

# Annual General Meeting



**BORAL LIMITED**  
ABN 13 008 421 761

28 September 2020

Dear Shareholder

It is my pleasure to invite you to attend the 2020 Annual General Meeting (**AGM**) of Boral Limited. The meeting will be held as a virtual meeting on Tuesday, 27 October 2020 at 10.30am.

## Participating in the virtual AGM

Boral has been closely monitoring the impact of the COVID-19 pandemic. Having regard to the social distancing requirements and in the interests of the health and safety of our shareholders and staff, the Boral Board has decided that our 2020 AGM will be held as a virtual meeting. Shareholders will not be able to attend the 2020 AGM physically, but will instead be able to view and participate in the virtual meeting online. This approach is in line with temporary modifications to the law and current regulatory guidance.

Further information on how to participate is set out in the Notice of Meeting and the Virtual Meeting Online Guide. The Virtual Meeting Online Guide has been lodged with the ASX and posted on Boral's website at [www.boral.com/annual-general-meetings](http://www.boral.com/annual-general-meetings).

Shareholders who are unable to join us in the virtual meeting are encouraged to appoint a proxy on their behalf. You may appoint a proxy by accessing our share registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and following the prompts, or by following the instructions in the proxy form. Proxy appointments must be received by 10:30am (Sydney time) on Sunday, 25 October 2020.

Even if you plan to join us in the virtual meeting, we encourage you to submit a directed proxy vote so that your vote will be counted if for any reason you cannot join the meeting (for example, if there is an issue with your internet connection on the day of the meeting).

We also invite you to submit questions to the Company or auditor in advance of the meeting online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Questions submitted this way must be received by no later than 5pm (Sydney time) on Tuesday, 20 October 2020.

## Board renewal

At this year's AGM I will be pleased to introduce shareholders to Boral's new CEO & Managing Director, Zlatko Todorcevski.

We have also made substantial progress on Board renewal, having appointed two new independent non-executive Directors each with extensive experience and expertise to complement our Board, including deep operational experience in the sector and strong finance experience. In this regard, I will be introducing Rob Sindel and Deborah O'Toole as our new independent non-executive Directors. In addition, I welcome Ryan Stokes and Richard Richards to our Board as new non-executive Directors, being nominees of Seven Group Holdings Limited (SGH), noting SGH and its associated entities hold a relevant interest in up to 19.984% of the shares of Boral as at 11 September 2020. Each of our new non-executive Directors will be standing for election at the AGM.

Both myself and Paul Rayner will also retire by rotation and stand for re-election this year. After two years as Boral's Chairman I will be seeking shareholders' support to continue in the role and I will work to provide leadership stability through this period of renewal. Paul Rayner is standing for re-election in order to facilitate a smooth transition of the chairmanship of the Audit & Risk Committee and is expected to retire during this next term of office.

John Marlay and Eileen Doyle, who joined the Board in December 2009 and March 2010, respectively, will retire at the conclusion of this year's AGM. On behalf of the Board I thank both John and Eileen for their substantial contribution, including as respective Chairs of the Remuneration & Nomination Committee and the Health, Safety & Environment Committee of the Board.

## Welcome to the 2020 AGM

The AGM is an important event on Boral's annual calendar. I look forward to this opportunity to engage with Boral's shareholders and welcoming you to the 2020 AGM online.

My Address and the CEO & Managing Director's Address to the AGM will be lodged on the ASX and posted on Boral's website on the day of the meeting.

Yours sincerely

A handwritten signature in black ink that reads "K J Fagg".

**Kathryn Fagg**  
Chairman

# Notice of Meeting

## NOTICE IS GIVEN THAT THE ANNUAL GENERAL MEETING (AGM) OF SHAREHOLDERS OF BORAL LIMITED WILL BE HELD AS A VIRTUAL MEETING ON TUESDAY, 27 OCTOBER 2020 AT 10.30AM.

Shareholders and proxyholders can register, view and participate in the AGM at: <https://agmlive.link/BLD20>

Online registration will open at 9.30am. To register, shareholders will need to log in through a compatible web browser using a computer, tablet or mobile device with an internet connection. Please refer to the Virtual Meeting Online Guide at [www.boral.com/annual-general-meetings](http://www.boral.com/annual-general-meetings) for further details.

### BUSINESS

#### Item 1: Financial Reports

To consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2020.

#### Item 2: Re-election and election of Directors

- 2.1 To re-elect Kathryn Fagg as a Director
- 2.2 To re-elect Paul Rayner as a Director
- 2.3 To elect Rob Sindel as a Director
- 2.4 To elect Deborah O'Toole as a Director
- 2.5 To elect Ryan Stokes as a Director
- 2.6 To elect Richard Richards as a Director

*Separate resolutions will be put to the Meeting in respect of each Director seeking election or re-election.*

#### Item 3: Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"To adopt the Remuneration Report for the year ended 30 June 2020."

#### Voting Exclusion Statement

The Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the key management personnel of the Company (KMP) named in the 2020 Remuneration Report or a closely related party of those persons (such as close family members and any companies the person controls), regardless of the capacity in which the vote is cast; or
- as a proxy by a member of the KMP at the date of the AGM or a closely related party of those persons,

unless the vote is cast as proxy for a person who is entitled to vote on Item 3, and:

- the vote is cast in accordance with a direction on the Proxy Form; or
- in the absence of a direction on the Proxy Form, the vote is cast by the Chairman of the Meeting and the Chairman has received express authority to vote undirected proxies as the Chairman decides (see "How to vote" section).

#### Item 4: Award of LTI Rights to Zlatko Todorcevski, CEO & Managing Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given for the award to Zlatko Todorcevski, the CEO & Managing Director, of rights to fully paid ordinary shares in the Company as an LTI award on the terms described in the Explanatory Notes to this Notice of Meeting."

#### Item 5: Award of Fixed Equity Rights to Zlatko Todorcevski, CEO & Managing Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given for the award to Zlatko Todorcevski, the CEO & Managing Director, of rights to fully paid ordinary shares in the Company as part of his fixed annual remuneration on the terms described in the Explanatory Notes to this Notice of Meeting."

#### Voting Exclusion Statement for Items 4 and 5

The Company will disregard any votes on Items 4 and 5:

- cast in favour of the resolution by or on behalf of Mr Todorcevski and his associates, regardless of the capacity in which the vote is cast; or
- cast as a proxy by a member of the KMP at the date of the AGM or a closely related party of those persons,

unless the vote is cast:

- as proxy or attorney for a person entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
- by the Chairman of the Meeting as proxy for a person entitled to vote on the resolution, pursuant to an express authority to vote undirected proxies as the Chairman decides (see "How to vote" section); or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

*Note: If shareholder approval is obtained, Mr Todorcevski's rights will be granted under Boral's Equity Incentive Plan (Plan). No other Directors are eligible to participate in the Plan.*

The enclosed 'How to Vote' section and 'Explanatory Notes' contain further information about the matters to be considered at the AGM and form part of this Notice of Annual General Meeting.

By order of the Board



**Dominic Millgate**  
Company Secretary  
Sydney, 28 September 2020

# How to Vote

## Voting at the Meeting

- The Board has determined that a person's entitlement to vote at the AGM will be the entitlement of that person set out in the register of shareholders as at 10:30am (Australian Eastern Daylight Time) on Sunday, 25 October 2020.
- Accordingly, transactions registered after that time will be disregarded in determining which shareholders are entitled to attend and vote at the AGM.
- All items of business set out in the Notice of Meeting will be decided by way of a poll.
- As previously noted, shareholders are encouraged to lodge a directed proxy by 10:30am (Sydney time) on Sunday, 25 October 2020 even if they plan to attend the meeting online.

## Appointing a proxy

- A member entitled to attend and vote at the AGM has the right to appoint a proxy. The proxy of a member does not need to be a member of the Company.
- A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of the member's votes each proxy is entitled to exercise. If the appointment does not specify the proportion or number of the member's votes, each proxy may exercise one half of those votes.
- If a member appoints a KMP (which includes each of the Directors) as proxy, the KMP will not be able to cast the member's votes on Item 3, Item 4 or Item 5 unless the member directs the KMP how to vote or the Chairman of the Meeting is the member's proxy. If a member appoints the Chairman of the Meeting as their proxy or the Chairman of the Meeting is appointed as the member's proxy by default, and the member does not mark a voting box for Item 3, Item 4 or Item 5, then by submitting the Proxy Form the member will be expressly authorising the Chairman of the Meeting to exercise the proxy in respect of the relevant Item even though the Item is connected with the remuneration of the KMP.
- The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## Submitting your proxy form

- Details for completion and lodgment of proxies are outlined on the Proxy Form. The Proxy Form must be received by the Company at least 48 hours prior to the AGM – that is, no later than 10.30am (Australian Eastern Daylight Time) on Sunday, 25 October 2020.
- The Proxy Form may be sent:
  - By post to:  
Locked Bag A14, Sydney South NSW 1235
  - By fax to:  
Link Market Services Limited on +61 2 9287 0309
  - Lodged online at:  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
(go to "Voting" and follow the prompts)

## Appointing a corporate representative

- A member of the Company who is a body corporate and who is entitled to attend and vote at the AGM, or a proxy who is a body corporate and is appointed by a member of the Company entitled to attend and vote at the AGM, may appoint a person to act as their representative at the AGM by providing that person with:
  - a letter or certificate, executed in accordance with the body corporate's constitution or the Corporations Act 2001 (Cth), authorising the person as a representative; or
  - a copy of the resolution, certified by a secretary or a director of the body corporate, appointing the person as a representative.
- A copy of the Corporate Representative Form should be lodged with Link Market Services prior to close of proxies.

## Lodging a question prior to the AGM

- If you wish to submit a question in writing to the Chairman or the Auditor in advance of the meeting, please submit your questions online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Questions submitted this way must be received at least five business days prior to the AGM (that is, by 5pm (Sydney time) on Tuesday, 20 October 2020) to allow time to collate questions and prepare answers. During the meeting, the Chairman or the CEO & Managing Director will seek to address as many of the more frequently asked questions as possible.

## Participating online

- Shareholders and proxyholders can watch, ask questions, make comments and vote in real time during the AGM through an online facility at <https://agmlive.link/BLD20>.
- To register, shareholders will need their shareholder number and postcode. Proxyholders will need their proxy number which will be provided by Link Market Services following lodgment of the proxy appointment and no later than 24 hours prior to the meeting. Online participants should register at least 15 minutes before the AGM.
- Further information can be found in the Virtual Meeting Online Guide, which has been lodged with the ASX and posted on Boral's website.

## Technical difficulties

- The Chairman has discretion as to whether and how the meeting should proceed if a technical difficulty arises. In exercising this discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chairman considers it appropriate, the Chairman may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.
- In the event that the Chairman is unable to chair the meeting due to a technical difficulty, it is intended that John Marlay, Chairman of the Remuneration & Nomination Committee, will chair the meeting.

# Explanatory Notes

## ITEM 1 – FINANCIAL REPORTS

The Financial Report, Directors' Report and Auditor's Report are contained in the Company's Annual Report. A copy of the Annual Report can be found on the Company's website at [www.boral.com](http://www.boral.com).

While the *Corporations Act 2001* (Cth) (**Corporations Act**) requires the Financial Report, the Directors' Report and the Auditor's Report of the Company for the year to be laid before the AGM, neither the Corporations Act nor the Company's Constitution require shareholders to vote on, approve or adopt those reports.

Shareholders will, however, have a reasonable opportunity at the AGM to ask questions about those reports and on the management of the Company. Shareholders will also have a reasonable opportunity to ask the Auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements of the Company, and the independence of the Auditor in relation to the conduct of the audit.

## ITEM 2 – RE-ELECTION AND ELECTION OF DIRECTORS

In accordance with the Company's Constitution, a Director must retire from office no later than the longer of the third AGM and three years following that Director's last election. Retiring Directors are eligible for re-election.

Kathryn Fagg and Paul Rayner were last elected as Directors at the 2017 AGM. They therefore retire and, being eligible, offer themselves for re-election.

Since the 2019 Annual General Meeting, Rob Sindel, Deborah O'Toole, Ryan Stokes and Richard Richards have been appointed to the Board. In accordance with the Company's Constitution, they will each cease to hold office following the 2020 Annual General Meeting and, being eligible, offer themselves for election to the Board.

The Board has undertaken a review of the performance of each Director standing for re-election and the contribution they have made to the Board and to Board Committees. The Board has also considered the skills and expertise each Director brings to the Board.

Additionally, the Board considers that the skills and experience of the Directors seeking election for the first time will enhance the skills and experience represented on the Board, including in the areas of operational experience in the sector and strong financial experience.

For the reasons outlined above and in each Director's profile, the Board recommends that shareholders vote in favour of each Director standing for election or re-election (with the relevant director abstaining in relation to their own election or re-election).

Profiles of the Directors follow. The Board considers Kathryn Fagg, Paul Rayner, Rob Sindel and Deborah O'Toole, to be independent.

## Item 2.1 Re-election of Kathryn Fagg



### Kathryn Fagg, age 59

Kathryn Fagg joined the Boral Board in September 2014 and became Chairman effective 1 July 2018.

Ms Fagg is a Director of National Australia Bank, Djerrivarrh Investments Limited and a Board Member and Deputy Chairperson of the CSIRO. She is also a Director of the Myer Foundation, Chair of the Breast Cancer Network Australia, a board member of the Grattan Institute and a board member of Male Champions of Change. She was previously a Board member of the Reserve Bank of Australia, Incitec Pivot Limited, immediate past President of Chief Executive Women and former Chair of the Melbourne Recital Centre and Parks Victoria.

Ms Fagg is an experienced senior executive, having worked across a range of industries in Australia and Asia, including logistics, manufacturing, resources, banking and professional services. She was previously President of Corporate Development with the Linfox Logistics Group and prior to that she held executive roles at BlueScope Steel and ANZ and consulted for McKinsey and Co.

She holds an Honorary Doctor of Business and a Master of Commerce in Organisation Behaviour from UNSW, and an Honorary Doctor in Chemical Engineering and a chemical engineering degree from the University of Queensland.

Ms Fagg is Chairman of the Board and a Member of the Remuneration & Nomination Committee.

The Board believes that Ms Fagg makes an outstanding contribution to Boral, and strongly supports her re-election and ongoing leadership of the Board.

Accordingly, the Board (with Ms Fagg abstaining) recommends the re-election of Ms Fagg.

### Item 2.2 Re-election of Paul Rayner



#### Paul Rayner, age 66

Paul Rayner joined the Boral Board in September 2008. Mr Rayner is the Chairman of Treasury Wine Estates Limited, a Director of Qantas Airways Limited and a Director of the Murdoch Children's Research Institute. He was previously a Director of Centrica plc, a UK listed company.

He brings to the Board extensive international experience in markets relevant to Boral including North America, Asia and Australia. He has worked in the fields of Finance, Corporate Transactions and General Management in consumer goods, manufacturing and resources industries. His last role as an Executive was Finance Director of British American Tobacco plc, based in London from January 2002 to 2008.

He holds an Economics degree from the University of Tasmania and a Masters of Administration from Monash University.

Mr Rayner is Chairman of the Audit & Risk Committee, and is standing for re-election at this year's AGM to facilitate a smooth transition of the chairmanship of the Audit & Risk Committee. He is expected to retire during this next term of office.

Accordingly, the Board (with Mr Rayner abstaining) recommends the re-election of Mr Rayner.

### Item 2.3 Election of Rob Sindel



#### Rob Sindel, age 55

Rob Sindel joined the Boral Board in September 2020. Mr Sindel is Chairman of Orora Limited, and a Director of Mirvac Group. He was formerly the Managing Director and Chief Executive Officer of CSR Limited for 8 years from 2011 until 2019.

Mr Sindel brings to the Board extensive experience obtained from executive management and leadership positions, principally from his 30 year career in construction materials and building products, both in Australia and the United Kingdom. He has particular insights in manufacturing, sales and marketing in B2B environments, strategic management and a strong understanding of successfully navigating through market cycles.

Mr Sindel holds an Engineering degree and an MBA. He is a Graduate of the Australian Institute of Company Directors, and a Fellow of the Institution of Engineers Australia.

Accordingly, the Board (with Mr Sindel abstaining) recommends the election of Mr Sindel.

## Explanatory Notes (continued)

### Item 2.4 Election of Deborah O'Toole



#### Deborah O'Toole, age 63

Deborah O'Toole joined the Boral Board in September 2020.

Ms O'Toole brings to the Board extensive executive experience across a number of sectors including over 20 years in the mining industry and, more recently, in transport and logistics, which included managerial, operational and financial roles.

She has served as Chief Financial Officer in three ASX listed companies, being M.I.M Holdings Limited, Queensland Cotton Holdings Limited and Aurizon Holdings Limited.

Ms O'Toole's board experience includes directorships of the CSIRO, Norfolk Group, various companies in the MIM and Aurizon Groups, and Government and private sector advisory boards.

Ms O'Toole currently serves as an independent director of the Asciano Rail Group of Companies operating as Pacific National Rail, Credit Union Australia, Sims Metal Management Limited and Alumina Limited, and chairs the Audit Committee, Risk Committee or Audit & Risk Committee for those companies. Ms O'Toole intends to reduce her commitments to ensure she can devote sufficient time to her new role at Boral.

She holds a law degree and is a Member of the Australian Institute of Company Directors.

Ms O'Toole brings a skillset comprising strategic, financial, commercial and operational expertise, as well as substantial knowledge and understanding of global markets and supply chains. She has also been at the frontline of business transformation and organisational change and has extensive experience leading ASX listed companies.

Accordingly, the Board (with Ms O'Toole abstaining) recommends the election of Ms O'Toole.

### Item 2.5 Election of Ryan Stokes



#### Ryan Stokes, age 44

Ryan Stokes joined the Boral Board in September 2020.

Mr Stokes is the Managing Director and Chief Executive Officer of Seven Group Holdings Limited (SGH). He has been an executive director of SGH since February 2010 and CEO since 2015. SGH and its associated entities hold a relevant interest in up to 19.984% of the shares of Boral as at 11 September 2020.

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

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

Mr Stokes holds a commerce degree from Curtin University and is a Fellow of the Australian Institute of Management.

Boral entered into an agreement with SGH and associated entities to agree protocols and other arrangements appropriate to the appointment of a director representing a large shareholder. There is also an agreement with SGH and Mr Stokes to protect the confidential information of the Boral group, and address any potential conflicts of interest that may arise. It has also been agreed that subject to the Board of Boral requesting otherwise, Seven must procure the resignations of its nominee directors from the Boral Board within one month of Seven ceasing to hold at least 15% of the issued share capital of Boral.

Accordingly, the Board (with Mr Stokes abstaining) recommends the election of Mr Stokes.

## Item 2.6 Election of Richard Richards



### Richard Richards, age 52

Richard Richards joined the Boral Board in September 2020.

Mr Richards is the Chief Financial Officer of Seven Group Holdings Limited (SGH) and is responsible for finance across the diversified conglomerate (including equipment manufacture, sales and service, equipment hire, investments, property, media and oil and gas). SGH and its associated entities hold a relevant interest in up to 19.984% of the shares of Boral as at 11 September 2020.

He is a Director of WesTrac, AllightSykes and SGH Energy and is a Director and Chair of the Audit & Risk Committee of Coates Hire. He is a Director of Beach Energy and a member of its Audit & Risk Committee.

Mr Richards joined SGH from the diverse industrial group, Downer EDI, where he was Deputy Chief Financial Officer responsible for group finance across the company for three years. Prior to joining Downer EDI, Mr Richards was CFO for the Family Operations of LFG, the private investment and philanthropic vehicle of the Lowy Family for two years. Prior to that, he held senior finance roles at Qantas for over 10 years.

Mr Richards has a Bachelor of Commerce/Laws (Hons) from Bond University, a Master of Laws from the University of Sydney and a Master of Applied Finance from Macquarie University. He is both a Chartered Accountant and admitted as a solicitor in NSW.

Boral entered into an agreement with SGH and associated entities to agree protocols and other arrangements appropriate to the appointment of a director representing a large shareholder. There is also an agreement with SGH and Mr Richards to protect the confidential information of the Boral group, and address any potential conflicts of interest that may arise. It has also been agreed that subject to the Board of Boral requesting otherwise, Seven must procure the resignations of its nominee directors from the Boral Board within one month of Seven ceasing to hold at least 15% of the issued share capital of Boral.

Accordingly, the Board (with Mr Richards abstaining) recommends the election of Mr Richards.

## ITEM 3 – REMUNERATION REPORT

The Remuneration Report is part of the Directors' Report and is set out on pages 59 to 83 of the 2020 Annual Report.

The Remuneration Report:

- demonstrates the links between Boral's remuneration policies and Boral's performance; and
- provides the required remuneration details for each of the Directors and other members of the KMP.

The Board submits the Remuneration Report to shareholders for consideration and adoption by way of a non-binding ordinary resolution, as required by the Corporations Act.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Company respects the views of its shareholders and will take the outcome of the vote into account when considering remuneration policy in the future.

### Directors' Recommendation

The Board recommends shareholders vote in favour of the resolution to adopt the Remuneration Report.

## ITEM 4 – AWARD OF LTI RIGHTS TO ZLATKO TODORCEVSKI, CEO & MANAGING DIRECTOR

Shareholder approval is being sought to allocate to the Company's CEO & Managing Director, Zlatko Todorovski, rights to receive fully paid ordinary shares in the Company as Mr Todorovski's long-term incentive (LTI) grant for FY2021 (LTI Rights).

If shareholder approval is obtained, the rights will be granted under Boral's Equity Incentive Plan.

### Why is approval sought?

The Company is seeking approval for the proposed grant of rights to Mr Todorovski pursuant to ASX Listing Rule 10.14, which requires the Company to obtain shareholder approval in order to issue securities to a director under an employee incentive scheme, and in the interests of transparency and good governance. As the Managing Director, Mr Todorovski is covered by ASX Listing Rule 10.14.1.

Any required or appropriate shareholder approval for future equity awards to be made to Mr Todorovski will be sought at future annual general meetings.

### Overview

The LTI Rights will be divided into two components, which will each be subject to a separate performance hurdle, as follows:

1. two-thirds will be subject to a relative Total Shareholder Return (TSR) hurdle (TSR Component); and
2. one-third will be subject to a Return on Funds Employed (ROFE) hurdle (ROFE Component).

Each component will be tested on or around 1 September 2023, with no re-testing of either performance hurdle.

## Explanatory Notes (continued)

The Board believes that a relative TSR hurdle measured against constituents of the S&P/ASX 100 Index provides alignment between comparative shareholder returns and reward for Mr Todorcevski, and provides reasonable alignment with diversified portfolio investors.

The ROFE performance hurdle is intended to reward achievement linked to improving the Company's ROFE performance through the cycle.

### What is the CEO's proposed LTI for FY2021?

The Board is proposing that Mr Todorcevski be granted LTI Rights with a face value of \$4,370,000 being 230% of his Fixed Annual Remuneration (FAR) as at 1 July 2020.

Importantly, the actual value (if any) that Mr Todorcevski may receive from this LTI award cannot be determined until after the end of the three year performance period, because it is dependent on whether the performance hurdles are achieved and the share price at the time of vesting.

The formula used to calculate the number of LTI Rights is set out below.

$$N = \frac{(230\% \times \text{FAR})}{\text{Face value of a Boral Share}}$$

N is the number of LTI Rights to be allocated to Mr Todorcevski. If N is a fractional number, it will be rounded up to the nearest whole number.

230% is the percentage of the CEO's annual FAR applicable for the CEO's LTI for FY2021.

Face value of a Boral share is the volume weighted average price (VWAP) of Boral shares on the ASX during the 12 month trading period up to and including 30 June 2020, being \$3.8010.

Based on this formula, the number of LTI Rights to be allocated is 1,149,698.

### TSR Performance Hurdle

The performance hurdle for the vesting of the TSR Component will be measured by comparing the TSR of the Company with the TSRs of a comparator group comprising the companies in the S&P/ASX 100 Index on 30 June 2020. The period over which the TSR of the Company is compared with the TSRs of companies in the comparator group is the three-year period commencing on 30 June 2020 (Performance Period).

For the purposes of calculating TSR, share prices will be determined by reference to:

- for the opening share price, the VWAP during the 60 trading days ending on the first day of the Performance Period; and
- for the closing share price, the VWAP during the 60 trading days ending on the last day of the Performance Period.

The Board has the discretion to adjust the comparator group to take into account events, including but not limited to, takeovers, mergers or de-mergers that might occur during the Performance Period.

The percentage of the TSR Component which may vest is based on a sliding scale as follows:

If at the end of the Performance Period, the TSR of the Company:	The percentage of the TSR Component which will vest is:
Does not reach the 50th percentile of the TSRs of the S&P/ASX 100	Nil
Reaches the 50th percentile of the TSRs of the S&P/ASX 100	50%
Is between the 50th percentile and the 75th percentile of the S&P/ASX 100	Progressive pro rata vesting from 50% to 100% (i.e. on a straight-line basis)
Reaches or exceeds the 75th percentile of the TSRs of the S&P/ASX 100	100%

The percentage of the TSR Component that does not vest following the end of the Performance Period will lapse (i.e. there will be no further testing).

### ROFE Performance Hurdle

ROFE tests the efficiency and profitability of the Company's capital investments. ROFE will be determined by the Board based on earnings before interest and tax (EBIT) (before significant items) as a percentage of average Funds Employed (where Funds Employed is the sum of net assets and net debt).

In determining the Company's ROFE performance, the Board may make adjustments where it considers it necessary or appropriate in order to accurately reflect the ROFE outcomes in a manner that rewards performance that is consistent with shareholder expectations and the intent and purpose of the relevant ROFE target.

The ROFE performance hurdle is intended to reward achievement linked to improving the Company's ROFE performance through the cycle. In general, any ROFE performance that exceeds the weighted average cost of capital (WACC) over the long-term performance period is considered to be aligned to our aim of creating sustained shareholder value.

On review of the previous vesting schedule, the Board determined that allowing 50% 'cliff' vesting at threshold could be better aligned with the overall aim of rewarding incremental performance above WACC. Accordingly, for FY2021, the percentage of the ROFE Component that may vest will be determined by the Board based on ROFE performance for the financial year ending 30 June 2023 in accordance with the new vesting schedule on the following page.

<b>If the Company's ROFE performance for FY2023 is:</b>	<b>Proposed vesting</b>
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%

Vesting will occur on a straight-line basis between Target and Stretch.

The percentage of the ROFE Component that does not vest in accordance with this schedule will lapse (i.e. there will be no further testing).

This vesting range emphasises performance above WACC.

The share of EBIT (before significant items) from our JVs (rather than post-tax JV earnings) will be included in the pre-tax ROFE calculation, consistent with the treatment for Boral's wholly owned businesses. WACC will be calculated by Boral on a pre-tax basis, providing a direct comparison with the pre-tax ROFE measure, using the average annual WACC over the three year period from 1 July 2020 (for the FY2021 grant). The calculation will be overseen by the Audit & Risk Committee supporting the Remuneration & Nomination Committee and the Board, and will be reviewed and validated by an independent external advisor.

While the Board retains discretion to consider a different treatment on a case-by-case basis, ROFE outcomes are expected to be calculated on the basis of funds employed after impairment. Property earnings will continue to be included in the ROFE metric, but they will be averaged over the 3-year performance period to reduce the likelihood of distorting outcomes in a particular year.

The calculated WACC for each year and the Company's ROFE performance will be disclosed retrospectively in Boral's Remuneration Report.

### **Vesting**

Following vesting, the rights will become exercisable. On exercise, the rights will be converted to fully paid ordinary shares in the Company or, at the Board's discretion, Mr Todorcevski may instead receive a cash-equivalent payment. Any shares delivered to Mr Todorcevski on vesting and exercise of his rights may be purchased on-market or issued by the Company. No amount will be payable by Mr Todorcevski for those shares.

The rights do not carry any voting rights. Upon exercise of vested rights, Mr Todorcevski will receive additional shares equal in value to any dividends accrued and notionally reinvested (to acquire additional shares) during the period from vesting to the exercise date of the rights. The number of additional shares allocated for each dividend will be calculated with reference to the number of underlying shares (including any additional shares from earlier dividends notionally reinvested to acquire shares), divided by the closing price of a Boral share on ASX on the relevant ex-dividend date.

### **Post-exercise trading restriction**

Shares allocated following the exercise of vested rights will be subject to disposal restrictions until the later of 12 months following vesting and when Mr Todorcevski exceeds the applicable minimum shareholding requirement. The Board can determine to release disposal restrictions so that Mr Todorcevski can sell a sufficient number of Shares to meet tax obligations.

### **Cessation of employment**

#### ***Unvested rights***

If Mr Todorcevski resigns or his employment is terminated for cause (for example, as a consequence of misconduct or fraud), any unvested rights will lapse. If Mr Todorcevski ceases employment in any other circumstance, Mr Todorcevski will generally be permitted to retain a pro-rata amount of his unvested rights (based on time completed). The retained rights will remain "on foot" and may vest at the normal vesting date, subject to the satisfaction of the relevant performance hurdles.

The Board retains an overriding discretion to determine that a different treatment should apply.

#### ***Vested rights***

If Mr Todorcevski resigns or his employment is terminated for cause, all vested but unexercised rights will lapse on the date employment ceases, unless the Board determines otherwise. If Mr Todorcevski ceases employment in any other circumstance, vested rights must be exercised within 90 days of cessation. Any rights not exercised within this period will lapse.

#### ***Shares***

Mr Todorcevski will be unable to dispose of any shares held for a period of 12 months following cessation of employment (except where the sale of shares is required to meet tax obligations).

## Explanatory Notes (continued)

### Change of control

The Board has absolute discretion to determine that some or all of the unvested rights will vest if there is a takeover or other event likely to result in a change in control of the Company.

In exercising this discretion, the Board will have regard to all relevant circumstances.

### Preventing inappropriate or unfair benefits

Mr Todorcevski's rights are subject to forfeiture or "clawback" provisions that the Board may apply in certain circumstances to ensure that Mr Todorcevski does not obtain an inappropriate or unfair benefit, for instance if there is a material misstatement in the Company's accounts.

### Boral Equity Incentive Plan

The Board may amend or waive terms under the Boral Equity Incentive Plan, subject to the ASX Listing Rules. Subject to the Listing Rules, the Board may make such adjustments to rights awarded under the Plan as the Board considers appropriate in order to minimise or eliminate any material advantage or disadvantage to Mr Todorcevski resulting from a corporate action such as a capital raising or capital reconstruction. The Remuneration Report in the Company's Annual Report for the financial year ended 30 June 2020 contains further details about the Boral Equity Incentive Plan.

Additional information provided for shareholders in accordance with ASX Listing Rules

- Listing Rule 10.15.4 requires this Notice of Meeting to include details (including the amount) of Mr Todorcevski's current total remuneration:

<b>Fixed Annual Remuneration (FAR)</b>	\$1,900,000, comprising \$1,750,000 in cash and 8% in the form of equity (\$150,000 on a face value basis as determined by the Board).
<b>FY2021 Long Term Incentive</b>	230% of FAR

- No LTI Rights have previously been issued to Mr Todorcevski under the Boral Equity Incentive Plan.
- The Company grants rights under the Boral Equity Incentive Plan because they create share price alignment between Mr Todorcevski and shareholders while providing greater flexibility than shares.
- Assuming that shareholder approval is forthcoming, the Company intends to grant the LTI Rights to Mr Todorcevski immediately after the AGM and, in any event, no later than 12 months after approval is obtained. If not approved, the remuneration intended to be delivered by way of rights may be delivered in cash, but only if the performance hurdles which would otherwise have applied are satisfied.
- No amount will be payable by Mr Todorcevski for rights granted under the Boral Equity Incentive Plan as they form part of his total remuneration package.
- No other Director of the Company is entitled to participate in Boral's Equity Incentive Plan.

- No loan will be made by the Company in connection with the award of rights or the allocation to Mr Todorcevski of any shares on vesting of those rights.
- Details of any performance rights issued under the Boral Equity Incentive Plan will be published in Boral's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of rights under the Boral Equity Incentive Plan after this resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

### Directors' Recommendation

The Board (with Mr Todorcevski abstaining) recommends that shareholders vote in favour of the resolution to approve the grant of LTI Rights to Mr Todorcevski.

### ITEM 5 – AWARD OF FIXED EQUITY RIGHTS TO ZLATKO TODORCEVSKI, CEO & MANAGING DIRECTOR

Shareholder approval is being sought to allocate to the Company's CEO & Managing Director, Zlatko Todorcevski, rights to receive fully paid ordinary shares in the Company (Shares) as Mr Todorcevski's fixed equity grant for FY2021 (Fixed Equity Rights).

If shareholder approval is obtained, the rights will be granted under Boral's Equity Incentive Plan.

### Why is approval sought?

The Company is seeking approval for the proposed grant of rights to Mr Todorcevski pursuant to ASX Listing Rule 10.14, which requires the Company to obtain shareholder approval in order to issue securities to a director under an employee incentive scheme, and in the interests of transparency and good governance.

Any required or appropriate shareholder approval for future equity awards to be made to Mr Todorcevski will be sought at future annual general meetings.

### What is the CEO's proposed fixed equity for FY2021?

The Board is proposing that Mr Todorcevski be granted Fixed Equity Rights with a face value of \$150,000 being approximately 8% of his FAR as at 1 July 2020.

The Fixed Equity Rights are part of Mr Todorcevski's fixed annual remuneration and accordingly are not subject to performance conditions.

The number of Fixed Equity Rights to be allocated to Mr Todorcevski is calculated by taking the \$150,000 proportion of his FAR as at 1 July 2020, and dividing it by the face value of a Boral share. If this results in a fractional number, it will be rounded up to the nearest whole number.

The face value of a Boral share is the volume weighted average price (VWAP) of Boral shares on the ASX during the 12 month trading period up to and including 30 June 2020, being \$3.8010.

Based on the above, the number of Fixed Equity Rights to be allocated is 39,464.

### **Vesting**

Fixed Equity Rights vest on a pro-rata basis over the FY2021 financial year in equal monthly instalments, subject to Mr Todorcevski's continued employment with the Company. If shareholder approval is obtained, rights granted in relation to July, August, September and October 2020 will be fully vested at grant.

Following vesting, the rights will become exercisable. On exercise, the rights will be converted to shares or, at the Board's discretion, Mr Todorcevski may instead receive a cash-equivalent payment. Any shares delivered to Mr Todorcevski on vesting and exercise of his rights may be purchased on-market or issued by the Company. No amount will be payable by Mr Todorcevski for those shares.

The rights do not carry any voting rights. Upon exercise of vested rights, Mr Todorcevski will receive additional shares equal in value to any dividends accrued and notionally reinvested (to acquire additional shares) during the period from the date of the AGM to the exercise date of the rights. The number of additional shares allocated for each dividend will be calculated with reference to the number of underlying shares (including any additional shares from earlier dividends notionally reinvested to acquire shares), divided by the closing price of a Boral share on ASX on the relevant ex-dividend date.

### **Post-exercise trading restriction**

Shares allocated following the exercise of vested rights will be subject to disposal restrictions until Mr Todorcevski exceeds the applicable minimum shareholding requirement. The Board can determine to release disposal restrictions so that Mr Todorcevski can sell a sufficient number of Shares to meet tax obligations.

### **Cessation of employment**

#### ***Unvested rights***

If Mr Todorcevski ceases employment, any unvested rights will lapse unless the Board determines otherwise.

#### ***Vested rights***

If Mr Todorcevski ceases employment, vested rights must be exercised within 90 days of cessation. Any rights not exercised within this period will lapse.

#### ***Shares***

Mr Todorcevski will be unable to dispose of any shares held for a period of 12 months following cessation of employment (except where the sale of shares is required to meet tax obligations).

### **Other terms**

The Explanatory Note to Item 4 contains a summary of other material terms generally applicable to rights awarded under the Boral Equity Incentive Plan.

Additional information provided for shareholders in accordance with ASX Listing Rules

- Assuming that shareholder approval is forthcoming, the Company intends to grant the Fixed Equity Rights to Mr Todorcevski immediately after the AGM and, in any event, no later than 12 months after approval is obtained. If not approved, the equivalent value will instead be delivered to Mr Todorcevski as cash salary.
- No Fixed Equity Rights have previously been issued to Mr Todorcevski under the Boral Equity Incentive Plan.
- Further information required by ASX Listing Rule 10.15 is set out in the Explanatory Note to Item 4 under the heading "Additional information provided for shareholders in accordance with ASX Listing Rules".

### **Directors' Recommendation**

The Board (with Mr Todorcevski abstaining) recommends that shareholders vote in favour of the resolution to approve the grant of Fixed Equity Rights to Mr Todorcevski.

**BORAL LIMITED**  
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**AGM DETAILS**

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

