

Managing sustainability

Our commitment and approach to sustainability is embedded in our business strategy and all that we do. We strive to deliver returns above our cost of capital through the cycle for our shareholders and to create value for all our stakeholders. We recognise that delivering sustainable outcomes is vital to our long-term success.

OUR SUSTAINABILITY APPROACH

To meet the sustainability challenges of today and tomorrow, it is critical that we drive progress and continuous improvement. Our governance, accountability, management systems and reporting frameworks help us drive better outcomes and meet the evolving and increasing expectations of our stakeholders.

In FY2019, we continued to improve our safety outcomes, reduce our carbon emissions, and increase gender diversity in our workforce. We enhanced our customer experience through digital tools and solutions, strengthened our governance, strategy and risk management of climate-related impacts, and enhanced our supply chain, including our approach to identifying and managing modern slavery risk.

We also continued to strengthen our sustainability approach and reporting. We:

- enhanced our climate-related disclosure, as we progressively adopt the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)
- strengthened how we identify and manage modern slavery risks in our operations and supply chains, as we prepare to publish a Modern Slavery Statement in 2020
- broadened our sustainability metrics and related information that has been subject to independent assurance – these metrics are listed in Ernst & Young's (EY's) assurance statement on page 52, and
- identified the United Nations Sustainable Development Goals (SDGs) and targets we can most impact and integrated these into our sustainability reporting.

We will consider how we can further contribute to the SDGs through our planning and sustainability approach, and report on our progress.

HOW WE REPORT

This Sustainability Report outlines our performance and approach to material environmental and social issues, and how we govern sustainability. Our material sustainability issues and materiality assessment process are outlined on page 20.

Additional information on Boral's sustainability performance and approach is available:

- in the Corporate Governance Statement and Directors' Report in our 2019 Annual Report, and
- on our website, including our policies, supplementary sustainability information, Reconciliation Action Plan, Tax Transparency Report, reports to the Workplace Gender Equality Agency, community engagement programs, and Boral News magazine. [Website](#)

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

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 2019, 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 including 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 fully owned Boral sites.

HSE data for Headwaters businesses, acquired in May 2017, is consolidated from FY2018.



SUSTAINABILITY GOVERNANCE

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

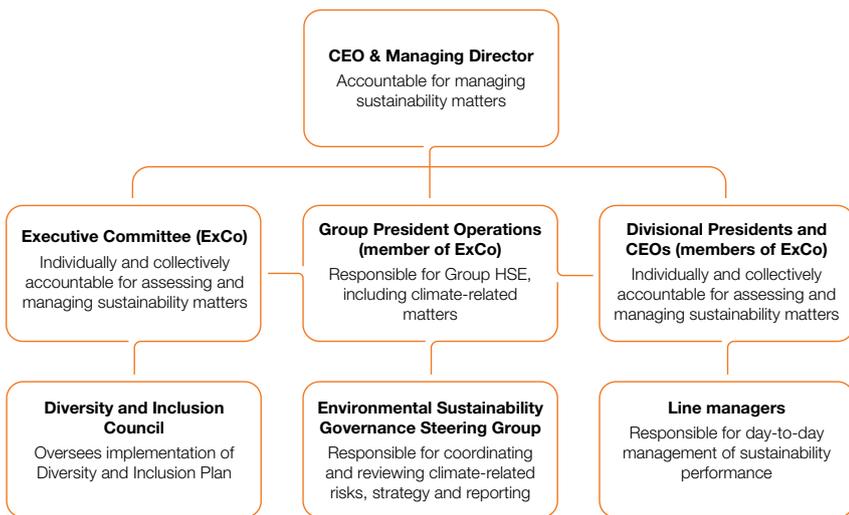
The **Board Health, Safety & Environment (HSE) Committee** is responsible for reviewing and monitoring:

- the Group's performance, assessed by reference to agreed targets and measures, in relation to HSE matters
- the effectiveness of Boral's policies, systems and governance structure in identifying and managing HSE risks which are material to the Group, and
- the policies and systems for ensuring compliance with applicable legal and regulatory requirements associated with HSE matters.

Divisional management teams and the corporate HSE function report on HSE performance, risks and management actions, including climate-related matters, to the Board HSE Committee on a quarterly basis. The Board HSE Committee considers energy and climate-related issues at each of its meetings.

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 per year and receives an annual report on our organisation-wide risks, including climate-related risks.

Management responsibility



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

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

Sustainability risks are also integrated into Boral's organisation-wide risk management processes, which identify, assess and monitor the organisation's risks.

Further information on our governance of climate-related impacts is on page 35.

OUR APPROACH

Our approach to sustainability is underpinned by:



Effective governance and risk management

For further information, refer to the Corporate Governance Statement in our 2019 Annual Report.



Open and constructive engagement with our stakeholders

A summary of our stakeholders' priorities and how we engage and incorporate stakeholder feedback is available on our website. [ES](#)



Monitoring and transparent reporting on our material issues

Sustainability performance is monitored and reported at a divisional level and corporate level through relevant senior executives. We report on our progress to stakeholders through our Sustainability Report and Annual Report.

Management remuneration

Managing sustainability, including safety, is considered an integral component of leadership, and is considered in reviewing performance and setting fixed remuneration increases. We therefore do not link remuneration incentives to sustainability metrics, including safety performance.

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

Managing sustainability

(continued)



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 as well as observing 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. Conduct risk and corruption risk are also assessed through our enterprise risk management review process.

Political donations

Boral's Code prohibits political donations or contributions.

OUR VALUES



Excellence

Ambitious and disciplined in pursuit of the highest standards of performance



Integrity

Open, honest, respectful and authentic in all our dealings



Collaboration

Working across businesses and developing partnerships



Endurance

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

We complement our policy and risk management framework with clear communication and training on the Code and associated policies in our induction training and 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 take breaches of the Code or 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, impact on reward and promotion, formal warnings and termination.

In FY2019, 246 employees of Boral Australia and Boral North America were dismissed, up from 183 in FY2018. This represents 2% of our employees in these two divisions. Of these dismissals, 62 were for breach of policy or misconduct, with the remaining 184 due to violation of rules or poor performance. They ranged from managers to frontline employees. These matters were considered isolated incidents and not systemic.

We provide easy and clear avenues for our people to report ethical concerns and improper behaviour. In addition to internal reporting channels – via senior management, human resources, internal audit and legal – we provide an external independent whistleblowing 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 investigative processes. The Company Secretary reports on these matters to the Board Audit & Risk Committee.

TAX TRANSPARENCY

Boral's approach to taxation is consistent with our Code and our tax function works within 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 have published an annual Tax Transparency Report on our website since 2017. [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

Businesses face a growing risk of cybersecurity breaches and attacks on information systems by increasingly sophisticated cybercriminals.

In response, we have increased investment in cybersecurity controls and monitoring across the Group to mitigate potential risks to our technical infrastructure, data security and customer privacy.

Boral's cybersecurity response plan aligns with the National Institute of Standards and Technology (NIST) Cybersecurity Framework, which is recognised as global best practice. During the year, we implemented improvement plans to achieve NIST targets across each of our divisions.

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

In FY2019, we rolled out a Group-wide information security awareness training program to all employees, and cybersecurity training to all USG Boral employees.

The Board monitors cybersecurity risks and strategy, and engages with external experts and internally with Boral's Digital Solutions team to understand cybersecurity risks.

HUMAN RIGHTS

We support the United Nations Guiding Principles on Business and Human Rights, and are committed to respecting and promoting internationally recognised human rights through our operations and supply chain.

Our Human Rights and Modern Slavery Working Group, established in FY2018, continues to support work being undertaken to further develop our approach to modern slavery in light of the *Modern Slavery Act 2018*. The working group comprises members of Boral's Executive Committee and key functional roles, including human resources, procurement, risk and legal.

Details about our approach and work undertaken to strengthen how we assess and manage modern slavery risk in our operations and supply chain can be found on pages 26 and 51 respectively.



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.

The associations also develop public policy positions. Typically, the policy positions of our industry associations are to support regulation in the national and industry interest, and 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 held by our industry associations that are materially inconsistent with our own position.

We support:

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

We support 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.

Further information is available on our website. [📄](#)