

2020



Boral Review & Sustainability Report



Build
something
great™

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Find Boral's reporting suite at www.boral.com

Annual Report

Boral Review & Sustainability Report



Online sustainability data and further information



About this report

The 2020 Boral Review & Sustainability Report provides a summary of the Company's performance on material sustainability issues and financial results for the year ended 30 June 2020.

Boral Limited's statutory results are reported under International Financial Reporting Standards (IFRS). Earnings before significant items is a non-IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. Significant items are detailed in note 2.1 of the financial statements and relate to amounts of income and expense that are associated with significant business restructuring, business disposals, impairment or individual transactions.

Commentary throughout the Boral Review & Sustainability Report, unless otherwise stated, is based on earnings from continuing operations excluding the impact of the new IFRS leasing standard (AASB 16) to provide a more comparable basis for analysis with the prior year. In addition, FY2019 comparative figures have been restated. Further details of restatements are contained in note 1d of the financial statements.

The Boral Review has not been subject to audit; however, it contains disclosures that are extracted or derived from the financial statements for the year ended 30 June 2020. All dollar amounts referred to are in Australian dollars unless otherwise specified.

A glossary of key terms used in the report is on page 61.

Year at a glance

Boral Limited's (Boral) FY2020 results reflect challenging conditions, including a housing downturn in Australia and COVID-19 impacts. In light of the high level of uncertainty, efforts were focused on preserving cash, including by reducing capital expenditure and discretionary spend, and curtailing production where inventories were available to maintain supply.

ASX announcements

23 August 2019

Boral agreed to sell its Midland Brick business for \$86 million in line with strategy.

26 August 2019

Boral reported a net profit after tax before significant items of \$440 million for the year ended 30 June 2019.

27 October 2019

At the Annual General Meeting, Eileen Doyle and Karen Moses were re-elected as Directors. The resolution to adopt the Remuneration Report was supported, with 81.3% of shareholders voting in favour.

5 December 2019

Boral advised that it had identified financial irregularities in its North American Windows business, involving misreporting in relation to inventory levels and raw material and labour costs at the Windows plants.

10 February 2020

The Board announced that after more than seven years as Boral's Chief Executive Officer (CEO) & Managing Director, Mike Kane would be retiring in 2020.

Boral issued an update on the Company's results for the six months ended 31 December 2019 and its FY2020 earnings guidance.

Boral announced the findings of the investigation into financial irregularities at its North American Windows business. The financial irregularities resulted in the overstatement of pre-tax earnings by US\$24.4 million between March 2018 and October 2019.

20 February 2020

Boral reported a net profit after tax before significant items of \$159 million for the six months to 31 December 2019.

19 March 2020

Boral withdrew its FY2020 earnings guidance due to COVID-19 and provided an update on a plasterboard transaction with Knauf.

30 March 2020

S&P Global Ratings affirmed its issuer ratings of 'BBB' for Boral. The rating outlook was revised from stable to negative.

8 April 2020

Moody's Investors Service affirmed its issuer rating of 'Baa2' for Boral. The rating outlook was revised from stable to negative.

14 April 2020

Boral announced that regulatory approvals required to allow the USG Boral transaction with Knauf were not achievable by the 30 June 2020 sunset date. Boral and Knauf entered into preliminary discussions to consider other potential options, with Boral's objective being to target a cash-neutral transaction.

20 May 2020

Boral received a favourable judgment from the Queensland Supreme Court in relation to a legal case brought against Boral Resources (Qld) Pty Ltd by Wagners Cement Pty Ltd.

15 June 2020

Zlatko Todorcevski was appointed as Boral's CEO & Managing Director, effective 1 July 2020.

24 August 2020

Boral announced that it expected to recognise a non-cash, pre-tax impairment charge of A\$1,346 million in its FY2020 results.

Forward looking statements

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

Who we are



Our purpose

At Boral, we help our customers *build something great* by supplying them with high-quality, sustainable construction materials and building products.

Our strategy

In operating our three divisions, our key strategic objective is to deliver shareholder returns that exceed the cost of capital through the cycle, while creating value for our stakeholders.

How we strive to create value for our stakeholders, including our customers, employees, suppliers and the communities in which we operate, is outlined on pages 24–25.



Boral Australia is the largest integrated construction materials company in Australia, with a leading position underpinned by strategically located quarry reserves and a network of 379 operating sites. We also manufacture and supply a focused range of building products. We serve customers nationally in the infrastructure, commercial and residential construction markets.

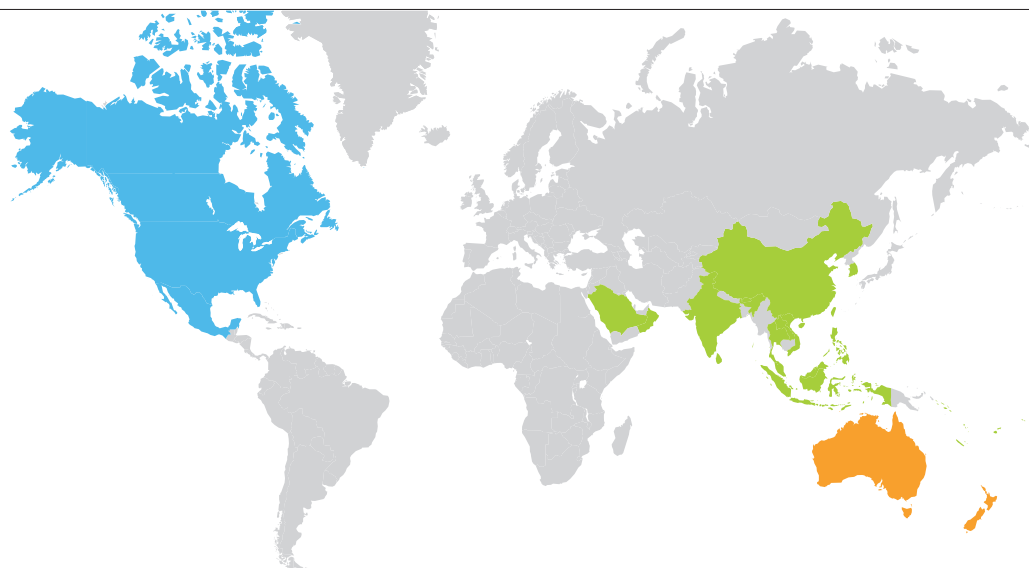


Boral North America has industry-leading positions in fly ash processing and distribution. We also manufacture and supply stone veneer, roof tiles, windows and light building products, including trim, siding and shutters, for residential and commercial markets, and have a 50% share of the Meridian Brick joint venture.



USG Boral, a 50:50 joint venture with Knauf/USG Corporation, is a leading manufacturer and supplier of wall and ceiling solutions. With a presence in 14 countries across Asia Pacific and the Middle East, USG Boral produces plasterboard-based wall and ceiling lining systems, mineral fibre ceiling systems, metal framing, joint compounds, high-performance panels and accessories.

1. Full-time equivalent (FTE), including in joint ventures.



646

operating sites



17

countries



137

distribution sites

Current priorities

Across all our businesses, we are focused on continuing to safely supply and flex production in response to COVID-19 and maximise cash flows.

In Boral Australia

- Maintain a strong market position in a declining market, including securing supply to major projects
- Deliver benefits from quarry, cement and network investments
- Enhance the customer experience by delivering innovative materials solutions
- Reduce costs, including by rightsizing, operational improvements and reducing fixed costs to reflect market declines.

In Boral North America

- Grow fly ash volumes through network optimisation, harvesting and import opportunities
- Improve building products margins through targeted share recovery programs in Stone, Roofing and Meridian Brick, structured procurement programs and price increases
- In Roofing, increase available product through plant operational improvements.

In USG Boral

- Maintain market position by continuing to differentiate our offer with improved products and services
- Optimise the customer and product mix through customer segmentation to improve margins
- Drive cost efficiencies, including by targeted procurement and operating efficiencies to offset variable cost inflation, and strong cost control across fixed costs, including sales, general and administrative costs.



16,169

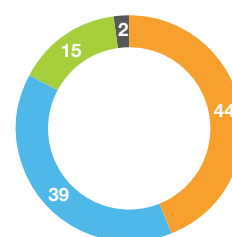
employees¹



~7,600

contractors¹

Employees by location (%)



- Australia/New Zealand
- North America
- Asia
- Other

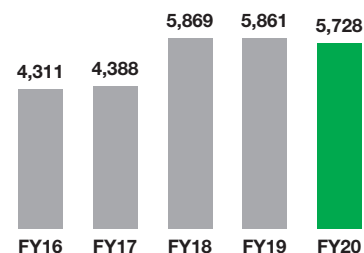
Results at a glance

Our results

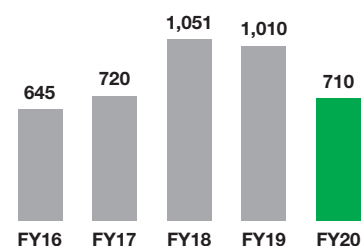
A\$ million unless stated	FY2020 reported	FY2020 pre-AASB 16	FY2019 restated
Revenue – total operations basis	5,728	5,728	5,861
– continuing operations basis	5,671	5,671	5,738
EBITDA ¹ – total operations basis	821	710	1,010
– continuing operations basis	825	715	1,005
EBIT ¹	329	317	632
Net interest	(126)	(109)	(103)
Profit before tax ¹	203	207	529
Tax ¹	(25)	(26)	(110)
Net profit after tax ¹	177	181	419
Net significant items	(1,316)	(1,316)	(168)
Statutory net profit/(loss) after tax	(1,139)	(1,135)	251
Net profit after tax and before amortisation ¹	224	228	464
Cash flow from operating activities	631	537	762
Gross assets	9,202	8,829	9,520
Funds employed	7,115	6,741	8,026
Liabilities	4,667	4,284	3,688
Net debt	2,580	2,197	2,193
Stay-in-business capital expenditure	228	232	340
Growth capital expenditure	118	118	113
Acquisition capital expenditure	-	-	11
Depreciation and amortisation (D&A)	492	393	378
D&A excluding acquired amortisation	429	330	316
Boral employees	11,073	11,073	11,916
Total employees including in joint ventures	16,169	16,169	17,104
Revenue per Boral employee, \$ million	0.516	0.516	0.492
Net tangible asset backing, \$ per share	1.89	1.89	2.10
EBITDA margin on revenue ¹ , %	14.3	12.4	17.2
EBIT margin on revenue ¹ , %	5.7	5.5	10.8
EBIT return on funds employed ² , %	4.6	4.7	7.9
EBIT return on average funds employed ³ , %	4.3	4.3	7.8
Return on equity ¹ , %	3.9	4.0	7.2
Gearing			
Net debt/equity, %	57	48	38
Net debt/net debt + equity, %	36	33	27
Interest cover ¹ , times	2.6	2.9	6.1
Earnings per share ¹ , ¢	14.8	15.2	35.7
Dividend per share, ¢	9.5	9.5	26.5
Safety ⁴ : (per million hours worked)			
Lost time injury frequency rate	1.6	1.6	1.3
Recordable injury frequency rate	7.6	7.6	7.5

Financial highlights

Revenue (A\$m)



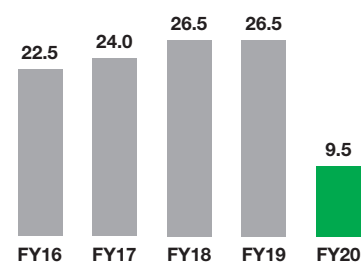
EBITDA (A\$m)¹ (pre-AASB 16)



Return on funds employed (%)² (pre-AASB 16)



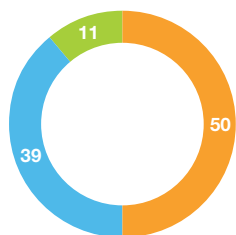
Dividends per share (¢)



Three focused operating divisions

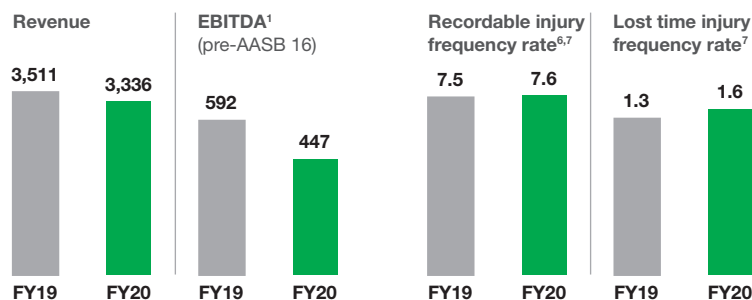
Health, safety and environment

Revenue by division (%)⁵

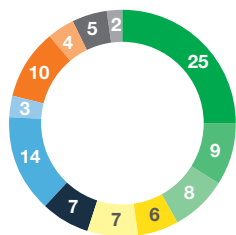


- Boral Australia
- Boral North America
- USG Boral

Boral Australia (A\$m)

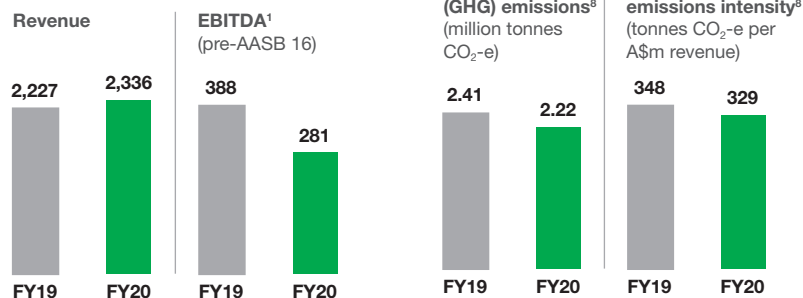


Revenue by market (%)⁵

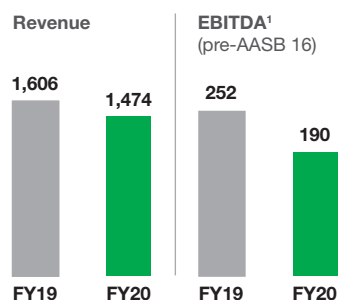


- Australian roads, highways, subdivisions & bridges, and other engineering
- Australian non-residential
- Australian detached housing
- Australian multi-residential
- Australian alterations and additions
- Asia and Middle East
- USA single-family residential
- USA multi-family residential
- USA repair and remodel
- USA non-residential
- USA infrastructure
- Other

Boral North America (A\$m)



USG Boral (A\$m) underlying business result



1. Excluding significant items.

2. Return on funds employed (ROFE) is based on EBIT before significant items on funds employed at period end.

3. Calculated as EBIT before significant items on the average of opening and closing funds employed for the year.

4. Includes employees and contractors in all businesses and all joint venture operations regardless of equity interest.

5. Includes Boral's 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are equity accounted.

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

7. Per million hours worked for employees and contractors in 100% owned businesses and all joint ventures businesses.

8. GHG emissions data excludes some joint ventures, which in aggregate are not deemed to have material emissions. Emissions intensity is based on Group-reported revenue adjusted to include a 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are equity accounted.

Chairman's review



I could not have predicted the extent of the challenges Boral faced in FY2020, my second year as Chairman. In addition to Boral-specific, internal challenges, we were faced with the global COVID-19 pandemic, which closely followed the devastating Australian bushfires.

A very challenging year

The COVID-19 crisis has affected our daily lives, changing the way we interact, and manage health and hygiene. In most areas across Boral, we have continued to operate as an essential industry, with appropriate social distancing and hygiene measures. However, we have experienced widespread disruption, production curtailments and higher costs, substantially impacting Boral's FY2020 earnings, and creating significant uncertainty.

In response to COVID-19, Boral's Crisis Management Team was activated and there was strong board involvement, focusing on health and safety, maintaining deliveries to customers and ensuring strong liquidity. We strengthened our debt facilities and implemented cash preservation measures.

The disruptions and slowdowns caused by the pandemic added to the impacts of the cyclical decline in residential markets in Australia, and in our core USG Boral market of South Korea.

In addition to the challenges presented by the external environment, our North America business, including the Headwaters acquisition, has not yet met our expectations, reflecting shortcomings in operational execution and a softer than expected US housing market. We also announced financial irregularities in the North American Windows business on 5 December 2019.

We took a range of actions in response to these internal challenges. In Boral North America, we bolstered business leadership resources, expanded the scope of external audits, made organisational and systems changes in Windows, and conducted post-acquisition reviews of the Headwaters acquisition.

Ultimately, CEO succession was brought forward, recognising the need to refresh our approach. The Board also initiated a review of Boral's portfolio, which our new CEO is now completing.

FY2020 results

Boral's sales revenue from continuing operations of \$5.67 billion was down 1%. However, EBITDA¹ of \$715 million was down 29%, reflecting lower EBITDA from all three divisions due to the challenges in FY2020.

On a reported basis, Boral's FY2020 net profit after tax (NPAT) was \$177 million excluding significant items. Comparable NPAT² was 55% lower than in FY2019.

Boral Australia's performance reflected a 19% decline in housing starts together with bushfire and flood disruptions. Revenue was down 5% and EBITDA¹ of \$447 million was 25% lower reflecting lower pricing outcomes, higher costs, lower production, and an adverse geographic and product mix shift.

Boral North America revenue declined 2% to US\$1.57 billion and EBITDA¹ was down 32% to US\$188 million with lower sales volumes, higher costs and ~80% of plants experiencing COVID-19 related volume impacts and disruptions in the second half of the year.

For the USG Boral joint venture, underlying revenue was down 8% and EBITDA¹ was down 25% to \$190 million. This reflected housing downturns in South Korea and Australia, price declines in South Korea, and a significant impact from COVID-19 related plant closures and production slowdowns. Boral's equity accounted post-tax earnings from USG Boral were down by 56% to \$25 million due to lower underlying earnings and a higher effective tax rate.

Boral paid an interim dividend of 9.5 cents per share on 15 April 2020. The Board determined not to pay a final dividend for FY2020 given the significant uncertainty and on the basis that Boral's interim dividend represents about 63% of full year earnings. This payout ratio is in line with Boral's dividend policy to pay 50% to 70% of earnings before significant items, subject to the Company's financial position.

We recognised \$1.316 billion of net significant items, primarily relating to non-cash impairment charges. This reflects revised carrying value assessments for Boral North America, Boral's investment in Meridian Brick and Boral Australia's construction materials business in Western Australia and Northern Territory, and the Timber and Roofing businesses.

1. Earnings before interest, tax, depreciation and amortisation before significant items. Excludes the impact of AASB 16 leasing standard.
2. NPAT for continuing operations, excluding significant items and excluding the impact of AASB 16 was \$187 million and compares with \$419 million in FY2019.

After significant items, Boral reported a statutory net loss after tax of \$1.139 billion.

The substantial impairment acknowledges the recent under-performance of Boral's businesses, and recognises the current market uncertainty and lower forward volumes than prior expectations.

Acknowledging the under-performance, we have reviewed the Headwaters acquisition in very close detail. The review concluded there was a strong strategic fit between Boral and Headwaters, however we recognise we paid a value that left little room for error. Unfortunately, there were some disappointing aspects of operational execution.

There is no doubt that the acquisition has failed to meet our expectations and those of our shareholders.

The Board and I are disappointed with Boral's performance and the need to take such a large impairment. However, we are focused on making the right decisions for the Company and for shareholders.

CEO succession

Our CEO transition has progressed very well with the appointment of Zlatko Todorovski as Boral's new CEO. We are fortunate that Zlatko was able to start on 1 July 2020, which was earlier than expected.

Zlatko has a strong track record as a senior executive in a number of large industrial and energy companies with international operations. His experience in leading major transformations, including business turnarounds, as well as in capital allocation and strategic portfolio management, are critically important for Boral.

His mandate is at the outset to finalise the portfolio review and reset the business to strengthen Boral's financial performance and improve returns for our shareholders.

On behalf of the Board, I thank Mike for his commitment and dedicated effort. We wish him a healthy and happy retirement.

Board renewal

We are also in the process of renewal of independent directors. We are currently recruiting two new directors, one with deep operational experience in the sector and the other with strong finance experience. These new directors will be based in Australia and we expect to make these appointments this calendar year.

Of our longer-serving directors, John Marlay will retire at the end of this year, Eileen Doyle will retire in 2021 and Paul Rayner, who is standing for re-election this year, will retire following the successful transition of the chairmanship of the Board Audit & Risk Committee.

Engaging in a COVID-19 environment

In the first half of FY2020, the Board spent three days with the Boral North America executive team and customers in California. In addition to visiting the Napa Stone plant and spending time with customers, the Board reviewed the Headwaters integration progress, performance improvement plans and the Fly Ash strategy.

The Board's Health, Safety & Environment Committee was also able to visit our Lysterfield and Montrose quarries in Victoria in late 2019, reviewing safety and environmental programs, including dust management

and occupational hygiene programs in our quarry operations.

While COVID-19 travel restrictions and lockdowns have meant many of us have been working remotely, the Board has stayed connected with the organisation and our shareholders through video and web-based technologies. Online engagement and connection was also critically important during the CEO recruitment process.

I appreciate the patience, support and candour of our investors and their representatives who have remained closely connected with us and engaged on the topics of performance, strategy, governance, climate-related risks and opportunities, and remuneration.

I also thank Boral's people for their dedication and hard work in what has been an extraordinary year. I particularly recognise the work done to comprehensively adopt social distancing, hygiene and other safety practices to ensure we have been able to operate and continue to supply customers through extraordinary circumstances.

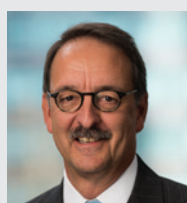
While considerable uncertainty remains around the near-term market conditions and longer-term recoveries, we are focused on the things we can control and positioning Boral for a much stronger future for the benefit of our shareholders and all of Boral's people.

Kathryn Fagg
Chairman

Board of Directors



Zlatko Todorovski



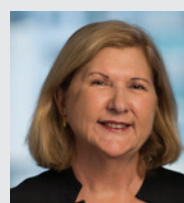
Peter Alexander



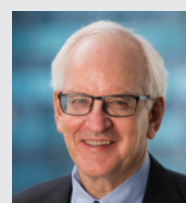
Dr Eileen Doyle



John Marlay



Karen Moses



Paul Rayner

Message from Zlatko Todorcevski

CEO & Managing Director



I joined Boral as CEO & Managing Director on 1 July 2020. I am excited by the potential of our Company to perform at a higher level and to be recognised as a great business. Boral's FY2020 results however, serve as a reminder that these are tough times for businesses globally, and Boral is no exception.

FY2020 – a challenging year

Boral's FY2020 NPAT before significant items was down 55% on the prior year on a comparable basis¹, reflecting the impacts of a global pandemic, and Australian bushfires and floods on Boral's operations. At the same time, Boral's underlying business performance was not where we wanted it to be.

Boral's reported NPAT before significant items was \$177 million and significant items after tax totalled \$1.316 billion. This resulted in a statutory net loss after tax of \$1.139 billion.

Significant items include a non-cash impairment charge of \$1.346 billion, with \$1.223 billion relating to assets within Boral North America including goodwill, intangible assets and our investment in the Meridian Brick joint venture. The lower carrying value for these assets was determined after taking into account:

- increased demand uncertainty caused by the COVID-19 pandemic and potential longer-term impacts of prevailing economic and operating conditions, and
- recent operating performance of our businesses.

The remaining \$123 million of the impairment relates to construction materials assets in Western Australia and the Northern Territory as well as roofing and timber assets in Australia.

COVID-19 impacts

Boral took decisive steps to mitigate the disruption and uncertainty resulting from the COVID-19 pandemic.

In most jurisdictions we were allowed to operate, but in some areas we experienced mandated temporary closures and substantial disruption. Where demand was slowing and stock was available, we cut production to reduce cash costs and manage inventories.

In the US in particular, we were required to temporarily shut plants and slow production, with around 80% of our building products plants impacted. It was a similar story in Asia.

While plant closures, production slowdowns and disruptions adversely impacted our earnings through lower fixed-cost recoveries, cash generation was strong.

In FY2020, operating cash flow of \$537 million, compared to \$762 million in FY2019, included \$108 million of cash released through inventory reductions.

These efforts to preserve cash through working capital actions, combined with suspending non-essential capital expenditure, helped maintain Boral's net debt steady on the prior year, at \$2.2 billion.

Health and safety

I am determined to ensure safety remains our first priority, building on Boral's strong culture of targeting Zero Harm Today.

In FY2020, Boral's recordable injury frequency rate² of 7.6 was steady compared with FY2019. Our attention is focused on further improving our safety and delivering the next step change.

There has been urgent and thorough implementation of measures to help manage the risk of COVID-19. Strict hygiene, social distancing, cleaning and quarantine protocols are now part of how we operate.

At the time of our full year results announcement, there had been 288 COVID-19 cases among Boral employees, mainly in the USA and in geographies where community transmission is higher. Pleasingly, most affected employees had fully recovered but sadly two of our employees in the USA passed away due to COVID-19 complications. Our thoughts remain with their families and team mates.

While we did not have any reportable fatalities in FY2020, in recent months we have been involved in two tragic heavy vehicle incidents on public roads. In June 2020, a contractor driver was involved in a serious incident in Brisbane, sadly resulting in the fatality of a cyclist. A month later, an employee cement tanker driver was involved in a devastating crash that resulted in the death of a young girl and serious harm to several others.

We were deeply saddened by these tragic events, and our heartfelt sympathy remains with those affected. These tragic events reinforce the need to stay vigilant and to continue to improve road safety for all road users.

First impressions

During my initial period at Boral, in addition to getting across our FY2020

1. For continuing operations, excluding significant items, and excluding the impact of AASB 16 leasing standard, NPAT of \$187 million was 55% below the prior year.

2. Per million hours worked for employees and contractors in 100% owned businesses and all joint ventures, regardless of equity interest.

results and assessing the carrying values of our assets, I was involved in completing a detailed review of the Headwaters acquisition to understand the learning opportunities, and to assist the Board with their review process.

I also tried to meet as many of Boral's leaders and people as possible, visiting operations where I could travel, starting to meet with customers, and hearing from external stakeholders, including Boral's largest shareholders and joint venture partners.

Together with the divisional teams, I led a number of internal budget and portfolio review sessions. These gave me the opportunity to review our businesses and work with key individuals and teams to better understand our current position and potential opportunities.

My overarching first impression is that Boral is an opportunity-rich environment, which is incredibly exciting and provides a basis for optimism.

I have been impressed by the quality of our assets, the hard work and commitment of our people, and the determination to make this a great business again.

We have excellent brands, strong market positions, and solid underlying business fundamentals. But we can improve the way we operate and

organise ourselves, and we can better leverage our assets and businesses.

Recently, the company has not performed in line with expectations. We have let our shareholders down and, in the process, we have let our own people down. I am determined to rectify that.

Review of Boral's portfolio

We are currently completing a comprehensive portfolio review, looking at all of Boral's businesses and assets. We are analysing the market outlook, our competitive positioning and the potential to improve earnings and growth in the near term and into the future.

We are also looking at the future operating model for Boral and how we organise ourselves, as well as the right capital structure.

Boral's balance sheet needs to support our future portfolio. It needs to reflect the cyclical nature of segments in which we operate, ensuring we maintain sufficient capacity and flexibility to operate in challenging conditions while also being able to take advantage of opportunities as they arise.

We have very good liquidity headroom, having extended our debt facilities and added new ones during FY2020.

FY2021

Our immediate focus in FY2021 is to maintain a safe and careful response to ongoing COVID-19 developments, including flexing production to align with demand and avoid unintended inventory builds.

We are focused on recovering and strengthening margins, maintaining strong cash flows, and delivering benefits from improvement initiatives.

Given the uncertainty and lack of visibility around market outlook, we are not providing guidance for the year but we will provide a further trading update at the Annual General Meeting at the end of October.

At the end of October, I will also present Boral's future portfolio direction and operating model, at which time we will commence execution with urgency.

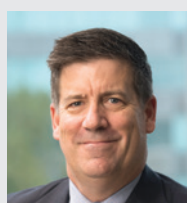
Boral is a good company but we can be much better. Better for our people, our customers, our shareholders, and our broader stakeholders who all deserve to be proud of the company. The potential is really evident to me, which is why I'm so excited to be part of resetting Boral for the future.

Zlatko Todorovski
CEO & Managing Director

Executive Committee



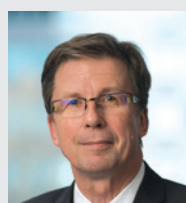
Rosaline Ng
Group President
Ventures & CFO



Wayne Manners
President & CEO,
Boral Australia



Darren Schulz
Acting President
& Chief Executive,
Boral North America



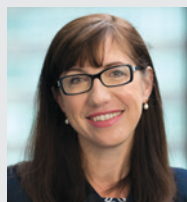
**Frederic de
Rougemont**
CEO, USG Boral



Ross Harper
Group President, HSE,
Sustainability, Innovation
& Operations Excellence



Linda Coates
Group Human
Resources Director



Kylie FitzGerald
Group Communications
& Investor Relations
Director



Dominic Millgate
Company Secretary



Damien Sullivan
Group General
Counsel

Boral Australia



“With the decline in the housing market, exacerbated by bushfires and then COVID-19 related disruptions impacting demand and costs, we focused on rightsizing the business, reducing costs and maximising cash generation. Safely supplying product to our customers and responding to cyclical market conditions remains a key priority.”

Wayne Manners
President & CEO Boral Australia

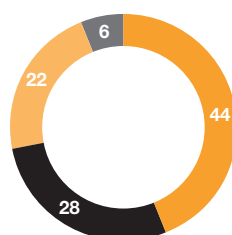
Our results

Revenue declined by 5%, reflecting a 19% decline in housing starts, bushfire disruptions and softer prices. EBITDA of \$447 million was 25% lower, impacted by an adverse geographic and product mix shift, higher costs and lower production, partly offset by \$99 million in cost savings and higher Property earnings.

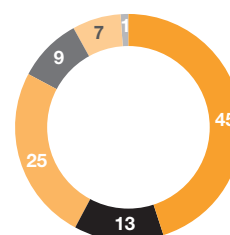
\$m	FY2020 pre-AASB 16	FY2019		
Revenue	3,336	3,511	↓	5%
EBITDA ¹	447	592	↓	25%
EBIT ¹	225	385	↓	42%
EBITDA margin ¹	13.4%	16.9%		
EBITDA ¹ (excluding property)	392	559	↓	30%
ROFE ²	9.5%	15.7%		
Net assets	2,363	2,457		
Capital expenditure (post-AASB 16)	246	290	↓	15%

Boral Australia revenue³

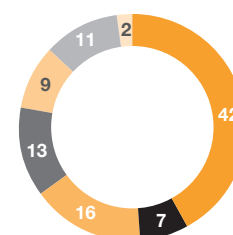
By region (%)



By business (%)



By end-market (%)



1. Excluding significant items.
2. ROFE is based on EBIT before significant items on divisional funds employed at year end.
3. FY2020 external revenue.
4. As at 30 June 2020. Includes clay pits, transport, recycling and R&D sites. Concrete sites include mobile plants. Excludes mothballed plants.
5. Includes employees and contractors in 100% owned operations and all joint venture operations.
6. On a full-time equivalent (FTE) basis. Includes corporate and joint ventures.



Cement Geelong storage and grinding facility

Construction of our new 1.3 million tonnes per annum clinker and slag grinding plant and cementitious storage facility at the Port of Geelong in Victoria remains a key priority. This investment of up to \$130 million will allow for growth and increased flexibility in Boral's cement supply network by allowing for use of a broader range of supplementary cementitious materials. Due to a decision to delay capital expenditure during the COVID-19 crisis, the facility is now expected to be operational by the end of FY2021.


Bushfire, floods and COVID-19 impacts


Extreme weather and COVID-19 adversely impacted Boral Australia's earnings by \$66 million. Lower sales volumes due to the bushfire crisis and floods resulted in a \$26 million decline in earnings, including \$4 million in direct costs. Production slowdowns and temporary plant shuts implemented to preserve cash due to COVID-19 uncertainties reduced earnings by a further \$36 million.




379
operating sites⁴


20
distribution sites⁴


1.72m
greenhouse gas emissions
(tonnes CO₂-e)


9.8
recordable injury frequency rate⁵
(per million hours worked)


6,281
employees⁶


~4,800
contractors⁶

Boral North America



Spanish Moss-Gray brick, Meridian Brick

“We experienced substantial COVID-19 related impacts, including production slowdowns and absenteeism. We remain firmly focused on our immediate priorities of responding to market challenges and opportunities, and implementing business improvement plans.”

Darren Schulz
Acting President & Chief Executive, Boral North America

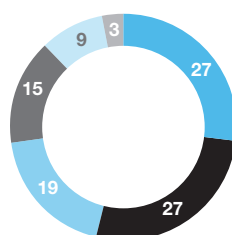
Our results

Revenue was down 2% to US\$1,566 million and EBITDA was down 32% to US\$188 million with lower sales volumes, higher costs and ~80% of building products plants experiencing COVID-19 related volume impacts and disruptions in the second half of the year. Price gains in Fly Ash, synergies and an improved contribution from Meridian Brick only partially offset the impact of higher costs and lower volumes.

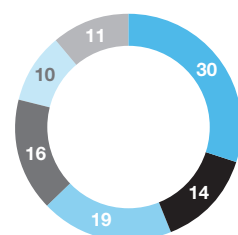
	FY2020 pre-AASB 16	FY2019		
\$m				
Revenue	2,336	2,227	↑	5%
EBITDA ¹	281	388	↓	28%
EBIT ¹	113	225	↓	50%
EBITDA margin ¹	12.0%	17.5%		
Net assets	3,189	4,500		
US\$m				
Revenue	1,566	1,592	↓	2%
EBITDA ¹	188	278	↓	32%
ROFE ²	3.4%	5.1%		
Capital expenditure (post-AASB 16)	69	113	↓	39%

Boral North America revenue³

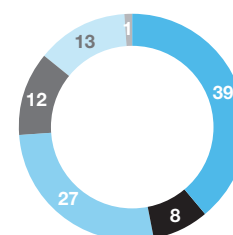
By region (%)



By business (%)



By end-market (%)



1. Excluding significant items.
2. ROFE based on EBIT before significant items on divisional funds employed at year end.
3. Based on external revenue, including Boral's 50% share of the Meridian Brick joint venture revenue, which is not included in reported revenue.
4. As at 30 June 2020. Includes 38 clay mines and four R&D sites. Excludes mothballed plants and distribution locations.
5. Includes employees and contractors in 100% owned operations and all joint venture operations.
6. On a full-time equivalent (FTE) basis. Includes corporate and joint ventures.

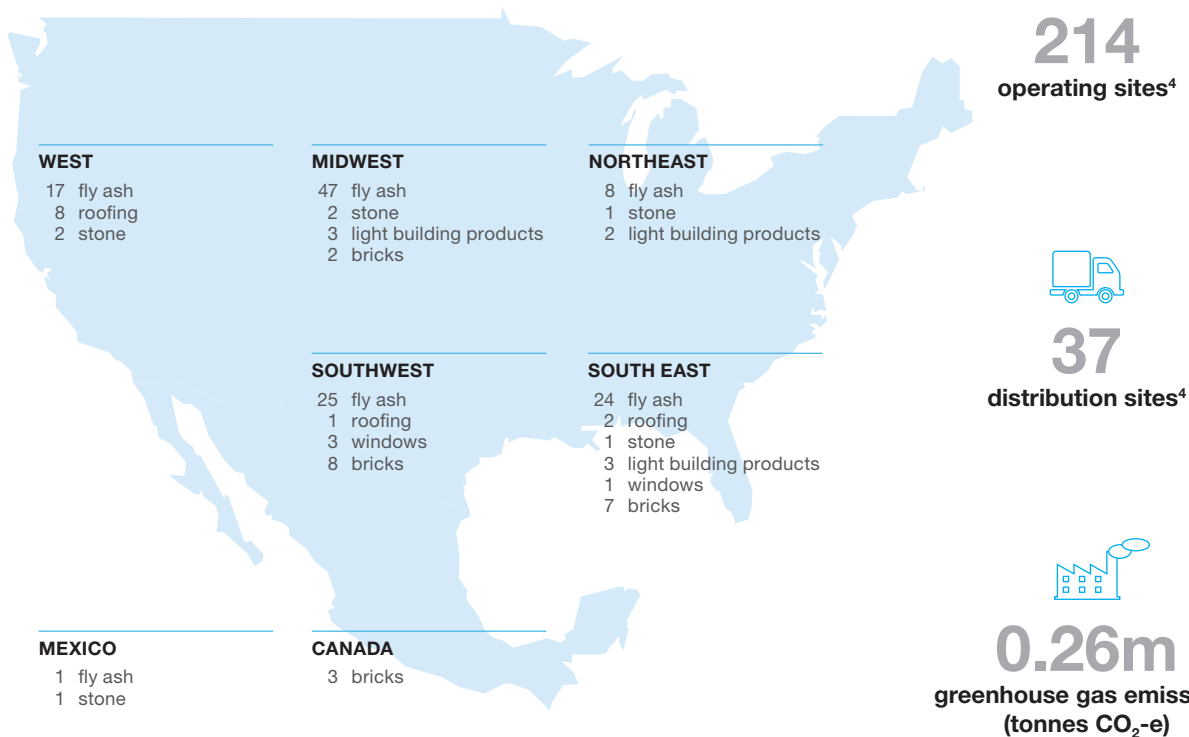


Growing fly ash volumes

In Fly Ash, the strategy to grow volumes is continuing. We are working to increase volumes through network optimisation, harvesting, import opportunities and the Kirkland natural pozzolan source, which is due to come on line in June 2021. In FY2020, we secured new contracts representing 1.3 million tons per annum (tpa) that will progressively deliver benefits from FY2021. This is partially offset by lower volumes associated with contracts lost in FY2020 representing ~230,000 tpa. We continue to target new sources of fly ash to grow supply and offset expected utility closures over time.

COVID-19 impacts and production slows

COVID-19 related direct costs, production slows and disruptions adversely impacted Boral North America's earnings by US\$19 million. The business has had more than 225 government mandates or local orders to comply with. In total, around 80% of building products plants experienced COVID-19 related production and cost impacts, and around 28% of our workforce was placed on furlough for an average of four or more weeks. While we are seeing fewer disruptions going into FY2021, absenteeism and labour constraints are key issues in the industry.



7.9
recordable injury frequency rate⁵
(per million hours worked)

6,384
employees⁶

~100
contractors⁶

USG Boral



USG Boral decorative ceiling product AO-Gami™ and ASONA Triton acoustic ceiling tiles at Fairmont Group's office in South Australia

“In response to housing downturns in Australia and South Korea, mandated closures and continuing slowdowns, we focused on managing for cash and driving cost efficiencies. A greater focus on customer segmentation remains a key priority in FY2021 to improve margins and is helping to maintain positions in our key markets.”

Frederic de Rougemont
CEO, USG Boral

Underlying EBITDA was down 25% to \$190 million reflecting housing downturns in Australia and South Korea, price declines in South Korea, and a significant impact from COVID-19 related sales and production volume declines in the second half. Boral's equity accounted post-tax earnings from USG Boral was down 56% to \$25 million due to lower EBITDA performance and a higher effective tax rate.

Boral's reported result

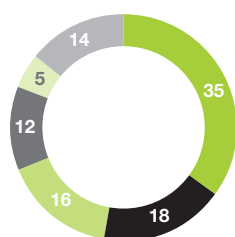
\$m	FY2020	FY2019	
Equity income ^{1,2}	25	57	↓ 56%

USG Boral underlying business result

\$m	FY2020 pre-AASB 16	FY2019	
Revenue	1,474	1,606	↓ 8%
EBITDA ²	190	252	↓ 25%
EBIT ²	107	168	↓ 36%
EBITDA margin	12.9%	15.7%	
ROFE ³	5.2%	8.1%	
Net assets	2,070	2,082	
Capital expenditure (post-AASB 16)	82	111	↓ 26%

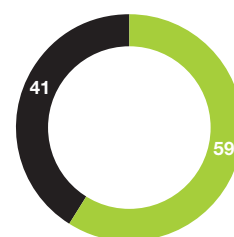
USG Boral revenue⁴

By country (%)



- Australia/New Zealand
- South Korea
- Thailand
- China
- Indonesia
- Other

By product (%)



- Plasterboard
- Non-board

1. Post-tax equity income.
2. Excluding significant items.
3. ROFE is based on EBIT before significant items on divisional funds employed at year end.
4. FY2020 external revenue.
5. As at 30 June 2020. Certain manufacturing facilities and gypsum mines are held in joint venture with third parties.
6. Includes employees and contractors in 100% owned operations and all joint venture operations.
7. Million square metres (m m2).
8. On a full-time equivalent (FTE) basis. Includes corporate and joint ventures.

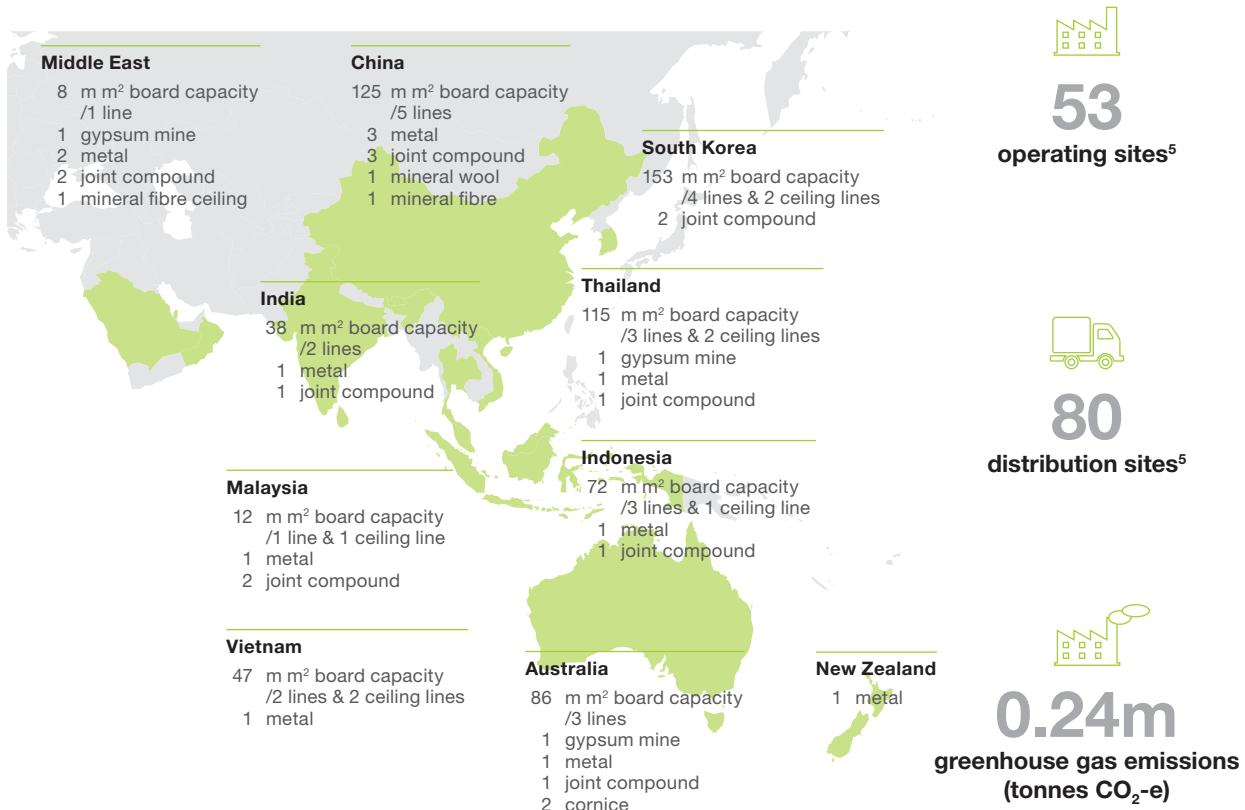


Committed works and upgrades

Construction of the new plant in Chennai (India) and a new plasterboard line at the Ho Chi Minh plant (Vietnam) were both completed and commissioned in late 2019. While activity has been constrained in India and conditions in Vietnam remain mixed, these investments will satisfy the long-term demand for high-quality plasterboard products and support future growth. In light of ongoing impacts of COVID-19, USG Boral suspended all non-essential capital expenditure including the construction of the cornice plant in Australia by six months.

COVID-19 related impacts

While USG Boral was able to supply product in most countries, government mandates saw impacts to production and/or sales in numerous countries. Second half COVID-19 disruptions resulted in \$32 million of direct volumes impacts and under-recovery of fixed costs as production slowed in China, Korea and Thailand; and government mandated shutdowns impacted sales in most markets, including India, Malaysia, the Philippines, Singapore and New Zealand.



3.8
recordable injury frequency rate⁶
(per million hours worked)

656m m²
plasterboard capacity⁷

3,504
employees⁸

~2,700
contractors⁸

Our response to COVID-19



The social and economic disruption caused by the COVID-19 pandemic, which started in early 2020, has been significant.

Boral has responded to the global crisis with the health and safety of our people, our customers and our communities as the number one priority throughout the pandemic.

While in many countries, Boral was allowed to continue to operate, many of our plants in North America and Asia were affected by mandated and temporary closures, production curtailments and absenteeism.

Quickly adapting and introducing measures to stop the spread of the virus – and positioning the business for the subsequent economic impacts – has required focused efforts with strong leadership, governance controls and clear communications. At Boral, four foundations have supported our response:

- a strong safety culture and engaged workforce
- effective crisis management and governance controls
- Boral's leading network of operations and integrated supply chain, and
- financial strength and liquidity.



Key facts

- 48 current cases among employees and 240 recovered¹, mainly in the USA and in geographies where community transmission is higher; sadly two employee deaths due to COVID-19 complications
- More than 225 public health/government orders to comply with. In total ~80% of plants in the USA impacted by closures, production curtailments, re-tooling, cleaning and/or absenteeism
- No government subsidies received in the USA in FY2020; Boral's share of wage subsidies from other governments totaled ~\$800,000²
- \$11 million in direct costs (e.g. cleaning, PPE, legal, and additional leave) plus significant adverse impact on earnings due to lower production/ fixed cost recoveries in FY2020.

1. As at 24 August 2020.

2. Includes Australia, Canada, New Zealand and the United Kingdom, primarily through joint ventures. No wage subsidies received for 100% owned businesses in Australia.

1 Strong safety culture and engaged workforce

In many jurisdictions, Boral was allowed and encouraged to operate as an essential industry. As other industries temporarily shut down, we took our responsibility to maintain supply to customers, maximise employment for our people and operate with appropriate safety measures extremely seriously.

Key actions included:

- travel restrictions and quarantine protocols ahead of government mandates
- strict hygiene, social distancing and quarantine protocols introduced, with communications, monitoring and internal reporting controls
- reconfigured operations to allow social distancing
- tracking and reporting of suspected and confirmed cases of COVID-19 in the workplace, with associated cleaning regimes
- monitoring and protecting 'vulnerable employees' from age and health risk perspectives
- social distancing for customers strengthened, including docketless deliveries
- protocols for visitors and community members to minimise face-to-face contact while maintaining engagement
- employee wellbeing support initiatives
- early consultation with employees and their representatives where operations were impacted, and
- continuing to pay wages in many jurisdictions for employees affected by temporary shutdowns and, where available, providing access to leave provisions and assistance to access government support while maintaining benefits such as medical coverage.

2 Effective crisis management and governance

From the time COVID-19 was first reported, Boral closely monitored the outbreak and took decisive actions as USG Boral's plants in China were closed from January through to late February. Starting in January, we introduced travel restrictions and quarantine protocols across Boral and hygiene measures, and on 2 March activated our Global Crisis Management response. The CEO chaired regular meetings and we reported daily to the Board in the initial weeks of the crisis.

Key governance activities included:

- Crisis Management Team activated
- expert advice and support from International SOS and Control Risks
- strong Board engagement – including regular calls with initial daily reporting
- early identification of critical business functions and supply chain risks
- continuous monitoring and adherence to government restrictions and mandates
- supply chain risks and disruption minimised through business continuity planning
- working closely with customers, suppliers, industry associations, government, rating agencies, banks, unions and local authorities
- employee communications and consultation programs with HR policies adapted and remote working capabilities updated
- regular financial market updates with FY2020 guidance withdrawn on 19 March 2020, and
- recovery planning and measures to respond to economic downturns and uncertainty.



COVID-19 Pulse Survey

In June 2020, over 10,000 of Boral's employees across the Group were invited to participate in a COVID-19 Work Pulse Survey run by Kincentric. In Boral Australia, a bespoke survey provided additional feedback on our response to the pandemic.

The survey results found that our people felt well-supported by Boral during the pandemic, with concern and connection receiving a positive perception score from 82% of respondents.

Respondents identified that Boral's communication during the pandemic was clear and trusted, they felt more trusted by their leaders, and flexible and remote working arrangements were delivering positive benefits, including greater engagement and productivity. The feedback from the surveys will be used to improve our approach to provide leading flexible work arrangements in our businesses.

Our response to COVID-19 (continued)

3 Leading network and integrated supply chain

In jurisdictions where the construction industry continued to operate, some of our customers experienced delays and disruptions due to impacts from other suppliers, which slowed the industry. However, Boral was well positioned to maintain supply and effectively manage supply chain risks with inputs largely integrated or sourced locally.

With our leading network of 646 operating and 137 distributing sites, where plants or operations were impacted, Boral's product was sourced from inventory or alternative locations.

Through Boral's effective risk management practices, which include managing for a range of potential supply chain scenarios, disruptions were remedied and broadly contained to the following areas:

- some delays in delivery of capital plant and equipment
- slowdown of supply of certain plasterboard additives from China, and
- certain protective equipment and hand sanitisers were in short supply, with effective sharing of supplies across the Boral network. Boral's laboratories in Australia are now equipped to produce hand sanitiser that meets World Health Organisation standards to supplement our supplies from external suppliers.

Throughout the early months of the pandemic, we worked closely with key industry associations and various levels of government to identify and address potential supply chain issues; economic, operational and environmental risks; and opportunities. In Australia, we continue to provide input and engage with government around opportunities to stimulate activity and support the economic recovery.

4 Financial strength and liquidity

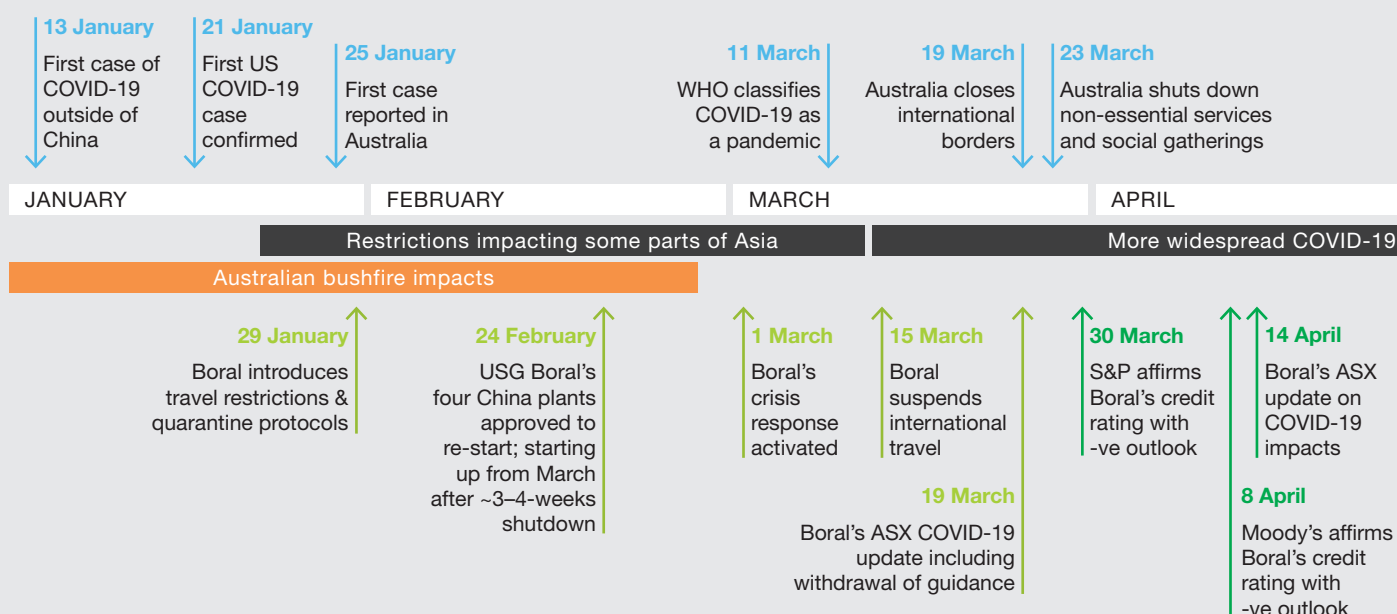
From the outset of the pandemic, we were not only focused on the health and safety of our people but also on the financial health of the business and the industry more broadly. We worked closely with suppliers and customers to continue payments to suppliers and receipts from customers.

We were focused on maintaining Boral's liquidity under all scenarios, through a range of measures, including:

- reactivating the dividend reinvestment plan for the interim dividend, which was fully underwritten for the dividend paid on 15 April 2020
- accessing debt capital markets to increase and extend Boral's debt financing facilities, including a new US Private Placement (USPP) note issue of US\$200 million; new bilateral two-year bank loan facilities totalling A\$365 million; and new bilateral loan facilities totalling US\$740 million replacing the Company's US\$750 million debt facility with maturity extended from July 2021 to June 2024
- reducing costs and discretionary expenditure across the entire business
- right-sizing operations, including temporarily closing plants to align production with lower activity levels
- reducing non-essential capital expenditure, resulting in capital expenditure in FY2020 14% lower than previously planned, and
- where eligible, accessing available relief initiatives.

Boral's investment grade credit ratings BBB and Baa2, were affirmed by S&P and Moody's in March and April, with outlooks revised to negative due to COVID-19.

Early and decisive action in response to the COVID-19 pandemic



Leveraging technology to adapt



Our HSE teams have worked to fast-track cost-effective technology solutions that enable us to undertake key HSE risk management controls remotely.

In USG Boral, we completed virtual Critical Control Gembas across a number of our operations. These remote Gembas use web-based video technologies to undertake inspections to verify that controls around high-risk activities are in place and effective. We are working to implement a simple and cost-effective virtual solution across the Group.

Boral Australia has also used new technology in the form of a distributed drone network to undertake volumetric stocktakes at our quarries. While stocktakes are typically done using an aircraft, COVID-19 travel restrictions meant this method wasn't available.

Enhanced health, safety and hygiene protocols

The Stone facility in Tijuana, Mexico is Boral's most complicated site for execution of enhanced health, safety and hygiene (HSH) protocols in response to COVID-19. The facility typically has more than 500 employees, multiple employees from the same household, close working conditions and employee transportation via bus.

Tijuana had a high level of COVID-19 community transmission and significant government mandates were enacted. This included temporary closure of the facility and furloughing of employees until it was proven the business was essential and could operate with appropriate safety measures in place.

A detailed report of HSH protocols to be put in place was presented to the Mexican government. As a result of Boral's proven success as a safety-first employer and the detailed plan, Boral was among the first Tijuana businesses to be approved for reopening. The business has successfully scaled operations and there have been no transmissions on site to date.



- External event
- Boral internal response
- Boral-related external release/action

MAY | JUNE
restrictions impacting Boral's markets

↑ 15 May
USPP program priced, raising US\$200 million

→ Continuing to respond to changing restrictions including Melbourne Stage 4 restrictions implemented 2 August

Our risks and responses

Risks	Health, safety and environment (HSE)	Market and industry
Description	<p>There is a risk of incidents occurring that may cause injury to Boral's staff or contractors, or damage to the environment. Boral operates a fleet of more than 3,000 on-road heavy vehicles, exposing us to a risk of traffic accidents.</p> <p>Any such incidents may impact our people and communities, result in costs and fines, cause business interruption and adversely affect Boral's reputation.</p> <p>The risks of community and global health issues and responses to Boral's markets and operations have been demonstrated in FY2020.</p>	<p>Our business performance is closely tied to demand in the end-markets in which we operate, across our countries of operation. These markets are cyclical and affected by various macroeconomic, geopolitical, demographic and regulatory factors, and the allocation and timing of government funding for public infrastructure and other building programs.</p> <p>For major projects, particularly infrastructure in Australia, our business is impacted by delays in delivery schedules or changes to scopes of work.</p>
Boral Group response	<ul style="list-style-type: none"> Group-wide commitment to Zero Harm Today 28 Focus on continuing to achieve better safety outcomes as part of broader strategy to deliver world-class safety performance Strict minimum operating standards, policies, procedures and training to ensure compliance with all applicable HSE laws 28–30 Group-standardised response to COVID-19, including strict hygiene, social distancing and quarantine requirements and weekly site self-assessment of COVID-19 related controls 16–19 Global HSEQ management system 29 HSE performance monitoring, reporting and accountability 27, 28–30 Established reserves for known environmental liabilities, including quarry remediation 47 Heavy vehicle safety management to comply with (at a minimum) heavy vehicle laws 30 Leading Safe Work Program training 29, 50 Comprehensive approach to dust management, including respirable dust, focused on best practice 30 Safety improvement initiatives focused on standardisation, new lead indicators and leveraging technology 33 Reduced manual handling and ambient dust in Stone business due to manufacturing improvements HSE standards applied consistently across Asia, Australasia and the Middle East Use of closed-circuit television (CCTV) to aid incident investigations and improvements New program reducing isolation incidents 32 	<ul style="list-style-type: none"> Diverse business portfolio may reduce cyclical impacts of individual geographies and markets Continued monitoring and reporting of government policies, regulatory changes and industry trends, and engagement with regulators Review of Boral's portfolio is underway including market outlook, competitive positioning and potential for each of Boral's businesses to deliver improved earnings and growth 9 Leveraging demand shift to major infrastructure through investments in quarries, asphalt and concrete operations and strengthened project capability Diversified base of major projects across our regional businesses Dedicated Project Management Office to maintain best-practice project management processes and respond to changes in programs of work Strengthened import capability; Boral Cement Geelong clinker import terminal under construction in Victoria 11 Prioritisation of capital investment aligned with product and market growth, with focus on increasing fly ash supply Operations appropriately scaled to respond to regional demand changes resulting from COVID-19 13 Exposure to diverse geographies, with strong economic growth potential across Asian developing countries
Examples of divisional initiatives/responses	<p>USG BORAL BORAL NORTH AMERICA BORAL AUSTRALIA</p>	

Rigorous and effective risk management is critical in helping us respond to a complex environment that is changing at an accelerating pace, and to deliver on our strategic priorities.

Boral's future prospects may be adversely impacted by a number of risks, some of which are beyond our control. An overview of our material business risks and our approach to managing those risks is set out below. [Page references indicate where the topics are covered throughout this report.](#)

Group Risk manages Boral's risk identification and management process, which includes an annual bottom-up assessment and review. Information about risk identification and management at Boral can be found in the Corporate Governance Statement in our 2020 Annual Report. Boral's Risk Management Policy is available on our website.

Competition and customer

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

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

- **Investment in future technology** innovation to diversify our product range and develop new products in our core markets **52**
- **Leveraging technology** for more targeted sales and marketing **53**
- **Group-led, global Innovation team** restructured to foster new ways to make and sell new and existing products, with regionally based dedicated innovation teams **52**
- **New University of Technology Sydney (UTS) and Boral partnership** to strengthen materials-based product innovation **52**
- **Commercial Excellence and Customer Experience** initiatives to improve customer-centricity, enhance service and grow margins **53**
- **Customer surveys and Net Promoter Score tracking** **53**
- **Digital initiatives**, including Boral's online concrete customer portal, Boral Connects **53**
- **Regionally focused product price analytics and sales strategies**
- **National R&D centre** to bring new technologies and products to market
- **Customer segmentation driving further differentiation** based on product and systems innovation, and improved service **53**

Weather and climate-related impacts

Extreme weather is an inherent risk for the construction materials and building products industries. Periods of extreme weather can impact Boral's ability to supply products to the market and limit customers' ability to construct, reducing or postponing demand.

Prolonged periods of wet weather can impact our performance through lower productivity and loss of fixed cost recovery.

Our short- and long-term physical and transition risks associated with climate change and key mitigation measures are outlined on pages 38–39 in the 2020 Boral Review & Sustainability Report.

- **Large operating footprint** supports continuity of supply, by using broad portfolio of operating sites and capabilities
- Ability to **flex production schedules** to reduce cost impacts
- **Flood, bushfire and hurricane mitigation plans** **37**
- **Weather monitoring** processes to identify where and when extreme weather events may impact the business so we can initiate planning processes early
- **TCFD physical climate-related risk scenario analysis** **36, 42–44** underway to assess longer term weather risks and assess controls and mitigation strategies in place
- **Review of longer term carbon emissions reduction targets** **35** consistent with Science-based Targets initiative methodology
- Monitoring and **preparedness for weather-related disruption**, including flexible workforces and additional equipment
- **Boral Cement decarbonising projects and initiatives**, including increasing use of low-carbon fuels **35–36**
- **New product development** focused on lower carbon products to support customer needs **52**
- **Safety management and recovery plans** for major weather events
- **Fly Ash strategies to grow supply**, supporting lower supply chain carbon emissions
- **Safety management and recovery plans** for major weather events
- Ability to **leverage network of plants**

Our risks and responses (continued)

Risks	Operations and technology	License to operate
<p>Description</p>	<p>The Group’s manufacturing processes and related services depend on critical plant, which may occasionally be unavailable as a result of unanticipated failures, outages or force majeure events.</p> <p>Boral’s operations, operational efficiency, and its financial and commercial systems depend on our information technology (IT) systems, capabilities and assets. Ongoing investment in IT is required to adequately support the business, including to address customer needs.</p> <p>A cybersecurity breach could lead to the loss of sensitive data, breach of customer data privacy, business interruption and reputational damage.</p>	<p>Failure to meet the increasing expectations of Boral’s stakeholders, could impact our future plans, reputation and ability to operate.</p> <p>Attracting and retaining talented employees and engaging our workforce underpins the delivery of Boral’s strategic initiatives and business plans.</p> <p>Boral is subject to a broad range of laws, regulations and standards in the jurisdictions in which we operate. Non-compliance due to inadequate processes, systems, people or conduct could lead to losses and liabilities, reputational damage and business interruption.</p>
<p>Boral Group response</p> <p>USG BORAL BORAL NORTH AMERICA BORAL AUSTRALIA</p> <p>Examples of divisional initiatives/responses</p>	<ul style="list-style-type: none"> • Plant maintenance strategies and programs • Business continuity and emergency response plans, with regular simulated crisis response training • Global Crisis Management and governance supported by external crisis experts, activated in response to COVID-19 from 2 March 2020 with expert advice and support 17 • Comprehensive Group insurance program that covers damage to facilities, associated business interruption and product performance 38 • Disaster recovery plans for critical IT systems and operational equipment • Centrally managed data breach monitoring and response • Cybersecurity plans coordinated across divisions and aligned with National Institute of Standards and Technology Cybersecurity Framework 59 • IT system upgrades in key regions including a new ERP in Australia and ERP integration across North America • Information security awareness training and targeted ‘phishing’ email tests for all employees • Investments in market-leading firewall defence and enhanced external monitoring and reporting capabilities • Boral Digital Services using effective project management and agile processes • Targeted technology enhancements to improve operational and core financial systems and customer solutions • Streamlining and upgrading IT systems and investment in cybersecurity controls and tools • IT implementation in key regions, including ERP solution in Australia • Increased use of outsourced cybersecurity services and service providers, to enhance controls and monitoring 	<ul style="list-style-type: none"> • Succession planning, leadership development and workforce capability building activities 50 • Group-led diversity and inclusion program 49 • Organisational culture work to reinforce governance and accountability – including measuring and monitoring workplace culture 50 • Third-party managed whistleblower hotline, monitoring and reporting in all jurisdictions 59 • Centralised Code of Business Conduct and associated policies 58 • Centralised competition law training • Governance structure that monitors performance of third-party agreements and joint ventures 58 • Monitoring regulatory changes and engaging with regulators, including modifying procedures and protocols to meet regulations in the jurisdictions in which we operate • Modern slavery risk framework, and revised Human Rights Policy and Supplier Code of Conduct 55 • Community consultation programs and initiatives to minimise impacts of operations 56 • Flexible work policy and guidelines 49 • Reconciliation Action Plan initiatives to support Aboriginal and Torres Strait Islander peoples and communities 50, 56 • Execution of Code of Business Conduct based on clear accountability, policies, training and audits • Annual anti-trust and competition law training • Annual training on anti-bribery and corruption for all employees of 100% owned businesses 58

Supply chain and cost management

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

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

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

- **Effective response to supply chain disruptions** due to COVID-19 led by Crisis Management Team **18**
- **Reduced costs and discretionary expenditure** across the business, including organisational restructuring in response to COVID-19 impacts **18**
- Key initiatives to **improve operating efficiencies** **3**
- Short-term fluctuations in **fuel and energy costs** managed through **hedging** and electricity demand management
- **Reserves planning**
- Reducing costs through **Operational Excellence** and **Organisational Effectiveness** programs
- **Supply Chain Optimisation program** enhancing supply logistics and reducing costs **54**
- Largely integrated and locally sourced supply chain
- **Operational improvement** projects **3**
- Divisional **procurement initiatives** to enhance our supply chain, including logistics and continuity of supply, and reduce costs **54**
- **Long-term availability of fly ash** monitored and future sources identified, including reclamation of landfill ash **13**
- **Cost reduction program** to right-size operations in response to market declines and COVID-19, and cost excellence programs **3**
- **Securing gypsum supply** through acquisition of reserves and stable supply agreements
- Long-term **raw material supply contracts** (for paper, for example)

Financial and capital management

Maintaining an appropriate capital structure is key to delivering investor returns and access to equity and debt funding.

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

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

- **Maintain a prudent capital structure** targeting BBB/Baa2 credit rating metrics through the cycle
- Maintain prudent debt profile with **staged and long-dated debt maturities** from diverse funding sources in global capital markets **18**
- **Disciplined capital expenditure** and investment decision making with post-implementation reviews
- **Immediate and decisive actions to manage COVID-19 impacts** and to maintain a strong liquidity position, including rigorously managing cash flow and working capital, and strengthening Boral's debt facilities **18**
- **Excess liquidity** via committed undrawn facilities and cash on hand
- US dollar net assets partially hedged with US dollar-denominated debt to **limit impact of foreign exchange rate movements**, including on funding covenants
- **Cross-currency swaps** used to hedge US dollar-denominated debt
- **Forward exchange contracts** used for material product and equipment supply, to hedge currency movements
- Interest rates swapped to **reduce cyclical impacts**
- **Counterparty credit risk** distributed across a number of highly-rated global financial institutions

Sustainability highlights


We recognise that delivering sustainable outcomes is a business imperative and critical for us to thrive over the long term. We strive to deliver value and positive change for all our stakeholders, our communities and the environment.

Our sustainability priorities

 <p>Safety</p> <p>World-class health and safety outcomes for our people – Zero Harm Today</p>	<p>Nil</p> <p>employee and contractor reportable fatalities</p> <hr/> <p>>130,000</p> <p>hazards reported</p>	<p>7.6</p> <p>recordable injury frequency rate¹</p> <p>Comparable data</p>  <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Recordable Injury Frequency Rate</th> </tr> </thead> <tbody> <tr> <td>FY16</td> <td>8.8</td> </tr> <tr> <td>FY17</td> <td>8.1</td> </tr> <tr> <td>FY18</td> <td>8.7</td> </tr> <tr> <td>FY19</td> <td>7.5</td> </tr> <tr> <td>FY20</td> <td>7.6</td> </tr> </tbody> </table>	Fiscal Year	Recordable Injury Frequency Rate	FY16	8.8	FY17	8.1	FY18	8.7	FY19	7.5	FY20	7.6
Fiscal Year	Recordable Injury Frequency Rate													
FY16	8.8													
FY17	8.1													
FY18	8.7													
FY19	7.5													
FY20	7.6													
 <p>Our people</p> <p>Diverse, capable and engaged workforce, enabling them to deliver their best</p>	<p>19%</p> <p>women at Boral</p>  <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Percentage of Women</th> </tr> </thead> <tbody> <tr> <td>FY16</td> <td>14%</td> </tr> <tr> <td>FY17</td> <td>14%</td> </tr> <tr> <td>FY18</td> <td>18%</td> </tr> <tr> <td>FY19</td> <td>19%</td> </tr> <tr> <td>FY20</td> <td>19%</td> </tr> </tbody> </table>	Fiscal Year	Percentage of Women	FY16	14%	FY17	14%	FY18	18%	FY19	19%	FY20	19%	<p>1:1</p> <p>female to male base salary pay equity in Boral Australia</p> <hr/> <p>~700</p> <p>employees completed Leading Safe Work program</p>
Fiscal Year	Percentage of Women													
FY16	14%													
FY17	14%													
FY18	18%													
FY19	19%													
FY20	19%													
 <p>Environment</p> <p>Minimise our environmental footprint and build resilience to climate change</p>	<p>2.2 million tonnes CO₂-e</p> <p>↓8%</p> <p>Scope 1 and 2 GHG emissions</p> <hr/> <p>Completed stage 1 of climate-related physical risks scenario analysis</p>	<p>↓6%</p> <p>Scope 1 and 2 GHG emissions intensity²</p>  <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>GHG Emissions Intensity</th> </tr> </thead> <tbody> <tr> <td>FY16</td> <td>491</td> </tr> <tr> <td>FY17</td> <td>488</td> </tr> <tr> <td>FY18</td> <td>375</td> </tr> <tr> <td>FY19</td> <td>348</td> </tr> <tr> <td>FY20</td> <td>329</td> </tr> </tbody> </table>	Fiscal Year	GHG Emissions Intensity	FY16	491	FY17	488	FY18	375	FY19	348	FY20	329
Fiscal Year	GHG Emissions Intensity													
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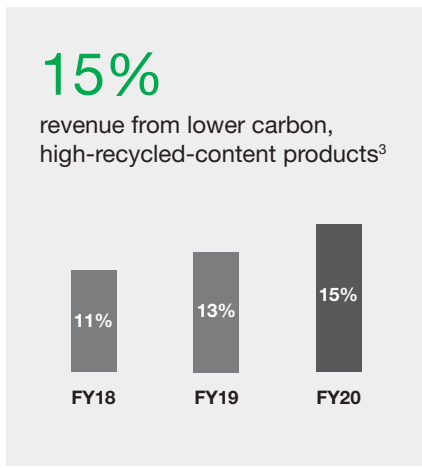
1. Per million hours worked for employees and contractors in all businesses and all joint ventures from FY2018. Prior years excludes less than 50%-owned joint ventures and Headwaters.
 2. Tonnes CO₂-e emissions per A\$million revenue.

External recognition


Customers

Deliver innovative and **sustainable products** and **superior customer experience**



~\$30m
invested in R&D, in line with prior year

>50%
of our concrete customers using Boral Connects digital portal



Suppliers


More **efficient and sustainable supply chain** delivering better customer outcomes

>\$4b
procurement spend

Multi-year supply chain optimisation program focused on improving our customers' experience

>\$4m
spend with Indigenous-owned and social enterprises⁴

Strengthened approach to modern slavery risk



Communities

Make a positive contribution to our **local communities**



Delivered 2019–2020 Reflect Reconciliation Action Plan commitments

Cement Concrete & Aggregate Association NSW/ACT Innovation Award for community leadership and engagement

3. Defined as having a minimum 40% recycled content, and based on share of Group-reported revenue adjusted to include Boral's 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are equity accounted.
 4. Excludes indirect spend with Indigenous-owned businesses.

Managing sustainability

Materiality assessment

We consider sustainability issues to be material if they represent significant issues to Boral and to our stakeholders. We assess sustainability issues with reference to the Global Reporting Initiative definition of materiality, which covers “significant economic, environmental and social impacts; or the issues that fundamentally influence the assessments and decisions of stakeholders.”

As part of our broader risk management processes, we conduct a materiality assessment every two years to identify our material sustainability issues. The content of this Sustainability Report is defined by the FY2019 materiality assessment, which considered stakeholder priorities; megatrends; regulatory developments;

and Boral’s strategy, risks and opportunities. The FY2019 materiality assessment process involved:

- a desktop assessment, including peer and media analysis, and analysis of global frameworks and industry reports
- internal workshops and discussions with multidisciplinary leaders, including Executive Committee members with an understanding of our key external stakeholder groups
- issue prioritisation based on the findings of the desktop analysis and internal stakeholder feedback, and
- validation and final review of the outcomes by senior executives.

We engaged EY to undertake the desktop assessment and help us validate the outcomes.

The updated materiality assessment identified 14 material issues, some of which were previously embedded in broader categories. These are outlined in the table below. In addition, we identified the future of work as an emerging issue.

United Nations Sustainable Development Goals

We continue to identify which of the 17 Sustainable Development Goals (SDGs) and 169 SDG targets Boral can most significantly contribute to. We have prioritised 10 SDGs and 20 SDG targets that are most closely connected with our business strategy and material sustainability issues.

Where applicable in this Sustainability Report, an SDG icon appears in the section where Boral’s activities align with that SDG.

Prioritised United Nations SDGs and SDG targets

SDGs	3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	
SDG targets	3.6	5.1, 5.5	6.4, 6.5	7.3	8.2, 8.5, 8.7, 8.8	9.1, 9.4, 9.5	11.6	12.2, 12.4, 12.5	13.1, 13.3	15.2	
Boral’s material sustainability issues											Page(s)
Culture and business conduct		5			8						58
Cyber and data security											59
Diversity, inclusion and equality		5			8						49
Employee development and engagement		5			8						50
Human rights and workplace relations		5			8						50
Health, safety and wellbeing	3				8						31–33
Climate-related impacts			6	7		9	11	12	13		34–44
Energy				7		9		12	13		41
Environmental impacts			6	7			11	12	13	15	45–47
Customers							11		13		51–53
Sustainable products and innovation			6	7		9	11	12	13	15	51–52
Sustainable procurement	3	5		7	8	9		12	13	15	54–55
Supply chain logistics	3					9			13		54
Social and community impacts	3		6				11			15	56–57

Sustainability governance

Board oversight

The Board of Directors maintains oversight of sustainability matters, including our sustainability strategy, risk identification and management, and external reporting.

The Board Health, Safety & Environment (HSE) Committee is responsible for reviewing and monitoring matters including:

- the Group’s performance in relation to HSE matters, assessed by reference to agreed targets and measures
- the effectiveness of Boral’s policies, systems and governance structure in identifying and managing HSE risks that are material to the Group
- the policies and systems for ensuring compliance with applicable legal and regulatory requirements associated with HSE matters
- the Group’s operational risks as they relate to HSE matters, and
- the Group’s material reporting regarding sustainability.

Divisional management teams and the corporate HSE function report quarterly to the Board HSE Committee on HSE performance, risks and management actions, including in relation to sustainability and climate-related matters such as scenario analysis. The committee considers these matters at each of its meetings, with an increasing focus on sustainability matters more holistically.

The Board Audit & Risk Committee is responsible for satisfying itself that a sound system of risk oversight and management exists, and that internal controls are effective. It meets at least four times a year and receives an annual report on our organisation-wide risks, including climate-related risks.

Our approach to sustainability is underpinned by:

Effective governance structure and risk management

Open and constructive engagement with our stakeholders

Monitoring and transparent reporting of our material issues

Also see Corporate Governance Statement in our 2020 Annual Report

Further information at boral.com/sustainability



Management responsibility



Sustainability is embedded in Group- and business-level strategies, action plans and reporting. Sustainability performance is monitored at a divisional level and by relevant corporate-level senior executives.

Line managers are supported by divisional specialist managers across HSE, procurement, human resources, marketing and community engagement, and by corporate HSE and human resources teams. The corporate HSE teams are responsible for policy, governance and functional leadership, in consultation with divisional specialists.

Management remuneration

Managing sustainability, including safety, is considered an integral component of leadership and is linked to employment and considered in reviewing performance and setting fixed remuneration increases. As such, we do not link remuneration incentives to sustainability metrics, including safety performance.

The Board has discretion to adjust executive remuneration outcomes if there is evidence of a breakdown in management oversight and processes leading to poor outcomes, including safety performance.

HSE management



Our leading priority is the health, safety and wellbeing of our people, and those we interact with through our activities. We also strive to eliminate or minimise our environmental impacts.

Our HSE policies include our:

- Work Health and Safety Policy
- Environment Policy
- Quality Policy, and
- Code of Business Conduct.



Zero Harm Today

We are committed to continually improve our processes and eliminate health, safety and environment (HSE) risks to achieve our goal of Zero Harm Today.

We work to maintain a safety-driven culture focused on trust, transparency and learning. We seek to achieve this through strong and compassionate leadership, clear accountability, employee participation, ongoing training, and proactive collaboration with our customers, communities and other stakeholders.

Information on our governance framework and leadership accountability for health, safety and environment matters is on page 27.

Regular leadership interactions with our people is a key element of focusing on health and safety risks, and provides invaluable two-way learning experiences. We regularly monitor the quantity and quality of these interactions to ensure we are taking full advantage of opportunities to learn.

We engage and communicate with our employees and contractors on HSE matters through daily pre-start meetings and shift handover meetings. We also hold more formal monthly HSE meetings at larger sites, Kaizen¹ events for focus areas and improvement projects, and formal HSE training.

See pages 16–19 to learn how we are managing COVID-19 health and safety risks.

HSE strategy

Our priorities and approach to managing our key HSE risks are guided by our Group-wide strategic objectives and supporting programs. These objectives are to have:

- capable and confident leaders
- an engaged, empowered and competent workforce
- fit-for-purpose health, safety, environment and quality (HSEQ) systems and processes, and
- maintain our privilege to operate and grow.

Each division is responsible for establishing and implementing its own HSE strategies and improvement plans, consistent with Boral's Group-wide direction.

1. A Kaizen is a continuous improvement approach in which people at all levels of the business proactively work together to achieve regular, incremental improvements in processes.
 2. The three lines of defence model includes: real-time management controls, oversight of risk management processes and controls, and independent assurance by Group HSE.
 3. Per million hours worked for employees and contractors in all businesses, including all joint ventures in FY2020; FY2016 data excludes less than 50%-owned joint ventures.

Our approach focuses on identifying and eliminating conditions and behaviours that have the potential to injure people or harm the environment. This includes thoroughly assessing risks, following effective systems and processes, and continually investing in equipment and other improvements.

We also review and assess HSE issues and risks as part of due diligence processes for all potential acquisitions, and new or expansion projects.

HSEQ Management System

Boral's Group-wide Health, Safety, Environment and Quality Management System (HSEQ MS) provides the standards, guidelines and tools that enable us to improve our performance.

Our HSEQ MS enables us to certify operations against external standards. We undertake certification at sites where doing so is important to our customers and where it drives additional value beyond the equally high standards of our HSEQ MS. We have:

- ISO 9001 *Quality Management* certification at 365 sites in Boral Australia, 11 in USG Boral and four in Boral North America
- AS/NZS 4801 *Occupational health and safety management systems* certification at 38 locations in the Asphalt business, and
- ISO 14001 *Environmental management* certification at 26 Asphalt sites in NSW and Queensland, and six USG Boral sites.

Our HSEQ MS also incorporates a risk-based approach to supplier and contractor safety management. We require any contractor or supplier who performs work on a Boral-controlled worksite to complete a formal supplier prequalification program.

In FY2021, we are set to refresh and improve our HSEQ MS. We will streamline the system to focus on controls and further tailor it to our frontline people. At the same time, we will maintain each division's flexibility to create controls that are relevant to the workers it protects.

Review of risk control indicators

Our existing health and safety reporting metrics reflect a strong desire to seek out leading and lagging indicators, and provide insight into the severity of incidents. This enables us to achieve better safety outcomes. Nevertheless, a growing number of influences are challenging the traditional approaches to measuring and monitoring health and safety performance.

In FY2020, we completed a review of Boral's health and safety reporting and assurance programs in light of emerging best practice. Key areas of consideration included:

- effectiveness of risk management practices that focus on eliminating or controlling serious risk
- encouraging the reporting and focus on significant events and potentially significant events
- balancing the limitations of lost time injury frequency rate (LTIFR) and recordable injury frequency rate (RIFR) metrics
- employees' participation in risk reduction, and
- increasing the focus on health and wellbeing.

We are now working to identify effective process and reporting improvements, including efficiently capturing new safety metrics.

HSE assurance

Our HSE activities are monitored by Boral's Group-level HSE assurance program which supports the management of our HSE risks.

HSE assurance processes present an opportunity to learn, share and continually improve our systems, processes and risk management practices, and effectively support management of our HSE risks.

We continue to improve and evolve our Group-level HSE assurance program to align it more directly with the 'three lines of defence' model.² This model establishes boundaries, helps to avoid gaps and duplication (particularly in audit processes), and supports an integrated and effective approach to our assurance activities.

Harm prevention

Serious harm prevention

Preventing serious harm incidents that cause fatalities or life-threatening or life-changing injuries is a key safety priority.

Since FY2016, we have implemented programs and introduced metrics that build on the lessons learned through our participation in a global research project facilitated by DEKRA Insight. This project focused on identifying and preventing incidents that cause serious harm.

Programs we implemented include our revised Safe Systems of Work program, which encompasses all aspects of managing risks and keeping people safe at work, and incorporates best-practice behavioural science principles and learnings from extensive consultation across our operations. We have also begun rolling out our Leading Safe Work program that supports our Safe Systems of Work program.

This year, we continued to increase our use of Critical Control Gembas – inspections that focus on verifying we have effective controls in place for high-risk activities.

These initiatives have resulted in a significant reduction in the rate of serious harm events. Boral Australia reported a 65% reduction in its serious harm incident frequency rate³ from 7.7 in FY2016 to 2.7 in FY2020. Over this time, we have also reduced the severity of lost time injuries and medical treatment injuries.

Leading Safe Work program

The Leading Safe Work program focuses on coaching and educating frontline leaders and workers in how to make better decisions on the job. It teaches strategies for building new habits that focus on how the brain works, including how people make decisions. The program combines online and face-to-face learning, which we continued to deliver during COVID-19 restrictions via a virtual classroom. The program is being rolled out across Boral Australia and is serving as a blueprint for implementation across our other businesses.

HSE management (continued)

Managing HSE incidents

We have a formal process for communicating, investigating and sharing safety learnings for more serious HSE incidents. These include near-miss events, with requirements tailored to the severity of the actual or potential consequence.

More serious HSE incidents are escalated to senior management, including the CEO & Managing Director. We also hold incident review meetings with relevant divisional leaders, the Group President HSE, Sustainability, Innovation & Operations Excellence, Group HSE Director and local line management.

In the event of an extremely serious incident, including a fatality, Boral's Crisis Management Team is activated, which involves Boral's most senior executives, including the CEO & Managing Director.

Learnings from all HSE incidents that have broader organisational implications are discussed at cross-divisional meetings and, where appropriate, integrated into systems changes and training material.

Dust management

To minimise the dust generated by our operations, ensure the safety of our people, and comply with HSE standards, Boral has a comprehensive approach to dust management. This includes environmental dust monitoring and occupational health and hygiene monitoring.

We strive to take a leading role in the extractive industry in relation to health and safety management, including best-practice management of respirable dust and respirable crystalline silica.

Long-term excessive inhalation of dust containing respirable crystalline silica can lead to illness or disease, including lung disease such as silicosis. A total of 737 of our people are involved in occupational activities at sites that have extractive operations for materials containing quartz. All such quarry sites have comprehensive dust management plans in place to minimise the risk of silica-related dust disease.



We work with specialists and regulators to help ensure we are using modern management practices and dust control technologies in line with industry best practice.

We undertake static dust monitoring at relevant sites and regular personal dust exposure monitoring, also known as hygiene monitoring. We also conduct health surveillance of employees who may be at risk of exposure.

Static dust monitoring and personal exposure monitoring help us better understand where potential risks to our people exist and whether additional control measures are required. Health surveillance includes respiratory function tests and chest X-rays, conducted by specialist radiologists accredited in occupational lung health.

Based on our workers compensation data, we had one new case of mild to moderate silicosis in FY2020. This equates to an incidence rate¹ of 1.36 cases per 1,000 workers, based on the number of people who work at sites that generate silica dust.

We are continuing to work towards containing fugitive dusts because we recognise that mitigation of the source is the most effective, sustainable solution.

Public road safety

Mostly in Australia, Boral operates or contracts a large number of trucks to transport and deliver our products and services on public roads. We invest significant time and resources to ensure that our heavy vehicle safety compliance requirements are well defined and implemented.

We comply with or perform better than legal requirements and industry norms in several areas, including by investing in higher-specification concrete agitator vehicles, telematics and driver behaviour management systems.

In Boral Australia, our dedicated Heavy Vehicle Safety and Compliance team works to meet the requirements of the National Heavy Vehicle Regulator. These requirements include mass management and load restraint verifications, tracking and managing of driver hours and undertaking vehicle condition inspections.

Safety training

We provide our workforce with standardised training that aligns with our HSEQ standards. Training includes inductions for all new staff members; internal leadership courses; training for frontline managers, supervisors and operators; and behaviour-based programs such as our Leading Safe Work Program.

Health, safety and wellbeing

RIFR^{2,3}
7.6

LTIFR²
1.6



We had no employee or contractor reportable fatalities during the year.

Our safety injury results for the Boral Group broadly plateaued, after a significant improvement in FY2019.

At a divisional level, Boral Australia reported a 7% improvement in recordable injury frequency (RIFR) to 9.8, while Boral North America and USG Boral reported RIFR increases of 4% and 12% respectively.

While these are our reportable injury rates amongst our workforce, we also have an important responsibility to keep members of the community safe, including visitors to our sites and road users.

In June 2020, a contractor driver was involved in a serious incident, which sadly resulted in the fatality of a cyclist. In July 2020, an employee cement tanker driver was involved in a devastating crash which resulted in the death of a young girl and serious harm to several others. We were deeply saddened by these events, and our heartfelt sympathy goes out to those affected.

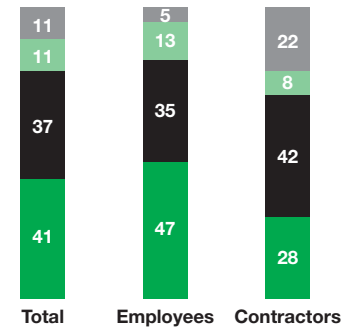
In both cases, we immediately activated our Crisis Management Team to ensure appropriate support was provided and actions were taken.

In such circumstances, we cooperate with authorities as they undertake their investigations and we consider in depth what we can learn from the investigations.

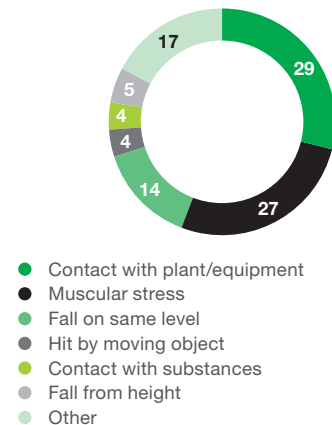
To align our safety reporting with the SASB Construction Materials standard, we have started reporting Boral Group's near miss frequency rate (NMFR) and separate RIFR metrics for employees and contractors, in addition to our combined employee and contractor RIFR. In line with our broader approach to safety data reporting, these additional metrics include all our joint ventures, regardless of equity interest. This adopts a more conservative approach than the SASB metrics which focus only on controlled entities.

Following a review of our health and safety reporting in light of emerging best practice in FY2020, we have ceased reporting percentage hours lost and hours away on restricted or transferred duties. We now focus on assessing the credible potential outcome for all lost time injuries to provide insight into events that require greater scrutiny and control effectiveness review.

Injury treatment⁴ (%)

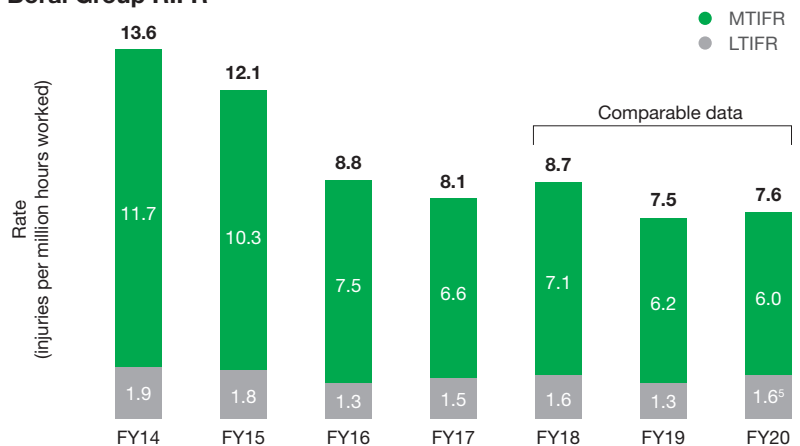


Mechanism of injury⁴ (%)



	FY2020	FY2019
RIFR		
Boral Australia	9.8	10.5
Boral North America	7.9	7.6
USG Boral	3.8	3.4
Boral Group		
employees	7.7	7.9
contractors	7.3	6.5
Boral Group		
NMFR ²	2,310	
Hazards reported	>130,000	>150,000

Boral Group RIFR



1. The incidence rate is the number of new cases diagnosed in FY2020 divided by the at-risk population.
 2. Per million hours worked for employees and contractors in 100% owned businesses including Headwaters, and all joint ventures. businesses from FY2018. Prior years exclude less than 50% owned joint ventures and Headwaters.
 3. RIFR is the combined LTIFR and medical treatment injury frequency rate (MTIFR).
 4. Boral Australia reported injuries in FY2020.
 5. See page 29 for serious harm injury frequency rate in Boral Australia.

Health, safety and wellbeing (continued)



Heavy vehicle spot check inspection program

With a fleet of more than 3,000 on-road heavy vehicles, managing road safety risks is a key priority for Boral.

In FY2020, Boral Australia's Heavy Vehicle Compliance Improvement team launched a new spot check inspections program, considered industry best practice. Using our new mobile Heavy Vehicle Inspection Station, the inspections focus on critical maintenance items, including brakes, steering and suspension.

The inspections, which supplement our regular maintenance program are conducted by qualified mechanics who are trained in conducting and assessing the mechanical safety and roadworthiness of heavy vehicles.

To date, more than 460 Boral-owned and contractor vehicles have been inspected using the mobile station. Any vehicle identified as not meeting the relevant safety and roadworthiness requirements is stood down until the appropriate repairs have been made.

Health and wellbeing

We provide a range of programs focused on physical and mental wellbeing, helping our people be more effective at work and in their personal lives. These include health and fitness checks, drug and alcohol support, quit smoking programs, a confidential counselling service and health seminars.

Boral Australia has developed a Mental Health and Wellbeing strategy focused on preventative interventions, encompassing various initiatives.

In FY2020, Boral Australia launched our Wellness and Connection Hub to connect employees working remotely and support employees through the challenges of COVID-19. This initiative draws on the resources of our new community partner, the Black Dog Institute.

This year we also launched the first edition of HSE Together, a communications initiative focused on HSE challenges and innovation across the Group. Our first edition focused on the health and wellbeing impact of COVID-19, and provided strategies to help manage this.

Reducing isolation incidents in USG Boral

Following some isolation incidents in USG Boral, in FY2020 the business refreshed and reinforced a Lock Out, Tag Out, Try Out program.

The program is designed to ensure that dangerous machines and energy sources are properly shut off and not unexpectedly started up during maintenance or servicing work. These energy sources include electrical, mechanical, hydraulic, pneumatic, chemical, radiation and thermal hazards.

The program comprises:

- initial face-to-face meetings for sharing best practice expectations
- a survey to help the business obtain a better understanding of current practices
- training to ensure all staff are following a common best practice process, and
- supporting communication to leaders and employees.

The program is already delivering positive outcomes; serious harm incidents related to isolation are down by 50% compared to FY2019.



1. Statistics on workers in Australia published by Safe Work Australia, Table 21 – number, frequency rate and incidence rate of serious claims by industry (2017–18). Based on Safe Work Australia's definition of LTIFR, which is based on workers' compensation claims for work-related injuries that resulted in five or more days of lost time from work.

2. Per million hours worked.

Outperforming Australian industry safety benchmarks

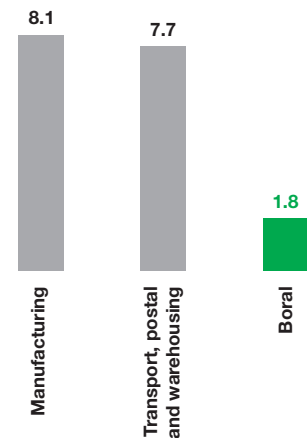
According to Safe Work Australia's latest injury statistics reports¹, the broader industries in which Boral Australia operates have an extended duration lost time injury frequency rate (eLTIFR²) four to five times that of Boral.

Boral Australia's operations pour concrete and lay asphalt across major projects and construction sites; have about 70 quarries and

300 operating sites producing cement, concrete, asphalt, bricks, roof tiles and timber products; and manage a fleet of more than 3,000 heavy vehicles.

Boral Australia's eLTIFR (five or more days lost) for employees was 1.8 in FY2020, compared to industry averages of 7.7 to 8.1 for transport, postal and warehousing and manufacturing.

Boral Australia's eLTIFR relative to Australian industry averages²



Promoting a safety-focused culture

An employee Safety Cultural Awareness Survey conducted in FY2019 revealed that the Boral North America division had a mature safety culture rated above other comparable benchmark organisations. Although we were pleased with these positive results, the division took action to address several areas for which the survey identified opportunities for further improvement.

In FY2020, Boral North America implemented initiatives to further standardise safety systems, better integrate safety within our lean manufacturing approach and use technology to further reduce safety risks. The division also introduced new lead indicators to drive behaviours and focus on continuous improvement.

The division eliminated some manual tasks through automation, improved separation of pedestrian and mobile equipment, increased the use of Critical Control Gembas and behavioural observation reporting, and reduced airborne dust by improving processes and ventilation systems. A centralised HSE management system, Zero Harm Connect, is also providing frontline employees with greater ownership of safety reporting at their site.



Enforceable undertaking with SafeWork NSW

In July 2019, SafeWork NSW accepted an enforceable undertaking from Boral Cement in connection with a serious workplace accident that occurred at the Maldon Cement Works in January 2016. The enforceable undertaking requires Boral to implement a number of initiatives:

- The Leading Safe Work training program in Boral Cement which is improving the way work is planned, communicated and executed to address one of the factors contributing to the 2016 incident.
- Boral is promoting the SafeWork NSW Respirable Crystalline Silica campaign to the industry by displaying key SafeWork NSW messages on 45 Boral heavy road vehicles. The messages focus on the safe handling of materials containing respirable crystalline silica.
- Boral offered a new 12-month traineeship within Boral Cement for a member of the community seeking to begin a career in work health and safety.

The enforceable undertaking initiatives are scheduled for completion before June 2021.

Climate-related impacts



SCOPE 1 AND 2



Absolute GHG emissions

2.2m

tonnes CO₂-e

↓ 8%

in FY2020

GHG emissions intensity

329

tonnes CO₂-e

↓ 6%

in FY2020

We are progressing strategies to leverage the opportunities of a lower carbon economy and to further mitigate our climate change risks.

We are committed to playing our role in addressing climate change. We support the 2015 Paris Agreement objective of limiting global warming to well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase even further, to 1.5°C.

As a construction materials and building products company with a footprint in 17 countries, our greenhouse gas (GHG) emissions totalled 2.2 million tonnes CO₂-e in FY2020. On a divisional level, Boral Australia accounted for 78% of the Group's Scope 1 and 2 GHG emissions, with clinker manufacturing accounting for 45%, while Boral North America and USG Boral accounted for about 11% each.

Over the past 15 years, we have substantially reduced our carbon footprint. Our strategy has been to reduce our exposure to high-cost, capital- and energy-intensive manufacturing. This has included exiting bricks and sub-scale clinker production, in addition to improving operating and energy efficiency.

Since FY2005, we have reduced our Scope 1 and 2 emissions in Australia by around 44%. We achieved this largely by realigning our portfolio away from emissions-intensive businesses and reducing clinker manufacturing in Australia. Instead, we have been importing it from more efficient and larger scale operations in Asia.¹ Including Boral North America, our Scope 1 and 2 emissions decreased by 47% between FY2005 and FY2020.



1. Following the closure of Boral's clinker manufacturing plant at Waurin Ponds, Victoria in 2013, we have imported clinker from Asia. The emissions intensity of our Waurin Ponds clinker manufacturing operations in FY2013 was 0.98 tonnes CO₂-e per tonne of production. In FY2020, the emissions intensity of our imported clinker, included as Scope 3 emissions, is 0.96 tonnes CO₂-e per tonne of production, including shipping to the Port of Geelong (a 2% reduction in GHG emissions).

Committed to transparent engagement

During the year, we continued to constructively engage with investor representatives on climate change, including Climate Action 100+ and other stakeholders.

This engagement gives us valuable opportunities to understand the evolving expectations of our stakeholders, and to share our progress and response to the opportunities and challenges of climate change.

Strategy

Our approach to addressing climate change is focused on three interrelated priorities:

- reduce the carbon footprint of our operations and value chain
- grow revenue from lower carbon construction materials and building products
- strengthen resilience by mitigating our climate change risks.

In FY2018, we set three climate-related goals:

- reduce our GHG emissions intensity (tonnes GHG/\$m revenue) by 10–20% by FY2023
- deliver annual growth in share of revenue from lower carbon, high-recycled-content products, and
- reduce CO₂-e in the supply chain by 1.1–1.5 million tonnes by increasing fly ash supply by FY2022.

Our performance against these targets is outlined on page 40.

In FY2020, we continued to strengthen our approach to managing and reporting on the risks associated with climate change. We:

- reduced our absolute Scope 1 and 2 GHG emissions by a further 8% to 2.2 million tonnes CO₂-e and GHG emissions intensity by 6%
- made further progress towards full alignment with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). This includes strengthening the quality of our Scope 3 GHG emissions data and reporting, and commencing our physical climate-related risk scenario analysis, and
- broadened our reporting of GHG emissions and energy metrics to increase alignment with the Sustainability Accounting Standards Board (SASB) standard for the construction materials industry.

Review of carbon emission reduction targets

In FY2020, we undertook a review of longer term carbon emissions reduction targets consistent with the Science-based Target initiative (SBTi) methodology, including early development of possible emissions reduction pathways. In FY2021, we will conduct further analysis of possible pathways to strengthen our confidence in meeting science-based targets.

Importantly, in FY2021, we will complete the necessary work to adopt science-based targets and carbon emissions reduction pathways, taking into account the outcomes of the portfolio review that is currently underway and to ensure alignment with Boral's broader sustainability and business strategy.

We will also consider the ongoing appropriateness of our existing carbon emissions intensity and fly ash based supply chain targets in light of the reset business strategy.

Boral Cement carbon abatement initiatives

Boral Cement accounted for nearly 60% of Boral's Scope 1 and 2 emissions and about 36% of our 3.1 million tonnes of Scope 3 emissions in FY2020.

Accordingly, many of the significant opportunities for emissions abatement are within the Boral Cement business. In FY2019, we identified abatement projects that have the potential to reduce Boral Cement's Scope 1 and 2 emissions by about 20%, equivalent to about 300,000 tonnes CO₂-e – see 2019 Boral Review for further information.

Some of these projects, accounting for about 100,000 tonnes in carbon emissions abatement opportunities, were assessed as high priority, based on our initial assessment of their feasibility at nil carbon price.



Low-carbon fuels program

In FY2020, our solid waste-derived fuels (SWDFs) facility at Berrima reduced our coal-related emissions by 25,000 tonnes CO₂-e, compared to 30,000 tonnes in the prior year. SWDFs used include wood residues – such as untreated sawdust, pallets, bark chips and mill off-cuts – and refuse-derived fuels sourced from commercial waste such as paper, cardboard and packaging.

The carbon abatement in FY2020 was less than anticipated due to supply interruptions with SWDFs.

A further increase in the capacity of the low-carbon fuels facility will be achieved through investment in a chloride bypass. Following approval of a \$4.6 million grant from the NSW Government, an important milestone in expanding the low-carbon program, preliminary design work on the chloride bypass has commenced.

Climate-related impacts (continued)

During the year, we continued to progress these projects. They include:

- increasing capacity of the Berrima low-carbon fuels program and investigating further low-carbon fuels programs
- investigating upgrading the Berrima facility to enable waste heat recovery
- implementing energy efficiency opportunities, including with projects related to process dust collector efficiencies, compressor optimisation and optimising cement grinding
- working towards maximising limestone mineral addition in cements, and
- reducing the clinker-to-cement ratio by replacing clinker with a greater proportion of supplementary cementitious materials.

We are working to access and secure higher volumes of usable fly ash and slag as a cementitious substitute material in Australia. We have commenced construction of a fly ash off-take facility at the Tarong Power Station in Queensland, with the aim of bringing it to market by 2022.

TCFD-based scenario analysis roadmap

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

Based on the outcomes of a climate-related risks and opportunities review completed in 2019, we established a two-year roadmap to use comprehensive TCFD-based scenario analysis to further assess our most significant climate-related risks. This supplements the climate-related transition risk scenario analysis Boral Cement completed in FY2019 – we presented the outcome of this work in our 2019 Boral Review.

We planned to complete the scenario analysis of our physical climate-related risks in FY2020, and to commence work on the carbon pricing risk scenario analysis.

We completed the first stage of the physical scenario analysis work. However, the impacts and uncertainties of the COVID-19 pandemic meant management had to focus their efforts on crisis response, adapting to rapidly changing restrictions and business conditions, and taking decisive action.

With support from the Board HSE Committee, we suspended and delayed completion of the final stage of the physical climate-related scenario analysis and commencement of the carbon pricing risk scenario analysis by six months to FY2021.

This means that we have extended the timeline for completion of our scenario analysis roadmap to FY2022, rather than FY2021 – see table below.

The planned scenario analysis will enable us to assess key business risks identified under different climate-related and regulatory scenarios. The findings from this work will inform our business strategies and actions, and be incorporated into Group-level climate-related financial risk modelling.



Work done	<ul style="list-style-type: none"> ✓ Clinker manufacturing transition risks ✓ Stage 1 of climate-related physical risks in key geographies 	<p>Findings integrated into strategic plans and Group-level climate-related financial risk modelling</p>
FY2021–22 Work plan	<ul style="list-style-type: none"> • Stage 2 of climate-related physical risks in key geographies • Carbon pricing risks across Boral’s supply chain • Availability and supply of synthetic flue gas desulfurisation (FDG) gypsum in USG Boral • Supply chain impacts on Boral North America Fly Ash from potential decline in coal-fired electricity generation 	

Governance

Our approach to sustainability governance, including climate-related impacts, is outlined on page 27.

The Environmental Sustainability Governance Steering Group is responsible for coordinating and reviewing climate-related risks, strategy and reporting. The group, chaired by Boral's Group President HSE, Sustainability, Innovation & Operations Excellence comprises senior functional leaders, including from Group HSE, Group Risk and Investor Relations.

The group oversees the development of targets and implementation of Boral's climate-related scenario analysis roadmap. It also reviews and endorses recommendations to Boral's Executive Committee and the Board.

Climate-related information in this Sustainability Report, including performance against our targets and goals, is reviewed by this group, the CEO & Managing Director, the Board HSE Committee and the full Board.

Risk management

Climate change risks are incorporated into Boral's enterprise risk management (ERM) framework and processes. These processes include business-specific, bottom-up risk assessments, as well as top-down reviews. The Group Risk team works with business leaders and functional managers to ensure risks are adequately considered.

Group Risk reports quarterly to the Board Audit & Risk Committee on a range of risks, including specific risk reviews and divisional risk profiles. It also reports on Boral's organisation-wide risks at least once a year.

Climate change risks are incorporated as a standalone category of risk in our ERM framework. The severity of the risk is assessed using Boral's ERM risk scoring methodology, which assesses risks based on consequence and likelihood of occurrence. The consequence is rated according to a number of factors including potential financial impact.

Risks and opportunities

Physical risks

Across our global operations, flood and storm deluge are key physical risks.

More than 90% of our sites have been assessed for the risk of flooding. Over recent years, we have implemented further risk mitigation measures, including:

- installing additional pumping equipment at quarries as contingency ahead of high rainfall events to improve our recovery response
- installing temporary backup power generators in case storms interrupt power supplies, and
- developing tailored flood emergency response plans.

The outcomes of the first stage of our climate physical risks scenario analysis outlined on pages 42–44 highlight the potential increased risk of heatwaves and drought in Australia and southern USA, and of heatwaves across Asia.

In Australia, the December 2019/January 2020 bushfire crisis highlighted the increased risk of bushfires, accompanied by water scarcity and heatwaves. During 2019, eastern and southern Australia experienced average spring and summer temperatures 1.5°C higher than the long term average (1961–1990), accompanied by 40% lower rainfall.



Boral supporting NSW Rural Fire Service activities

Australian bushfire crisis

The Australian bushfire crisis in FY2020 devastated many communities, destroying more than 3,000 homes and razing close to 13 million hectares, causing extensive ecosystem losses. It also had a significant impact on our business.

Boral Australia reported 30% lower concrete volumes during January 2020 compared to the same period in the prior year, as severe smoke haze and evacuation orders across many regions hampered building and construction activity.

The ongoing drought that culminated in the bushfire crisis also had an impact on captured rainfall available for our quarries to use. We purchased about 110 megalitres of water between December 2019 and February 2020 to meet our operational needs, at an additional cost of \$1.7 million.

Following a risk review of water stress in our Quarries business, we are investigating measures to mitigate the risk of future constrained water supply – see page 46.

Climate-related impacts (continued)

Physical risks – short term and ongoing

Potentially significant impacts/consequences	Key mitigation measures
Acute risks: Increased frequency and severity of extreme weather events, such as cyclones, precipitation causing floods or deluge, and bushfires	
Disrupted or reduced demand due to impacts on the prosperity of local economies and disruption to customer sites	<ul style="list-style-type: none"> Geographically diverse operations and diverse end-markets
Disrupted logistics or supply chain may impact our ability to supply our customers and have raw materials delivered from impacted regions	<ul style="list-style-type: none"> Geographically diverse operating network, which provides flexibility across a number of our businesses Group Procurement considers supply risk and identifies alternative supply options for key raw materials
Property damage to key Boral operations may result in business interruption and require repairs to Boral operations. Property damage to key suppliers may result in temporary supply interruption for vital raw materials and/or significant cost increases	<ul style="list-style-type: none"> Impact of physical damage to our buildings, plant, equipment and stock, and resulting lost profit, is mitigated through Boral's risk management, which includes working with our group insurers – this involves considering and implementing improvements such as business contingency plans Raw material supply continuity plans in place at key sites
Environmental damage may result in fines, penalties and/or damage to Boral property and/or community, including waterways	<ul style="list-style-type: none"> Environmental management system helps to identify and mitigate site-specific environmental risks via internal self-assessments and audits Investment in stormwater infrastructure
Chronic risks: Shifts in climate including precipitation patterns, unseasonal weather variability, and rising mean temperatures and sea levels	
Constrained water supply due to prolonged drought may result in higher water costs and declining product demand from customers due to higher prices	<ul style="list-style-type: none"> Establishing water targets and investigating measures to mitigate risk of constrained water supply – see page 46 Continue to increase use of recycled water and on-site water harvesting and storage Investigating alternative fugitive dust controls that reduce reliance on water
An increase in the number of rain-impacted days may significantly affect our customers' operations and, in turn, demand in Boral Australia's Concrete and Asphalt businesses, and our Fly Ash business in the USA, in particular increasing costs through operational inefficiencies	<ul style="list-style-type: none"> Developing strategies to increase business resilience in the event of adverse weather
An increase in heatwaves and hot days could lead to migration, reduced product demand, decreased productivity and higher energy costs ¹	
Given that the typical expected life of our operations extends more than 20 years, we define short-, medium- and long-term climate-related risks as follows:	Short-term risks: 0–10 years Medium-term risks: 10–20 years Long-term risks: 20+ years

1. Boral works to comply with industry standards on ambient temperature for workers.

Transition risks – short term and ongoing

The following transition risks will be considered in our planned scenario analysis and/or have been considered in Boral Cement's clinker transition risk scenario analysis completed in FY2019.

Potentially significant impacts/consequences	Key mitigation measures
<p>Carbon policy changes and potential introduction of regulatory pricing mechanisms and/or trading systems may impact cost of non-renewable energy and high-emission products</p> <p>Boral Cement: Demand may fall for clinker as costs rise due to exposure to a potential carbon price</p> <p>Boral North America: Supply of fly ash may fall and/or the cost may rise due to a decline in coal-fired power generation</p> <p>USG Boral: Supply of synthetic gypsum may decline and/or costs rise due to a decline in coal-fired power generation in Asia</p>	<ul style="list-style-type: none"> • See pages 35–36 for progress on Boral Cement's decarbonisation initiatives • Target and comprehensive growth plans to expand supply • Investing in network flexibility; strengthening contracts with suppliers; and identifying network of alternative suppliers of raw materials, including natural gypsum
<p>Energy policy changes may increase costs due to shifts in supplied energy mix (such as more renewables), driving up the cost of raw materials, either domestic or imported</p>	<ul style="list-style-type: none"> • Investing in lower carbon fuels and energy efficiency initiatives • Actively monitoring policy and regulatory developments
<p>Disruptive technology may affect our competitiveness, either through reduced demand or supply-side cost impacts</p>	<ul style="list-style-type: none"> • Continue to invest in developing innovative lower carbon construction materials and building products – see pages 51–52
<p>Building and construction industry standards changes may result in decreased demand for higher carbon products</p>	<ul style="list-style-type: none"> • Boral Cement scenario analysis completed in FY2019 considered this risk • Continuing to invest in developing innovative lower carbon construction materials and building products

Opportunities

Increased building and construction rectification and remediation work

- More frequent extreme events may result in higher demand for rectification and remediation work. For example, Boral North America Roofing business benefited from increased re-roofing activity in Florida following Hurricane Irma in September 2017

Increasing demand for more resilient infrastructure and buildings

- In Australia, Boral's advanced lower carbon concrete range provides strength and long-term durability, outperforming conventional concretes
- In Boral North America, our concrete and clay tile roofing products offer greater resistance to extreme weather conditions than many other roofing materials

Capturing growth from changes in construction industry standards

- Building our capacity to develop and market more sustainable construction materials and building products – see pages 51–52
- Our Fly Ash business in the USA is well positioned to benefit from increasing substitution of cement in concrete production

Reduced energy costs

- Investment in low-carbon solid waste-derived fuels facility at Berrima is decreasing our energy costs and carbon footprint
- Continuing to explore opportunities to improve energy efficiency of operations, including investigating further low-carbon fuels programs in our cement business
- Boral Timber is progressing development of a project to convert timber sawmill residues into renewable diesel and bitumen

Climate-related impacts (continued)

Metrics and targets

Our targets

1 Reduce GHG emissions intensity by 10–20% on FY2018 by FY2023¹

↓ 12% on FY2018

2 Deliver annual growth in share of revenue from lower carbon, high-recycled-content products¹

↑ 2% to 15%

3 Reduce CO₂-e in supply chain by 1.1–1.5 million tonnes by increasing fly ash supply by FY2022²

↑ 0.2 million tonnes CO₂-e

In FY2020, Boral Group’s Scope 1 and 2 emissions declined by 8% to 2.2 million tonnes CO₂-e compared to the prior year. This reflects the lower level of production overall across all three of our divisions. With demand uncertainty due to COVID-19, we curtailed production to avoid inventory build-up across most businesses. We also responded to government-mandated closures in Boral North America and USG Boral, as well as implementing temporary closures.

Boral Cement’s carbon emissions were down 7% to 1.32 million tonnes. This reflected a three-week shut of the Berrima clinker kiln in June to manage inventory levels as sales were impacted by the COVID-19 pandemic, and unscheduled downtime earlier in the year.

Performance against targets

1 In FY2020, Boral Group’s GHG emissions intensity reduced by 6% to 329 tonnes of CO₂-e per A\$million of revenue compared to FY2019. This decline reflects overall lower levels of production and activity, with only a modest decline in underlying revenue.

Compared to FY2018, our GHG emissions intensity was down by 12%. Although this decrease is within our targeted FY2023 goal of a reduction in GHG emissions intensity of 10–20% on FY2018, we recognise that the reduction in FY2020 emissions significantly benefited from COVID-related impacts.

2 This year, we broadened our metric calculating share of lower carbon, high-recycled-content products (defined as having a minimum 40% recycled content) to consider our USG Boral division. In South Korea and China, USG Boral manufactures plasterboard using synthetic gypsum, a by-product of coal-fired power generation.

On this basis, our share of lower carbon and high-recycled-content products grew to 15% of underlying revenue, up from 13% in FY2019. See page 51 for a description of our lower carbon, high-recycled-content products.

3 GHG emissions avoided through the sale of fly ash in the USA were lower at 5.0 million tonnes², down from 5.2 million tonnes in FY2018. The supply of fly ash in FY2020 was impacted by unplanned intermittent power plant outages and permanent plant closures.

FY2020 GHG emissions³

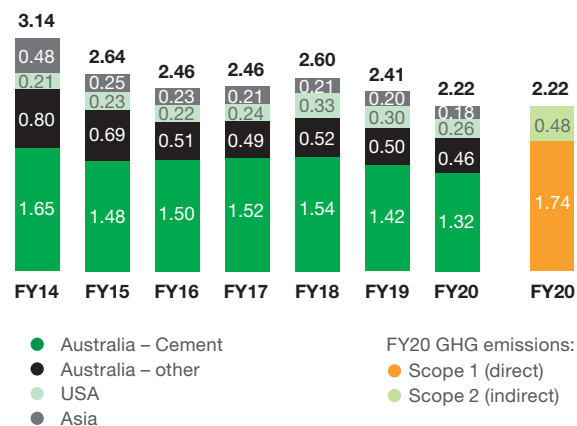
tonnes CO₂-e

Scope 1 and 2 ↓ 8% to 2.2m

Scope 3 3.1m

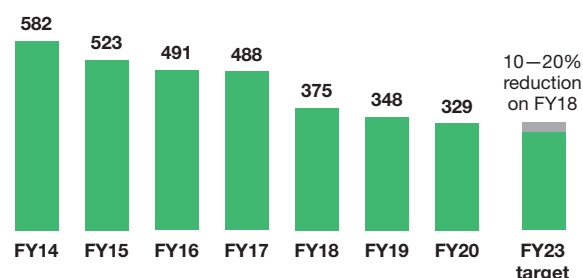
GHG emissions from operations^{3,4}

(million tonnes CO₂-e)

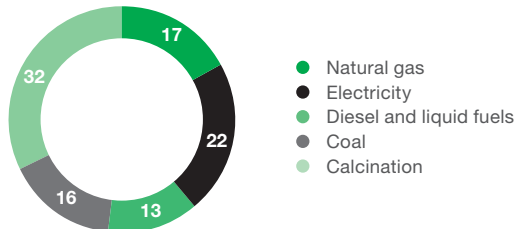


GHG emissions intensity from operations¹

(tonnes CO₂-e per A\$m revenue)



GHG emissions by fuel source¹ (%)



Scope 3

We consider each of the 15 categories of Scope 3 emissions as defined in the WRI Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (GHG Protocol). We focus our data capture efforts on those GHG emissions that are most material to Boral and that we have a greater ability to influence.

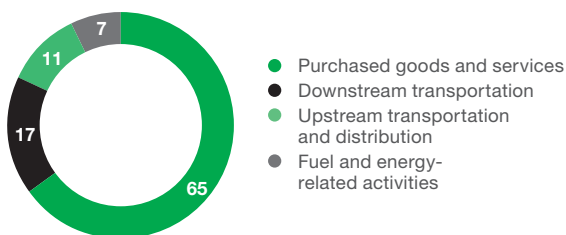
In FY2020, we continued to improve our data collection and refine our Scope 3 data methodologies. We worked with suppliers and other industry members to improve our assumptions and ensure our reporting is more aligned to the GHG Protocol.

Where more accurate data was available, we also restated our FY2019 Scope 3 emissions based on our more robust methodology. However, in some cases, insufficient data was available to facilitate this.

On this basis, our FY2020 Scope 3 GHG emissions were 3.1 million tonnes compared to 3.2 million tonnes CO₂-e in FY2019 (restated from 3.0 million tonnes).

In FY2020, approximately 65% or 2 million tonnes of Scope 3 emissions related to the purchase of raw materials – this includes clinker and cement in Boral Australia; cement, glass and plastic resin in Boral North America; and paper, metal and gypsum in USG Boral.

Scope 3 GHG emissions by category (%)



Energy

In FY2020, energy consumption across the Boral Group declined 7% on the prior year, reflecting lower levels of production, which were exacerbated by the impact of COVID-19.

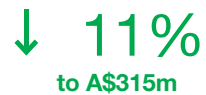
At our low-carbon fuel facility at Berrima, the anticipated increased replacement of coal in FY2020 and higher contribution from biofuels wasn't achieved due to supply interruptions of SWDFs – see page 35.

Expenditure on energy and fuel was down 11% to A\$315 million compared to the prior year, benefiting from lower energy consumption and lower unit cost of energy.

Energy consumption

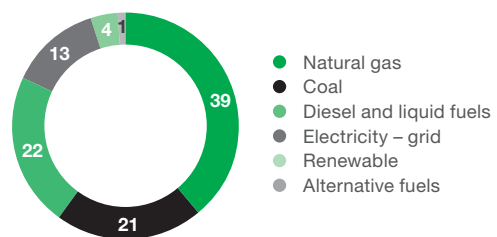


Energy costs



	Energy cost	Energy consumption (PJ)	
	FY2020	FY2020	FY2019
Boral Group	A\$315m	19.2	20.6
Boral Australia	A\$191m	11.6	12.1
Boral North America	US\$41m	3.8	4.4
USG Boral	US\$42m	3.8	4.1

Energy by fuel source (%)



See boral.com/sustainability for further data on Boral's energy and emissions.



1. Based on Group-reported revenue adjusted to include Boral's 50% share of underlying revenue from the USG Boral and Meridian Brick joint ventures, which are equity accounted.
2. We have used a conservative conversion factor to estimate CO₂-e emissions displaced as a result of fly ash substitution for cement in ready mix concrete, assuming that for every tonne of fly ash approximately 0.8 tonnes of CO₂-e is displaced. This conversion rate accounts for varying qualities of fly ash, and so assumes a substitution rate of 1.25 tonnes of fly ash per tonne of cement in ready mix concrete, and assumes 1 tonne of cement produced results in 1 tonne of carbon emissions.
3. GHG emissions from operations and energy consumption data excludes some joint ventures, which in aggregate are not deemed to have material emissions.
4. Data may not add due to rounding.

Climate-related impacts (continued)

Physical risk scenario analysis

We are undertaking our physical climate-related scenario analysis work in two stages.

The **first stage**, which was completed in FY2020, identified the geographic regions where Boral operates that are most vulnerable to the impacts of physical climate-related risks under various warming scenarios in the mid-century and end-of-century periods.

The **second stage**, which will be completed FY2021, will quantify the potential operational and financial impacts on Boral of an increase in climate hazards at a site and/or business level, considering existing mitigation measures and controls.

Boral undertook the first stage of the scenario analysis with the assistance of sustainability advisory business South Pole.¹

This work involved:

- **a science-based assessment** of the expected change in climate hazards under two climate-warming scenarios for the regions where Boral has its most material operations: Australia, the US, South Korea, Thailand, Indonesia, China, Vietnam and India, and
- **a vulnerability screening** of our operations to assess the adverse macro-economic effects from the aggregated physical climate-related impacts in each of our countries of operation, under 2°C to 4°C warming scenarios.

Science-based assessment

The science-based assessment identified the change in severity and frequency of climate hazards from a baseline year or current conditions, to mid-century and end-of-century under two warming scenarios.

The two climate scenarios chosen are based on the Intergovernmental Panel on Climate Change Fifth Assessment Report (IPCC AR5).

We considered the business as usual scenario (RCP 8.5), where global warming is likely to exceed 4°C by 2100, and the scenario where strong emissions mitigation actions are expected post 2040, and the global temperature increase is more likely to stay below 2°C by 2100 (RCP 4.5).

The **climate hazards** selected were based on the findings of the IPCC² and official governmental reports, and are:

- drought
- heatwaves
- bushfires
- heavy precipitation and rainfall triggered flooding
- tropical cyclones, and
- sea level rise and coastal flooding.

More than 60 recent scientific publications were reviewed to estimate expected changes in the relevant climate hazards across the eight countries assessed. The location of Boral's sites, such as proximity to the coast was taken into account.

	Mid-century (2046–2065) warming	End-of-century (2081–2100) warming	Assumes
Representative Concentration Pathways IPCC AR5 outlines four Representative Concentration Pathways (RCPs) which describe different climate futures considered possible, depending on the volume of GHG emitted to 2100. The four pathways are RCP 8.5, RCP 6.0, RCP 4.5 and RCP 2.6, and are consistent with certain socio-economic assumptions.			
RCP 8.5	2.0°C (1.4°C–2.6 °C)	3.7°C (2.6°C–4.8°C)	High global population and economic growth, absence of climate change policies, modest technological improvement in non-fossil fuel energy sources and minor improvements in energy efficiency, leading to global emissions nearly doubling today's levels by 2080.
RCP 4.5	1.4°C (0.9°C–2.0°C)	1.8°C (1.1°C–2.6°C)	Strong global mitigation actions, with significant technological and cost improvements in renewable energy sources, leading to global emissions that are half of today's levels by 2080.

1. South Pole is an international sustainability consultancy recognised for climate change and scenario analysis work.

2. IPCC, 2012. *Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation: Special Report of the Intergovernmental Panel on Climate Change.*

3. Based on Group reported revenue adjusted for Boral's 50% of underlying revenue from USG Boral and Meridian Brick joint ventures, which are not included in Group reported revenue.

4. Southeast – AL, FL, GA, KY, MS, NC, SC, TN, VA, WV; Southwest – AR, LA, OK, TX; West – AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY; Midwest – IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI; Northeast – CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT.

For Australia and the US, climate hazards were further assessed on a regional basis.

Adopting a conservative approach, a **risk rating** was then applied to each hazard for each country/region, based on the change in *frequency, intensity and/or duration* of climate hazards under a business as usual scenario (RCP 8.5) for the mid-century and end-of-century periods.

The risk rating for each hazard was based on the strength of the climate change signal; that is, the degree of change from baseline or current conditions. The exact measure of the climate change signal depended on the hazard itself. For certain hazards, we determined the risk rating based on the relative change shown in the following table.

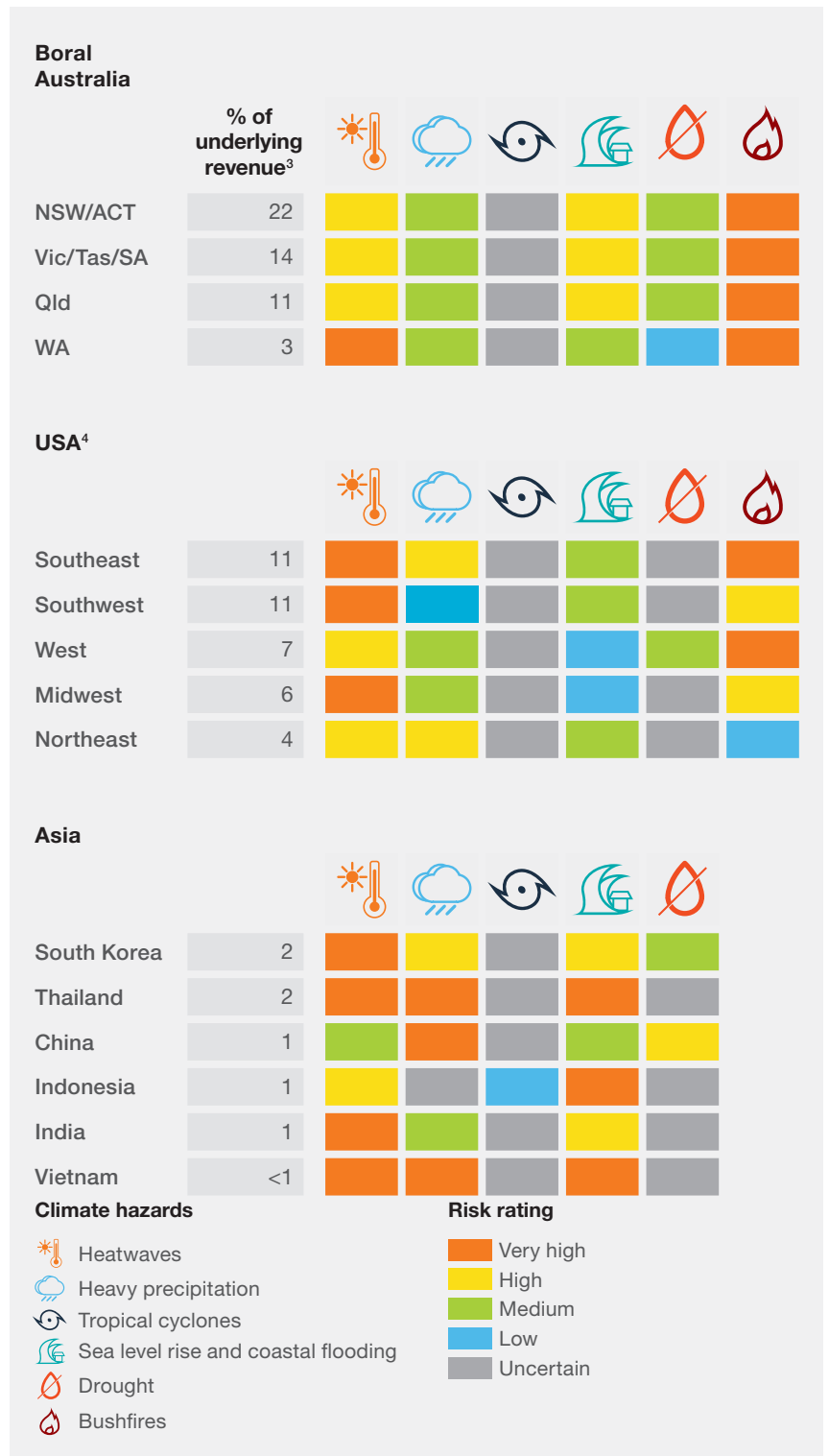
Low	below 10% change from baseline
Medium	10–20% change from baseline
High	20–30% change from baseline
Very high	above 30% change from baseline

Where there were contradictory research conclusions or insufficient data for a particular climate hazard, no risk rating was provided. In some cases, we evaluated the changes from a multi-hazard perspective, especially when assessing the risk of heavy precipitation and sea level rise.

Bushfire risk was not assessed for South East Asia, as it is not considered a significant risk and there is limited research on this climate hazard in that region.

The following graphic summarises the risk ratings for our countries/regions of operation over the mid-century period (2040–70) in a business as usual scenario (RCP 8.5).

Risk rating for 2040–70 horizon under RCP 8.5 warming scenario



Climate hazards

- Heatwaves
- Heavy precipitation
- Tropical cyclones
- Sea level rise and coastal flooding
- Drought
- Bushfires

Risk rating

- Very high
- High
- Medium
- Low
- Uncertain

Climate-related impacts (continued)



Wellcamp Quarry in Toowoomba, Queensland

Vulnerability screening

Boral largely supplies products and materials to local domestic building and construction markets in each country in which we operate. An increase in climate hazards and the resulting macroeconomic impact on that country is therefore expected to have an effect on our end-market demand.

The vulnerability screening aimed to assess the estimated adverse impact of increased climate hazards on the construction materials and building products sector in each country in which we operate, under 2–4°C warming scenarios. This considered:

- the adverse impact on each country's economic output, based on its vulnerability and readiness to adapt (referred to as an ND-GAIN score¹), and
- the most recent research on the potential physical impact of climate change on various sectors of each country's economy.

A risk rating (very low to very high) was attributed to our regional operations, based on the estimated adverse macroeconomic impact to the sector in each country/region.

Under a 2°C scenario, all of our operations were assessed as being at very low or low risk of adverse macroeconomic impacts.

However, under a 4°C scenario all developing countries in which we operate across South East Asia, as well as Mexico, were assessed as being at very high risk of adverse macroeconomic impacts.

This highlights the benefit – to the global economy and Boral's long-term position – of limiting warming to 2°C.

Next steps

In **stage two** of the physical climate-related scenario analysis, we will refine the country and regional heat maps to represent more granular geographic areas. We will also consider key individual operations and geographic clusters of sites to assess

those with the highest vulnerability and highest likelihood of being affected by an increase in climate hazards. This analysis will include a baseline assessment, and will consider near-term and longer term risks out to mid-century for three warming scenarios: RCP 2.6², RCP 4.5 and RCP 8.5.

Stage two will include modelling the operational and financial impacts, considering aspects such as business interruption, property damage, environmental damage, water scarcity, decreased productivity, higher costs and end-market demand across the climate scenarios. This work will leverage historical operational and financial data showing how previous extreme weather events affected our business, and will assess current mitigation measures and controls.

We will use the results of this work to develop plans that further improve our resilience and our options for adapting to possible future climate change scenarios.

1. The score combines vulnerability and readiness to adapt to climate change into one number. Vulnerability is calculated using indicators on six topics: health, food, ecosystems, habitat, water and infrastructure. Readiness is calculated using three topics: social, economy and governance. University of Notre Dame Global Adaptation Index, Country Index. Technical Report, 2015.
2. RCP 2.6 represents a rapid transition scenario to a low emissions economy with global warming expected to be limited to below 2°C above pre-industrial levels by 2100.

Environmental impacts



We are committed to minimising our environmental impacts so that our business is sustainable for the long term.



We work to mitigate our environmental impacts from our operations, and wherever possible, eliminate them altogether.

Across our operations, we focus on meeting our responsibilities and the expectations of our stakeholders, including our local communities.

In addition to reviewing science-based emissions targets, we are also advancing a range of new business-level plans and targets. These focus on improving water efficiency, reducing waste generation and increasing use of recycled materials in our products.

Environmental compliance

Typically, we aim to perform better than legal requirements, but at a minimum, we seek to comply with environmental legislation and regulations relevant to the particular business.

Our environmental management systems and compliance programs are designed to accommodate local environmental requirements and business variations.

Operational teams are responsible for compliance with environmental regulations, with specialist functional support provided.

In Boral Australia, we manage compliance obligations through an information management system that covers environmental requirements and regulations. We will be implementing similar new systems in Boral North America and USG Boral in FY2021.

During FY2020, we conducted 66 internal environmental compliance audits in Boral Australia and 18 in Boral North America, and initiated corrective actions based on audit findings.

We conduct a range of compliance activities across the Group, focusing on stack emissions and dust control. We also audit burners and dust control equipment annually.

The Group HSE function completed additional audits across all three divisions in FY2020. These focused on environmental planning and objective setting, environmental compliance and risk management, and environmental assurance processes. Site verification audits were conducted across a selection of 13 Boral sites.

Environmental infringements

During the year, we received 11 infringement penalties across the Group, totalling \$53,576. Eight related to non-compliance in administrative arrangements, rather than causing environmental impacts. Of these, three penalties related to one matter at our Terramungamine Quarry, in NSW.

The three other infringements related to:

- releasing water from a former coal cleaning site, exceeding licensed discharge limits in Kentucky, USA, in 2017
- releasing dust from Berrima Cement Works in NSW due to a failed filter bag, and
- releasing sediment-laden water from our Maclean concrete plant in NSW.

In November 2019, Boral received a Clean-Up Notice from the Environment Protection Agency (EPA) Victoria to remove an oily substance found at the Paisley-Challis Wetlands in Williamstown. Boral cooperated with the EPA to implement the clean-up, which was largely completed in January 2020. The EPA continues to investigate the matter.

Environmental impacts (continued)

Water

Water is an essential resource for our operations. We use it in manufacturing, for dust suppression, and in cleaning and sanitation.

Many of our operations use recycled water in their production processes, including for concrete, plasterboard, quarry, asphalt and some building products. While the proportion of recycled water used at our operations varies, it can be as high as 100%.

In FY2020, we used about 4 gigalitres of municipal water, in line with the prior year. The majority of our municipal water use is in concrete and plasterboard production.

Over time, we have expanded the use of site-captured rainwater, supplementing our municipal supply. At our larger sites, including our quarries, we capture rainwater that is often the primary source of water and is largely used for dust control.

Across the Group, we focus on improving water consumption per unit of output. We are developing and refining plans and targets to deliver efficiency improvements, particularly in geographic areas of potentially high water stress.

Water quality

We work to comply with stringent environmental regulations on the quality of water discharges and stormwater management to avoid adverse impacts on local water bodies. We have well-established internal compliance systems, and regulatory controls through licensing and permitting.

Infringements and penalties	FY2020	FY2019	FY2018	FY2017
Number	11	9	6	10
Fines ¹	\$53,576	\$38,820	\$82,273	\$110,083
Penalties ¹	\$0	\$0	\$0	\$30,000
Undertakings	\$0	\$0	\$133,000	\$133,556

Across the Group, a relatively small amount of process water is discharged to sewers for treatment by water authorities, in line with our existing licensing conditions at relevant sites.

When building or acquiring new facilities, our due diligence process includes assessing the risks to water quality from site discharges. We also ensure sufficient water availability and supply, which may require assessing river catchments.

Waste

Throughout Boral's operations, we re-use materials in our production processes, including concrete washout, recycled asphalt pavement, plasterboard waste, process water from our production facilities and quarry by-products.

We are exploring additional opportunities to further reduce waste in our operations and build capacity in the recycled products space, including through re-using production by-products and waste materials. See pages 51–52.

We use relatively small amounts of packaging, as the vast majority of our products are delivered in bulk. Boral businesses in Australia that do use some packaging are signatories to the Australian Packaging Covenant or fulfil the requirements of state regulations.

Boral's businesses generate only small volumes of hazardous waste (such as waste oil) and this is managed in accordance with government regulations.



Rainwater captured at Ormeau Quarry, Queensland

Water stress review

During the year, we completed a risk review of water stress across our Quarries business. The review, undertaken with the assistance of Griffith University in Queensland, focused on understanding water availability and consumption across the 67 quarries we operate in Australia.

This work resulted in 22 quarry sites being categorised at high risk of water stress.

The Quarries business is working with Boral's HSE team to investigate measures to mitigate the future risk of constrained water supply. This includes seeking alternative sources of water and adopting technology improvements and/or process changes, particularly focusing on higher risk sites.

1. Regulators issue fines and the courts issue penalties.
2. See note 3.6 of the financial statements in the 2020 Annual Report for details of the provision for anticipated future costs associated with remediating and rehabilitating sites, based on our estimate of associated costs.

Land management, rehabilitation and remediation

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

For each of our extraction and operating sites, we carefully plan to mitigate any adverse environmental impacts – from development applications and operational land use through to rehabilitation and end-use planning and development. Boral's dedicated Property and Environment teams work closely with our operations to ensure we evaluate our environmental rehabilitation and remediation obligations, and address them in a responsible manner.

These obligations relate to future rehabilitation of sites, or clean-up of legacy contamination issues, at the appropriate point in the life cycle of these operations. They enable the ongoing use of the relevant land, which may include recreational land use, industrial property or a higher value end use.²

Biodiversity

Protecting the diversity of plant and animal species at and around our operational sites is an integral component of our land management efforts.

Our Quarries business has the highest potential to enhance or adversely impact biodiversity. The business owns or leases approximately 12,000 hectares of land, with about 30% of this land disturbed through our operating activities.

All greenfield sites or expansions to existing operations undergo comprehensive internal and – where required – external assessments to identify biodiversity risks. When we identify risks, we address them through a range of mitigation activities such as offsets (either on- or off-site) and biodiversity area enhancements.

We identify biodiversity risks associated with new operations through our due diligence processes, and address them via environmental assessment and management controls.



Rehabilitation at Dunmore Lakes, NSW

Biodiversity obligations that are integrated into site permits are audited under Boral's environmental audit program to verify that we are meeting our commitments. We have management plans in place for all sites identified as having biodiversity values. These are in accordance with relevant site-specific, regional and national requirements.

Air quality

We have rigorous systems and processes to minimise air emissions across our operations. These are tailored to the type of operation and site-specific regulatory requirements.

Where we have identified that air emissions may occur, our operations install engineered and procedural controls. These range from scrubber and filtering systems at major manufacturing sites (such as cement,

brick or plasterboard manufacturing), to simpler dust suppression measures (such as water sprinklers) that are typical of quarries and concrete-batching plants. See page 30 for our approach to dust management.

Where relevant, Boral's operations have either continuous or scheduled air quality monitoring programs. Data is available to local communities through regulatory reporting or stakeholder engagement programs.

When we exceed regulatory limits, we report these instances to relevant authorities. We also address the underlying causes to ensure we maintain ongoing emissions within appropriate levels.

At a national level, Boral reports data on various emissions to the National Pollutant Inventory and the National Greenhouse and Energy Reporting Scheme in Australia.

Biodiversity offset project

In FY2020, Boral acquired a vacant block of land near our Marulan South Limestone Mine as a biodiversity offset project.

We are working with the NSW Government to enter into a Biodiversity Stewardship Agreement under its Biodiversity Offset Scheme to protect and conserve the vegetation on the 1,007-hectare property in perpetuity.

This scheme provides annual funds to assist landowners to actively manage their land for conservation. Boral plans to generate biodiversity credits at the site to offset the clearing of native vegetation at Marulan South Limestone Mine and Peppertree Quarry. Credits will be generated for a number of vegetation communities.

Our people



We recognise that our people are critical to our success. We strive to attract and retain a diverse and talented workforce; build a culture of safety, respect and trust; and improve our employees' experiences. We also invest in developing our employees to provide them with the skills and capabilities to deliver their best.



Since March 2020 our people have been significantly impacted by the COVID-19 pandemic. In North America, approximately 28% of our employees were temporarily stood down for an average period of about four weeks in FY2020, as a result of government mandated and temporary plant closures.

In the four months from March to June, we saw average absenteeism in Boral North America increase to 4.8% of total hours, compared to 3.1% in the first half of FY2020. This reflected employees electing to remain at home in response to increasing numbers of COVID-19 cases in their local communities.

In Boral Australia, we implemented short-term stoppages at a number of our operations and reduced shifts, responding to lower customer demand and avoiding unintended inventory build-up.

We have supported and continue to support our employees who have been impacted by temporary closures, providing paid leave, unpaid leave, flexible and remote working arrangements where possible, and assistance accessing relevant government support.

As at 30 June 2020, we had 16,169 full-time equivalent (FTE) employees, including in joint ventures, and approximately 7,600 FTE contractors. Our contractors work in a range of roles, including as product installers and drivers in our transport operations, and supporting plant maintenance and information technology functions.

Full-time equivalent	FY2020	FY2019	FY2018
Boral employees	11,073	11,916	11,989
Boral contractors	~4,800	~5,300	~5,200
Joint venture employees	5,096	5,188	5,233
Joint venture contractors	~2,800	~4,100	~3,500

At end FY2020	Boral Group	Boral Australia	Boral North America	USG Boral
Total employees	16,169	6,281	6,384	3,504
Women at Boral	19%	13%	25%	17%
Average length of service (years)	9.1	9.4	8.4	9.8
Average age (years)	43.8	45.3	44.1	41.0
20+ years service	14%	13%	14%	17%
Employee turnover	24%	16%	40%	8%
Voluntary	17%	10%	28%	6%
Involuntary	7%	6%	12%	2%

Voluntary employee turnover in Boral North America was 28% in FY2020, up from 25% in FY2019. This largely reflects an increase in the number of retirements, continued competitive employment markets and low levels of unemployment in many US states. Boral North America's involuntary turnover was 12% in FY2020, up from 11% last year, as a result of plant closures.

1. Calculated as the average base cash salary for females as a proportion of the average base cash salary for males, as included in our confidential report to the Workplace Gender Equality Agency.

Diversity, inclusion and equality

We are committed to driving greater diversity and inclusion in our workplace, and we value the unique talents, perspectives and experiences of each employee.

Our Diversity and Inclusion Plan, sponsored by Boral's Diversity and Inclusion Council, is the framework that supports our commitment to a diverse and inclusive workplace and culture. It focuses on six key areas: leadership; communication and education; system and process design; gender equality and pay equity; generational diversity; and Indigenous relations. See the 2020 Annual Report for the outcomes we have delivered against our measurable diversity objectives.

Gender diversity and equality

Increasing the representation of women at Boral, particularly in leadership roles, is a key priority. In FY2020, 19% of our employees were women, consistent with the prior year.

Women represent



43% of Directors

27% of Executive Committee members

16% of management positions

35% of professional positions

23% of new hires

WORK180 endorsed employer

Women networking group

In early 2020, a group known as Boral Women in Science and Engineering (WISE) was formed by a few like-minded women who wanted to stay connected and meet other women at Boral with science, technology, engineering and mathematics (STEM) backgrounds.

In just six months, WISE has grown to more than 30 members, held several online networking events, presented four webinars focused on leadership and development, and developed a buddy system so members can better support each other.

The group's approach recognises that female role models and support networks in the workplace play a significant role in retaining women.

During the year, Boral Australia completed a comprehensive review of issues impacting the retention of women. We surveyed more than 700 women employees and conducted focus groups and one-on-one interviews to identify opportunities to improve retention. Based on this feedback, we have identified a number of initiatives we will implement in FY2021 – expand and enhance our unconscious bias education and learning, connect and support women through increased networking and mentoring, and promote and progress flexible work arrangements.

In Boral Australia, we introduced Mentoring Circles to provide opportunities for women to network, connect and receive mentoring in a way that progresses their career development.

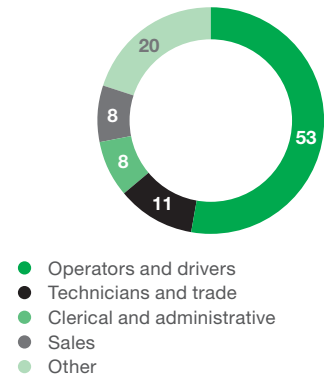
We continue to have favourable pay equity outcomes, with a female to male average base salary ratio¹ of 1:1 in Boral Australia.

Workplace flexibility

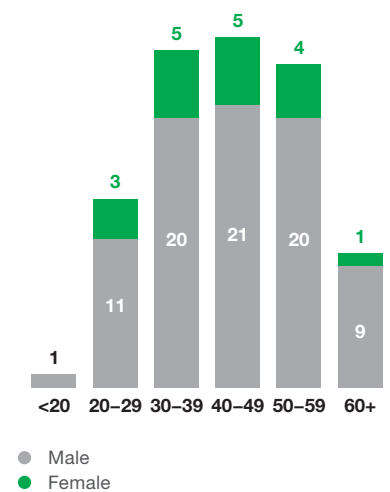
We aim to provide access to flexible work arrangements that support employees' work and family responsibilities whenever practicable. Our flexible work guidelines and online education model support our flexible work policy in Australia.

Feedback from our employees through the Boral Australia COVID-19 Feedback Survey indicated that adopting more flexible and remote work arrangements has been a positive benefit of the pandemic, leading to improved engagement and greater productivity.

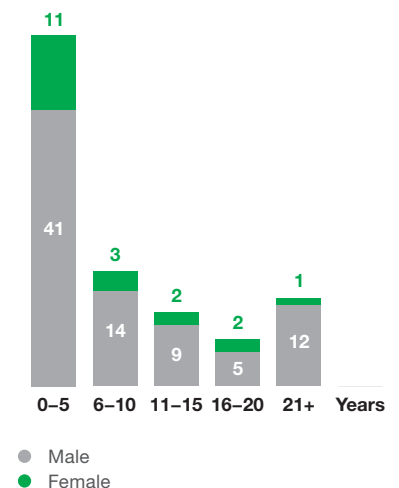
Employees by occupation (%)



Age profile of employees (%)



Length of service of employees (%)



Our people (continued)

Aboriginal and Torres Strait Islander employment

In FY2020, we delivered on Boral's Reflect Reconciliation Action Plan commitments aimed at broadening our existing Aboriginal and Torres Strait Islander Employment Program.

We conducted a review of our recruitment procedures and processes and identified opportunities to increase Aboriginal employment through Boral's graduate programs and businesses. We also began implementing a Boral Aboriginal Community Network to support our Aboriginal and Torres Strait Islander staff connect, support each other, access training and progress their career development.

Boral will be further developing these initiatives as part of our Innovate Reconciliation Action Plan, expected to be launched in FY2021.

Culture and engagement

We strive to have an engaged and motivated workforce, and a culture shaped by our values.

In FY2020, we undertook a survey of 2,000 employees across our Australian and North American businesses to gain insight into our organisational culture – including our shared values, beliefs and behaviours, and how our culture reinforces governance and accountability. The results of this survey will be available in FY2021.

Training and development

Our employees participate in a wide range of job-related skills training and development opportunities, including on-the-job placements to help them succeed in their roles and support their career goals.

Our Learning@Boral team responded to COVID-19 restrictions by creating virtual classrooms so our people could continue learning.

In Boral Australia, 2,954 employees completed learning through Learning@Boral in FY2020. This includes more than 1,800 employees who completed vocational units of competency, certificates and training modules in a range of areas through our registered training organisation.

In Boral North America, our employees completed training across a range of skill areas, including maintenance scheduling and forklift certification.

Our centralised training and compliance system, My Learning Space, provides standardised access to online training and monitors the ongoing training needs of more than 5,000 employees across Boral Australia.

Leadership development

We seek to develop capable and effective leaders through our leadership programs, together with placements, coaching and mentoring.

In FY2020, more than 100 frontline leaders completed our three-day zero|one|ten Leader program, aimed at teaching leaders how to be self-aware, lead effectively and support their teams. Since the program was launched in 2018, more than 1,000 frontline leaders have completed the program. More than 700 employees also completed the Leading Safe Work program, the next stage in frontline leadership development.

In Boral North America, frontline leaders and employees participated in Boral Skilled4Action training, which provides hands-on training in management and lean principles.

Human rights and modern slavery

Our Human Rights Policy outlines our commitment to respect and promote human rights, which includes upholding internationally recognised human rights.

Working with respect and creating inclusive workplaces free of bullying, harassment and discrimination are core beliefs at Boral. Our online and facilitated training and education programs help our people understand their obligations and the processes available to them for submitting complaints and raising issues.

In FY2020, we developed and piloted an internal training program on modern slavery for human resources managers and procurement leaders. See our 2020 Joint Modern Slavery Statement for more information.

Workplace relations

We respect and support the rights of our employees to freedom of association in line with local laws.

We are committed to working honestly and transparently with labour unions, and we engage in constructive negotiations to reach agreements on employment conditions.

We have 92 enterprise or industrial agreements covering more than 3,800 employees across Australia, North America, South Korea, Indonesia and Vietnam. These agreements cover a term of two to four years on average. Our approach is to work collaboratively and cooperatively with our people and their representatives, and to provide fair and equitable employment conditions that deliver sustainable performance.

Employee wellbeing

The health and wellbeing of our people is a key priority and we have a number of initiatives focused on supporting physical and mental wellbeing at Boral.

Through our Boral Employee Assistance Program (BEAP), we provide our employees and their immediate family members with access to qualified psychologists, social workers and management coaches to help them manage work-related and personal challenges.

This year we also implemented initiatives focused on supporting our employees through the challenges of COVID-19 and the Australian bushfire crisis. This included providing unlimited paid voluntary leave for employees volunteering with the Rural Fire Service to fight fires in their communities. In North America we continued to provide comprehensive medical and health coverage to our employees affected by temporary site closures as a result of COVID-19.

See page 17 for more information on how we are supporting our employees' health and wellbeing, including through the challenges of COVID-19.

Customers and sustainable products



High-recycled-content TruExterior® Siding & Trim

Our commitment is to always put our customers first. We strive to offer our customers innovative and sustainable construction materials and building product solutions, and to deliver a superior customer experience.

Across our international operations, our customers range from people renovating their homes to large-scale builders, commercial developers and infrastructure contractors.

Sustainable products

Our key priorities include reducing our carbon footprint and working towards a circular economy by using more recycled materials and products.

In FY2020, our lower carbon, high-recycled-content products¹ accounted for 15% of our underlying revenue, up from 13% in FY2019.

Boral's lower carbon, high-recycled-content products include:

- **Fly ash**, a by-product generated by coal-fired power stations, used as a substitute cementitious material when manufacturing concrete
- **TruExterior® Siding & Trim**, made with more than 70% fly ash content
- **Lower carbon concretes**, including ENVISIA®, Envirocrete® and Aspire®
- **Boral Recycling's** recycled aggregates and road base, and manufactured sand and sandstone
- **Plasterboard in South Korea and China** manufactured using synthetic gypsum, a by-product of coal-fired power plants.



Growing our sustainable products offering

During the year, we launched INNOVO™ asphalt, expanded our Boral Recycling business, and developed our new environmentally sustainable sand supplement, Envir-O-Agg® Glass Sand.

INNOVO™ asphalt incorporates recycled materials, including glass, crumbed rubber (from tyres), recycled asphalt pavement and plastics, reducing the amount of virgin materials required.

Envir-O-Agg® Glass Sand is made entirely of clean, washed and crushed recycled glass, and is blended with natural and/or recycled material for use. Envir-O-Agg® Glass Sand uses waste materials while reducing demand for virgin materials that are in limited supply, particularly in metropolitan areas. In the first month of production alone, our Quarries business diverted the equivalent of 10 million glass bottles from being stockpiled or going to landfill.

1. Defined as having a minimum 40% recycled content.

Customers and sustainable products (continued)

Lower carbon concretes

As the most widely used man-made material on Earth, concrete is a foundational material of modern society, providing durable buildings and resilient infrastructure.

However, manufacturing cement, the key ingredient in concrete, has a substantial carbon footprint.

As a leading manufacturer of concrete in Australia, we have been playing an important role in reducing greenhouse gas emissions by creating more sustainable, lower carbon concrete solutions.

Developed by Boral's innovation centre in Australia, ENVISIA® is a lower carbon concrete that achieves a cement replacement of more than 50% without impacting performance. It also provides excellent performance benefits when compared to conventional concrete.

ENVISIA® meets the requirements of the Infrastructure Sustainability Council of Australia and helps the construction industry achieve higher Green Star ratings on projects assessed by the Green Building Council of Australia.

The Queensland Department of Transport and Main Roads has approved the ENVISIA® binder system, enabling us to supply it for Queensland infrastructure projects.

Aspire® is an advanced lower carbon concrete solution specifically developed to maximise floor space, by incorporating thinner vertical elements in commercial and high-rise buildings and having a lower overall Portland cement content than equivalent high-strength concrete.

Innovation

Investing in innovation is crucial for Boral to continue delivering superior sustainable solutions for our customers, and positioning our business for the future. We are focused on developing high-performance products and a lower carbon footprint, including by incorporating recycled materials.

To better support the commercialisation of innovation and collaboration across Boral's

international operations, in FY2020 we established a Group-led global innovation team to lead our three regional innovation teams. During the year, we invested approximately \$30 million in research and development across our innovation centres in Australia, the USA and Thailand.

To deepen our research, development and innovation efforts, we entered into a five-year partnership with the University of Technology Sydney (UTS). The new UTS Boral Centre for Sustainable Building partnership harnesses the combined capabilities of industry and academia to accelerate product innovation, and drive research, development and commercialisation of lower carbon concrete.

In August 2020, we announced a new two-year research project in collaboration with UTS and Highlands Concrete Constructions that will accelerate our research into new binders and develop the next

generation of ENVISIA® concrete. The \$1.5 million research project is co-funded by the UTS Boral Centre for Sustainable Building and the Innovative Manufacturing Cooperative Research Centre.

First Environmental Product Disclosure (EPD)

In early FY2021, we completed our first EPD covering concrete products supplied in the Sydney area including ENVISIA®, Envirocrete® and more conventional mixes.

This EPD helps us support our customers in delivering on their sustainability goals by providing externally verified transparent and comparable information about the life-cycle environmental impact of a range of premix concrete products.

We are also working on an EPD that will cover our premix concrete products nationally.



Boral Recycling Emu Plains facility, NSW

Growing our Boral Recycling business

In Australia, Boral Recycling is one of the largest recyclers of construction and demolition materials, producing recycled products from construction and excavation waste materials that would otherwise go to landfill. We process approximately 2 million tonnes of materials annually, recycling it for use in our Quarries, Asphalt and Concrete operations, and for sale to our customers.

We opened a new site at Waurin Ponds, Victoria, in FY2020, and recently repurposed the Emu Plains Quarry, NSW, into a recycling facility. These developments will see us further grow our contribution to waste avoidance and resource recovery within the industry. They also build on our existing four recycling sites in NSW and the ACT, and on our joint venture with the Delta Group in Melbourne.

Customer experience

As part of our commitment to always put our customers first, we continually strive to understand how we can improve the customer experience for those dealing with Boral. This includes responding to changing customer trends and demands, broadening our product offering and using technology to better serve our customers.

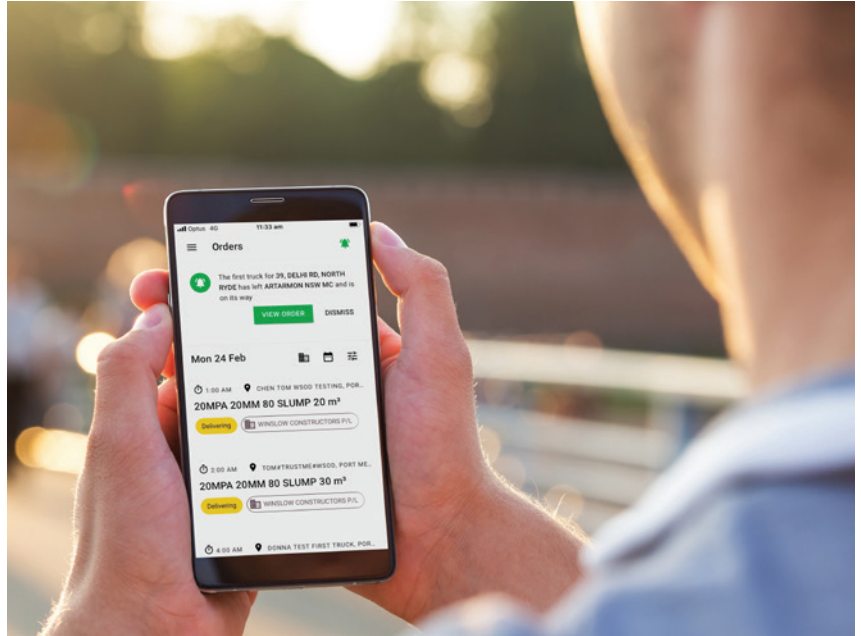
In Boral Australia, we monitor customer feedback through customer surveys and by reporting on three types of Net Promoter Score (NPS): an Interaction, Episode and Strategic score.

Since FY2019, we have been monitoring our Interaction NPS, known as the Vibe, on a daily basis across a number of product lines, gathering feedback on individual customer interactions. This feedback enables our frontline team to respond to any negative feedback quickly and rectify any concerns. Our business leadership teams also discuss this NPS each month and use it to inform systematic improvement initiatives.

Our Boral Concrete business engages with a broad cross-section of existing and potential customers to obtain feedback on a strategic level, and for each 'episode' or step of the customer journey. After establishing a baseline Episode NPS last year, in FY2020 we set internal targets for improving our customers' experiences.

Most USG Boral businesses measure customer feedback and are working to improve capturing feedback as part of ongoing efforts to increase customer focus via customer segmentation. For example, in Australia and Thailand, we track a NPS index monthly. In South Korea, we have implemented a tool, referred to as Voice of the Customer, which collects customer remarks or complaints and allocates corrective actions to the relevant teams within the business. Plans are in place to roll out this tool across all USG Boral's countries of operation.

Our Boral North America division's efforts during the year included extending the Virtual Remodeler online design tool, which allows customers to visualise products in a realistic environment.



Customers can now see our top-selling Roofing, Stone, Siding and Brick products on an exterior elevation or in an interior setting, then receive a product list so they can easily order the finished look.

Boral Connects

In Boral Australia, our Boral Connects customer portal is revolutionising our concrete experience. The streamlined platform allows our customers to place, modify, confirm, cancel and track orders online, providing an easy and fast alternative to contacting our customer service centre. Customers can also use Boral Connects to access electronic dockets, enabling paperless delivery.

In FY2020, we continued to work with customers to further enhance and develop this online portal, including capturing customer feedback. To date, more than 50% of our concrete customers have registered with Boral Connects.

Product stewardship

We are committed to responsibly managing the health, safety, environmental and social aspects of our products through their life cycle.

In FY2020, we implemented initiatives focused on strengthening product stewardship governance, processes, practices and assurance activities.

Key areas of work included risk assessments focused on identifying the human health and ecological risks of our products, understanding the use of recycled materials in our products and responding to new regulatory requirements.

We established the Boral Product Stewardship Governance Council, that together with the Boral Product Stewardship Network, oversees the implementation of all activities governed by the Boral Product Stewardship Framework and Boral Product Stewardship Standard.

The Boral Product Stewardship Framework sets out a consistent approach to managing risks across the life cycle of our products. It outlines policies and systems relating to legal and regulatory requirements, product safety and stewardship assurance activities. It also governs the processes involved in developing new products and modifying existing products.

Boral's Product Stewardship Standard, which exists within our Health, Safety, Environment and Quality Management System (HSEQ MS), requires a documented assessment of HSEQ risks for all new or modified products. It specifies the minimum requirements for handling and using these products, as set out in safety data sheets, product labels and safe work method statements.

Supply chain



We are focused on continuing to deliver a more efficient and cost-effective supply chain to achieve the best outcomes for our customers. We also work to source, produce and deliver our products in a safe, responsible and sustainable way.

Boral has an extensive global supply chain across more than 25 countries. In FY2020, we spent more than \$4 billion on purchasing products and services from more than 15,000 suppliers and contractors.

In Boral Australia and Boral North America, we are progressing multi-year supply chain optimisation initiatives which aim to deliver a superior customer experience by building more reliable, more transparent and lower cost integrated supply chains.

The success of these transformation programs will be seen through our customers experiencing improved service – as measured through delivery in full and on time – and through reduced supply chain and logistics costs to provide that service. The programs are primarily focused on:

- improving the efficiency and effectiveness of our internally operated and outsourced logistics operations
- optimising end-to-end supply chain planning and execution from our customer to production, and
- standardising our customer service centre processes so we can consistently deliver superior customer service.

Leveraging technology and automation is an integral component of these transformation programs.

In FY2020, we introduced electronic delivery dockets for our customers, and further standardised our regional customer service centre processes and commercial transport models.

Sustainable procurement

We strive to create positive change by making responsible and sustainable purchasing decisions. Our approach to sustainable procurement seeks to achieve industry best practice and, while aligning with existing and emerging legislation, international standards and customer requirements.

Our Sustainable Procurement Policy underpins our approach to sustainable procurement and outlines our commitments to purchasing goods and services in a responsible way. This includes:

- ensuring suppliers are aware of and comply with our Supplier Code of Conduct
- maintaining an industry-leading supplier pre-qualification questionnaire, and evaluation processes and tools, for assessing each supplier's performance and ability to meet our expectations
- promoting diversity and inclusion in our supply chain, including through social and Aboriginal and Torres Strait Islander-owned enterprises, and
- assessing and managing the risk of modern slavery in our supply chain.



The policy aims to align our practices with the International Standard for Sustainable Procurement, ISO 20400.

Boral's Supplier Code of Conduct requires our suppliers to adhere to minimum health and safety, environmental, ethical and human rights standards, which includes not engaging in practices that constitute modern slavery.

In FY2020, we established a three-year plan to implement our Sustainable Procurement Strategy, which aims to deliver enhanced sustainability outcomes and value through our purchasing decisions. Our plan includes a Supplier Success Program, which is Boral's commitment to partner with selected social enterprises and Aboriginal and Torres Strait Islander-owned businesses, and to provide them with support for their ongoing success.

Boral is a signatory to the Business Council of Australia's voluntary Australian Supplier Payment Code. As a signatory, we support Australian small businesses by providing payment terms of 30 days or less, and simplified payment processes.

Assessing our suppliers

We monitor supply chain risks by screening and assessing suppliers' performance and their alignment with Boral standards, including through a pre-qualification questionnaire. We assess supply chain risks based on factors such as corruption and bribery, human and labour rights, HSE compliance and quality standards. We may also visit a supplier's factory based on the results of this risk evaluation.

In Australia, we engage a third-party service to register and monitor suppliers' compliance with our pre-qualification requirements.

In Boral Australia and USG Boral, we use a screening process to identify any areas of risk associated with elements such as financial crime, fraud and human rights abuses.

Modern slavery risk

We are committed to preventing and mitigating adverse human rights impacts throughout our supply chain, as outlined in our Human Rights Policy.

In FY2020, we continued to build our approach to preventing modern slavery in the Boral Australia and Boral North America divisions. This work is coordinated and supported by our Human Rights and Modern Slavery Working Group, which was expanded during the year to include key leaders from the USG Boral Australia team.

For further information on our approach to identifying and assessing modern slavery risks, improvement initiatives completed in FY2020 and planned actions to further strengthen our approach, see our 2020 Joint Modern Slavery Statement.



Sustainable sourcing of timber and paper

We promote responsible and sustainable forest management in our Timber business and through the paper USG Boral purchases for plasterboard lining.

All Boral Timber products have full Chain of Custody certification, meeting the Australian Forestry Standard, and are certified under the Programme for the Endorsement of Forest Certification (PEFC).

In FY2020, USG Boral used approximately 156,000 tonnes of paper in manufacturing plasterboard, all of which is certified as recycled paper by the Forest Stewardship Council or PEFC.



Promoting diversity and inclusion in our supply chain

During the year, we developed a partnership with WV Technologies, a certified Social Trader and member of Supply Nation. WV initially supplied Boral with secure IT disposal services, which provide employment and training for disadvantaged Aboriginal and Torres Strait Islander people.

As a part of Boral's Supplier Success Program, we worked with WV to tailor its offering to suit our need for additional goods and services. WV expanded its product range to include essential protective personal equipment supplies, and has become a key supplier to Boral for these items during the COVID-19 pandemic.

Further opportunities have been identified and going forward, WV will participate in Boral IT tenders, strengthening their position as a valuable business partner to achieve our sustainable procurement objectives. This partnership contributed to Boral's total spend of more than \$4 million¹ with Aboriginal and Torres Strait Islander-owned businesses and social enterprises in FY2020.

1. Excludes indirect Indigenous spend.

Communities



Wally Bell, Elder of the Ngunawal people, identifying an Aboriginal artefact at Peppertree Quarry, NSW

We are committed to managing our operations responsibly and building positive long-term relationships with the communities in which we operate. We do this by listening to our stakeholders, and understanding and managing the impact of our activities.

We also play an active role in creating value for communities. Boral's operations contribute to the prosperity of local communities by providing employment, supporting local enterprises and investing in the community more broadly.

We recognise that our activities – which include extracting and processing raw materials, and manufacturing and transporting products and materials – can attract community interest and concerns. Typically, community interest and concerns relate to traffic, noise, odours, water, waste, end use of quarry land, and the potential impact of our activities on biodiversity and cultural heritage.

We observe site-specific regulatory requirements and planning approvals, and we openly engage with communities to provide information, address concerns and make improvements where possible. We complete a social impact statement for all projects subject to an environmental impact statement.

As part of our engagement, we hold regular community liaison meetings across our key sites in Boral Australia to inform local communities about our operations.

These meetings, attended by community, council and government representatives, are designed to address local issues relating to our operations, including health, safety and environmental aspects.

We also keep local communities informed through more informal channels, including online information resources, newsletters, local advertising, community inspections, and site tours.

This year, Boral was again recognised as an industry leader in community engagement, receiving the Cement Concrete & Aggregate Association (CCA) NSW/ACT Innovation Award for community leadership and engagement.

Aboriginal and Torres Strait Islander communities

We are committed to strengthening our relationships with, and the opportunities we provide for, Aboriginal and Torres Strait Islander peoples and communities.

In FY2020, we achieved the deliverables and planned actions set out in our 2019–2020 Reflect Reconciliation Action Plan. In FY2021, we intend to launch our second Reconciliation Action Plan, an Innovate plan, to advance our contribution to reconciliation.

We are committed to protecting places and items of significant cultural heritage for local Aboriginal and Torres Strait Islander groups across our Australian operations. Working alongside First Nations people, we seek to protect places and items of cultural heritage, including across our sites that are subject to Cultural Heritage Management Plans, such as our Peppertree, Ormeau and Deer Park quarries.

During the year, we began reviewing our systems and processes associated with protecting places and items of cultural significance, with a focus on further strengthening our approach.



Community investment

Through our community investment program, we aim to make a positive and sustainable contribution to the communities in which we operate. This program focuses on long-term capacity-building projects that will have a lasting impact. We also support projects and organisations that provide support and care during emergencies.

Our community investment framework guides our approach to helping address community needs and priorities. Three pillars – Our People, Our Places and Our Products – form the foundation of this framework. This helps us identify opportunities where our people can get involved, our resources can have the greatest impact, and we can work with organisations that share our values.

New mental health partnership

In FY2020, Boral launched a new partnership with the Black Dog Institute, a world leader in diagnosing, preventing and treating mood disorders such as depression and bipolar disorder.

In addition to providing financial support through corporate donations and fundraising, Boral will work with the Black Dog Institute on a new education program aimed at improving mental health and wellbeing across our business.

What we focus on through our community investments



Our People

- Contribution and engagement
- Safety and wellbeing
- Diversity and inclusion
- Learning and development



Our Places

- Community safety and wellbeing
- Inclusive and sustainable communities
- Conservation of biodiversity and cultural heritage



Our Products

- Product support for communities and people in need
- Showcasing Boral's approach to innovation and environmental sustainability

\$1,140,000

contributed to our community partnerships and local community causes and projects

\$804,000

cash

\$274,000

donated materials and in kind support

\$62,000

fundraising and events

Our key community partners

- Road Safety Education
- Habitat for Humanity Australia
- Bangarra Dance Theatre
- Conservation Volunteers Australia
- Taronga Conservation Society
- HomeAid America
- Black Dog Institute

Further information on our community partnerships can be found on our website.



New wildlife hospital on Kangaroo Island, South Australia

Supporting our people and communities through the bushfire crisis

This year, a number of our local communities and operations were under threat or directly impacted by the Australian bushfire crisis, as were our people and their families, and our customers.

We supported local communities by providing unlimited paid leave to our employees volunteering with the Rural Fire Service in their local communities. We also donated to the Australian Red Cross disaster relief and recovery appeal through an employee fundraising and corporate matching program. Many of Boral's people worked tirelessly in their communities to assist with local emergency response and recovery efforts, including providing access to Boral's equipment and our quarry water supplies to help fight the fires.

Our Boral Timber business donated materials to help rebuild a wildlife hospital destroyed by the fires on Kangaroo Island, and we are working with our long-term partner Conservation Volunteers Australia to support the recovery of wildlife and habitats through a range of projects.

Operating with integrity



Our values



Endurance

Operating for the long term rather than the quick fix, ever improving



Collaboration

Working across businesses and developing partnerships



Integrity

Open, honest, respectful and authentic in all our dealings



Excellence

Ambitious and disciplined in pursuit of the highest standards of performance

Culture and business conduct

Working with integrity, respect and fairness is fundamental to how we do business, and is underpinned by our values. We expect all employees and people representing Boral to meet the highest ethical standards and to observe both the letter and spirit of the law.

Demonstrating strong ethical principles in all that we do is vital to our reputation and our ability to deliver long-term value to all of our stakeholders, including shareholders, customers, employees and communities.

Our Code of Business Conduct (Code) and supporting policies set out the high ethical standards we expect everyone to adhere to across our international operations. We are committed to working with third parties – including customers, subcontractors, distributors, suppliers and joint venture partners – whose business ethics and behaviour are consistent with our Code.

Our commitment to anti-corruption compliance is reflected in our Code, which prohibits bribery and corruption in all forms, whether direct or indirect. Our anti-corruption measures include clear policies, accountability, training, reporting and audit review. We also assess conduct risk and corruption risk as part of our enterprise risk management review process.

We complement our policy and risk management framework with clear communication and training on the Code and associated policies in our induction training and through ongoing refresher training programs. The USG Boral joint venture conducts additional risk-based anti-corruption training and has established an externally managed anti-corruption audit program.

The Board and senior management team take breaches of the Code and other misconduct very seriously. We have consistent and transparent policies and practices in place to address any non-compliance with our Code and supporting policies. Formal consequences include additional training, impacts on rewards and promotions, formal warnings and termination.

In FY2020, 333 employees at Boral Australia and Boral North America were dismissed, compared to 246 in FY2019. Of these dismissals, 41 were for breach of policy or misconduct, and the remaining were due to violation of rules or poor performance. They ranged from managers to frontline employees. These matters were considered isolated incidents, not a result of systemic issues.

We provide easy and clear avenues for our people to report ethical concerns and improper behaviour. In addition to internal reporting channels – via the senior management, human resources, internal audit and legal teams – we provide an external independent whistleblower service known as FairCall.

Reports via FairCall can be made on an anonymous basis, and we are committed to maintaining the independence, impartiality and confidentiality of the reporting and investigation processes. These measures enable our people to raise concerns without fear of recrimination. The Company Secretary reports on these matters to the Board Audit & Risk Committee.

Political donations

Boral's Code prohibits political donations or contributions.

Tax transparency

Boral's approach to taxation is consistent with our Code. Our tax function works within clearly defined, fundamental principles and policies, as well as our broader governance and risk management framework.

We are committed to meeting our taxation obligations in the jurisdictions where we conduct business, and to paying our taxes on time. Tax outcomes do not drive our business transactions.

In response to the Australian Voluntary Tax Transparency Code, we publish an annual Tax Transparency Report on our website.

The report discloses Boral's approach to taxation and information on our Australian and global income taxes and other taxes paid in Australia.

Cyber and data security

The risk of cybersecurity breaches and attacks on information systems continues to escalate as businesses face ever-shifting security threats from increasingly sophisticated cyber criminals.

Boral continues to invest in cybersecurity controls and to monitor potential cybersecurity risks to our technical infrastructure, data security and customer privacy.

Our cybersecurity response plan aligns with the National Institute of Standards and Technology (NIST) Cybersecurity Framework, which is recognised as representing global best practice.

Boral's cybersecurity managers in each division are responsible for reviewing our security framework, and developing and implementing mitigation and improvement plans. We also engage third-party cybersecurity specialists to conduct regular penetration testing, assess security controls and identify required remediation measures.

During the year we engaged independent experts to assess Boral's cybersecurity maturity using the NIST Cybersecurity Framework and our divisional cybersecurity improvement roadmaps. The review found that Boral's NIST maturity level is aligned with comparative industry peers and that our divisional cybersecurity improvement roadmaps adequately address risks.

Industry associations

We are members of, and actively participate in, a number of industry associations in Australia and the USA.

These industry associations offer a forum for sharing industry best practice and new ideas; developing technical standards; and advocating on behalf of the industry to the government and the community.

Participants in industry associations are provided competition law training to ensure that association with other industry participants is always compliant with the law.

These associations also develop public policy positions. Typically, the policy positions of our industry associations aim to support regulation in the national and industry interest, and to encourage business to sustainably prosper and remain competitive.

We acknowledge that some industry associations may have policy positions that do not fully align with Boral's positions. When appropriate, we engage with our industry associations to help them understand our position.

We have not identified any major energy and climate policy positions among our industry associations that are materially inconsistent with our own position.

We support:

- a national approach to climate and energy policy that targets lowest-cost carbon emissions abatement while delivering reliable and competitive energy
- climate and energy policies that do not unduly erode the competitiveness of domestic-based businesses
- mechanisms to achieve the objectives of the Paris Agreement, and
- a national approach to climate and energy policy.

Boral's major industry associations are:

- Business Council of Australia
- Cement Industry Federation
- Cement Concrete & Aggregates Australia
- Australian Asphalt Pavement Association, and
- American Coal Ash Association.

Our annual membership fees across industry associations totalled approximately \$3 million in FY2020. Further information is available on our website.

How we report



Quality team inspecting finished good at Stone plant in Tijuana, Mexico

Sustainability reporting

This Sustainability Report outlines our performance and approach to material environmental and social issues, and how we govern sustainability. Our material sustainability issues are presented on page 26.

In FY2020, we continued to enhance our sustainability reporting. We:

- broadened our disclosure and metrics to align where possible with the Sustainability Accounting Standard Board (SASB) Construction Materials standard, and we are committed to strengthening our processes to progress further alignment with the standard
- improved our climate-related disclosure towards full alignment with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures – see pages 34–44, and
- strengthened our approach to modern slavery in light of the *Modern Slavery Act 2018 (Cth)*. Our 2020 Joint Modern Slavery Statement is published in conjunction with this report.

Due to the impacts of the COVID-19 pandemic and the need to take decisive action to preserve cash, we suspended independent assurance of our FY2020 sustainability metrics.

However, Boral Group's Internal Audit team completed limited assurance over our key sustainability metrics related to health and safety, climate-related impacts, people and community investment.

Reporting scope

This Sustainability Report covers Boral's wholly owned operations and joint ventures that were at least 50% owned by Boral for the year ended 30 June 2020, unless otherwise stated.

Boral's HSE data includes joint venture entities, irrespective of equity or management control. Safety data includes employees and contractors in all businesses. Safety data reported prior to, and in FY2017, includes 100% owned businesses and joint ventures where our equity interest was 50% or more – and has not been retrospectively adjusted.

While Boral's joint ventures have their own management structure and regulatory responsibilities, we expect them to meet the same minimum HSE standards as wholly owned Boral sites. HSE data for Headwaters businesses, acquired in May 2017, is consolidated from FY2018.

Supplementary information

Further sustainability information is available at boral.com/sustainability. This includes:

- sustainability data
- SASB Construction Materials standard content index
- Global Reporting Initiative (GRI) content index
- 2020 Joint Modern Slavery Statement
- how we engage with our stakeholders
- Tax Transparency Report
- reports to the Workplace Gender Equality Agency
- Reconciliation Action Plan
- further information on our industry associations.



We welcome feedback on our reporting via info@boral.com.au

Glossary

CO₂-e	Carbon dioxide equivalent – a standard unit for measuring carbon footprints
(Portland) cement	A fine powdery material produced by milling clinker in combination with limestone, iron slags and fly ash. When mixed with water and sand, cement can be used to bind or join as a ‘mortar’ or, when combined with aggregates and sand, to create strong and hard ‘concrete’ surfaces and structures
Clinker	Lumps or nodules produced by sintering and calcining limestone and aluminosilicate materials such as clay during the cement kiln stage
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Employee turnover	The number of employee departures during the year
FY	Financial year
Fly ash	A by-product of coal-fired electricity generating plants that is used as a substitute cementitious material
GHG emissions	Greenhouse gas emissions, mainly CO ₂ and methane
GJ	Gigajoule – equal to 1 billion joules
HSE	Health, safety and environment
HSEQ MS	Health, Safety, Environment and Quality Management System
LTIFR	Lost time injury frequency rate – the number of lost-time injuries per million hours worked during the period
Modern slavery	Defined by the Australian <i>Modern Slavery Act 2018</i> as including eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services
NMFR	Near miss frequency rate per million hours worked
Operating site	A wholly owned or joint venture operating site excluding sales, administration and distribution sites
Paris Agreement	An agreement within the framework of the United Nations Framework Convention on Climate Change
PJ	Petajoule – equal to 1 million gigajoules
RIFR	Recordable injury frequency rate – the number of injuries that result in medical treatment as well as those that result in lost work time per million hours worked
ROFE	Return on funds employed calculated as EBIT before significant items on funds employed
Scope 1 emissions	Direct emissions from the combustion of fuels in manufacturing and transport, and chemical process emissions (such as from calcination of limestone). Calculated using factors and methodologies set out in legislation, regulatory or international best practice guidance
Scope 2 emissions	Indirect (attributed) emissions from electricity purchased, calculated using factors particular to regional electricity grids. Such factors are usually defined in legislation or regulatory guidance
Scope 3 emissions	Indirect emissions, other than from Scope 2 emissions, that are generated in the wider economy. These may include emissions from production of purchased goods and services, through to the use of sold products and services, and in particular for Boral, from transport of materials both upstream and downstream in our supply chain. Calculated based on a number of internationally accepted reporting standards
TCFD	The Financial Stability Board’s Task Force on Climate-related Financial Disclosures
Ton	A weight measure commonly used in the USA, equivalent to 2,000 pounds or 907 kilograms
Tonne	A metric weight measure equivalent to 1,000 kilograms

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AGM DETAILS

**The Annual General Meeting of
Boral Limited will be held virtually
on Tuesday, 27 October 2020
at 10.30am (Sydney time).**

