

2020 Remuneration Report

Message from the Chairman of the Remuneration & Nomination Committee

Dear shareholders,

On behalf of the Remuneration & Nomination Committee (Committee) and the Board, I am pleased to present Boral's 2020 Remuneration Report (the Report).

Priorities for the Committee over the past year have been driven by extraordinary and changing business circumstances. Most notably the unprecedented situation that the COVID-19 pandemic has presented, as well as the devastating bushfires in Australia, which peaked in January 2020. Other challenges have been more company-specific, including the discovery and subsequent investigation into financial irregularities in Boral's North American Windows business.

Recognising these events and the current challenging environment and earnings pressure, the Committee, Board and Management made some firm decisions around remuneration and incentives, including:

- foregoing FY2020 short-term incentives (STIs) at the start of the COVID-19 crisis and implementing salary freezes for the remainder of FY2020, except in the case of role or responsibility changes
- implementing salary freezes for FY2021, except in the case of role or responsibility changes
- zero increases to non-executive Director (NED) fees in FY2021
- suspending the existing STI plan for executives for FY2021, with short-term performance being managed through agreed objectives; the approach may be reassessed if conditions and performance improve through the year
- using a volume weighted average price (VWAP) over a 12 month period to 30 June 2020 in place of the five-day VWAP to 1 September, for calculating the number of rights for the FY2021 long-term incentive (LTI) grant, to reduce the impact of share price volatility
- exercising Board discretion to lapse unvested rights from the FY2018 deferred STIs awarded to executives, being those unvested rights that correspond with the overstatement of Windows earnings
- exercising Board discretion to lapse the former CEO's LTI awards in full after the reporting period ended, and
- in the context of the significant non-cash impairment announced on 24 August 2020, the Board considered the impact of the impairment on executive remuneration outcomes, and the Board's decisions are outlined on page 66.

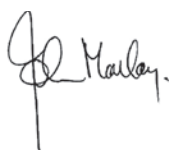
The appointment of a new CEO and effectively managing succession is one of the most important roles of the Committee and the Board. In February 2020, we announced that Mike Kane was expected to finish in 2020 as CEO & Managing Director of Boral after more than seven years in the role. This was brought forward earlier than previously intended, and Mike's separation payments, as outlined in Section 2 of the Report, are consistent with the disclosed terms of his employment contract and Boral's equity plan rules.

On 15 June 2020, the Board announced the appointment of Zlatko Todorcevski as CEO & Managing Director, effective 1 July 2020. We are fortunate that Zlatko was able to start earlier than we had originally expected, and his appointment has been well received by Boral's shareholders and our people. The mandate for our new CEO is to 'reset' the business, including finalising a review of Boral's portfolio. The portfolio review, which is expected to be finalised by the end of October, will define Boral's future portfolio and operating model to unlock value and deliver improved business performance.

The remuneration structure for the new CEO includes a Fixed Annual Remuneration (FAR) component, of which a portion is provided as a fixed grant of equity, and an LTI with performance hurdles based on a combination of measures around Total Shareholder Returns (TSR) and Return on Funds Employed (ROFE). While there is no STI award opportunity for the CEO, with the remuneration structure aligned to rewarding longer-term performance of Boral, short term objectives will be set with the Board to maximise short-term opportunities while focusing on long-term value creation. The agreed short-term objectives and performance outcomes will be disclosed in the FY2021 Remuneration Report.

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

Yours sincerely



John Marlay

Chairman, Remuneration & Nomination Committee

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Section 1: Who is covered by this Report

The Directors of Boral Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2020 (FY2020). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report sets out remuneration information for the Company's Key Management Personnel (KMP).

The table below details the KMP for FY2020.

Name	Position
Senior Executives	
Mike Kane	Chief Executive Officer & Managing Director (CEO)
Wayne Manners	President & CEO, Boral Australia
Rosaline Ng	Group President Ventures & Chief Financial Officer (CFO)
Darren Schulz	Acting President & CEO, Boral North America (commenced as a KMP on 1 June 2020)
Former Senior Executives	
Ross Harper	Group President, Operations (ceased as a KMP on 31 May 2020 and transitioned to a revised executive role)
David Mariner	President & CEO, Boral North America (ceased as a KMP on 31 May 2020)
Non-executive Directors	
Kathryn Fagg	Chairman and non-executive Director
Peter Alexander	Non-executive Director
Eileen Doyle	Non-executive Director
John Marlay	Non-executive Director
Karen Moses	Non-executive Director
Paul Rayner	Non-executive Director

Section 2: Our remuneration approach

Priorities in FY2020

Our remuneration priorities in FY2020 were driven by our changing business circumstances, including responding effectively to the impact of the COVID-19 pandemic on our people and operations. Our senior executives focused on:

- delivering Zero Harm Today everyday
- delivering strong cash flows, and maintaining liquidity and a prudent balance sheet
- leveraging our foundations of a strong safety culture; effective crisis management and governance controls; leading network of operations and integrated supply chain; and financial strength and liquidity
- optimising ROFE through the cycle, never losing sight of our goal of delivering returns above the cost of capital, and
- driving performance excellence and business improvement initiatives in a challenging operating environment.

Reshaping the executive team

We have reshaped our executive team:

Zlatko Todorcevski	On 15 June 2020, announced as incoming CEO & Managing Director from 1 July 2020. See page 66 for further details on his remuneration arrangements.
Mike Kane	Ceased as CEO & Managing Director on 30 June 2020. See page 63 for further details on his leaving arrangements.
Ross Harper	Moved to a more focused role as Group President, HSE, Sustainability, Innovation & Operations Excellence on 1 June 2020, ceasing as a KMP at the end of May 2020.
Wayne Manners	Moved reporting line to the CEO & Managing Director on 1 June 2020, taking on primary accountability and responsibility for the performance of the Australian operation.
Darren Schulz	Stepped up as Acting President & CEO, Boral North America on 1 June 2020 from his previous role as President, Boral Roofing North America.
David Mariner	Stepped down as President & CEO, Boral North America at the end of May 2020 and departed Boral on 30 June 2020.

Section 2: Our remuneration approach (continued)

Responding to the COVID-19 pandemic

The health and safety of our people, customers and communities is the number one priority in our response to the COVID-19 pandemic. We also focused on the financial health of our businesses including maintaining strong liquidity and cash flows.

The remuneration actions taken in response to the economic impacts of the pandemic include the following.

Salaries and non-executive Director fees	Short- and long-term incentives
<ul style="list-style-type: none"> Executive and employee salaries frozen for the remainder of FY2020 Salary freeze in FY2021 for executives and employees, with the next review of salaries to be in September 2021 A freeze on non-executive Director fees in FY2021 	<ul style="list-style-type: none"> STI award opportunities forgone in FY2020 The FY2021 STI award plan for Senior Executives and other executives was suspended, and may be reassessed if conditions and performance improve through the year

For businesses more directly affected by slowdown or temporary closures, in consultation with our people, we amended roster patterns, temporarily reduced working hours and temporarily stood down employees (also known as furloughing in North America).

The support and assistance provided to our people included the following.

Leave	Flexible work arrangements
<ul style="list-style-type: none"> Pandemic leave to provide one week of paid leave to employees working on sites that are closed with minimum notice through government mandate Access to accrued but untaken annual leave where employees are working reduced hours or days 	<ul style="list-style-type: none"> Remote and flexible work options available, particularly for vulnerable workers e.g. those with compromised immune systems or family members with serious health issues Remote work protocols and guidelines to help our people work safely and effectively
Benefits and support	Information and assistance
<ul style="list-style-type: none"> Continued medical and health coverage for our furloughed employees in North America Monitoring JobKeeper in Australia and other government grant opportunities in the event that any parts of the business met the threshold for assistance 	<ul style="list-style-type: none"> Information on access to government support services, mental health and employee assistance services Information and wellbeing intranet sites to provide reference material and to connect people working remotely

Boral's share of wage subsidies through our joint ventures, together with minimal direct subsidies to our wholly owned operations, was around \$800,000 in FY2020.

For more information on our response to COVID-19, see pages 20-23 of the Annual Report.

Executive remuneration

The Committee supports the Board to assess whether adjustments to remuneration policy are required to take into account the changing nature of our business and the environment in which we operate, including the expectations of Boral's stakeholders and market practice. The Committee supported the Board in responding to the challenges of FY2020 by:

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

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

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

The following table sets out the Committee's areas of focus and work in FY2020.

Issues and decision	Comments
FY2020 in review	
COVID-19 pandemic	We took a range of remuneration actions in response to the COVID-19 pandemic that addressed operational challenges and focused on the financial health of our businesses including maintaining strong liquidity and cash flows. Refer to page 62 for information on actions taken.
CEO retirement	Boral announced on 15 June 2020 that Mike Kane would stand down as CEO on 30 June 2020. His leaving arrangements were consistent with the disclosed terms of his employment agreement and equity plan rules disclosures. The Board has made one subsequent change that affects the retiring CEO's LTI awards.
Leaving arrangements were consistent with disclosed terms of the employment contract and equity plan rules disclosures.	Without the exercise of Board discretion, the 2018 and 2019 LTI awards would ordinarily be pro-rated, with one-third of the 2018 award and two-thirds of the 2019 award lapsed. Reporting tables have been prepared on this basis, consistent with the requirements of the accounting standards. After the reporting period ended, however, the Board decided to lapse the retiring CEO's LTI awards in full. The finalised arrangements for the retiring CEO are shown below.
After the reporting period ended, the Board exercised its discretion to lapse the retiring CEO's remaining unvested LTI awards in full.	STI No STI for FY2020
	Unvested LTI grants After the reporting period ended, the Board decided to lapse the retiring CEO's remaining LTI awards in full
	Separation payment Equivalent to 12 month Base Cash Salary (BCS) in line with his employment agreement.
Reshaped Executive Team	We reshaped the executive team with changes to people and positions:
	Ross Harper Moved to a revised role of Group President, HSE, Sustainability, Innovation & Operations Excellence, to focus on improving performance in those areas. His remuneration was adjusted down by 17.6%, reflecting that his prior role as Group President, Operations was a KMP role with broader responsibilities. He ceased as a KMP on 31 May 2020.
	Wayne Manners President & CEO, Boral Australia took on primary accountability and responsibility for the performance of the Australian operation, with the change in his reporting line from Group President, Operations to the CEO & Managing Director.
	Darren Schulz Appointed Acting President & CEO, Boral North America on 1 June 2020, stepping up from his previous role as President, Boral Roofing.
	David Mariner Finished employment on 30 June 2020 after stepping down from his role as President & CEO, Boral North America on 31 May 2020. His remuneration on departure was consistent with prior contract disclosures, with all unvested deferred STI and LTI grants lapsed in full.

Section 2: Our remuneration approach (continued)

Issues and decision	Comments																								
FY2020 in review																									
<p>Lapsing of unvested deferred STI</p> <p>Lapsing of a portion of unvested equity to align with restated underlying earnings for FY2018, to ensure no unfair or inappropriate benefit to executives</p>	<p>In December 2019, Boral announced certain financial irregularities had been identified in the North American Windows business, involving misreporting, including in relation to inventory levels and costs associated with raw materials and labour at the Windows plants. Boral responded with a comprehensive program of immediate and ongoing actions including:</p> <ul style="list-style-type: none"> • a privileged and confidential investigation by lawyers and forensic accountants was completed in February 2020 • additional external audit and internal reviews, which provided confidence that the accounting manipulations were limited to the Windows business only, and • enacting organisational changes in Windows and Boral North America: <ul style="list-style-type: none"> – terminating the employment of Windows finance managers involved in the coordination and cover up of financial wrong-doing, with unvested deferred STI and LTI grants lapsed in full – strengthening finance leadership in Boral North America with a new CFO appointed in March 2020, and – moving the President, Windows to a role focused on customer relationships and sales with all unvested deferred STI and LTI grants lapsed in full. <p>Under Boral's equity incentive plan rules, the Board exercised discretion to lapse the component of unvested deferred STI rights that correspond with the overstatement of Windows earnings in the relevant period, to ensure no unfair or inappropriate benefit is provided.</p>																								
<p>Retiring CEO remuneration set in USD</p> <p>The retiring CEO's BCS is paid in US dollars. He does not benefit from any A\$/US\$ currency fluctuations.</p> <p>To satisfy reporting requirements, the Remuneration Report shows the CEO's remuneration in AUD.</p>	<p>The retiring CEO's Base Cash Salary (BCS) is provided in US dollars, converted to Australian dollars for reporting and accounting purposes, based on the Reserve Bank of Australia's A\$/US\$ exchange rate, averaged over the 12 months to 30 June for the reporting period. The effect of the change in A\$/US\$ exchange rates since 1 July 2017 on reporting of the CEO's remuneration is shown in the table below.</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Actual BCS (USD)</th> <th colspan="2">Reportable accounting value (AUD)</th> </tr> <tr> <th>% increase</th> <th>US\$</th> <th>Exchange rate*</th> <th>A\$</th> </tr> </thead> <tbody> <tr> <td>1 July 2017</td> <td>N/A</td> <td>1,299,674</td> <td>0.7735</td> <td>1,680,251</td> </tr> <tr> <td>1 September 2018**</td> <td>3.0%</td> <td>1,338,664</td> <td>0.7145</td> <td>1,873,568</td> </tr> <tr> <td>1 September 2019**</td> <td>2.0%</td> <td>1,365,437</td> <td>0.6703</td> <td>2,037,054</td> </tr> </tbody> </table> <p>* The A\$/US\$ exchange rate averaged over the 12 months for the reporting period to 30 June for 2018, 2019 and 2020 respectively.</p> <p>**1 September 2018 and 1 September 2019 were the effective dates of the salary increases.</p> <p>In September 2019, the retiring CEO was awarded a 2.0% increase to his US\$ BCS to US\$1,365,437. The exchange rate used to convert the CEO's US\$ BCS to A\$ is 6.2% less than the A\$/US\$ exchange rate used to convert his US\$ BCS in FY2019.</p> <p>The effect of this change in foreign exchange translation between the Australian dollar and the US dollar is that it appears the retiring CEO's BCS has increased by more than 2.0%. This is not the case. The retiring CEO was paid in US dollars in the United States and receives no benefit from changes in A\$/US\$ foreign exchange variations.</p>		Actual BCS (USD)		Reportable accounting value (AUD)		% increase	US\$	Exchange rate*	A\$	1 July 2017	N/A	1,299,674	0.7735	1,680,251	1 September 2018**	3.0%	1,338,664	0.7145	1,873,568	1 September 2019**	2.0%	1,365,437	0.6703	2,037,054
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Issues and decision	Comments
FY2020 in review	
<p>LTI performance hurdles</p> <p>ROFE relative to WACC came into effect from the FY2019 grant onwards</p>	<p>The Board previously reviewed whether ROFE relative to WACC (where WACC is the level of return required to add investor value taking into account the risk associated with the investment) remained an appropriate LTI performance hurdle.</p> <p>The Board concluded that ROFE relative to WACC with the broader vesting range, continued to incentivise executives to deliver returns exceeding WACC through market cycles, and remained an appropriate measure aligned to the future needs of the business.</p> <p>From FY2019, ROFE targets have been set relative to the weighted average cost of capital (WACC) with the target vesting range broadened.</p> <p>Share of EBIT (before significant items) from our JVs (rather than post-tax JV earnings) is included in the pre-tax ROFE calculation.</p> <p>See Section 4 for further details.</p>
<p>Culture, governance and remuneration</p>	<p>To better understand the aspects of our culture that reinforce strong governance and accountability, Boral conducted a Culture Survey in Australia and North America to assess culture (values and beliefs), leadership, safety, governance and remuneration.</p> <p>The results, to be available in FY2021, will provide a baseline for our businesses and the Board against which to assess and measure culture.</p>
<p>Safety and remuneration</p> <p>Managing safety well is a fundamental part of everyone's role at Boral.</p>	<p>The Board recognises that in some organisations it is very important to have safety as a component of remuneration. At Boral, safety is considered fundamentally important. Further, there is a strong belief that safety should not be financially rewarded and therefore should not be a component of remuneration incentives. This is an important and powerful aspect of Boral's culture, and after considering the cultural aspects and performance outcomes, the Board remains of the view that this is the right approach for Boral.</p> <p>Managing safety well is considered a fundamental part of everyone's role and is taken into consideration in performance reviews and performance management. The Board continues to examine Boral's track record in taking appropriate responsive action including terminating employment for poor safety management and safety breaches.</p> <p>In FY2020, 22 employees in Australia and North America had their employment terminated because of a breach of safety standards and protocols, which included poor management of safety. The combination of strengthened safety culture and performance management is considered the right approach for Boral.</p>

Section 2: Our remuneration approach (continued)

Issues and decision	Comments				
Looking ahead to FY2021					
<p>CEO appointment</p> <p>Zlatko Todorcevski was appointed as CEO, effective 1 July 2020.</p>	<p>Zlatko Todorcevski was appointed CEO on 1 July 2020, and his early start date was well received. His skills and experience align with the priority to reset our business and unlock value for shareholders.</p> <p>The CEO's fixed remuneration with a portion provided as fixed equity, as well as his enhanced LTIs, work together to recognise and reward the decisions and actions that need to be taken to reset and reshape our business over the short and long term. The incoming CEO's remuneration will be provided as:</p> <table border="1"> <thead> <tr> <th>FAR</th> <th>LTI (% of FAR under face value approach)</th> </tr> </thead> <tbody> <tr> <td>A\$1,900,000</td> <td>230%</td> </tr> </tbody> </table> <p>FAR is delivered as 92% in cash (A\$1,750,000) and 8% (A\$150,000) in the form of Boral equity.</p> <p>The equity component of FAR is subject to a holding lock or equivalent until the incoming CEO exceeds the minimum shareholding requirement (except where the sale of shares is required to meet taxation obligations). See page 76 for information on Boral's minimum shareholding requirements.</p> <p>Overall, 70% of the incoming CEO's remuneration is provided as 'at risk' remuneration, with the approach to the LTI grant for FY2021 explained in the "LTI performance hurdles" section below.</p> <p>The focus of the CEO in FY2021 will be to set a clear operational plan through the current challenging conditions, complete the portfolio review, deliver an improved operating model and capital structure, and set priorities for longer term value creation.</p> <p>The Board will agree key performance objectives with the CEO for FY2021 against which short-term performance will be managed and evaluated, with objectives and performance outcomes disclosed in the FY2021 Remuneration Report.</p>	FAR	LTI (% of FAR under face value approach)	A\$1,900,000	230%
FAR	LTI (% of FAR under face value approach)				
A\$1,900,000	230%				
<p>Impact of impairment on executive remuneration outcomes</p>	<p>Boral's typical approach has been to exclude the value of significant items (including impairments), when determining performance. The Board retains its discretion to consider different treatment on a case-by-case basis.</p> <p>In the context of the non-cash impairment for FY2020, the Board determined the following:</p> <ul style="list-style-type: none"> • For the LTI awards "on foot", being those granted in September 2017, 2018 and 2019, when determining the Company's ROFE performance, the calculation will be based on pre-impairment funds employed. • The Board considers this an appropriate approach for impairments. This approach means that Management does not benefit from impairments that occur during an LTI performance period, recognising their role as stewards of the business. • Looking forward, new LTI awards are expected to be calculated on the basis of funds employed after impairment. • In determining the Company's ROFE performance, the Board retains its discretion to make adjustments where it considers it necessary or appropriate in order to accurately reflect the ROFE outcomes and reward performance in a manner that is consistent with shareholder expectations and the intent and purpose of the relevant ROFE target. 				
<p>Allocation methodology for FY2021 LTI grant</p> <p>The VWAP period changed from a five day period to 1 September, to a 12 month period to 30 June 2020.</p>	<p>The allocation methodology for the FY2021 LTI grant was changed to a volume weighted average price (VWAP) over a 12 month period to 30 June 2020, in place of the 5-day VWAP to 1 September, to reduce the impact of share price volatility.</p> <p>The allocation methodology for the fixed equity grant to the CEO will be on the same basis.</p> <p>For the FY2021 grants, the VWAP of Boral shares on the ASX during the 12 month trading period to 30 June 2020 is \$3.8010.</p>				

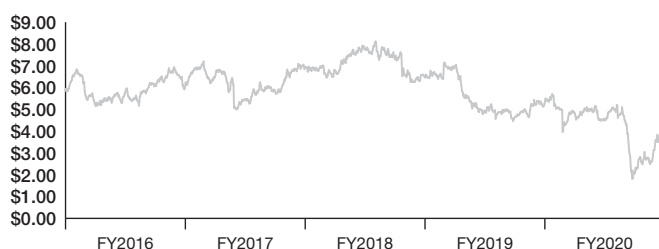
Issues and decision	Comments												
Looking ahead to FY2021													
<p>LTI performance hurdles</p> <p>Performance metrics retained one-third ROFE (relative to WACC) and two-thirds relative TSR for the CEO and executives for the FY2021 grant.</p> <p>The proposal for a strategic transformation metric for the CEO was held over until FY2022.</p>	<p>On 15 June 2020, Boral announced the incoming CEO's performance hurdles for the FY2021 LTI grant were expected to be a combination of measures based on shareholder returns, return on funds employed and strategic transformation.</p> <p>The strategic transformation metric was to provide an opportunity for the CEO to receive long-term rewards for strengthening the portfolio and unlocking value over the performance period. As the strategic transformation metric should be firmly anchored in the strategy, it was considered appropriate to hold over the strategic transformation metric until the planned portfolio review is completed.</p> <p>The performance hurdles for the CEO for the FY2021 LTI grant will focus on delivering improved returns to shareholders, as a combination of ROFE (relative to WACC) and relative Total Shareholder Returns (TSR).</p> <p>The weighting of one-third ROFE (relative to WACC) and two-thirds relative TSR will be retained for the CEO and executives for the FY2021 LTI grant. This continues to recognise the importance of delivering an appropriate return on capital and improving shareholder returns over the performance period.</p> <p>The LTI is subject to a single performance test after three years, with any vested equity for the CEO subject to a further 12 month holding lock or equivalent, except where the sale of shares is required to meet tax obligations.</p>												
<p>ROFE LTI performance hurdle</p> <p>Decision to adjust the ROFE vesting schedule for vesting when ROFE exceeds WACC.</p>	<p>The ROFE performance hurdle is intended to reward achievement linked to improving the Company's ROFE performance through the cycle. In general, any ROFE performance that exceeds the WACC over the long-term performance period is considered to be aligned to our aim of creating sustained shareholder value.</p> <p>On review of the existing vesting schedule, the Board determined that the 'cliff' of allowing 50% vesting at threshold could be better aligned with the overall aim of rewarding incremental performance above WACC.</p> <p>A new vesting schedule has been adopted for the FY2021 LTI grant as follows.</p> <table border="1" data-bbox="531 1391 1473 1615"> <thead> <tr> <th data-bbox="531 1391 1070 1420">If the Company's ROFE performance for FY2023 is:</th> <th data-bbox="1110 1391 1318 1420">Proportion vesting:</th> </tr> </thead> <tbody> <tr> <td data-bbox="531 1435 719 1464">At or below WACC</td> <td data-bbox="1110 1435 1139 1464">Nil</td> </tr> <tr> <td data-bbox="531 1473 906 1503">Between WACC and WACC plus 1.0%</td> <td data-bbox="1110 1473 1410 1503">Vesting on a straight line basis</td> </tr> <tr> <td data-bbox="531 1512 804 1541">At WACC plus 1.0% (target)</td> <td data-bbox="1110 1512 1155 1541">75%</td> </tr> <tr> <td data-bbox="531 1550 1011 1579">Between WACC plus 1.0% and WACC plus 2.0%</td> <td data-bbox="1110 1550 1410 1579">Vesting on a straight line basis</td> </tr> <tr> <td data-bbox="531 1588 906 1617">At or above WACC plus 2.0% (stretch)</td> <td data-bbox="1110 1588 1171 1617">100%</td> </tr> </tbody> </table>	If the Company's ROFE performance for FY2023 is:	Proportion vesting:	At or below WACC	Nil	Between WACC and WACC plus 1.0%	Vesting on a straight line basis	At WACC plus 1.0% (target)	75%	Between WACC plus 1.0% and WACC plus 2.0%	Vesting on a straight line basis	At or above WACC plus 2.0% (stretch)	100%
If the Company's ROFE performance for FY2023 is:	Proportion vesting:												
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At or above WACC plus 2.0% (stretch)	100%												
<p>Property earnings</p> <p>Going forward, the STI plan will exclude property earnings when assessing short-term performance. The LTI plan will reference average property outcomes over a 3-year period to reduce volatility.</p>	<p>The Property business unit was established in 2001 to optimise returns from property transactions. Since that time, the Property business has on average contributed ~\$35 million EBIT per annum.</p> <p>Following feedback from shareholders, the Board reviewed the appropriateness of continuing to include property earnings in incentive plan calculations. The Board recognises that property earnings can be lumpy from year to year. However property earnings are ongoing and management has to work hard to deliver those earnings for our shareholders.</p> <p>On the basis of this review, the Board has amended the approach to property earnings in incentives. From FY2021, property earnings will be excluded from earnings calculations for STIs for executives. For LTI purposes, it was considered appropriate to continue including property earnings in the longer-term ROFE metric, with property earnings averaged over the 3-year performance period.</p>												

Section 3: FY2020 performance and actual pay received

Boral's FY2020 results reflect a particularly challenging year. Boral Australia was impacted by a 19% decline in housing starts and bushfire and flood-related events, resulting in significantly lower volumes and higher costs. This was quickly followed by COVID-19 disruptions across all businesses, particularly in Boral North America and USG Boral. Boral took decisive action by slowing production to reduce cash costs and manage inventories. This was in addition to a number of mandated temporary closures. This adversely impacted earnings but cash generation was strong. While FY2020 STI opportunities were foregone at the start of the COVID-19 crisis in an effort to reduce expenditure, no STIs would have been received as FY2020 results were well below budget.

Financial performance	FY2016	FY2017 ²	FY2018	FY2019	FY2020
Earnings per share ^{1,3} (cents)	33.3	33.7	40.4	35.7	14.8
Dividends per share (cents)	22.5	24.0	26.5	26.5	9.5
Return on equity ¹ (%)	7.6	6.3	8.3	7.2	3.7

Boral share price



Boral's performance and STI awards

EBIT performance

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

For FY2020, Boral reported EBIT¹ of \$177 million, which was \$242 million or 58% lower than the prior year. This reduction in EBIT reflects lower earnings across the Group.

There were no STI awards made in FY2020.

STI payments over the past 10 years demonstrate the cyclical nature of our industry and the variability of STI payments. Over the last 10 years (FY2010 to FY2020), Boral's STI has paid out at an average 60.7% of target. This includes four years where no STI was paid to the CEO: FY2012, FY2013, FY2019 and FY2020.

Senior Executive historical STI as percentage of target outcomes⁴

Year	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 ⁴	FY2019	FY2020	Average
(% of target)	36.4%	14.0%	6.9%	100.4%	126.7%	136.5%	103.7%	81.0%	1.1%	0.0%	60.7%

1. Excludes significant items.

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

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

4. FY2018 STI outcomes have been adjusted downwards retrospectively in FY2020. This is to account for lapsing of the component of deferred STI awards relating to the Windows matter, as outlined in the section 'Lapsing of unvested deferred STI' on page 64.

Boral's performance and LTI awards

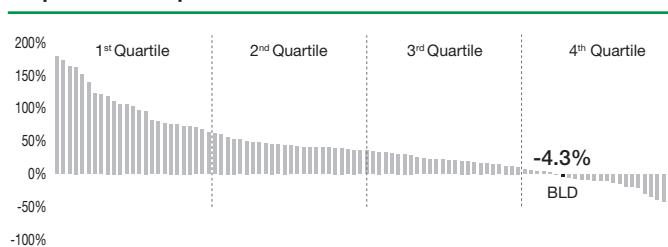
Total Shareholder Returns performance in FY2020

Boral's relative TSR performance declined in FY2020. Taking into account share price and dividends paid, Boral delivered a TSR of negative 25.2% for shareholders between 1 July 2019 and 30 June 2020. This TSR ranked Boral at the 22nd percentile of ASX 100 companies for FY2020.

Total Shareholder Returns performance over three years

Over the three year period from September 2016 to September 2019, Boral's TSR of negative 4.3% was at the 18th percentile of the Company's TSR comparator group, resulting in the 2016 LTI grant lapsing in full.

**TSR for Boral vs ASX 100 companies:
Sept 2016 to Sept 2019**



Return on Funds Employed performance

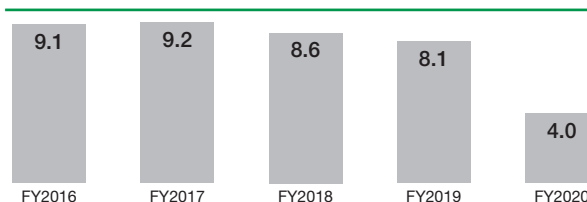
The use of ROFE is designed to test the efficiency and profitability of the Company's capital investments. It links executive rewards to the achievement of improved ROFE performance and a long-term goal of ROFE exceeding the cost of capital through the cycle.

Boral's 8.1% ROFE in FY2019 was below the 12.0% to 12.5% vesting range for the 2016 LTI grant and none of the ROFE tranche vested.

Boral's ROFE performance was 4.0% in FY2020, as measured by EBIT¹ return on average funds employed on a pre-impairment basis. ROFE performance in FY2020 would be 4.3% on a post-impairment basis. The decline in ROFE from previous years reflects lower earnings across the Group.

For the LTI awards "on foot" being those granted in September 2017, 2018 and 2019, when determining the Company's ROFE performance, the calculation will be based on pre-impairment funds employed. Looking forward, new LTI awards are expected to be calculated on the basis of funds employed after impairment.

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



LTI

2016 LTI

Further details in Section 4

Vesting for the 2016 LTI was based on performance against the relative TSR hurdle (two-thirds of the grant) and the ROFE hurdle (one-third of the grant). Relative TSR was at the 18th percentile of the ASX 100 comparator group, below the vesting target. The ROFE target was not met. Based on these outcomes, all awards lapsed.

2017 LTI

The FY2017 LTI grant will undergo a first and final test on 1 September 2020, with the grant unlikely to vest.

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

Section 3: FY2020 performance and actual pay received (continued)

Fixed annual remuneration (FAR) outcomes

The key remuneration outcomes for Boral's Senior Executives in FY2020 are outlined below.

Component	Outcomes
FAR (or BCS for US employees) <i>Further details in Section 4</i>	<p>Increases in FAR/BCS were considered by the Board with reference to role responsibilities, including expanded responsibilities and accountabilities, experience of individuals, and positioning remuneration against the market.</p> <p>In FY2020, the Board approved the following adjustments to Senior Executive FAR/BCS. Increases reflect changes in our organisation, responsibilities and accountabilities and market benchmarking undertaken against Boral comparators.</p> <p>Changes effective from 1 September 2019:</p> <ul style="list-style-type: none"> • Mike Kane received an increase equivalent to 2.0% of BCS. • David Mariner, President & CEO, Boral North America received a 3.0% increase to his BCS. • Ros Ng, Group President Ventures & CFO did not receive a pay increase because she received an in-year adjustment following a restructure of the executive team in FY2019. <p>Changes effective from 1 June 2020:</p> <ul style="list-style-type: none"> • Ross Harper's FAR was adjusted down by 17.6% effective from 1 June 2020, to reflect the change in accountability, scope and span of control arising from taking on a more focused position as Group President, HSE, Sustainability, Innovation & Operations Excellence. • Wayne Manners, President & CEO, Boral Australia, received no adjustment to his FAR on 1 September 2019. His FAR was adjusted by 17.1%, effective from 1 June 2020, to more closely align his remuneration with the median of comparator company roles and to reflect the substantive change in accountability, scope and span of control arising from changes in the senior executive team. • Darren Schulz, Acting President & CEO, North America, was provided with an increase of 24.0% to his BCS to reflect the substantive change in accountability and responsibility in his new role.

Actual remuneration for FY2020

The remuneration outcomes table below has been prepared to provide shareholders with a view of remuneration that was actually paid to Senior Executives for FY2020 and is unaudited. The Board believes that presenting information this way provides shareholders with increased clarity and transparency. Remuneration details prepared in accordance with statutory obligations and accounting standards are contained in Section 7 of this Report.

FY2020 remuneration cash outcomes table

A\$'000s	Cash payments and other benefits received							Vesting of prior year "at risk" equity awards		
	Fixed rem ^a	STI (cash) ^b	Super/pension payments	Other cash allowances & benefits ^c	Other non-cash ^d	Contractual separation payment ^e	FBT	Total payments	Vesting of STI deferral earned in 2017 ^f	Vesting of 2016 LTI grant ^g
Mike Kane ^a	2,008.5	–	204.5	–	128.8	–	–	2,341.8	243.3	–
Ross Harper ¹	755.9	–	25.0	–	9.7	–	2.8	793.4	30.6	–
Wayne Manners	684.5	–	25.5	23.8	4.1	–	4.4	742.3	18.5	–
David Mariner ^{2,3}	767.1	–	180.2	–	85.4	855.9	–	1,888.6	25.2	–
Ros Ng	971.8	–	28.2	–	43.2	–	14.4	1,057.6	63.9	–
Darren Schulz ³	51.2	–	8.6	2.5	1.0	–	–	63.3	–	–
US-Based Senior Executives^h										
US\$'000										
Mike Kane	1,346.3	–	137.1	–	86.4	–	–	1,569.8	163.1	–
David Mariner	514.2	–	120.8	–	57.2	573.7	–	1,265.9	16.9	–
Darren Schulz	34.3	–	5.8	1.7	0.7	–	–	42.5	–	–

A portion of actual remuneration received in FY2020 relates to the vesting of deferred STI. By providing these awards as equity, outcomes for Senior Executives were aligned to the outcomes for shareholders over the vesting period.

Boral's share price changed by negative 39% from September 2017 to September 2019. The following graph shows the difference between grant and vesting value of the deferred STI award.



Ref	Item	Notes relating to the FY2020 remuneration cash outcomes table
a.	Fixed remuneration	Fixed remuneration is cash salary paid to the Senior Executive for their period as a KMP. For Mike Kane, the total BCS for FY2020 is A\$2,029,373 (US\$1,360,288) being the sum of fixed remuneration of A\$2,008,486 (US\$1,346,288), and employee pension contributions of A\$20,866 (US\$14,000) reported in the Super/pension payments column. Fixed remuneration for David Mariner is for the 11 month period to 31 May 2020.
b.	STI (cash)	There was no STI earned by Senior Executives in FY2020.
c.	Other cash allowances & benefits	Other cash allowances and benefits, other non-cash benefits and associated fringe benefits tax (FBT) are not taken into account for the purposes of calculating an executive's STI or LTI opportunity.
d.	Other non-cash	Other non-cash is comprised of non-monetary benefits, including medical cover, life and disability insurance, vehicle costs and parking. These amounts are not taken into account for the purposes of calculating an executive's STI or LTI opportunity.
e.	Contractual separation payment	Payment made on separation of employment, provided in accordance with terms of the employment contract.
f.	STI deferral	The value for earned deferred STI granted in September 2017 that vested on 1 September 2019, calculated using the VWAP of Boral ordinary shares in the five trading days up to 1 September 2019, being \$4.1416, multiplied by the number of rights that vested.
g.	LTI	LTI performance targets were not met for the 2016 LTI grant, which resulted in this award lapsing in full.
h.	US-based Senior Executives	Remuneration for US-based Senior Executives is converted from US dollars to Australian dollars for reporting and accounting purposes based on the A\$/US\$ exchange rate, averaged over the 12 months to 30 June for the reporting period.

1. Ross Harper ceased as a KMP on 31 May 2020. Fixed remuneration is for 11 months to 31 May 2020.

2. David Mariner ceased as a KMP on 31 May 2020, ceasing employment on 30 June 2020. FAR is for the 11 months to 31 May 2020.

3. Darren Schulz commenced as a KMP on 1 June 2020.

Section 4: Remuneration framework for FY2020

Remuneration strategy

Boral's remuneration strategy and framework provides the foundation for how remuneration is determined and paid. The chart below summarises Boral's remuneration strategy for FY2020, including details of Boral's Remuneration Principles.



The strategy has guided the way remuneration has been set for FY2020, as outlined in the following pages.

Remuneration framework components

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

Remuneration framework details

Remuneration strategy	Description									
<p>FAR/BCS</p> <p>Attract and retain high-calibre employees with a market competitive and flexible reward.</p> <p>Boral benchmarks the remuneration of our executives against comparator companies of a similar size (referencing market capitalisation and revenue, as applicable) and within similar industries (focusing on industrial and materials sector entities). Comparator companies used in the benchmarking are described in Section 8 of this Report.</p> <p>2020 outcomes</p> <p>Based on benchmarking outcomes, increases were provided to two senior executives effective from 1 September 2019. The CEO received a 2.0% adjustment to his BCS and the President & CEO, Boral North America received a 3.0% increase to his BCS. No adjustment was made to the FAR of the Group President, Ventures & CFO.</p> <p>On 1 June 2020, the FAR for the Group President, Operations was adjusted down by 17.6% to reflect the change in role to Group President HSE, Sustainability, Innovation & Operations Excellence. The President & CEO, Boral Australia received no adjustment to his FAR on 1 September 2019. However on 1 June 2020, his FAR was adjusted by 17.1% to align his remuneration closer to the median of comparator companies and to reflect substantive change in accountability and responsibilities arising from senior executive changes.</p>	<p>Considerations in setting FAR/BCS are</p> <ul style="list-style-type: none"> • position responsibilities and financial impact • individual's knowledge, skills and experience, and • market practice for companies of similar size and complexity to Boral. 									
<p>STI</p> <p>STI rewards for achievement of financial performance over one year.</p> <p>STI hurdles</p> <p>Performance at the end of the financial year is measured against pre-determined EBIT targets established as part of the Group's annual budget process. STI awards have threshold, target and maximum opportunities that are differentiated based on Group and/or divisional results. No STI awards are made if relevant EBIT performance hurdles are not met.</p> <p>EBIT targets are considered to be commercial-in-confidence and are therefore not disclosed in the interests of shareholders.</p> <p>Single financial measure</p> <p>Boral utilises a single performance hurdle to create a clear line of sight for Senior Executives and transparency for shareholders as to how STI awards are determined.</p> <p>The Board retains discretion to adjust STI outcomes up or down to ensure consistency with the Company's remuneration philosophy, to prevent any inappropriate reward outcomes, including in the event of a seriously negative safety issue, and to maintain alignment with the shareholder experience before the final award is determined.</p> <p>STI deferral</p> <p>Deferring 20% of the awarded STI over two years is considered necessary by the Board to promote sustainability of annual performance over the medium term, provide executives with additional share price exposure and facilitate the Board's ability to exercise malus or clawback provisions, should this be required.</p> <p>2020 outcomes</p> <p>The CEO and all other Senior Executives received no STI payments for FY2020.</p>	<p>Target and maximum STI opportunities as a percentage of BCS for the retiring CEO and President & CEO, Boral North America and FAR for other Senior Executives are outlined below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Position</th> <th style="text-align: center;">Target</th> <th style="text-align: center;">Maximum</th> </tr> </thead> <tbody> <tr> <td>Retiring CEO</td> <td style="text-align: center;">110%</td> <td style="text-align: center;">154%</td> </tr> <tr> <td>Senior Executives</td> <td style="text-align: center;">60%</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table> <p>Boral used a single financial hurdle for STI awards in FY2020, being EBIT (excluding significant items):</p> <ul style="list-style-type: none"> • CEO, Group President Ventures & CFO and Group President, Operations: 100% Group EBIT, and • Other Senior Executives: 50% Group EBIT and 50% Divisional or Business EBIT. <p>The use of EBIT effectively aligns rewards for Senior Executives with Boral's focus on delivering strong earnings through the business cycle.</p> <p>Significant items are generally excluded on the basis that STI outcomes should reflect performance during the relevant period and should not be skewed upwards (or downwards) due to one-off investments or decisions in prior performance periods.</p> <p>The Board, supported by the Remuneration & Nomination Committee and the Audit & Risk Committee, reviews the treatment and classification of significant items for remuneration purposes when reviewing the appropriateness of reward outcomes.</p>	Position	Target	Maximum	Retiring CEO	110%	154%	Senior Executives	60%	100%
Position	Target	Maximum								
Retiring CEO	110%	154%								
Senior Executives	60%	100%								

Section 4: Remuneration framework for FY2020 (continued)

Remuneration strategy

LTI

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

TSR

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

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

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

ROFE

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

The ROFE performance hurdle is intended to reward achievement linked to improving the Company's ROFE performance through the cycle. ROFE targets are set relative to the weighted average cost of capital (WACC).

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

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

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

Description

For FY2020, the retiring CEO and Senior Executives were eligible to participate in the LTI at the following opportunity levels.

Position	Maximum opportunity (face value)
Retiring CEO	220% of Base Cash Salary
Senior Executives	100% of FAR/BCS

The FY2020 LTI awards have two performance hurdles:

	Relative TSR	ROFE
Hurdle	Relative TSR measured against the S&P/ASX 100 Index	EBIT in year of testing as a percentage of average funds employed
Portion	Two-thirds	One-third
Period	1 September 2019 to 1 September 2022	Year ending 30 June 2022

The TSR vesting schedule to be applied for the FY2020 LTI grant is:

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

The ROFE vesting schedule to be applied for the FY2020 LTI grant is:

If the Company's ROFE performance for FY2022 is:	Proportion vesting
Below WACC	0%
At WACC (target)	50%
Between WACC and WACC plus 2.0%	Vesting on a straight line basis
At or above WACC plus 2.0% (stretch)	100%

2020 outcomes

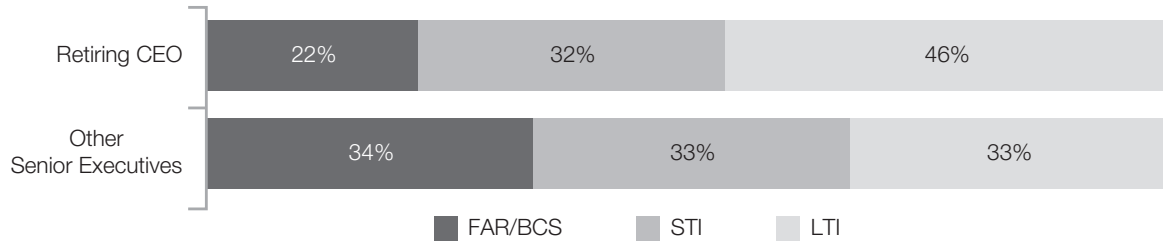
In September 2019, the 2016 LTI did not vest. TSR was at the 18th percentile, which was short of the minimum required for vesting (50th percentile). Actual ROFE of 8.1% for FY2019 was below the 2016 LTI ROFE target for FY2019 of 12.0%.

LTI grants vesting in FY2022 onwards will be assessed using ROFE relative to WACC, adjusting for JV equity earnings. Boral's FY2020 WACC was ~8.9% when measured on a ROFE equivalent basis. This figure will be incorporated into the three year average pre-tax WACC values that will be used to test the LTI grants in FY2022 and FY2023.

Boral's ROFE performance adjusting for JV equity earnings for FY2020 was 4.5% on a pre-impairment basis, noting that the ROFE component for the LTI's "on foot" will be calculated on a pre-impairment basis.

Total remuneration

Boral's remuneration mix is set to balance the need to attract and retain high-calibre talent with the ability to vary reward with performance. Total maximum remuneration mix for FY2020 is shown below, reflecting the remuneration mix should all performance hurdles at maximum be met in full.



Section 5: Remuneration governance

Roles and responsibilities

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

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

Open lines of communication exist between all of Boral's Board Committees. For example, in FY2020 the Committee was supported by the:

- Audit & Risk Committee in reviewing the calculation of ROFE relative to WACC, and reviewing financial results, and
- HSE Committee in reviewing safety, as discussed earlier in the Report.

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

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

How decisions are made

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

Section 5: Remuneration governance (continued)

Board discretion

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

Component	Board discretion	Determinations made in FY2020
STI	<p>The Board retains discretion to adjust STI outcomes up or down to ensure consistency with the Company's remuneration philosophy, to prevent any inappropriate reward outcomes, including in the event of a seriously negative safety issue, and maintain alignment with the shareholder experience before the final award is determined.</p> <p>The Remuneration & Nomination Committee assists the Board on these matters, supported by the Audit & Risk Committee and HSE Committee, including in respect of financial performance, safety performance and the treatment and classification of significant items, considered in the context of reviewing the appropriateness of reward outcomes.</p> <p>The Board also has the discretion to exercise malus or clawback provisions in circumstances where an employee has acted fraudulently or dishonestly; has breached their obligations to the Company; in the event that there is a material misstatement or omission in Boral's financial statements; or if the Company is required or entitled to reclaim any overpaid incentive or other amount from an employee.</p>	<p>As noted in Boral's ASX announcement on 10 February 2020, a thorough investigation into financial irregularities identified in the North American Windows business found that finance personnel within the Windows business manipulated accounts and financial statements.</p> <p>Based on these findings, Boral terminated the employment of a number of finance employees for misconduct, with all their unvested equity lapsing on termination.</p> <p>The Board also exercised its discretion to lapse:</p>
LTI	<p>The Board retains discretion to make LTI adjustments as considered necessary to ensure rewards reflect performance in a manner that is consistent with shareholder expectations and the intent and purpose of the relevant targets.</p> <p>The Board also has the discretion to partially reduce or forfeit an LTI award where an employee has their employment terminated for cause, acts fraudulently or dishonestly, or breaches their obligations to the Company. The Company has a further discretion to apply clawback provisions in the event that there is a material misstatement or omission in Boral's financial statements, or if the Company is required or entitled to reclaim any overpaid incentive or other amount from an employee.</p>	<ul style="list-style-type: none"> all unvested equity held by the President, Windows, including unvested LTI rights and Deferred STI rights for all participating executives, the component of unvested deferred STI rights from FY2018 that relates to the Windows earnings overstatement. <p>As outlined earlier in this Report, after the reporting period ended, the Board exercised its discretion to lapse the former CEO's remaining unvested LTI awards in full.</p>

Minimum shareholding requirements

To further align the interests of the Company's Senior Executives with the interests of shareholders, the Board established minimum shareholding requirements, effective from 1 July 2013, for the CEO and all other Senior Executives.

Senior Executives are required to accumulate a minimum shareholding in the Company over a period of up to five years from the later of 1 July 2013 or their date of appointment as a KMP.

Position	Minimum shareholding	Status
CEO	100% of FAR/BCS	As at 30 June 2020, Mike Kane exceeded the requirement
Senior Executives	50% of FAR/BCS	As at 30 June 2020, all Senior Executives were in compliance given time in role

The Company's guidelines for non-executive Directors' minimum shareholdings are set out in the Corporate Governance Statement on page 52 of this Annual Report.

External advice on remuneration

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

During FY2020, these consultants provided general information and support only. No advice was provided that contained remuneration recommendations relating to the remuneration of KMP.

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

External advice on remuneration (continued)

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

Senior Executive contracts

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

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

Section 6: Non-executive Directors' remuneration

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

Non-executive Director fee levels for FY2020 were as follows.

Fees (A\$)	2020		2019	
	Chair	Member	Chair	Member
Board	474,900	158,100	465,600	155,000
Audit & Risk Committee	43,100	22,000	42,300	21,600
Remuneration & Nomination Committee	32,400	16,200	31,800	15,900
HSE Committee	32,400	16,200	31,800	15,900

The total annual non-executive Director remuneration for the current Board of six non-executive Directors for FY2020 was \$1,495,900 including superannuation. This was within the current aggregate fee limit of \$2,000,000 per annum, which was approved at the Company's Annual General Meeting in November 2016.

A comprehensive review of the level of fees paid to Boral's non-executive Directors was undertaken during the year and included a review of market benchmarking information prepared by EY, Boral's external remuneration consultant. The review considered the elements of size and complexity of the business, time commitments and fees paid for non-executive Directors of companies of a comparable size. As a result of the market review and considering the COVID-19 pandemic, the Board decided not to increase non-executive Director fees from 1 July 2020.

Section 7: Statutory remuneration disclosures

The following Senior Executive remuneration table has been prepared in accordance with the accounting standards and has been audited. The values in the table below align with the amounts expensed in Boral's financial statements. Additional information has been included for Mike Kane, David Mariner and Darren Schulz, who are paid in US dollars. The impact of currency movements in FY2020 when their US dollar remuneration was converted to Australian dollars may create the impression of significant increases in cash salary, which was not the case.

Senior Executive remuneration table

AS\$'000s	Year	Short-term				Post-employment	Separation payments	Share-based payments ^a		Other	Total	At risk remuneration	
		Cash salary ^b	Short-term incentive ^c	Non-monetary benefits ^d	Other cash allowance & benefits ^e	Super / Pension	Contractual separation payment ^f	Rights	Deferred equity	Long service leave accrual		% of remuneration related to performance	% of target STI paid
Senior Executives													
Mike Kane	2020	2,008.5^b	-	128.8	-	204.5	2,037.1	1,674.7	38.5	59.4	6,151.5	27.9%	0.0%
	2019	1,842.8	-	100.5	-	308.9	0.0	1,315.5	224.5	49.8	3,842.0	40.1%	0.0%
Ross Harper¹	2020	621.2	-	12.5	-	25.0	0.0	206.8	22.8	10.7	899.0	25.5%	0.0%
	2019	693.2	26.8	11.7	-	27.3	0.0	153.1	47.2	63.6	1,022.9	22.2%	6.6%
Wayne Manners	2020	687.3	-	32.3	-	25.5	0.0	174.9	12.9	27.6	960.5	19.6%	0.0%
	2019	243.5	-	14.8	-	8.3	0.0	32.7	9.1	15.1	323.5	12.9%	0.0%
David Mariner²	2020	767.1	-	85.4	59.5	180.2	866.0	(358.4)	(7.9)	-	1,591.9	0.0%	0.0%
	2019	755.4	-	57.0	-	155.8	0.0	242.7	24.2	-	1,235.1	21.6%	0.0%
Rosaline Ng	2020	975.7	-	57.6	-	28.2	0.0	335.8	11.4	16.1	1,424.8	24.4%	0.0%
	2019	929.6	-	61.8	-	27.8	0.0	318.4	62.0	38.5	1,438.1	26.5%	0.0%
Darren Schulz³	2020	51.2	-	3.5	-	8.6	0.0	8.8	0.4	-	72.5	12.7%	0.0%
	2019	-	-	-	-	-	0.0	-	-	-	-	0.0%	0.0%
Total	2020	5,111.0	-	320.1	59.5	472.0	2,903.1	2,042.6	78.1	113.8	11,100.2	19.1%	0.0%
	2019	4,464.5	26.8	245.8	-	528.1	-	2,062.4	367.0	167.0	7,861.6	31.2%	1.3%
US-Based Senior Executives⁴													
US\$'000s													
Mike Kane	2020	1,346.3	-	86.4	-	137.1	1,365.4	1,122.6	25.8	39.8	4,123.4	27.9%	0.0%
	2019	1,316.7	-	71.8	-	220.7	-	939.9	160.4	35.5	2,745.0	40.1%	0.0%
David Mariner	2020	514.2	-	57.2	39.9	120.8	580.5	(240.3)	(5.3)	-	1,067.0	0.0%	0.0%
	2019	539.7	-	40.8	-	111.3	-	173.4	17.3	-	882.5	21.6%	0.0%
Darren Schulz	2020	34.3	-	2.4	-	5.8	-	5.9	0.2	-	48.6	12.7%	0.0%
	2019	-	-	-	-	-	-	-	-	-	-	0.0%	0.0%

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

- 2020 remuneration for Ross Harper is from 1 July 2019 until he ceased as a KMP on 31 May 2020.
- 2020 remuneration for David Mariner is from 1 July 2019 until he ceased as a KMP on 31 May 2020.
- 2020 remuneration for Darren Schulz is from 1 June 2020 when he commenced as a KMP.
- Remuneration is converted at the average exchange rates for the respective years, being \$0.6703 for FY2020 and \$0.7145 for FY2019.

Senior Executive remuneration table (continued)

Ref	Item	Notes relating to the Senior Executive remuneration table
a.	Share-based payments	<p>The fair value of rights is calculated at the date of grant. Rights subject to the relative TSR hurdle are valued using the Monte Carlo simulation analysis; rights subject to the ROFE hurdle are valued using the Black Scholes methodology; and deferred STI rights are valued at face value.</p> <p>The value of LTI awards are allocated evenly over the period of three years from the grant date, whereas deferred STI rights are allocated evenly over the one year performance period plus the two year vesting period. The value disclosed in the table is the portion of the fair value of the rights for each relevant reporting period.</p> <p>For David Mariner, his LTIs were lapsed when he ceased in his role. The negative number in the table represents the lapsing of LTI awards over a series of relevant reporting periods.</p> <p>For Mike Kane, the table shows the appropriate accounting treatment based on information available at 30 June 2020. It does not incorporate the Board's subsequent decision to lapse the former CEO's LTI awards in full as this decision was made after 30 June 2020. As a result of the Board's decision to lapse all of the former CEO's LTI awards, the amount of A\$1,674,700 (US\$1,122,600) included in the table for accounting purposes is not paid or payable. The Board's decision also extends to share based payment remuneration associated with the unvested 2018 and 2019 LTI awards disclosed in the previous remuneration reports which will also not be paid or payable.</p> <p>Further details on the former CEO's equity are provided in Section 2 CEO retirement, page 63.</p>
b.	Cash salary	<p>Cash salary includes all fixed salary and accrued annual leave. Mike Kane's total BCS for FY2020 is A\$2,029,373 (US\$1,360,288), being the sum of fixed remuneration of A\$2,008,486 (US\$1,346,288) and employee pension contributions of A\$20,866 (US\$14,000), which is reported in the Super/pension payments column.</p> <p>As noted in Section 2, the change in Mike Kane's cash salary is the result of a change in the value of the A\$/US\$ foreign exchange rate used to convert his US dollar BCS to Australian dollars. In FY2019, his cash salary was converted based on A\$/US\$ exchange rate averaged over the 12 month period to 30 June 2019 of \$0.7145. For FY2020, the rate used to convert his cash salary was \$0.6703, or 6.2% less than the rate applied in FY2019.</p>
c.	Short-term incentive	<p>STI values for KMP represent 80% of total STI paid in cash, with the remaining 20% to be deferred into equity and expensed over three years, in accordance with the Deferred STI plan introduced from FY2014. The deferred component is included in the "Deferred equity" column.</p>
d.	Non-monetary benefits	<p>Non-monetary benefits include parking, medical, life and disability insurance, vehicle costs and applicable fringe benefits tax payable by the Company upon providing these benefits.</p>
e.	Other cash allowances & benefits	<p>Other cash allowances and benefits, other non-cash benefits and associated fringe benefits tax (FBT) are not taken into account for the purposes of calculating an executive's STI or LTI opportunity.</p>
f.	Contractual separation payment	<p>Contractual separation payments for Mike Kane and David Mariner were provided in accordance with their employment agreements with Mike Kane entitled to receive a separation payment equivalent to 12 months BCS. These payments comply with the limits on termination benefits under the Corporations Act 2001.</p>

Section 7: Statutory remuneration disclosures (continued)

Equity grants and movement during the year

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

Equity type	Balance as at 30 June 2019	Other balances ^a	Granted during the year as remuneration ^b	Value of grant ^c	Exercised/ vested during the year	Value of rights vested ^d	Lapsed/ cancelled during the year ^e	Balance as at 30 June 2020
								No.
Mike Kane								
LTI Rights	1,632,812	–	1,015,136	2,652,889	–	–	(1,382,015)	1,265,933^f
Deferred STI Rights	98,713	–	–	–	(58,736)	243,261	(12,786)	27,191
Ross Harper								
LTI Rights	188,794	–	205,235	536,348	–	–	(59,490)	334,539
Deferred STI Rights	19,679	–	1,617	6,697	(7,383)	30,577	(1,295)	12,618
Wayne Manners								
LTI Rights	122,270	–	169,017	441,698	–	–	(38,544)	252,743
Deferred STI Rights	11,886	–	–	–	(4,455)	18,451	(1,020)	6,411
David Mariner								
LTI Rights	311,392	–	193,884	506,684	–	–	(505,276)	–
Deferred STI Rights	10,617	–	–	–	(6,080)	25,181	(4,537)	–
Rosaline Ng								
LTI Rights	393,975	–	241,453	630,997	–	–	(123,937)	511,491
Deferred STI Rights	27,230	–	–	–	(15,420)	63,863	(3,777)	8,033
Darren Schulz								
LTI Rights	–	108,818	–	–	–	–	–	108,818
Deferred STI Rights	–	4,274	–	–	–	–	(680)	3,594

Notes relating to the equity grants table are outlined below.

Ref	Item	Explanation
a.	Other balances	Rights held by Darren Schulz at the time of his appointment as a KMP on 1 June 2020.
b.	Rights granted during the year as remuneration	All rights were granted to Senior Executives effective 1 September 2019.
c.	Value of grant	The fair market value of LTI Rights granted on 1 September 2019, calculated using a Monte Carlo simulation analysis, is \$2.13 per right for two-thirds of the grant relating to the TSR measure and \$3.58 per right for one-third of the grant relating to the ROFE hurdle. The fair market value of the Deferred STI Rights is \$4.1416 per right, reflecting a face value at time of grant calculated by taking the VWAP of Boral shares on the ASX during the five day trading period up to but not including 1 September 2019.
d.	Value of vested rights	Calculated per right as the market price of Boral shares on the date of vesting. No exercise price is payable in respect of rights that vest.
e.	Lapsed rights	Rights that lapsed during the year include rights granted to Senior Executives under the 2016 LTI grant (100% lapsed). All rights held by David Mariner lapsed on cessation of employment on 30 June 2020. The lapsing of unvested 2018 deferred STI rights relate to the Windows matter, as outlined in the section 'Lapsing of unvested deferred STI' on page 64.
f.	Balance as at 30 June 2020	All remaining unvested LTI rights held by former CEO Mike Kane (being 1,265,933 rights) have been lapsed in full subsequent to 30 June 2020 as outlined in Section 2 CEO retirement, on page 63.

Senior Executive equity rights balances

The number of rights included in the balance at 30 June 2020 for the Senior Executives is set out below.

		Year of grant			Balance as at 30 June 2020
		2017	2018	2019	
Senior Executives					
Mike Kane¹	LTI Rights	561,229	366,325	338,379	1,265,933¹
	Deferred STI Rights	–	27,191	–	27,191
Ross Harper	LTI Rights	64,689	64,615	205,235	334,539
	Deferred STI Rights	–	11,001	1,617	12,618
Wayne Manners	LTI Rights	40,300	43,426	169,017	252,743
	Deferred STI Rights	–	6,411	–	6,411
David Mariner	LTI Rights	–	–	–	–
	Deferred STI Rights	–	–	–	–
Rosaline Ng	LTI Rights	134,767	135,271	241,453	511,491
	Deferred STI Rights	–	8,033	–	8,033
Darren Schulz	LTI Rights	–	37,975	70,843	108,818
	Deferred STI Rights	–	1,446	2,148	3,594

1. All remaining unvested LTI rights held by former CEO Mike Kane (being 1,265,933 rights) have been lapsed in full subsequent to 30 June 2020 as outlined in Section 2 CEO retirement, on page 63.

Non-executive Directors' total remuneration

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

A\$'000s	2020				2019 ¹			
	Short-term Board and Committee fees	Travel allowances	Post-employment superannuation	Total fees	Short-term Board and Committee fees	Travel allowances	Post-employment superannuation	Total fees
Kathryn Fagg, Chairman	453.9	–	21.0	474.9	445.1	–	20.5	465.6
Peter Alexander	174.3	15.0	–	189.3	142.4	5.0	–	147.4
Eileen Doyle	194.1	–	18.4	212.5	190.3	–	18.0	208.3
John Marlay	197.7	–	9.0	206.7	180.3	–	17.1	197.4
Karen Moses	187.8	–	8.5	196.3	175.8	–	16.6	192.4
Paul Rayner	183.7	–	17.5	201.2	180.2	–	17.0	197.2
Total	1,391.5	15.0	74.4	1,480.9	1,314.1	5.0	89.2	1,408.3

1. 2019 fees for Peter Alexander are from his appointment date as a non-executive Director, effective 1 September 2018.

Section 7: Statutory remuneration disclosures (continued)

Senior Executive and non-executive Director transactions

Movements in shares

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

		Balance at the beginning of the year	Received during the year on the exercise of rights	Pro-rata entitlement purchased in equity raising	Other changes during the year	Balance at the end of the year
		Number	Number	Number	Number	Number
Senior Executives						
Mike Kane	2020	1,239,961	58,736	–	–	1,298,697
	2019	1,207,153	61,902	–	(29,094)	1,239,961
Ross Harper	2020	65,840	7,383	–	25,000	98,223
	2019	54,510	61,765	–	(50,435)	65,840
Wayne Manners	2020	117,154	4,455	–	–	121,609
	2019	117,154	–	–	–	117,154
David Mariner	2020	95,557	6,080	–	–	101,637
	2019	95,557	61,854	–	(61,854)	95,557
Rosaline Ng	2020	120,000	15,420	–	–	135,420
	2019	92,831	85,550	–	(58,381)	120,000
Darren Schulz	2020	–	–	–	–	–
		Balance at the beginning of the year	Received during the year on the exercise of rights	Other changes during the year	Balance at the end of the year	
		Number	Number	Number	Number	Number
Non-executive Directors						
Kathryn Fagg, Chairman	2020	83,562	–	–	23,783	107,345
	2019	38,562	–	–	45,000	83,562
Peter Alexander	2020	59,571	–	–	14,300	73,871
	2019	–	–	–	59,571	59,571
Eileen Doyle	2020	45,248	–	–	2,065	47,313
	2019	45,248	–	–	–	45,248
John Marlay	2020	39,310	–	–	–	39,310
	2019	39,310	–	–	–	39,310
Karen Moses	2020	31,757	–	–	13,825	45,582
	2019	31,757	–	–	–	31,757
Paul Rayner	2020	123,652	–	–	48,780	172,432
	2019	123,652	–	–	–	123,652

Loans

There were no loans made or outstanding to Senior Executives or non-executive Directors during FY2020.

Other transactions

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

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

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

Section 8: Glossary of key terms for the Remuneration Report

Term	Description
BCS	Base Cash Salary (BCS) is a remuneration term applicable to Boral employees in the USA. It describes base salary only, excluding pension contributions and other non-monetary benefits.
Committee	The Remuneration & Nomination Committee.
Comparator companies	Two comparator groups are used for market benchmarking: <ul style="list-style-type: none"> • market capitalisation and revenue: S&P/ASX 200 (ASX 200) companies within 50% to 200% of Boral's market capitalisation and 50% to 200% of Boral's revenue (ranges expanded to 33% to 300% where sample sizes are small) • market capitalisation, revenue and industry: ASX 200 companies within the market capitalisation and revenue comparator group within the 'Industrials' or 'Materials' Global Industry Classification Standard (GICS).
Face value of LTI performance rights	The face value of LTI performance rights is determined from the VWAP of Boral shares on the ASX during the five day trading period up to but not including 1 September. For the FY2021 LTI award, this methodology will change to a 12 month VWAP to 30 June.
Fair market value of LTI performance rights	The fair market value of LTI performance rights is determined from the face value of a Boral share on 1 September, discounted for a number of factors that impact the value of a TSR tested right, such as the possibility that the TSR performance hurdle will not be met. Other factors that are taken into account when determining the discount from face value include the time to vesting, expected volatility of the share price and the dividends expected to be paid in relation to the shares. This approach is in line with the methodology used for valuing TSR tested rights for accounting purposes. The fair value is determined by an independent valuer (being PwC).
FAR	Fixed Annual Remuneration (FAR) includes base salary, non-cash benefits such as provision of a vehicle (including any fringe benefits tax), and superannuation contributions.
KMP	The Key Management Personnel of the Company. Defined as the people accountable for planning, directing and controlling the affairs of the Company and its controlled entities. It includes each of the non-executive Directors and the Senior Executives.
Performance right	Upon vesting, each performance right entitles the executive to one ordinary share.
Relative TSR	Relative Total Shareholder Return (TSR) measures the compound growth in the Company's TSR over the performance measurement period compared with the TSR performance over the same period of a comparator group. TSR represents the change in capital value of a listed entity's share price over a three year performance period, plus reinvested dividends, expressed as a percentage of the opening value.
ROFE	Return on funds employed (ROFE) tests the efficiency and profitability of the Company's capital investments and is determined by the Board based on EBIT (before significant items) in the year of testing as a percentage of average funds employed (where funds employed is the sum of net assets and net debt).
Senior Executives	The CEO & Managing Director as well as other current and former members of the senior executive team who are KMP of the Company. The broader management group (who also participate in the various reward programs) are referred to as 'executives'.
WACC	Weighted average cost of capital (WACC) reflects the aggregate cost of the Company's debt and equity. For the purposes of Boral's LTI plans, WACC is calculated on a pre-tax basis so that it can be compared to ROFE on an equivalent basis.