar concrete batching plant in Jakarta, died when he was struck by a reversing concrete agitator truck and crushed between it and a stationary truck. He was checking the security seal on the stationary vehicle at the time. We deeply regret this tragic incident. Following a comprehensive investigation into the accident, improved vehicle management processes were implemented at the site and other locations across the business to minimise the chance of a similar accident happening in the future.

Boral's LTIFR for contractors was 2.4, down 58% compared to last year and percentage hours lost was 0.03, down 67%. The significant improvement in safety performance reflects a more focused approach to contractor safety.

During 2008/09, Boral was prosecuted for one safety incident, and fined but not prosecuted for another. Both safety incidents occurred in New South Wales. In the first incident, a contract traffic controller was fatally injured in October 2005, when he was struck by a reversing light utility vehicle. Boral was prosecuted and pleaded guilty and was fined \$215,000. In the second incident, which occurred in January 2009, a contract operator was injured when he reached under a guard and his glove became caught in a roller pinch point, resulting in the loss of the tip of his little finger. Boral was fined \$3,000 for failure to eliminate a health/safety risk.

Workers compensation

As shown on Figure 14, in 2008/09 Boral's workers compensation claim numbers decreased by 15% to 1,634, in line with 2005/06 and prior years. The Cement, Timber and USA divisions and Corporate had significant reductions in claim numbers.

Claim costs in 2008/09 increased by 15% to \$5.6 million, with the average cost per claim up 35% compared to last year. This increase predominantly reflects an increase in benefits to injured workers under the various state workers compensation schemes and a more conservative approach taken by insurers in estimating claims in the current economic climate.

We remain self-insured in South Australia and we are currently awaiting renewal of Boral's self-insurance licence for a further two to three years following completion of a recent audit.

Risk management and injury types

Boral's businesses are required to effectively integrate management of health and safety risks into all work activities and processes. This requires a systematic process for hazard identification, risk assessment and development of control measures. Risks associated with identified hazards are assessed, taking into consideration both the probability of a hazard causing an actual incident and the potential severity of the consequences of such an incident. Control measures are then required to be implemented to effectively manage identified and assessed risks.

Boral uses statistical injury analysis to formulate action plans to address specific risks. As shown in Figure 12, nearly 50% of injuries in Boral's Australian workplaces in 2008/09 resulted from "hitting objects with part of the body" and "muscular stress". As shown in Figure 13, over 50% of the injuries sustained were to the hand/fingers, back/neck or leg/knee. Corrective actions including training and process redesign have been taken to reduce these types of injuries.

Employee health and wellbeing

Boral requires its employees to be fit for work, with the required level of fitness depending on the nature of the work. Pre-employment medicals are conducted for most employees, to ensure that they are physically able to meet the demands of the job. In some higher-risk roles, regular employment medicals are also conducted.

Figure 10
Lost time injury frequency rate* (LTIFR)
* Per million hours worked

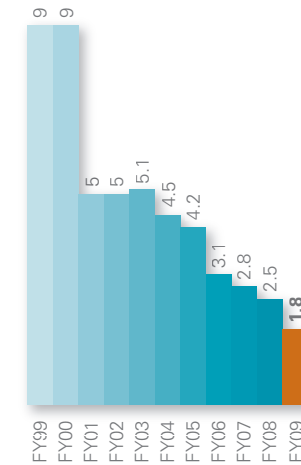
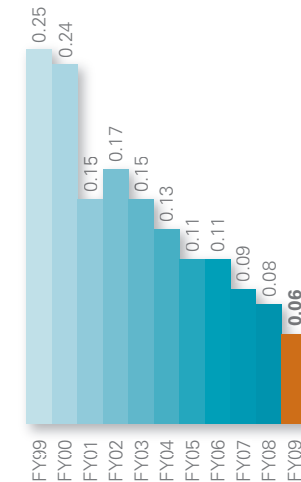


Figure 11
Percentage hours lost



Improving OHS management systems

During 2008/09, Australian Construction Materials (ACM) commenced the roll-out of a national ACM Occupational Health and Safety (OHS) Management System which will be fully implemented across its businesses over the next three years. This national platform will ensure consistent standards across all ACM businesses and eliminate the duplication of effort in developing and implementing health and safety strategies. Development of the national ACM OHS Management System involved a comprehensive consultation and stakeholder engagement strategy. This refocus and examination of OHS practices has led to revived interest and awareness of OHS, contributing to a significant improvement in ACM's safety performance in 2008/09. LTIFR of 2.6 was a 45% improvement.

Timber has made significant improvements to its foundation safety platform, Safe Mate, over the last 18 months. This has resulted in closer alignment with Boral's 14 Best Practice Elements; a subsequent increase of around 50% in the safety activities within the program; and the development of a comprehensive intranet portal for storage and sharing of safety information across the division. The annual rigorous Safe Mate Peer Audit process continues to prove the capability of the program by identifying opportunities for further growth and improvement.

It is Boral's policy to maintain a drug and alcohol-free work environment and Boral's operations have in place a range of activities to achieve this. The Company promotes drug and alcohol rehabilitation and will assist an employee who elects to enter a treatment program.

Beyond Boral's requirement for employees to be "fit for the job", Boral is committed to supporting the health and wellbeing of its employees. Boral's employee wellbeing program, BWell, is currently available to employees in Australia. In the USA, the program was put on hold in late 2008/09 due to cost reductions. In Australia, BWell provides three core services: annual or biennial health assessments, wellbeing awareness seminars conducted in working hours, and provision of educational information on health issues for employees and their families. BWell's health assessments are widely accessed by employees.

The BWell program aims to improve the health status and awareness of our employees through improvements in their lifestyle and diet. Amongst Boral's employees who have had two or more health assessments, the average number of risk factors has reduced from 2.8 to 2.7. The number of employees at the high end of the health risk spectrum with five or more undesirable risks has reduced by 9%.

BWell Program

	FY2009	FY2008
Health assessments – Australia	1,546	2,121
Health assessments – USA	~500	~800
BWell seminars – Australia	513	546

Many examples of improved health and wellbeing have been reported by employees as a result of increased health awareness and positive lifestyle changes.

Boral also offers employees and family members in Australia a confidential, free counselling program called BEAP (Boral Employee Assistance Program). BEAP provides short-term assistance and/or specialist advice on a range of personal and work issues that may affect their wellbeing. During 2008/09, a total of 344 employees and family members accessed the service for a new issue. The BEAP service also provided professional support and coaching to 21 managers in dealing with difficult or complex people issues.

Managing security issues

The security issues facing Boral's employees and joint venture staff working in countries of political and social unrest are closely monitored. Boral engages global security advisers and our travel and security policies are reviewed and adjusted in response to the changing global situations. Boral regularly considers emerging global health and security issues that may affect Boral's operations and employees abroad.

Figure 12
Mechanism of injury

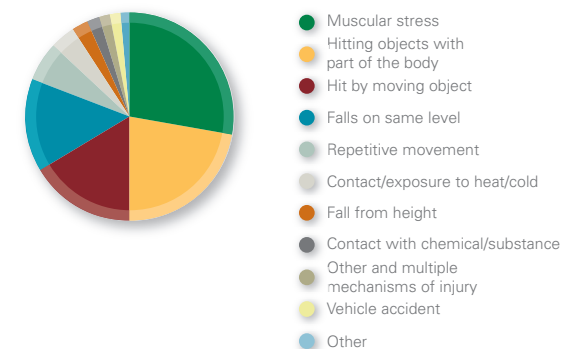


Figure 13
Body part injured

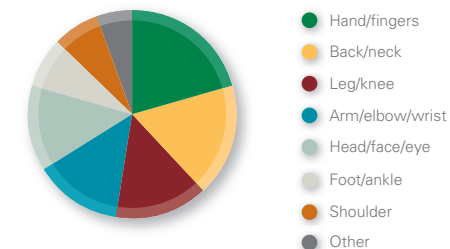


Figure 14
Number of workers compensation claims

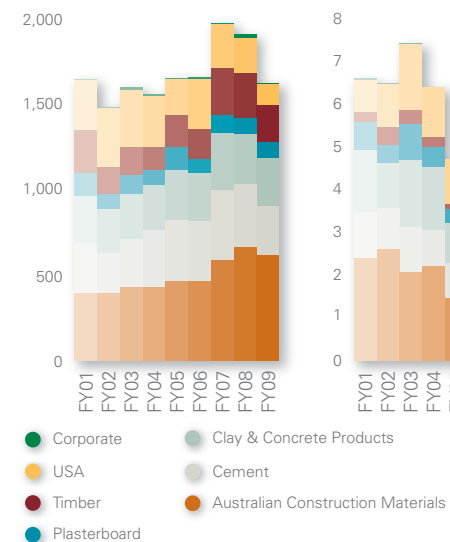
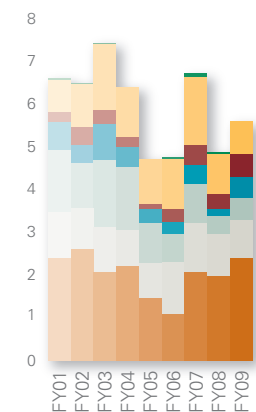


Figure 15
Workers compensation claim costs (A\$million)



Environment

Our Environment



Participating in the emissions trading debate, preparing our businesses for the Australian Government’s proposed Carbon Pollution Reduction Scheme (CPRS) and reporting under the National Greenhouse and Energy Reporting System (NGERS) were key priorities during the year. Our businesses successfully carried out an internal trial under the NGERS reporting regime and we obtained independent emissions intensive trade-exposed (EITE) assurance for cement and lime greenhouse gas data in readiness for the proposed CPRS.

Boral’s approach to managing the environment is detailed on pages s10 to s11.

Environmental performance

An important part of Boral’s environmental strategy is to ensure that our people have the right knowledge and capabilities to perform their job and protect the environment. During 2008/09, Boral’s employees continued to receive the latest internal environmental training via 16 business-specific environmental awareness training

sessions (to 107 employees), one session on sustainable development (to 27 managers) and 11 environmental management sessions (to 89 employees). Numerous sessions were held with senior management teams on the continually developing area of energy and climate change. Business-specific environmental training takes place across the organisation; Australian Construction Materials has begun the roll-out it’s Environmental Management System.

In 2008/09, the corporate Environmental Services team carried out its fifth annual internal environment conference in five states. This year the conference highlighted state-specific issues, best practice sustainability management and shared learnings across the organisation. A total of 75 employees from across Boral’s businesses attended.

Audit and assurance programs are an important part of Boral’s EMS. In 2008/09, Environmental Services undertook 43 compliance and/or systems corporate audits, and nine acquisition and divestment audits. Business-specific auditing takes place across the Company. For example, Australian Construction Materials completed 283 internal environmental short-form and 49 third party audits. In the USA, Environmental Management System audits were conducted at 33 locations; this is part of the three year re-audit program for some 70 operating sites. To date, 61 locations have been audited and 1,260 issues identified, of which 72% have been completed.

In our Thailand and Indonesian businesses, best practice standards, auditing protocols and hazard/action registers to monitor closing out of actions are maintained. Our Indonesian business has continued to conduct an internal HSE audit program, auditing 14 plants during the year.

During 2008/09, Boral incurred nine Penalty Infringement Notices (PINs) in Australia (resulting in \$19,921 in fines) for environmental contraventions. Six PINs were issued for minor or technical non-compliances including: contraventions of development approvals relating to polluting of waters; the release of high pH waters and sediments into the stormwater drainage system; a concrete spill which resulted in the pollution of waters; and dumping of concrete wastes as fill.

At a glance	FY2009	FY2008
GHG emissions (million tonnes)	3.62	3.94 ¹
Energy (million GJ)	28.65	31.99
Mains water (million litres)	2,285	2,820
Waste recycled/re-used/ consumed (million tonnes)	4.62	5.58
NOx (tonnes)	6,308 ²	–
SOx (tonnes)	1,837 ²	–
Dust (PM10) (tonnes)	2,903 ²	–

¹In Boral’s 2008 Sustainability Report, Boral’s 2007/08 GHG emissions were reported as 3.79 million tonnes. This restated figure reflects new reporting methodologies in Australia and the USA, enhanced data collection and review processes.

²NOx, SOx and dust data is for 83 sites, which account for over 80% of Boral’s total greenhouse gas emissions, Boral’s remaining sites are below the NPI and TRI thresholds.

Three PINs were for issues detected in early 2007 at BCSC Berrima cement works, which resulted in extensive audits by the NSW Department of Environment and Climate Change and the NSW Department of Planning and agreed corrective action plans.

Boral Australian Gypsum Ltd was convicted in March 2009 in the NSW Land and Environment Court for a water pollution offence. A fine of \$58,500 was imposed and \$23,000 paid for prosecution costs for the likely polluting of the Parramatta River with low hazard surfactant. An electronic level sensor probe failed to switch off supply from an external bulk tank, overflowing a smaller batching tank and containment bund. There has been extensive re-engineering of the process at the site to prevent any possible recurrence, and more aggressive hazardous liquids risk assessments are being applied across the division.

There were no fines or prosecutions in the USA or Asia for environmental contraventions in 2008/09.

Energy use and GHG emissions

Boral's operations consume a significant amount of energy and some businesses are particularly energy intensive. In 2008/09, greenhouse gas (GHG) emissions from Boral's fully owned businesses in Australia, the USA and Asia totalled 3.62 million tonnes of CO₂. In addition, approximately 0.18 million tonnes of CO₂ were emitted from Boral's equity share of joint venture businesses.

In 2008/09, there were an additional 122,000 tonnes of CO₂ as a result of: increased reporting scope, including additional contractor data required under NGRS; landfill gas emissions that were previously unreported; and emissions from the Oklahoma construction materials business which was acquired during 2007/08. Excluding the increased reporting scope, Boral's absolute GHG emissions in 2008/09 decreased by 8% year on year. This decrease in emissions largely reflects lower production resulting from the significant housing market downturns in the USA and Australia.

Emissions from Boral's US operations were down by around 41% on a comparable basis or around 147,000 tonnes of CO₂. In Australia, emissions were down 150,000 tonnes of CO₂ or around 4%. And in Asia, Boral's GHG emissions were down 22% or around 16,000 tonnes of CO₂.

All divisions, with the exception of Plasterboard, reduced their absolute emissions during the year largely as a result of the market downturn. Plasterboard's emissions increased marginally due to the commissioning of the new Pinkenba

plant, which for a period of time required two plants to be operating in Queensland before the Northgate plant was decommissioned.

During the year, most of Boral's plants were operating well below capacity and a program of rolling plant shutdowns was implemented in most businesses to manage inventory levels and reduce production to match lower demand levels. Alternative fuel and energy efficiency improvements that have been implemented across the business will deliver greater benefits as market volumes recover and production lifts.

In Boral's Quarry business in Australia, efficiency gains of 2% were delivered during the year, reflecting continued energy audits and energy efficiency programs.

The distribution of Boral's energy use and related GHG emissions across Boral's businesses is summarised in Figure 16. In 2008/09, around two thirds of Boral's emissions were from the Blue Circle Southern Cement business (BCSC). Approximately half of BCSC's emissions were from calcination, the chemical process of forming clinker from limestone at high temperatures. In addition to GHG emissions from calcination of limestone, some 2.2 million tonnes of emissions per annum result from Boral's electricity, gas, coal and diesel consumption.

In 2008/09, GHG emissions from cement clinker production per tonne of cementitious material sold declined by 1% and remain around 10% below 1990 levels. Emissions per tonne of clinker production was steady reflecting fuel efficiency gains offsetting inefficiencies associated with lower production (see page s32). The reduction in emissions per tonne of cementitious material sold reflects increasing use of cement substitute materials such as fly ash and slag and kiln efficiency gains over a longer timeframe.

Divisional performance (on pages s30 to s41) provides more detailed energy and emissions efficiency data specific to Boral's businesses.

In 2007, we set a climate change target to at least hold Boral's absolute greenhouse gas emissions steady and to offset any increase in emissions associated with market demand growth by reducing emissions per tonne of production. On a comparative basis, Boral's emissions in 2008/09 were 8% below 2006/07 emissions.

Boral's cross-divisional and cross-functional Energy and Climate Change Technical Working Group (ECCTWG) has been in place since January 2007. The ECCTWG reports to Boral's Management Committee and continues to manage a

To achieve an Industry Best Practice score of 3.0, Boral's businesses taken together should be able to demonstrate that the following goals have been achieved:

BSDT element	Our goals
Energy conservation and climate change	<ul style="list-style-type: none"> Involved in voluntary, industry sector energy efficiency or greenhouse programs including target setting; looking at alternate technologies to lower emissions; have systems in place to measure emissions; and can demonstrate positive performance trends when being compared with peers.
Water conservation, extraction and protection	<ul style="list-style-type: none"> Have consumption and cost savings tracking integrated into business reporting systems; undertake water risk assessments for all sites; incorporate reduction targets for key sites; achieve performance improvements; and demonstrate positive performance trends when being compared with peers.
Waste and resource management, recycling and re-use	<ul style="list-style-type: none"> Monitor waste streams across key operational areas and report on these relative to operational efficiency; conduct risk analyses to determine risks and opportunities associated with waste management and resource allocation; incorporate waste reduction targets for key sites; introduce approaches to improve the sustainability performance of products throughout their lifecycle; and demonstrate meaningful improvements in key areas.
Land protection, remediation and rehabilitation	<ul style="list-style-type: none"> Have management systems in place and well-trained people to prevent land contamination; evaluate land contamination risks and have systems in place to identify land contamination hazards and risks and to manage contaminated land liability holistically; and have a good understanding of rehabilitation conditions with completion plans for site closures.
Environment and ecosystem protection	<ul style="list-style-type: none"> Have undertaken comprehensive biodiversity investigations and implemented protection plans for all relevant sites.

Environment

Our Environment continued

range of activities to prepare the business for future climate change impacts and an emissions trading environment.

Boral's businesses have undertaken a broad range of projects to reduce energy consumption and greenhouse gas emissions, and we have identified abatement opportunities in the areas of energy efficiency, renewable energy, alternate fuels and alternate materials. These potential projects have been consolidated into an overarching abatement cost curve to assist in prioritising opportunities and capital investments. The implementation of these abatement opportunities is dependent on the anticipated cost of carbon in a trading environment, the costs to Boral for implementing identified abatement initiatives and available technologies.

For a longer-term solution, we need to see the development of new technologies and fuel options. We are actively engaged in trials to develop such technologies. For example:

- During the year we doubled the number of concrete agitator vehicles from five to 10, in our trial to use compressed natural gas (CNG) rather than diesel. Results continue to indicate a significant cost reduction opportunity and a reduction of around 7% in GHG emissions per tonne of concrete delivered.
- In July 2009, through BCSC we signed a Memorandum of Understanding to work with Greenerth to explore geothermal energy opportunities at our Waurn Ponds cement works. The Waurn Ponds region is the most favourable prospect for hot sedimentary aquifer geothermal exploration in Victoria due to the proximity of the inferred resource to market. Whilst it is early days, it is possible that the project has potential to provide baseload renewable energy, low electricity distribution costs and carbon geological sequestration.
- Geological sequestration or carbon capture and storage has a number of location-specific constraints that may make it unworkable at many cement manufacturing works. There may be more potential in algal "biosequestration", which is an area of focus for the global cement industry. Through the Cement Industry Federation, Boral is actively involved in

global benchmarking and sharing of knowledge in this area at an international level.

Boral has been an active participant in voluntary energy efficiency and emission reduction schemes for more than a decade, including:

- Greenhouse Challenge Plus (member since 1997).
- NSW SEDA Energy Smart Business Program.
- DRET's Energy Efficiency Opportunities (EEO) Program (covering 18 sites representing 80% of Boral's emissions in Australia).
- NSW Greenhouse Gas Reduction Scheme (NSW GGAS).
- EPA Victoria Greenhouse Program (now Environment and Resource Efficiency Plans).
- NSW Department of Energy, Utilities and Sustainability's (DEUS) (now DECC) Energy Saving Action Plans.
- Californian Climate Action Registry (covering US Tiles).

Participation in these schemes generally requires Boral's businesses to establish improvement targets and develop action plans, which are audited as part of the program.

Boral is one of only seven elective benchmark participants in the NSW GGAS scheme that receives Large User Abatement Certificates (LUACs) for reducing GHG. Boral has created more than 637,000 LUACs since 2005, saving more than 163,000 tonnes of CO₂ in 2008. Under the NSW GGAS scheme, Boral also created around 62,500 NGACs in 2008 for reducing electricity consumption at Berrima and generating renewable electricity at our landfill operations (Boral Waste Solutions) in Victoria, avoiding the production of around 62,500 tonnes of CO₂.

Boral Waste Solutions commissioned its third "Biogas to Energy" module at Deer Park in April 2009. This facility uses landfill gas to produce renewable electricity which is exported into the national grid. Commissioning of the third 1.1 MW generating module brings total electricity export capacity to 3.3 MW, which is sufficient to provide the electricity needs of around 3,000 homes.

Figure 16
Boral's GHG emissions ('000 tonnes of CO₂)

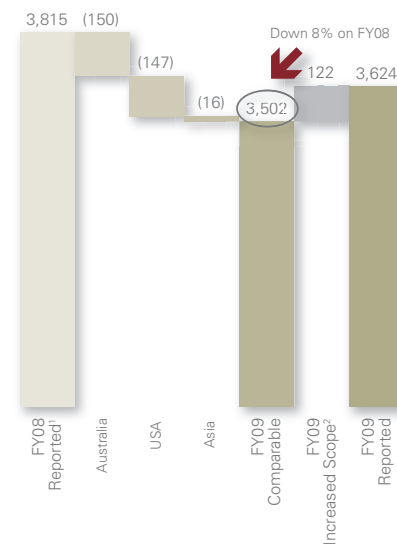
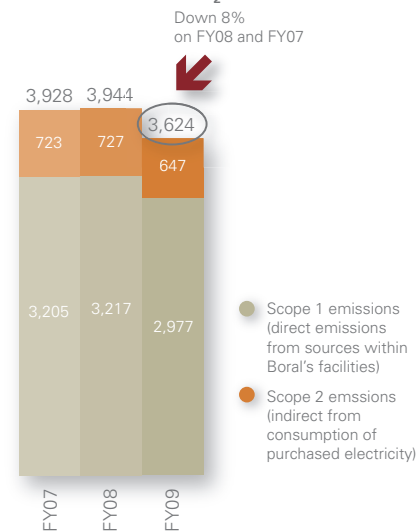


Figure 17
Boral's restated³ historical GHG emissions ('000 tonnes of CO₂)



1 In Boral's 2008 Sustainability Report, Boral's 2007/08 GHG emissions were reported as 3.79 million tonnes. This restated figure reflects new reporting methodologies in Australia and the USA, enhanced data collection and review processes.
 2 In 2008/09 reporting scope was increased to align with NGERs. Additional scope includes emissions from Boral's Deer Park Landfill operation, and previously unreported transport contractors and non-operating sites.
 3 Restated 2006/07 and 2007/08 GHG emissions is based on the inclusion of additional NGERs reporting scope and methodology updates as used for 2008/09 data.

Working with partners to build energy efficient housing

Boral supplied Envirocrete™, ENVIRO™ plasterboard and Boral Silkwood engineered hardwood flooring into Australia's first 9-star energy rated house named Harmony 9 (pictured). Harmony 9, designed by Australian company Mirvac Design, is estimated to reduce energy use by nearly 85% relative to a 5-star house.

Boral worked with Mirvac to trial and develop a unique recycled concrete slab floor incorporating 100% recycled aggregates and 60% cement substitutes. ENVIRO™ plasterboard was selected as it incorporates a minimum of 10% recycled material and has been independently accredited under the Australian Ecolabel Program. Boral Silkwood was selected on the basis of its Australian Forestry Standard certification ensuring that the timber is sustainably sourced from certified and legal forestry. The use of recycled and sustainable construction materials decreases the embodied energy in the construction materials.

In 2008 Midland Brick, in collaboration with Think Brick, Jade Projects and other industry participants, built a display home with an energy efficiency rating of 8-stars. The double-brick house design reduces energy use by nearly 50% relative to a 5-star house, the current minimum standard for homes constructed in Western Australia. The house is readily available in Western Australia at an affordable price range of \$210,000 to \$250,000.



For more details on Boral's GHG emission targets and a discussion of the impacts of the Government's proposed CPRS and EITE assistance, refer to the Message from the Managing Director on page s2-s3.

In addition to reporting in this Sustainability Report, Boral reports externally on climate change risks through the Carbon Disclosure Project. Refer to www.cdproject.net. Also see the Cement Industry Federation's website: www.cement.org.au.

Other emissions

Data on pollutant emissions for 69 of Boral's Australian facilities is reported to the National Pollutant Inventory (NPI) annually, as required under the NPI National Environmental Protection Measure. This data is available at www.npi.gov.au. In the USA, 16 Boral sites report their releases and transfers of hazardous and toxic chemicals on the annual Toxic Release Inventory as required under The Emergency Planning and Community Right-to-Know Act (EPCRA) 1986 and the Pollution Prevention Act (1990). This data is available at www.epa.gov/tri. For more information, see "At a glance" on page s18.

Water management

Boral recognises the need to sustainably manage our valuable water resources. Throughout our operations we rely on water for manufacturing and maintenance processes, to suppress dust, for cleaning and for sanitation.

We use water from a range of sources, including mains/town water, ground/bore water, surface water (including rainwater) and on-site recycled water (as shown in the Sustainability Data Table on page s7). Mains/town water usage is material to Boral.

A total of 2,285 million litres of mains water was used by Boral's 100% owned and controlled businesses in Australia,

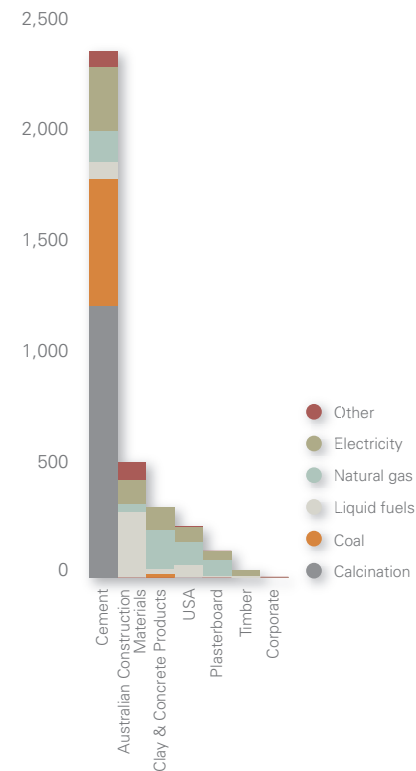
the USA and Asia in 2008/09. Mains water use was down 22% on a comparative basis on the prior year (Figure 19) due to the increased use of rainwater, lower production volumes and water efficiency gains. Approximately 81 million litres of mains water was consumed by Boral's equity share of joint venture businesses in Australia.

A breakdown of mains water usage by division is shown in Figure 20. Details of divisional water usage and improvements is provided in the divisional performance pages s30-s41.

Since 2007, numerous Boral sites in Australia have participated in formal water conservation programs in partnership with governments and/or water authorities. For example, in New South Wales Boral Plasterboard is classified as a high water user (>50 megalitres per year) by DECC and was required to submit a Water Savings Action Plan during the year, which is currently under review. Plasterboard's Port Melbourne plant has incorporated water savings initiative into its Environment Resource Efficiency Plan (EREP). Port Melbourne's water savings initiatives have been installed and are scheduled to be commissioned; the initiatives are estimated to reduce the site's mains water consumption by 10%.

In Western Australia, Midland Brick has been a voluntary participant in the Water Corporation's Water Achievers program for a number of years and was one of the first businesses to submit and have approved its Water Efficiency Management Plan. However, due to lower than average rain fall in the area and increased demand on water in 2008/09 for a major construction project at the Middle Swan site, no change on prior year's usage was achieved. Midland Brick continues to target a further 10% reduction per tonne of standard brick equivalent by 2012 in addition to the 20% reduction already achieved in 2006/07 and 2007/08.

Figure 18
Boral's energy use and related GHG emissions ('000 tonnes of CO₂)



Environment

Our Environment continued

Waste, recycling and re-use

Boral Waste Solutions' landfill site at Deer Park in Victoria is one of the largest landfill sites in Australia. Deer Park received more than 500,000 tonnes of commercial and municipal waste in 2008/09. Of this, around 4% was green waste which was recycled or composted to produce manufactured topsoil.

Throughout Boral, an estimated total of 4.62 million tonnes of waste and by-products was re-used or recycled in 2008/09, down 17% year on year reflecting lower production volumes. We measure waste from our production processes based on a combination of quantitative waste data where available, mass balance calculations or estimations through sampling. We also measure the proportion of this waste that is re-used or recycled and, in general, Boral's businesses re-use or recycle between 38% and 114% of the production waste that they generate in the year (ie some businesses consume more waste than they produce in a year by reducing stockpiles).

Our own returned waste materials re-used to produce the same product include concrete washout slurry, recycled asphalt pavement (RAP), plasterboard waste from production and building sites, brick bats and bricks from customers' sites, and green and cured masonry product. External waste products or secondary resources that we use to manufacture our products include: cementitious waste materials and by-products in cement, crushed demolition concrete in new concrete ("Envirocrete™") and granulated used tyres in LoNoise™ Asphalt. Information on some of Boral's sustainable products can be found on page s25 and www.boral.com.au/buildsustainable.

Boral's businesses only deal with very minor amounts of hazardous waste and this is managed in accordance with government regulations. Similarly, we only use relatively small amounts of packaging, as the vast majority of our products are delivered in bulk.

Examples of waste recycling and re-use

At Blue Circle Southern Cement's Marulan lime kiln, a kiln dust automated pneumatic conveying system was installed in 2008, allowing the recycling of kiln dust into lime products. The Marulan kiln loses about 7% of its production volume as kiln dust generated by lime crushing into lime products. The project has resulted in a decrease in lime manufacturing costs; a 7% decrease in greenhouse gases from lime manufacturing activity; and a saving of \$100,000 per annum in lime dumping costs.

The cement kiln at Blue Circle Southern Cement's Warrn Ponds site is using at least 10,000 tonnes of contaminated foundry sand, salvaged from automotive manufacturing facilities, as a direct replacement for freshly quarried sand. This sand is usually disposed to landfill each year. The project received EPA approval following trials which demonstrate that the resin contaminant present in the sand is destroyed in the manufacturing process and results in no increase in emissions.

In the USA, the small Best Block masonry business has initiated a program that recovers production waste previously directed to landfill. Block rejects are now recovered by an independent contractor, who crushes and screens the rejects, which are then re-used in the production of concrete block. This has eliminated over 4,500 tonnes of landfill waste and resulted in savings from recycling of over \$64,000.

During the year, Midland Brick, through its Midland Magpies recycling program, returned ~14,000 tonnes of surplus building materials from off-site to be recycled back into brick products; this is equivalent to 5.4 million bricks, which is enough to build around 250 average-size double brick houses. Since 2007, Boral has returned ~36,000 tonnes that would have otherwise gone to landfill (equivalent to 13 million bricks).

Figure 19
Boral's mains water consumption (million litres)

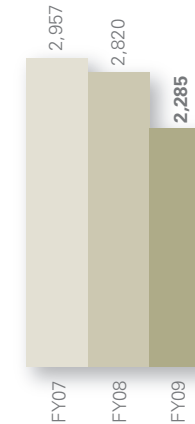


Figure 20
Boral's mains water consumption by division

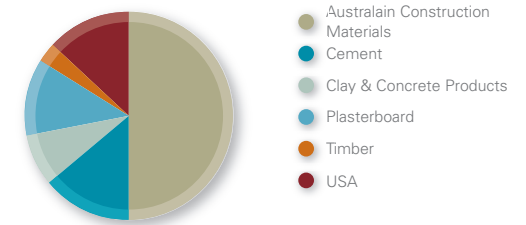
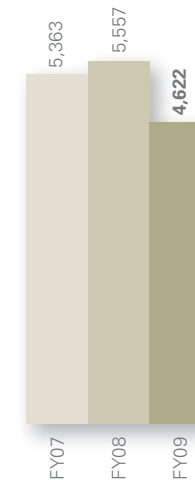


Figure 21
Internal and external waste and by-product re-used/recycled ('000 tonnes)



Making significant savings in mains water use

At our new Pinkenba plasterboard plant in Queensland, rainwater harvesting has reduced the sites' reliance on mains water by around 50% over the last year, equivalent to 48 million litres. A retention pond was constructed to collect rainwater from some 34,000 square metres of roof area of the new facility. Water is drawn from the retention pond and used in the manufacturing process in lieu of mains water. Waste process water is also recycled and re-used within the manufacturing process.

At Boral's Darra brick site, mains water consumption has reduced by more than 45% compared to last year¹. This has been achieved by investing in a rainwater tank system and establishing a pumping and filtration system to use surface water from the sediment pond for the manufacturing of clay products.

Australian Construction Materials has recently implemented a range of water efficiency projects including installation of rainwater tanks at all metropolitan concrete batching plants in Western Australia. Water efficiency projects in Western Australia's concrete business have resulted in the saving of over 11 million litres of mains water compared to the previous year, equivalent to a reduction of over 15%.



Two types of Boral's businesses are based primarily on the utilisation of other people's waste – Boral Recycling in Australia and our fly ash operations in the USA and Australia – BMTI and Blue Circle Ash through Fly Ash Australia (50% Boral-owned) respectively. The fly ash businesses process coal-fired power station waste to provide fly ash as a supplementary cementitious material in cement and in concrete, and bottom ash as drainage, filter and fill materials (eg "EnviroAgg®").

The Boral Recycling business processes construction and building waste in combination with concrete washout, RAP and natural rock, and markets a variety of products including road bases, pipe-bedding, backfill and aggregates.

More information about the amount of waste produced and recycled by Boral's businesses is provided in the divisional performance pages (page s30-s41) and included in the Sustainability Data Table (page s7).

Land management and biodiversity

Responsible land management starts with environmental due diligence before acquisition of new land assets or businesses, and continues through to divesting sites only when they are "fit for purpose". Key aspects of our land management activities are: complying with environmental and planning regulatory requirements; minimising Boral's "environmental footprint"; progressively rehabilitating our extraction sites; and maximising the sustainability and financial end use of our extraction sites.

Where practicable, Boral progressively rehabilitates its extractive operations on an ongoing basis. Landscape rehabilitation works improve the visual amenity of our quarry sites, enhance biodiversity and minimise erosion through planting of native trees and revegetation. Examples of Boral's rehabilitation in 2008/09 include: shaping, contouring and

hydro-seeding, the large southern overburden mound at the Linwood Quarry in South Australia; planting 2,000 local native trees and shrubs at Stonyfell Quarry, South Australia; and planting 3,000 endemic trees and shrubs at Yallourn Quarry, Victoria.

In addition to the already developed or proposed nature reserves at various Boral locations, Boral continues to develop quarry rehabilitation plans in greater alignment with current thinking regarding biodiversity, such as re-establishment of natural ecosystems relevant to the local area, rather than just addressing visual impact.

Boral's efforts in biodiversity enhancement and land management generally involve long-term commitments. Ongoing efforts which include protecting the Western Swamp Tortoise in the Swan Valley in Western Australia, the Striped Legless Lizard and Spiny Riceflower on the Basalt Plains west of Melbourne and the Grey-headed Flying Fox in New South Wales.

Boral undertakes all required biodiversity assessments under the federal Environment Protection Biodiversity and Conservation Act, and equivalent state level legislation, and implements resulting management plans. The same approach applies for heritage values, in particular Aboriginal heritage. In carrying out heritage assessments, Boral appoints appropriate heritage experts and follows government guidelines. For example, Boral recently relocated a scar tree, that would otherwise have been destroyed, from our Culcairn Quarry to the Albury and District Local Aboriginal Land Council, where it is planned to be displayed at its new health centre which is under construction.

Some Boral locations are subject to Native Title claims and these are dealt with according to local statutory requirements. Boral is committed to working cooperatively with traditional

land owners and where necessary Boral's businesses draw on the expertise of Boral's Indigenous Employment Co-ordinator, who assists with Indigenous cultural issues. There is currently ongoing dialogue with claimants with respect to one quarry site in Western Australia.

When acquiring or divesting properties, or commencing or ceasing leases, all due diligence is undertaken and, where necessary, supplementary work to assess and remediate any site contamination is undertaken. An active Boral-wide contaminated site assessment program is no longer necessary. However, continually more demanding legislation and standards will result in reassessment programs in some jurisdictions under the guidance of Boral's Legal and Environmental Services.

Through the Boral Living Green initiative, in partnership with Conservation Volunteers Australia, we have continued to support several projects to enhance the habitat of threatened species including:

- maintaining the habitat of the Western Swamp Tortoise (a nationally threatened species currently classed as "critically endangered") at Ellen Brook Nature Reserve in Western Australia;
- maintaining walking tracks and protecting remnant habitats for the Brushed-tailed Phascogale (marsupial) and Powerful Owl along the Great Dividing Trail around Daylesford, Victoria;
- managing the infestation of Cats Claw creeper which is damaging the rainforests at Bells Scrub, Dayboro, Queensland. This area is recognised as one of the most valuable rainforest remnants in south east Queensland.

¹ Adjusted for plant non-operating periods

Marketplace and Supply Chain

Marketplace and Supply Chain



We aim to manage Boral's supply chain in a sustainable way including consideration of compliance, environment, health and safety, labour rights, innovation and cost. We also aim to provide our customers with better value and service than our competitors and consult and collaborate with customers in the development of sustainable products.

Our suppliers

Processes and systems

Boral has strategic sourcing managers for all key supply categories at a corporate level.

Boral's Strategic Sourcing group integrates the corporate level plans with each of Boral's divisional strategic sourcing plans annually. The divisional plans incorporate clearly identified sustainability objectives and performance metrics. Performance metrics specifically address capability improvement initiatives identified through the Boral Strategic Sourcing Capability Assessment Tool. This tool qualitatively addresses the level of business capability in strategic sourcing areas.

Sustainability is entrenched in the supplier selection criteria, and the procurement process now includes the issuing of a Supply Chain

Sustainability Survey to strategically critical suppliers. The sustainability survey for selecting key suppliers addresses governance and ethics, policies, risk management, systems, reporting and key areas including safety, labour standards, stakeholder engagement and environment (as applicable).

Monitoring performance

Boral undertakes formal performance reviews of its prioritised suppliers, which includes social and environmental performance where relevant and compliance with Boral policies.

Working with our suppliers

Boral's application of its procurement process specifically aims to engage with suppliers to continuously improve Boral's sustainability through the supply chain.

Working with our suppliers of heavy transport vehicles has enabled continued sustainability improvements in a variety of areas. Boral's new compressed natural gas (CNG) concrete agitator vehicles produce 7% less GHG emissions per cubic metre of concrete delivered. In addition, the vehicles have world leading vehicular emission levels exceeding current requirements and even those planned for 2016 and beyond. Compared with current Australian legislative requirements these new vehicles, developed by Mack, are able to reduce particulates by 92% and nitrous oxides by 90%.

All of Boral's heavy transport prime movers have been specified with fuel consumption reduction as a key factor and incorporate several fuel saving design options including roof mounted air conditioners and automatic tyre inflation systems. These reduce the need to run the main engine just for cab cooling, and minimise rolling resistance by ensuring that all tyres are at correct pressures at all times. Driver safety and comfort has also been enhanced with up-rated seats, high visibility seat belts and reversing cameras now standard on all vehicles.

The accelerated replacement of the NSW heavy transport fleet over the next four years will deliver trucks that meet the latest emission regulations and reduce nitrous oxides by over 40% and particulates by 18%. Boral's leadership role in encouraging suppliers to integrate these changes with their normal production processes provides the heavy vehicle manufacturing industry with production capability and opportunities to offer safer, more sustainable vehicles to other industry participants.

US Tile's clay roof products are the first roof tiles to have achieved Cradle to Cradle certification (refer to page s25). To successfully achieve Silver level certification criteria, Boral worked with material suppliers to phase out or replace problematic substances to optimise raw materials.

Our contractors

The use and development of contractors is a critical component of Boral's success. Engaging in the order of \$800 million of contractor related services annually, Boral has, over a number of years, placed an increasing focus on initiatives to enhance the value of contractor relationships. Recent programs include ongoing development and implementation of sustainable contractor management processes across its business units. The outcomes of these programs includes risk mitigation, cost management and alignment of contractors' sustainability capability with Boral's requirements.

To achieve an Industry Best Practice BSDT score of 3.0, Boral's businesses taken together should be able to demonstrate that the following goals have been achieved:

BSDT element	Our goals
Strategic sourcing and supply chain	<ul style="list-style-type: none"> • Procurement and/or supply chain plans incorporate sustainability objectives and performance metrics, applied across all activities which have identified sustainability procurement risks. • HS&E/sustainability standards for strategic sourcing activities are in place and are supported by effective decision-making structures and resources.
Sales and marketing	<ul style="list-style-type: none"> • Sales and marketing plans incorporate clearly identified sustainability objectives and performance metrics. • Inform and seek responses from key stakeholders about our products and their sustainability characteristics. Use this feedback in product development improvements. • Product stewardship concepts are incorporated into delivery and support systems of key products/services.

Our customers

We work closely with our customers to understand their needs and the challenges they face so that we can deliver the best solutions. To understand what is important we hold focus groups, conduct quantitative studies and undertake annual customer surveys.

We also undertake perception studies to help us better understand how the Boral brand is viewed in the marketplace and whether we are meeting our objectives. During the year, 619 consumers and 300 builders participated in perception studies. These studies provide valuable information as to how we perform against a range of important measures of our brand. These include being innovative, contemporary and environmentally responsible. The findings are used to help develop our improvement plans for the following year. The findings this year have identified a need to better communicate successful initiatives.

Over the last few years, we have improved the sustainability features of a number of our products in response to feedback from our customers. Examples of Boral products and their sustainability criteria are included on this page.

During the year, Boral continued to develop appropriate and consistent methodologies for undertaking product lifecycle assessments both internally and through various industry groups including the Building Products Innovation Council.

Customer experience

We aim to provide the best service to our customers. However, in the event that dissatisfaction occurs, all of Boral's businesses have systems in place for dealing with customer complaints.

Feedback from annual customer satisfaction surveys is used to improve service.

Product performance and safety

Boral's businesses have processes in place to manage product performance and health and safety risks, including appropriate product labelling and training and Material Safety Data Sheets. Material Safety Data Sheets advise users of our products on safe use and handling and optimal application procedures.

Industry sustainability initiatives

Since 2005, Boral has been a National Leader of the Housing Industry of Australia (HIA) GreenSmart initiative. Boral continues to sponsor the HIA Boral GreenSmart Awards, which recognise excellence in environmentally sustainable housing construction. GreenSmart is a practical approach

to building which focuses on educating builders, designers, product manufacturers and consumers about the benefits of environmentally responsible housing.

Boral is also a Foundation Partner with the Urban Development Institute of Australia (UDIA) in its EnviroDevelopment project in Queensland. Following the success of the Queensland project, Boral has also become a Foundation Partner in Victoria and Western Australia. EnviroDevelopment is a scientifically-based branding system designed to make it easier for purchasers to recognise and select more environmentally sustainable homes and lifestyles.

In 2008 Midland Brick, Think Brick, Jade Projects and other industry participants were involved in the development and construction of an 8-star display home (based on the Building Energy Rating Services System). The double-brick house design reduces energy use by nearly 50% relative to a 5-star house, which is the current minimum standard for homes constructed in Western Australia. The house is readily available in Western Australia at an affordable price range of \$210,000 to \$250,000. Boral is also providing materials into Australia's first 9-star house being built by Mirvac Designs in Victoria. Refer to page s21 for further information.

Compliance and ethics

From trade practices compliance to product labelling, we aim to ensure that our marketing and sales activities meet both the spirit and the letter of the law. Marketing and sales people are provided with information on trade practices and other requirements related to acceptable standards for marketplace behaviour. All managers and sales staff are required to complete an online, regularly updated Trade Practices Compliance training program and a biennial refresher course. During 2008/09, a total of 616 Boral employees completed online compliance training in Australia, while 460 employees attended trade practices training seminars. In the USA, Boral's legal department conducted 19 face-to-face training sessions to 505 employees, largely managers and sales staff, which concentrated on antitrust and Code of Conduct.

Customer privacy

With the increasing migration to electronic data management, we maintain extensive and robust security systems and procedures, and give continued priority to customer data protection and privacy. Boral's Privacy Policy is available on Boral's website.

Examples of Boral products and their sustainable features.

	Boral Envirocrete™ <ul style="list-style-type: none">• Designed to use waste materials in the manufacture of concrete, thereby reducing the environmental impact.• Utilises cement substitutes (fly ash, slag) and recycled aggregates.• Net Balance audited and verified the systems for producing Envirocrete™ concrete mix designs.• Contributes to sustainability ratings systems, including UDIA and Green Building Council of Australia's Green Star environmental rating scheme.
	Boral Timber <ul style="list-style-type: none">• Boral Timber products have full Chain of Custody Certification under Australian Forestry Standard (AS4707-2006), ensuring that they are sustainably sourced from certified and legal forestry, and tracked through to point of sale.
	ENVIRO™ Plasterboard range <ul style="list-style-type: none">• Boral has developed an environmentally preferred ENVIRO plasterboard range incorporating a minimum of 10% recycled content.• Boral ENVIRO™ products are certified under Good Environmental Choice Australia Panel Board Standard GECA 04-2007.
	US Tile <ul style="list-style-type: none">• All US Tile roofing products manufactured in the USA are certified by MBDC under Cradle to Cradle.• The US Tile clay roof products have achieved Silver level certification criteria based on materials, material reutilisation, energy, water and social responsibility and are the first roof tiles to have achieved certification.

Our Stakeholders



We have a genuine regard for the interests of our stakeholders. Developing and maintaining a strong relationship with our stakeholders is crucial to our business success and maintaining our licence to operate.

Stakeholder engagement is integrated into our business systems and processes. To achieve our objective of performance at a level of Industry Best Practice a number of the BSDT elements incorporate specific requirements to engage and communicate with various stakeholder groups. In addition, two BSDT elements focus specifically on Boral's performance in regard to stakeholder engagement: Community Relations and Engagement and External Relations and Communications.

The table on the following page outlines the main methods used to engage with our key stakeholders in addition to Boral's Annual, Sustainability and half-yearly reports and website, which are targeted at all key stakeholders.

Engaging with our stakeholders through our Sustainability Report

Boral's annual Sustainability Report is the main avenue by which we provide information to our stakeholders on sustainability matters. During 2008/09, we sought feedback on Boral's 2008 Sustainability Report through two formal discussion groups with employee, shareholder, customer, supplier, and community representatives. The feedback obtained through these forums was used in determining how to present this year's report.

Government and regulators

Boral aims to have regular dialogue with key external decision makers and engage in policy shaping on sustainability issues.

Boral has regular dialogue with public officials both directly and through membership of industry associations.

Boral has a Government Relations policy which recognises the role of governments and outlines our approach to working with government.

Boral is actively engaged in commenting on government consultation processes relating to sustainability issues. During 2008/09, public advocacy efforts largely revolved around emissions trading and the National Greenhouse and Energy Reporting System (NGERS) requirements. Our submissions can be found on our website at www.boral.com.au/sustainability.

We participate in government initiatives to help shape decision making and policy. During the year, Boral was a Pilot Group member for NGERS working with the Department of Climate Change. Boral is also represented on the Federal Government's Built Environment Industry Innovation Council.

At a business level, Boral directly engages with local councils and regulators such as state EPAs and planning authorities.

Political contributions

Boral is apolitical and does not make donations to political parties or individuals. In 2008/09, Boral did not renew membership of the NSW Millennium Forum and NSW Australian Labor Party's Business Dialogue, which had been retained in recent years to attend business events and access bipartisan political debate. The Australian Electoral Commission's reportable funding from Boral in 2008/09 was nil.

Industry influence

Boral actively participates in major business and industry associations and initiatives which to varying extents focus on sustainable development. These associations include: Cement Industry Federation; Cement, Concrete and Aggregates Australia; Housing Industry Association; Think Brick Australia; Association of Wall and Ceiling Industries; Gypsum Board Manufacturers Association; The Urban Development Institute of Australia; and the Business Council of Australia (BCA). Boral's CEO, Rod Pearse, is a BCA Board member and Chair of the BCA's Sustainable Growth Taskforce.

Boral is continuing to work with the Building Products Innovation Council (BPIC) and various industry associations to develop a robust lifecycle analysis and inventory methodology to ensure a scientific and consistent approach in comparing building materials across their lifecycle.

Community and neighbours

Boral's objective is to maintain support and goodwill of communities surrounding Boral's activities through engaging and consulting on relevant issues.

Community liaison groups exist at key Boral operations and a number of smaller operations to facilitate the exchange of open and transparent communication.

The most common issues of local concern raised through community consultation processes are about local noise and vibration impacts, dust or emissions, traffic conditions or biodiversity. In operations that raise considerable concern or contention, we may engage specialist consultants to investigate these concerns and/or provide expert advice. When appropriate, we also establish dust, noise and vibration monitoring devices on our neighbours' properties to help ensure that we are operating within acceptable levels.

A summary of recent and current issues of concern to local communities surrounding our operations or proposed development is included in the table on page s27.

We actively consult with communities when considering major new investments and land management issues. Stakeholder reference groups are formed for major developments to facilitate risk assessments to identify and rank perceived risks. On land management issues, we often work in partnership with local community members, special interest groups and/or government bodies.

Methods of stakeholder engagement

Stakeholder group	Engagement during 2008/09
Shareholders	<ul style="list-style-type: none"> Annual General Meeting, annual and interim results announcements, formal meetings with institutional investors and site visits/presentations. Media releases and Boral in the News. Carbon Disclosure Project (CDP7), which seeks information from companies on climate change risks and opportunities on behalf of institutional investors. Independent surveys to assist the investment community in benchmarking Boral's performance.
Employees	<ul style="list-style-type: none"> Independent employee surveys undertaken across Boral's Australian and US operations to identify key issues which affect employee engagement. Boral in the News, Boral's intranet, divisional newsletters, tool box meetings, consultative safety groups and "safety conversations". Regular performance reviews for salaried staff.
Suppliers/contractors	<ul style="list-style-type: none"> Regular feedback and performance reviews with critical suppliers covering: operational activities, safety, environment and continuous improvement. Supply Chain Sustainability Survey to strategically critical suppliers. Safety and site inductions.
Customers	<ul style="list-style-type: none"> Customer surveys and focus groups. One-on-one meetings, site visits. Product information, Material Safety Data Sheets and brochureware. Customer events, eg product launches, Boral Design Awards.
Local communities and neighbours	<ul style="list-style-type: none"> Community consultation and engagement groups. Open days, site tours, one-on-one meetings, public meetings, newsletters and targeted communications. Independent community perception interviews undertaken where needed to better understand local community concerns.
Government and regulators	<ul style="list-style-type: none"> Meetings with government and regulatory officials. Conferences and selected events to understand public policy developments. Submissions to government consultation processes. Participation in industry associations.

Recent and current community issues

Key issue	Boral's position
Community concerns about the safe use of alternative fuels, Blue Circle Southern Cement, Berrima, NSW	<p>The use of alternative fuels in cement kilns is common both in Australia and overseas, and has been shown to effectively reduce GHG emissions, waste to landfill and costs.</p> <p>In 2007/08, BCSC engaged independent advisers to interview a cross section of the local community and other stakeholders to identify concerns about air quality impacts and to determine how they may be addressed. This resulted in the formation of an Air Quality Monitoring Sub-Committee to review air quality monitoring undertaken at Berrima. Members represent Wingecarribee Shire Council, local interest groups and the local community. The Sub-Committee selected expert technical advisers in human health risk assessment and air quality monitoring/modelling. BCSC has also significantly improved procedures for the selection, quality control, supply and use of alternative fuels to minimise the risk of program non-compliance.</p>
Request for ACCC investigation by Australian Conservation Foundation (ACF)	<p>The ACF issued a statement in June 2009 indicating that the ACF and the Australian Climate Justice Program (ACJP) asked the Australian Competition and Consumer Commission (ACCC) to investigate whether six companies, including Boral, have engaged in misleading or deceptive conduct when making public statements on climate change policy. They alleged that statements made about the impacts of the proposed Carbon Pollution Reduction Scheme are exaggerated and contradictory when compared with the companies' disclosure to shareholders and independent analysis.</p> <p>Boral issued a media release on 15 June 2009 strongly refuting the allegations made by the ACF and the ACJP and detailing that Boral's communications to government and to its shareholders are consistent. The ACCC has said that it will not investigate the complaint.</p>
Community opposition to proposed bitumen import terminal at Crib Point, Vic	<p>Boral's proposal to build a bitumen storage and distribution facility at Crib Point (as discussed in Figure 24 of Boral's 2008 Sustainability Report) was approved by the Victorian Planning Minister in August 2009. Boral is pleased that the Government has confirmed the need for the Crib Point area to be developed for "mixed use". Boral is, however, concerned about some ongoing community concerns about the proposed plans and will continue to listen to concerns and provide the community with relevant information.</p>
Regional employment and the economic downturn	<p>Employment levels across Boral have reduced as cost reduction programs have been implemented and production slowed to match lower demand. While the need for these actions is generally well understood, individuals and local communities have been impacted. In August 2008 production was suspended at Boral's Walcha Timber mill in New South Wales, resulting in 23 redundant positions; quicklime manufacturing at BCSC's Galong facility was temporarily suspended in January 2009 due to significantly weaker steel demand resulting in seven positions being made redundant; and in July 2009, Boral temporarily suspended brick production at Kempsey, New South Wales, affecting 19 production employees.</p>

Community Investment

Boral has a strategic community partnership model supported by key selection criteria that help determine the most effective partnerships for the Company. The core platform of Boral's partnership program is to make a valued and sustainable contribution to the communities in which we operate with partnership selection based on a Products, People, and Places strategy. We involve our People to encourage a better work/life balance and to use our expertise to benefit the wider community. We use our Products to build communities and for conservation initiatives and we focus on our Places, the communities in which we operate, to address environmental and social issues.

Boral has seven key strategic partnerships that we use to engage our employees and make a difference in our local communities. These community partnership programs and their key outcomes are listed below. In February 2009, Boral pledged a \$50,000 donation to the official Red Cross relief fund for the Victorian bushfires then matched employee donations on a dollar-for-dollar basis to a maximum of \$50,000. This \$100,000 commitment will take the form of 50% cash (paid in 2008/09) and 50% in-kind materials to re-build affected communities (expected to be needed in 2009/10).

In 2008/09, a total of \$569,562 of cash and materials support was invested in these community programs, together with a further \$600,422 of cash donated to the Juvenile Diabetes Research Foundation and the Red Cross through employee fundraising efforts in Australia and the USA.

In addition to Boral's strategic corporate partnerships, Boral's businesses support local community activities. Boral's Partnership Framework and Criteria must be used to assess the appropriateness of local partnership opportunities with the quantum of support also subject to Boral's Limits of Authority policy.

Boral's partnership framework



Partnership initiative

Conservation Volunteers Australia (CVA) – Boral Living Green

In 2009, Boral renewed its longest standing community partnership with CVA for a further three years. Living Green will continue to focus on conservation projects through volunteering opportunities and family conservation days. In addition, the partnership will also focus on raising awareness of Boral staff on how they can reduce their own environmental impacts through CVA's Action for Climate Change program.

Outcomes/achievements in 2008/09

- Formal event held to celebrate 20 years of partnership.
- 483 volunteer days across 63 conservation projects including 18,720 trees/stems were planted and 21,390 m² of land weeded and regenerated in WA, QLD, NSW, ACT, SA and VIC.
- A successful cause related marketing initiative with Boral Timber promoting the Mountain Range of Timber Flooring.

Creating a Better Earth



Taronga Conservation Society Australia

Boral has partnered with the Taronga Conservation Society Australia (formerly Taronga and Western Plains Zoos) since early 2003. In 2009, we renewed the partnership for a further three years. The partnership will see Boral continuing its naming rights sponsorship of the Youth at the Zoo (YATZ) program and further develop our involvement with the Zoo's education department with a special focus on YATZ scholarships for Indigenous, disadvantaged and regional participants.

- Numerous employees, families and customers visited the Zoos in 2008/09 including 190 attendees at the Twilight concerts in early 2009; and around 600 staff and families at Boral's Family Day in December 2008.
- The YATZ Eco Fair was held in January 2009, with Boral and CVA participating.
- Boral products continue to be used in Taronga's major master plan developments.



Bangarra Dance Theatre

Boral has partnered with the Bangarra Dance Theatre, Australia's leading Indigenous dance company, since 2002. Since March 2007, we have been the Sydney season sponsor. In 2008, we renewed our partnership with Bangarra for a further three years.

- In 2008/09, over 190 Boral staff and their guests attended Bangarra's capital city main stage performances or regional performances.
- In November 2008, Boral and Bangarra held their first family day, with over 150 Boral employees and their families attending a special performance and dance workshop at Bangarra's Walsh Bay Theatre.
- Boral is the main Sydney season sponsor for 2009, Bangarra's 20th anniversary year.



Outward Bound Australia

– Boral Family Re-Discovery Programs

Boral continues to offer Outward Bound Family Scholarships to Boral employees with a high school-aged son or daughter and for less advantaged youth in the community. Outward Bound is widely recognised for delivering a program focused on work/life balance and the scholarships are a key platform of Boral's broader commitment to corporate responsibility and to supporting, nurturing and developing employees.

- Since the Boral Family Re-Discovery program was developed in 2003, a total of 88 family groups have participated in the program across five states.
- 20 family groups received Boral scholarships in 2008/09.
- 84% of past participants in the Outward Bound scholarships still work for Boral.
- Two Outward Bound Aboriginal Leadership Programs were sponsored for Indigenous students in Kempsey and Western Sydney; 30 students completed the program.

OUTWARD BOUND
Inspiring Australians



Juvenile Diabetes Research Foundation (JDRF)

JDRF has been Boral's preferred charity since 2001. It provides Boral with structured opportunities to participate in fundraising and promote employee engagement while increasing awareness of Type 1 diabetes and the need for further research towards finding a cure. Since 2006, Boral has been a Global Walk Leader for the Walk to Cure Diabetes campaign.

- Boral has contributed over \$2 million to JDRF since the partnership began in 2001, including around 85% from employee fundraising efforts.
- In 2008/09, Boral's employees raised \$492,449 for JDRF through the Walk to Cure Diabetes in Australia and the USA and through the Ride to Cure Diabetes and the Spin for a Cure events in Australia. Over 1,000 employees and family members participated in the October 2008 Walk to Cure Diabetes. Boral was awarded the Freedom Award for being the highest corporate fundraising team in 2008.
- 73 riders participated in the Ride to Cure Diabetes in January 2009 and raised \$312,700 of the total amount.



Building Communities in Asia

Boral commenced its Building Communities in Asia program in 2005 following the devastating Boxing Day tsunami. Boral's two and half year partnership with World Vision in Indonesia and Thailand came to an end in 2008 and Boral is now investing directly in community building activities around Bayah in Indonesia.

- \$15,000 cash to World Vision towards construction of learning centres in Thailand and \$9,056 of materials-in-kind to the World Vision Trang learning centre in Thailand.
- \$52,000 was invested in community building activities in the Bayah region including: education for 60 secondary students to improve their prospects of gaining a tertiary education; education for 60 children who left school during the previous two years; English classes for 20 local teachers and 24 employees; and the extension of pipelines to provide fresh water to five villages.
- Employees in Indonesia were involved in raising \$5,000 for 10 children to undergo restorative facial surgery.
- In Thailand, over 2,000 employee volunteer hours invested across three community projects.

Building
Communities



HomeAid

Boral USA continued its partnership with HomeAid with an annual commitment of US\$25,000 in cash and US\$25,000 in in-kind product donations. HomeAid is a leading national non-profit organisation providing shelter for the homeless.

- Boral is represented on the Board of Directors of HomeAid's Atlanta Chapter.
- Boral has committed to providing roof tiles for a new project in California which serves victims of abuse, primarily children.
- A project in Georgia for which Boral committed bricks, and which had been delayed due to the US housing industry downturn, commenced in July 2009.



Australian Construction Materials



Australian Construction Materials (ACM) is a decentralised business operating at over 400 sites. This poses significant challenges in driving improvement programs and ensuring consistent and accurate measurement and reporting. This year we focused on improving reporting and controls. We continued to roll out a best practice national Safety Management System and a national Environmental Management System that is in accordance with ISO 14001. A centralised energy data capture system allowed us to provide more robust reporting data in line with the National Greenhouse and Energy Reporting System. Despite capital constraints we invested in further five compressed natural gas (CNG) powered concrete agitators in an effort to reduce Boral's reliance on diesel and to find a cleaner alternative transport fuel.



527,000 tonnes CO₂ emitted (8%↓)¹

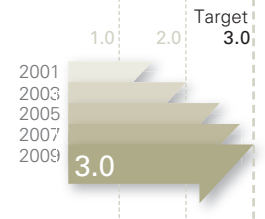


1,144 million litres of mains water consumed (20%↓)



331,000 tonnes of waste and by-products recycled/re-used (31%↓)²

BSDT performance



Our performance

Human resources

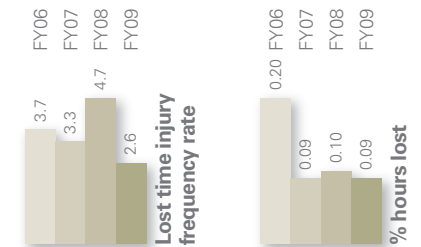
Health and safety

- Employee LTIFR of 2.6 and % hours lost of 0.09, both better than improvement targets.
- LTIFR for contractors of 2.4 was well ahead of target due to fewer injuries, improved contractor safety management, and more rigorous hours capture.
- Regional implementation plans for ACM's OHS Management System (OHSMS) were developed; roll-out commenced in January 2009.
- Closed out actions from electrical audits for all sites.

Our goals/plans

25% improvement on last three year average LTIFR and % hours lost.

- 50% of all OHSMS programs and standards implemented by 30 June 2010.
- 100% closure of all high/extreme risk actions in nominated timeframes.
- Structural audits completed in all businesses.



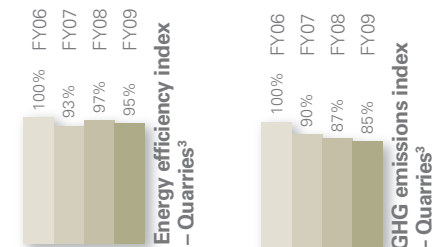
Environment

Energy conservation and climate change

- Total energy use of 5.4 million GJ and GHG emissions of 527,000 tonnes of CO₂ decreased by 7% and 8% respectively on a comparable basis, due to lower production and efficiency gains.
- Quarries energy and GHG emissions per unit both reduced by 2%, reflecting continued energy audits and an ongoing energy efficiency program.
- Boral Transport implemented procedural improvements to reduce diesel use through driver training and by reducing waiting time.

Reduce emissions per unit and offset increases in absolute emissions as a result of market demand growth.

- Continue energy efficiency audits and programs in quarries, focusing on improvements in diesel efficiency.
- Provision of EcoDriver training to drivers to improve diesel efficiency.
- Continue the geographic roll-out of CNG agitators, which currently involves 10 vehicles.
- Upgrade NSW Transport fleet to capture modern engine efficiencies.



Water conservation, extraction and protection

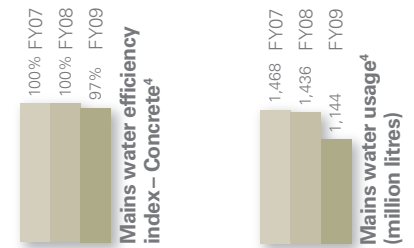
- Mains water use of 1,144 million litres was down 20% year on year, due to higher rainwater availability as a result of previous investments in rainwater capture.
- Quarries decreased its mains water use per unit of production by 44% mainly through use of on-site captured water.
- Concrete decreased its mains water use per unit of production by 3% due to water reduction projects including installation of rainwater tanks and increased use of treated water in concrete batching.

Waste and resource management, recycling and re-use

- ACM re-used and recycled 331,000 tonnes of concrete waste and recycled asphalt profiling (RAP), down 31% due mainly to the completion of the Eastlink project, which was RAP intensive, and an industry 10% reduction in concrete volumes.
- In ACM's recycling business which takes external building waste, replacing virgin resources, recycled and re-used waste volumes were 42% above FY2006, but down 14% on last year due mainly to lower activity.

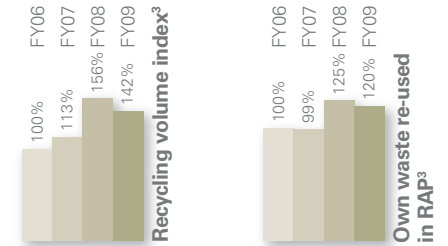
Reduce mains water consumption across the division.

- *Increase capture and use of rainwater in Quarries and Concrete.*
- *Further installation of water tanks.*
- *Increase use of treated water at concrete plants.*



Minimise waste from our operations and increase the amount of waste re-used and recycled that would have otherwise gone to landfill.

- *Further grow recycling business.*
- *Further expand use of recycled asphalt pavement.*



Marketplace and supply chain

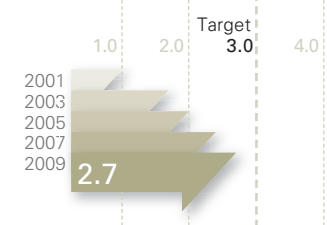
Sales and marketing

- Net Balance audited and verified the systems for producing Envirocrete™ concrete mix designs that include cement substitution and recycled aggregates, which helps customers to achieve green star ratings.
- Boral ACM is participating in an industry-wide project, managed by the Building Products Innovation Council, to understand lifecycle impacts of different building materials.
- ACM worked with Mirvac to supply Envirocrete™ to the Harmony 9 house in Waverley Park (Vic), helping the house achieve a 9-star energy rating.

Provide customers with sustainable product solutions.

- *Further understand the lifecycle impacts of building products and materials.*
- *Engagement with customers to develop innovative new sustainable concrete mixes.*
- *Expand application of recycled asphalt pavement.*
- *Identify opportunities to support environmental standards.*

BSDT scorecard Sales and marketing



Social responsibility

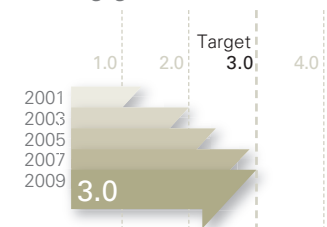
Community relations and engagement

- Stakeholder risk assessments undertaken for all key sites; Stakeholder Engagement Plans developed for sensitive quarry sites. Community consultation programs were in place at key sites and for new developments.
- Boral engaged with native title claimants relating to Tabba Tabba Quarry in WA. The Ngarla group escalated a claim over an access road to the Mining Warden's Court, resulting in the temporary closure of the quarry until agreement was reached in July 2009.

Maintain the support and goodwill of communities surrounding Boral's activities through engaging and consulting on relevant issues.

- *Continue community relations and engagement initiatives for key sites, including Tabba Tabba Quarry.*
- *Continue to undertake stakeholder risk assessments for all businesses, prioritising sites that require development of stakeholder engagement plans.*

BSDT scorecard Community relations and engagement



About Australian Construction Materials

ACM, Boral's largest division, has a diverse number of businesses including Quarries, Concrete, Asphalt, Transport, and Quarry End Use, which incorporates a landfill operation at Deer Park in Victoria. The division has 409 operating sites, around 4,200 employees and 2,600 FTE contractors in Australia. ACM's sustainability data include second brand operations Concrete, Alsafe, GoCrete, Q-Crete and Allens Asphalt. ACM's total GHG emissions include Boral's Deer Park landfill operations.

¹ In preparation for reporting under the National Greenhouse and Energy Reporting System, the reporting scope has increased, including emissions from landfill operations. Historical comparisons have been adjusted to take into account additional scope.

² If quantitative waste data is not available, waste is calculated through a mass balance equation or estimated through sampling. Waste recycled/re-used includes both internal waste and external by-products consumed.

³ Indexed to 100% in FY06 as base year. Energy/GHG calculations based on total quarries energy and GHG emissions divided by tonnes of quarries production; recycling and RAP calculation based on own waste re-used in tonnes divided by tonnes of RAP and NSW recycling.

⁴ Indexed to 100% in FY07 as base year due to improved reporting. Water calculations based on total water use in concrete divided by m³ of concrete production.

Cement and Construction Related Businesses



Late in the year, the Cement division split into two separate divisions, Cement and Construction Related Businesses (CRB). FY2009 sustainability reporting data are combined. An important outcome for Boral in FY2009 was the recognition of the cement and lime industries as emissions-intensive trade-exposed (EITE) in the draft CPRS legislation. In FY2009, GHG emissions decreased by 3% due to lower overall production volumes, particularly cement and lime. In CRB, new windows products are in development to meet growing regulatory trends and DeMartin & Gasparini are utilising concrete with low cement content and recycled products to assist customers in achieving Greenstar ratings. Improvements in safety were overshadowed by a tragic work related fatality in Indonesia where a security guard was fatally injured in a heavy vehicle accident.



2.4 million tonnes CO₂ emitted (3%↓)¹

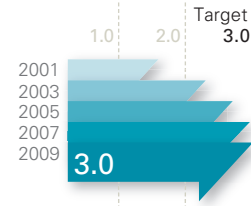


331 million litres of mains water consumed (29%↓)



1 million tonnes of waste and by-products recycled/re-used (8%↓)²

BSDT performance⁴



Our performance

Our goals/plans

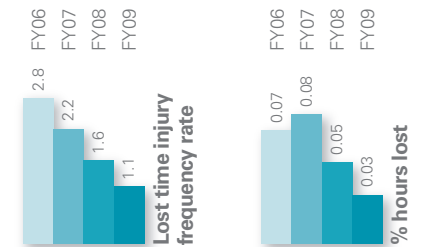
Human resources

Health and safety

- Employee LTIFR of 1.1 and % hours lost of 0.03 were better than target; however, this was overshadowed by a fatality in Asia.
- Contractor LTIFR of 1.5 versus targeted improvement of 6.7 underpinned by zero contractor LTIs in CRB.
- Implementation of behavioural safety program, safety conversations, has improved focus in BCSC; Asia and CRB have made good progress with safety systems improvements.

25% improvement on last three year average LTIFR, and % hours lost.

- Roll-out of national Health Safety Environment Quality (HSEQ) management system in BCSC.
- Improve guarding, traffic management and systems in Asia.
- Improve contractor safety, focusing on construction sites.
- CRB to strengthen behavioural safety programs to further enhance culture.



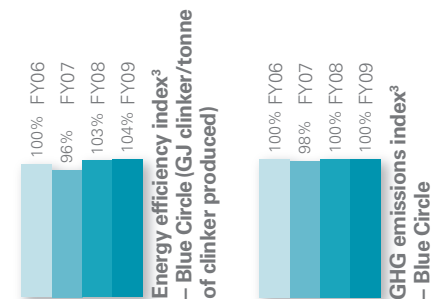
Environment

Energy conservation and climate change

- Total energy use down by 1% to 12.6 million GJ; GHG emissions down 3% to 2.4 million tonnes of CO₂, reflecting lower volumes and variations in product mix.
- Energy use per tonne of clinker produced was 1% higher while GHG emissions remained steady, mainly due to fuel efficiency gains, offset by increased power consumption and lower volumes.
- To date, four sites have participated in the Energy Efficiency Opportunities (EEO) program, initiatives being implemented will save up to 665,000 GJ p.a.

Reduce emissions per unit and offset Boral's increases in absolute emissions as a result of market demand growth.

- Continue focus on identification and implementation of energy and GHG reduction initiatives.
- Resolution of regulatory issues associated with the introduction of CPRS legislation, including EITE activity definition for lime and cement.
- Progress geothermal initiative at BCSC Waurn Ponds for viability of a baseload renewable energy source.



Water conservation, extraction and protection

- Mains water use 29% lower than prior year, however BCSC mains water use was nearly double the prior year due to mains water substitution for dam water in Victoria during drought conditions.
- Thailand achieved a 44% reduction in mains water use.
- BCSC implemented rainwater capture initiatives across all operating sites.

Waste and resource management, recycling and re-use

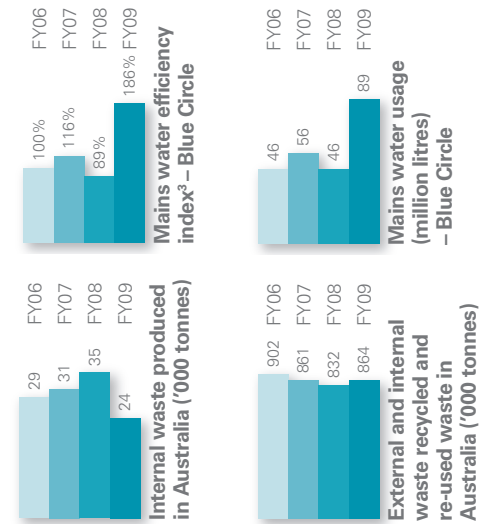
- In Australia, Cement increased consumption of external waste by 4% with significant increases in the use of ash, a waste product from the electricity industry.
- Consumption of waste materials as alternate fuels provided over 700,000 GJ of energy, reducing reliance on fossil fuels.
- Kiln dust spillage reduction and recycling at Marulan now captures nearly all lime kiln dust for recycling back into the process.

Reduce mains water consumption across the division.

- *Progress Site Environmental Improvement Plans incorporating water security strategies.*

Minimise waste from operations and increase waste or by-products re-used and recycled that would otherwise go to landfill.

- *Continue to engage with the community regarding the use of non-standard fuels at Berrima.*
- *Explore options to use refuse fuels at Waurm Ponds.*
- *Progress biosolids technology proving stage at Waurm Ponds.*



Marketplace and supply chain

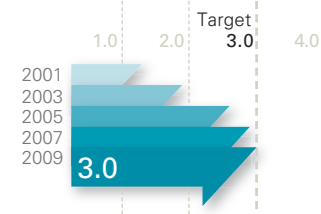
Strategic sourcing and supply chain

- BCSC commenced review of strategic sourcing systems to ensure that products and services are obtained through pre-qualified contracts, improving compliance and value.
- Supported concrete and masonry businesses with the supply of recycled materials, eg slag in Envirocrete™ and bottom ash in concrete and lightweight blocks.
- Growth in sales of double-glazed windows; developed thermal efficient windows.

Manage supply chain in a sustainable way including consideration of HSE and social standards.

- *Increase volumes of sustainable products such as EnviroAgg™.*
- *Ensure that external suppliers and contractors are adhering to recognised standards of safety, quality control and testing procedures.*
- *Participate in industry LCI/LCA development programs.*

BSDT scorecard Strategic sourcing and supply chain⁴



Social responsibility

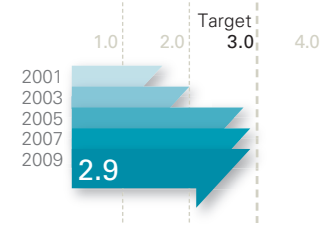
Community relations and engagement

- Berrima continued its comprehensive stakeholder engagement, addressing community concerns in relation to the alternative fuels program.
- Employees participated in a Living Green restoration project at Mittagong, NSW to excavate a 144 year old sandstone drain and plant native trees.
- In Indonesia, \$52,000 of community support in Bayah region including education for 60 secondary school children and English classes for 20 teachers and 24 employees.

Maintain the support and goodwill of communities surrounding Boral's activities through engaging and consulting on relevant issues.

- *Strengthen community relations and engagement initiatives through Boral Living Green projects.*
- *Continue to support local communities around our Asian operations.*
- *Continue to engage with the community regarding the use of non-standard fuels.*

BSDT scorecard Community relations and engagement⁴



About Cement and Construction Related Businesses

Cement comprises: Blue Circle Southern Cement (BCSC) and the Asian construction materials operations in Indonesia and Thailand. CRB comprises: Formwork & Scaffolding, Windows, De Martin & Gasparini and Boral Precast. BCSC manufactures cement and lime and markets fly ash through its 50% owned Fly Ash Australia and operates a 50% owned joint venture cement milling facility in Brisbane, Sunstate Cement Ltd. The two divisions have 139 operating sites under Boral management, around 2,000 employees in Australia, and around 3,500 employees in Asia.

¹ In preparation for reporting under the National Greenhouse and Energy Reporting System, Scope 2 factors have been applied for electricity from FY08 onwards. In previous years, Boral applied full lifecycle (Scope 2 and 3) to electricity emissions. Historical comparisons have been adjusted and exclude Boral's concrete panels business, currently reported in Australian Construction Materials.

² If quantitative waste data is not available, waste is calculated through a mass balance equation or estimated through sampling. Waste recycled/re-used includes both internal waste and external by-products consumed.

³ Indexed to 100% in FY06 as base year. Energy/GHG calculations based on total energy use and GHG emissions from clinker production divided by tonnes of clinker produced; water calculations based on total mains water use divided by tonnes of cement produced, including net clinker sales since FY07.

⁴ BSDT score excludes Asia. BSDT assessment processes were introduced into Indonesia in 2005 and into Thailand in 2007. The current overall BSDT score for Asia is 1.8.

Review of Operating Divisions

Clay & Concrete Products



Clay & Concrete Products (C&C) improved its safety performance over the past year, including a marked improvement in contractor safety. All manufacturing sites maintained certification to the Australian safety management system standard (AS/ANZ 4801:2001), verifying our commitment to best practice OHS management. During the year, Boral, Think Brick, Jade Projects and other industry participants were involved in the development and construction of an 8-star home (based on the Building Energy Rating Services System), which uses 76% less energy and 72% less water than the average Perth home. The 8-star home is an example of clay brick as an ideal material for achieving excellent energy efficiency.



317,800 tonnes CO₂ emitted (14%↓)¹

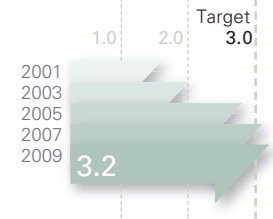


172 million litres of mains water consumed (14%↓)



199,400 tonnes of waste recycled/re-used (7%↓)²

BSDT performance



Our performance

Our goals/plans

Human resources

Health and safety

- 39% improvement in employee LTIFR to 1.1, which was better than target; contractor LTIFR reduced by >50% year on year.
- 25% improvement in employee % hours lost, better than target.
- AS/NZS 4801:2001 Safety System Certification maintained across all manufacturing sites.
- Implemented a logistics Chain Of Responsibility (COR) system at all sites.

25% improvement on last three year average LTIFR, and % hours lost.

- *Maintain safety system accreditation to AS4801.*
- *Implement behavioural-based safety processes.*



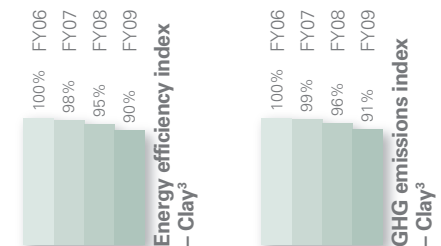
Environment

Energy conservation and climate change

- Energy use and GHG emissions both decreased by 14% to 4.5 million GJ and 317,800 tonnes of CO₂ respectively.
- Clay product energy use and GHG emissions per tonne of production both decreased by 5% as a result of kiln optimisation programs and permanent closure of two older high energy kilns.
- To date, five sites have participated in the Energy Efficiency Opportunities (EEO) program; initiatives being implemented will save up to ~127,000 GJ p.a.

Reduce emissions per unit and offset Boral's increases in absolute emissions as a result of market demand growth.

- *Implement selected EEO initiatives to deliver a reduction in kiln energy usage.*
- *Ongoing kiln optimisation programs.*

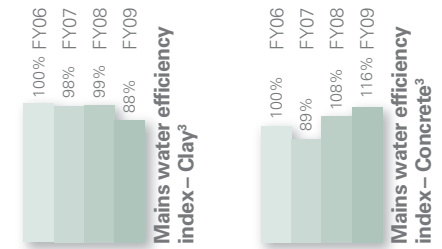


Water conservation, extraction and protection

- Mains water usage decreased by 14%, reflecting lower production and water conservation programs.
- On a per tonne of clay production basis, mains water use decreased by 11% due to increased water recycling and collection.
- Established a pilot waste water recycling program at Badgerys Creek.
- Water efficiency in concrete products decreased by 8% due to changes in product mix.

Reduce mains water consumption across the division.

- *Participate in local council water harvesting schemes.*
- *Improve water metering.*
- *Expand water recycling programs.*

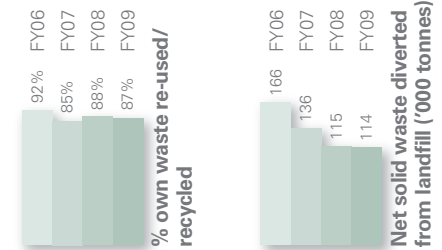


Waste and resource management, recycling and re-use

- A net consumer of waste, the division used 199,400 tonnes of waste in production in FY09, and recycled/re-used 87% of own waste.
- Midland Brick's recycling program collected 14,400 tonnes of brick and concrete waste product.

Minimise waste from operations and maximise percentage of waste re-used and recycled.

- *Reduce packaging material used.*
- *Reduce reliance on virgin clay materials through product design and alternate sourcing.*



Marketplace and supply chain

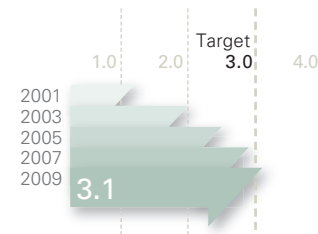
Sales and marketing

- Expansion of lightweight masonry product suite; benefits include improved manual handling, lower energy use for transport and increased use of waste.
- Continued research and promotion of bricks in energy efficient building through Think Brick and Newcastle University.

Ongoing development of sustainable products and promotion of sustainability attributes of existing products.

- *Development of lifecycle inventory and lifecycle assessments for key products.*

BSDT scorecard Sales and marketing



Social responsibility

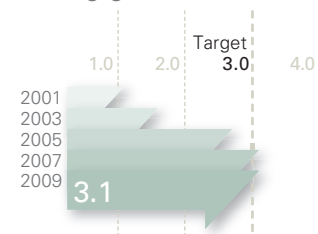
Community relations and engagement

- Ongoing community engagement groups at various sites.
- Strengthened community relations through participation in local Conservation Volunteers Australia projects.
- Continuing to support Western Australia's Telethon through material donations from Midland Brick.
- Partnered with local Springvale Church to repair damaged pallets.

Maintain the support and goodwill of C&C's surrounding communities through a high level of engagement and consultation.

- *Implement community relations and engagement initiatives.*

BSDT scorecard Community relations and engagement



About Clay & Concrete Products

C&C manufactures, distributes and markets clay products (terracotta roof tiles, clay bricks and pavers) and concrete products (concrete roof tiles, masonry blocks, bricks and pavers). The division has 23 manufacturing sites under Boral management, approximately 1,750 full-time equivalent employees and approximately 800 contractors in Australia.

¹ In preparation for reporting under the National Greenhouse and Energy Reporting Guidelines, Scope 2 factors have been applied for electricity in FY08 and FY09. In previous years, Boral applied full lifecycle (Scope 2 and 3) to electricity emissions. Historical comparisons have been adjusted by removing Scope 3 electricity. Year-on-year comparison excludes additional scope.

² If quantitative waste data is not available, waste is calculated through a mass balance equation or estimated through sampling. Waste recycled/re-used includes both internal waste and external by-products consumed.

³ Indexed to 100% in FY06 as base year. Calculation based on total for clay or concrete products (as identified) divided by tonne of clay or concrete product produced as indicated. Masonry tonnage amended to standardise lightweight products.

Timber



Boral Timber achieved Australian Forestry Standard Chain of Custody certification for the Hardwood and Softwood businesses which complements the existing certification for Plywood. This is a significant milestone for the Timber division in strengthening the future of sustainably managed forests and wood products. Chain of Custody certification demonstrates traceability of products from sustainable and legal forestry through to end-users.

Boral's Timber Division continues to improve its safety performance through strengthening HS&E leadership, expansion of the Safe Mate program to align with the Boral Best Practice elements, and implementation of employee health and well-being initiatives.



30,000 tonnes CO₂ emitted (5%↓)²

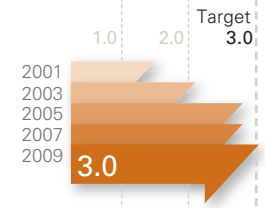


73 million litres of mains water consumed (10%↓)



260,000 tonnes of waste and by-products recycled/re-used (17%↑)³

BSDT performance



Our performance

Our goals/plans

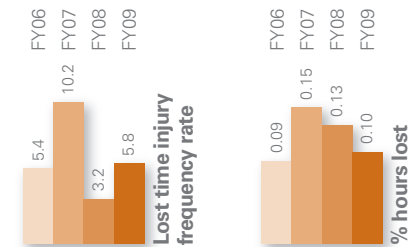
Human resources

Health and safety

- Recordable injury frequency rate (RIFR) down 15%, due largely to improved manual handling. Employee LTIFR of 5.8 compares with target of 4.7. Percentage hours lost of 0.10 down 23%, which is better than target, indicating reduced severity of injuries.
- Contractor LTIFR of 4.1 was better than last year and target of 5.4.
- Implemented successful lifestyle, Battle of the Bulge (BoB) employee challenge; participating employees lost 628kg of body weight.

25% improvement on last three year average LTIFR and % hours lost.

- Deploy additional safety KPIs and objectives further down into the business.
- Implement targeted improvement strategies for energy isolation and task based risk assessment.
- Further evolve manual handling initiatives.
- Expand BoB challenge to other Boral divisions.



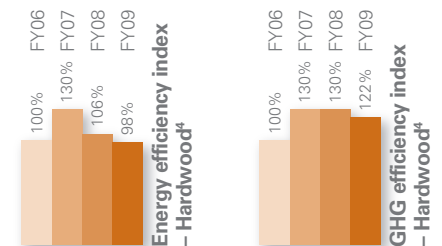
Environment

Energy conservation and climate change

- GHG emissions remained steady year on year due to increased reporting scope. On a comparative basis, GHG emissions were down 5% on FY2008, reflecting lower production volumes.
- Plywood completed a stage one energy review highlighting energy usage and cost trends/savings.

Reduce emissions per unit and offset Boral's increases in absolute emissions as a result of market demand growth.

- Continue to develop plantation strategy and review costs/benefits of small-scale cogeneration in light of the CPRS.
- Carry out a stage two energy audit for Plywood, with a goal to reduce electricity by 10%.



Water conservation, extraction and protection

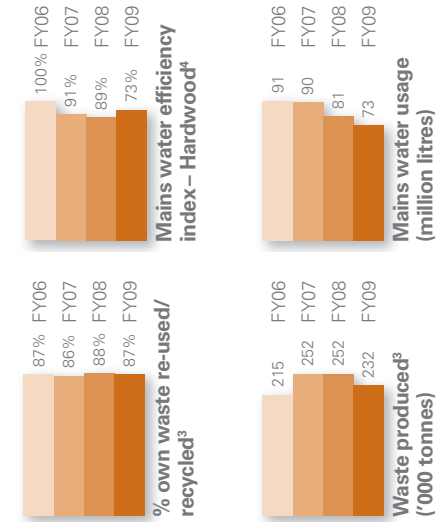
- HPP has reduced mains water use by 37% since 2007 (versus target of 20%) through improvements and repairs, and use of recycled water.
- Hardwood mains water use down 16% on FY2008 largely due to kiln "wet bulbs" project and lower production volumes.
- Plywood achieved a 15% reduction in mains water consumption since 2005 due mainly to improvements and repairs.

Waste and resource management, recycling and re-use

- Waste produced down 5% due to lower production.
- Timber residue streams provided biomass fuels to large scale cogeneration facilities on the far north coast of NSW.
- ~260,000 tonnes of our own and external timber residues used in paper production, biomass fuels, landscaping and animal husbandry.
- Trialled new scanning technologies to improve recoveries and grade yield at Kyogle.

- Reduce mains water consumption across the division.
- *Further develop Plywood water saving programs to achieve an overall 25% reduction in mains water use on 2005 levels.*
 - *Explore options to use third party recycled water at HPP with Oberon Council.*

- Improve conversion of timber resource to value-added timber product.
- *Identify opportunities to convert further waste residues to biomass for energy production.*
 - *Develop business case for investing in scanning technology in Hardwood to improve recoveries.*



Market place and supply chain

Sales and marketing

- Australian Forestry Standard Chain of Custody certification (AS4707-2006) for Hardwood, Plywood and Softwood businesses.
- Through targeted communications, Boral Timber increased customer/specifier awareness of the benefits of Chain of Custody certification.
- Worked with the Department of Agriculture, Fisheries and Forestry to develop guidelines to prevent illegally logged imports.

Use Boral's supply chain to deliver improved sustainability outcomes.

- *Maintain AFS accreditation across all timber product range.*
- *Participate in industry LCI/LCA development programs.*



Social responsibility

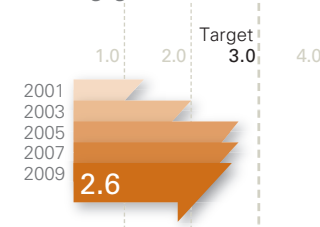
Community relations and engagement

- Site visits by ~100 school, TAFE and medical students from UNSW Rural Health program.
- Continued support for local shows, schools and regional events, including Dungog Film Festival.
- Indigenous employees and family members participated in Boral's inaugural Bangarra Dance Theatre family day.
- Temporary closure of Walcha mill was an issue of concern for local community in FY2009.

Contribute positively to regional communities.

- *Conduct formal community engagement and risk assessment at key sites.*
- *Participate in local Conservation Volunteers Australia projects.*
- *Through HPP, participate in NSW Correctional Services Work Release Program at Oberon.*

BSDT scorecard Community relations and engagement



About Timber

Boral Timber incorporates Hardwood, Softwood and Plywood operations. The softwood manufacturing operations are 50% owned by Boral through the Highland Pine Products (HPP) joint venture; HPP is managed by a separate joint venture board. Boral Timber reports data for 100% Boral owned businesses. HPP's equity share of GHG emissions data is reported as part of Boral's overall equity share of joint venture data (Scope 3 emissions) on page s19.

The division has 17 operating sites and five distribution sites under Boral management and approximately 680 employees in Australia.

¹ Additional scope for non-operating sites was reported in FY09, as required under the National Greenhouse and Energy Reporting System. Additional scope has been removed for year-on-year comparison.

² In preparation for reporting under the National Greenhouse and Energy Reporting System, Scope 2 factors have been applied for electricity in FY08 and FY09. In previous years, Boral applied full lifecycle (Scope 2 and 3) to electricity emissions. Historical comparisons have been adjusted.

³ If quantitative waste data is not available, waste is calculated through a mass balance equation or estimated through sampling. Waste recycled/re-used includes both internal waste and external by-products consumed.

⁴ Indexed to 100% in FY06 as base on a per unit of production basis.



Plasterboard continues to benefit from a strong safety culture, with only one lost time injury (LTI) in the last two years. Plasterboard won the 2009 Boral Excellence Award for Safety. The year was challenging for the division, with the commissioning of our new plant in Pinkenba (Queensland), exiting the Northgate site and the relocation of our South Australia business from Gillman to new premises at Woodville. At our Pinkenba plant, our people developed skills in the new plant technologies. By year end, our confidence and understanding had increased to a level where the plant is now delivering lower energy and water usage, enhancing the sustainability credentials of the Plasterboard business.



119,800 tonnes CO₂ emitted (1%↑)¹

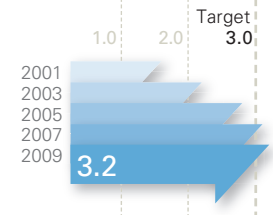


270 million litres of mains water consumed (13%↓)



68,500 tonnes of waste recycled/re-used (60%↑)²

BSDT performance



Our performance

Our goals/plans

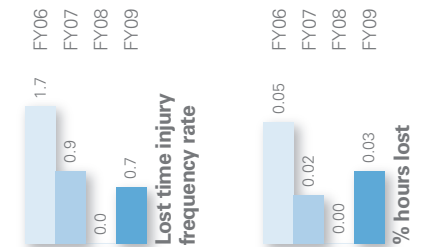
Human resources

Health and safety

- Employee LTIFR of 0.7 versus target of 0.9, with 0.03% hours lost in line with target.
- Contractor LTIFR of 3.1 and % hours lost of 0.05.
- Over 2,100 actions raised, with 95% closed out by the agreed date, well above the FY2009 targeted rate of 85%.
- More than 11,000 safety conversations recorded in FY2009 (and over 40,000 since FY2005).

25% improvement on last three year average LTIFR and % hours lost.

- Continue focus on high risk activities and use of national management systems.
- Continue to implement lead indicators, encouraging behaviours needed to sustain performance and to develop a "caring" culture for both employees and contractors.



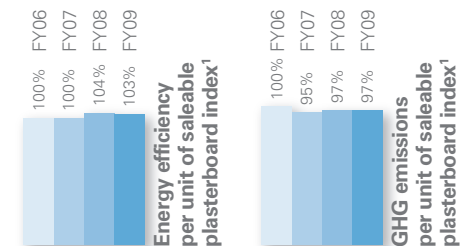
Environment

Energy conservation and climate change

- Energy use increased by 5% to 1.7 million GJ; GHG emissions increased by 3% to 119,800 tonnes of CO₂. GHG emissions were up 1% excluding increased scope and were due to increased production volumes associated with commissioning of the new plant.
- Energy use per unit of production decreased by 1% and GHG emissions per unit of saleable Australian plasterboard remained steady year on year due to the commissioning at Pinkenba, which was offset by mill efficiencies at the new plant.
- Boral's equity interests in Australia (GRA and Rondo) generated 5,000 tonnes of CO₂, while Boral's share of the Asian plasterboard joint venture LBGA emitted 131,000 tonnes of CO₂.

Reduce emissions per unit and offset increases in absolute emissions as a result of market demand growth.

- Review energy efficiency assessments at Port Melbourne.
- Reduce GHG emissions per tonne of production at Pinkenba through the use of new technologies.



Water conservation, extraction and protection

- Mains water usage decreased by 13% year on year and mains water usage in Queensland was down 49% in FY2009, due to reliance on rainwater harvesting at Pinkenba despite the overlap of producing at two plants during the commissioning of Pinkenba.
- Mains water per unit of board sold decreased by 12%.

Waste and resource management, recycling and re-use

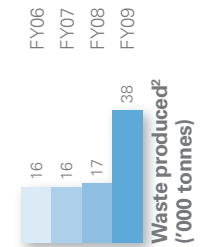
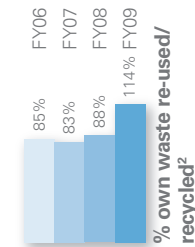
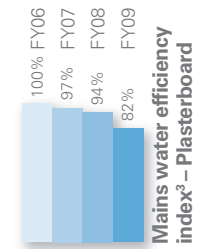
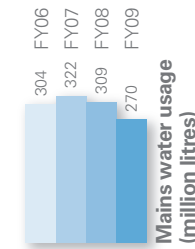
- As a net consumer of waste, plasterboard recycled/re-used 68,500 tonnes of waste in FY2009 and recycled/re-used 114% of its own waste from production including from existing stockpiles.
- Developed ENVIRO™ plasterboard products, which have a minimum of 10% recycled content.

Reduce mains water consumption across the division.

- *Commission rainwater harvesting initiative at Port Melbourne and investigate rainwater harvesting opportunities at Camellia to reduce dependence on mains water.*
- *Reverse osmosis water from Luggage Point to replace remaining mains water at Pinkenba.*

Minimise waste from operations and increase waste re-used and recycled that would have otherwise gone to landfill.

- *Investigate further waste recycling opportunities including the introduction of higher recycled content products and recycling at Port Melbourne.*
- *Continue reducing all forms of waste through further development of lean manufacturing skills.*



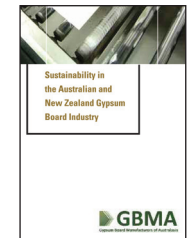
Marketplace and supply chain

Sales and marketing

- Developed ENVIRO™ plasterboard range, which has a minimum of 10% recycled content. Available in 13mm Enviro Regular and 13mm Enviro SoundStop formulations.
- Supplied plasterboard and ENVIRO™ board to Australia's first 9 star house, Harmony 9.
- Through the Gypsum Board Manufacturers of Australasia (GBMA), Lifecycle Inventory of plasterboard now available at www.boral.com.au/plasterboard/

Continue to develop sustainable products and promote sustainability of existing products.

- *Further develop new ENVIRO™ boards in response to market demands and product development initiatives.*
- *Investigate new manufacturing technologies and product performance criteria to enhance sustainability credentials of our product range.*



Social responsibility

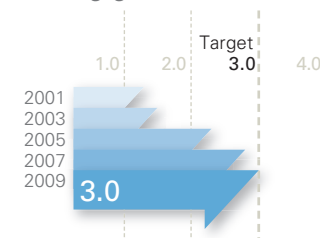
Community relations and engagement

- Boral Plasterboard is an active member of community and industry bodies including GBMA, and Camellia and Pinkenba community groups.
- Participated in the JDRF's Walk, Spin and Ride for a Cure events.
- Actively promoted introduction of apprenticeship qualifications in wall and ceiling lining in three states.

Maintain the support and goodwill of communities surrounding Plasterboard's activities through engaging and consulting on relevant issues.

- *Actively participate in lifecycle assessments through industry bodies.*
- *Support the Construction & Property Services Industry Skills Council to promote trade-based apprenticeships.*

BSDT scorecard Community relations and engagement



About Plasterboard

A leading source of value-added wall and ceiling solutions, products and services with emphasis on plasterboard and plasterboard systems. The division has: four operating sites and 49 distribution sites under Boral management; a 50% share of Gypsum Resources Australia (under GRA management); a 50% share of Rondo Building Systems (under Rondo management); and a 50% share of LBGA (under LBGA management working under Lafarge systems). Boral Plasterboard operates with approximately 680 employees in Australia.

¹ In preparation for reporting under the National Greenhouse and Energy Reporting Guidelines, Scope 2 factors have been applied for electricity in FY08 and FY09. In previous years, Boral applied full lifecycle (Scope 2 and 3) to electricity emissions. Historical comparisons have been adjusted. Non-operating sites reported for the first time in FY09.

² If quantitative waste data is not available, waste is calculated through a mass balance equation or estimated through sampling. Waste recycled/re-used includes both internal waste and external by-products consumed.

³ Indexed to 100% in FY06 as base year. Calculations based on total divided by square metres of saleable plasterboard produced for Australia only.



Boral USA's continued focus has been to manage the business during the most severe market downturn in the USA since the Great Depression. We continue to strive to meet our sustainability objectives through Bricks Silver-to-Gold, shifting production to our most efficient facilities and selling bricks from plants closer to customers, ongoing development and use of alternative fuels and the continuation of health, safety and well-being programs. It has been an extremely difficult year, with the reduction at any one time of around 50% of the workforce; however, employee morale has still remained high and safety has improved. Milestones achieved this year include the LEED Silver certification for the Terre Haute brick facility and Cradle to Cradle certification for US Tile products.



230,000 tonnes CO₂ emitted (41%↓)¹

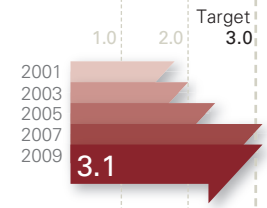


295 million litres of mains water consumed (35%↓)¹



2.7 million tonnes of waste and by-products recycled/re-used (22%↓)²

BSDT performance



Our performance

Our goals/plans

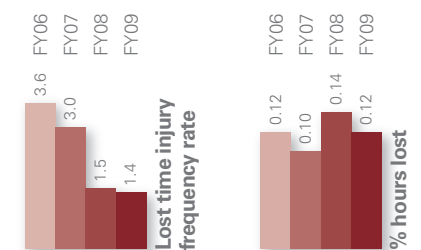
Human resources

Health and safety

- Employee LTIFR of 1.4 versus target of 2.7, with % hours lost of 0.12, in line with target, achieved through training and commitment from frontline supervisors.
- Contractor LTIFR of 0 for 2009, compared to 1.8 for 2008.
- 21% reduction in overall rate of incidents resulting in less days away from work, restricted duty or temporary transfer to another position.
- Workers' compensation claim costs decreased by 17%, with number of claims down by 40%.

25% reduction on last three year average LTIFR and % hours lost.

- *Develop standardised auditing system to ensure safety compliance.*
- *Focus on lead indicators to encourage safe behaviours for employees and contractors.*
- *Enhance risk awareness and employee/contractor engagement through increased safety conversations and information sharing.*



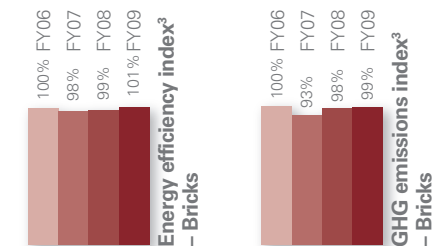
Environment

Energy conservation and climate change

- Energy use of 3.8 million GJ and GHG emissions of 230,000 tonnes CO₂ decreased by 38% and 41% respectively, due to temporary plant closures in response to market conditions.
- Energy and GHG emissions per unit of brick production increased by 2% and 1% respectively, due largely to fixed electricity agreements at facilities which were temporarily closed and the inefficiencies in operating brick kilns at less than full production.
- Renewable energy use for brick production up by 5% to 18% of energy consumed.

Reduce emissions per unit and offset increases in absolute emissions as a result of market demand growth.

- *Continue to increase use of biofuels such as landfill gas and wood waste.*
- *Continue to improve energy efficiency by shifting production capacity to higher efficiency plants.*
- *Readiness for the US emission trading scheme.*



Water conservation, extraction and protection

- Mains water use decreased by 35% year-on-year, reflecting lower overall production.
- Mains water use per unit of production was up 12% for Tile and up 45% for Bricks due to line leakages which have subsequently been repaired. The US Bricks increase was also due to the addition of the new Terra Haute plant and substitution back to mains water at another brick plant.

Waste and resource management, recycling and re-use

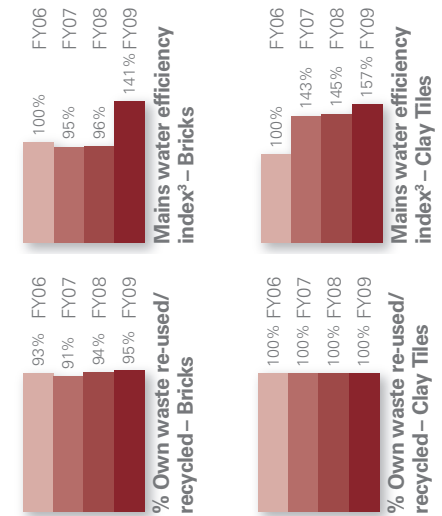
- USA continues to be a net consumer of waste, re-using/recycling 2.7 million tonnes of external and internal waste and by-products, down 22% on FY2008; the largest component of waste used is fly ash, a coal combustion by-product.
- 97% of internal production waste re-used or recycled.
- Bricks reduced waste production on a per unit basis by 50% year on year by operating the more efficient plants and improved re-use and recycling.

Reduce water consumption across the division.

- *Improve collection and recycling/re-use of water.*
- *Continue elimination of unnecessary and unintentional water use.*
- *Evaluate water requirements per facility (eg production, maintenance, sanitation) and focus on establishing efficiency targets.*

Minimise waste from our operations and increase the amount of waste re-used and recycled that would otherwise go to landfill.

- *Increase use of waste materials in product mix.*
- *Generate less production waste from new plants and kiln retrofits.*



Marketplace and supply chain

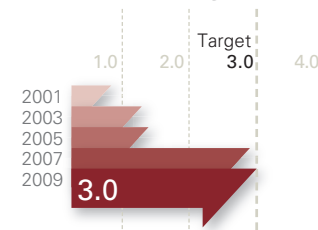
Sales and marketing

- US Tile achieved Cradle to Cradle certification for its products.
- US Tile has partnered with a solar panel supplier to provide a uniform roofing system with embedded solar capability.
- Bricks conducted an extensive sustainability training program for over 150 sales managers and customers.

Continue to develop sustainable products and promote sustainability of existing products.

- *Investigate product certification to applicable and reputable “environmental” standards.*
- *Continue product development and innovation with the goal of enhancing the product’s environmental footprint.*

BSDT scorecard
Sales and marketing



Social responsibility

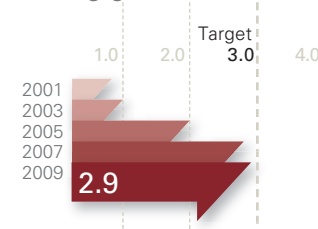
Community relations and engagement

- US\$63,000 was donated to JDRF in 2009 through US employee donations, fundraisers and the company’s US\$25,000 match.
- HomeAid partnership continues with a donation of clay roof tile for use in a working ranch project designed to rebuild self-esteem in victims of child abuse.
- Six means-tested college scholarships of US\$4,000 p.a. each given to employees’ children, assisting families that would otherwise not have the means to fund a college education.

Maintain the support and goodwill of communities surrounding Boral’s activities through engaging and consulting on relevant issues.

- *Support HomeAid through provision of materials for selected projects in 2009/10.*
- *Continue the Boral Scholarship Award program at the same level.*

BSDT scorecard
Community relations and engagement



About USA

Boral’s US operations include clay brick (Boral Bricks) and roof tile manufacturing (US Tile), fly ash marketing and re-use (BMTI) and concrete and quarry operations in Denver, Colorado and Oklahoma City, Oklahoma. The division has 97 operating sites and 56 distribution sites under Boral management and around 1,600 employees in the USA. Boral owns 50% of the MonierLifetile concrete roof tile JV, which is under MonierLifetile management. Boral is also a 50% joint partner in a clay roof tile operation in Trinidad. Sustainability data reported for 100% owned businesses with limited reporting for MonierLifetile. This is the first year of reporting for the concrete and quarry operations in Oklahoma.

¹ Greenhouse gas emissions and mains water year-on-year comparison excludes additional scope. Construction Materials – Oklahoma was reported for the first time in FY09.

² If quantitative waste data is not available, waste is calculated through a, mass balance equation, or estimated through sampling or as a percentage of production. Waste recycled/re-used includes internal waste, external waste and by-products consumed.

³ Indexed to 100% in FY06 as base year. Calculations are based on total energy, GHG emissions and mains water for Bricks USA or Clay Tiles divided by tonnes of product produced.

Independant Assurance Statement

To the Board of Directors, Management and Stakeholders of Boral Limited:

Boral Limited (Boral) commissioned Net Balance Management Group Pty Ltd (Net Balance) to provide independent assurance of its 2009 Sustainability Report (the 'report'). The report presents Boral's sustainability performance over the period 1 July 2008 to 30 June 2009. Boral was responsible for the preparation of the report and this statement represents the assurance provider's independent opinion. Net Balance's responsibility in performing its assurance activities is to the Board and Management of Boral alone and in accordance with the terms of reference agreed with them. Other stakeholders should perform their own due diligence before taking any action as a result of this statement.

Assurance Standard and Objectives

The assurance was undertaken in accordance with the AA1000 2008 Assurance Standard (AA1000AS). Assurance undertaken using this standard provides a comprehensive way of ensuring that an organisation is responsible for its management, performance and reporting on sustainability issues. This is achieved through the evaluation of the organisation's adherence to the AA1000 Accountability Principles (2008) and by reviewing the accuracy and quality of disclosed sustainability performance information.

The AA1000 Accountability Principles (2008) against which Boral's processes are assessed include:

- **Inclusivity:** An assessment is made on whether the organisation has included stakeholders in developing and achieving an accountable and strategic response to sustainability.
- **Materiality:** An assessment is made on whether the organisation has included in its report the material information required by its stakeholders to be able to make informed judgements, decisions and actions.
- **Responsiveness:** An assessment is made on whether the organisation has responded to stakeholder concerns, policies and relevant standards and adequately communicated these in its report.

Assurance Type, Level and Methodology

Net Balance provided Type 2 moderate level of assurance in accordance with the AA1000AS (2008). This involved an assessment of the organisation's adherence to the AA1000

Accountability Principles (2008) and an assessment of the accuracy and quality of the sustainability performance related information contained within the report. A full description of the Assurance methodology is available at www.boral.com.au/sustainability.

Assurance Limitations

The assurance scope covered the whole report and focussed on systems and activities of Boral during the reporting period, with the following exceptions:

- The scope of work did not involve verification of financial data, other than that relating to environmental, social or broader economic performance.
- The assurance provider's involvement with stakeholder engagement was limited to reviewing external and internal stakeholder engagement processes and outcomes.
- Compliance with the National Greenhouse and Energy Reporting (NGER) Act 2007 was not included in the scope of the assurance.

Our Independence and Competency

Net Balance was not responsible for preparation of any part of the report. During the reporting period, Net Balance was commissioned by Boral to undertake an independent review of divisional Boral Sustainability Diagnostic Tool (BSDT) scores. This independent review of divisional sustainability performance assisted with the objectives of the broader assurance engagement. Detailed information on Net Balance's assurance competency is available at www.boral.com.au/sustainability.

Findings and Conclusions

Adherence to AA1000 Accountability Principles

- **Inclusivity:** Boral was found to have effective systems in place to engage with a variety of stakeholders. These systems assist Boral to gain feedback on its material sustainability issues. Net Balance reviewed a number of case studies from the report that highlighted engagement with internal and external stakeholders.
- **Materiality:** Boral uses the BSDT to manage material sustainability issues across the business. The report was found to be consistent with the 20 BSDT elements which encompass Boral's environmental, social and economic

material issues. In addition, the report was also found to provide balanced information about Boral's management of sustainability performance across its material sustainability issues.

- **Responsiveness:** Net Balance tested the responsiveness of Boral to its stakeholders through a review of management systems and policies that govern the way that Boral responds to stakeholder concerns and interests. Boral was found to be responsive to stakeholder concerns and expectations, demonstrated through a number of highlighted case studies within the report, which were reviewed by Net Balance.

Reliability of Performance Information

Based on the scope of the assurance process, the findings of the assurance engagement provide confidence in the systems and processes used for managing and reporting sustainability performance information. Overall, it is Net Balance's opinion that the information presented within the report is fair and accurate. The report was found to be a reliable account of Boral's sustainability performance during the reporting period. Detailed information on the reliability of performance information is available at www.boral.com.au/sustainability.

The Way Forward

It was found that the report appropriately addresses Boral's environmental, social and economic material issues. To ensure that Boral continues to improve, Net Balance has provided recommendations and suggested improvements with regard to data management and prioritisation processes for divisional material issues. These have been outlined in a more detailed report presented to Boral's management.

On behalf of the assurance team

27 August 2009
Melbourne, Australia



Terence Jeyaretnam
Director,
Net Balance & Lead CSAP (IRCA UK)

