

Corporate Governance Statement

Introduction

This Corporate Governance Statement outlines Boral's governance framework. Boral is committed to ensuring that its policies and practices reflect a high standard of corporate governance.

The Board recognises that good corporate governance is essential to building trust and creating long-term shareholder value, supported by Boral's redefined Purpose and Values.

As set out earlier in the Annual Report, our Purpose is **creating a world future generations will be proud of**, and our corporate Values are:

- Looking out for each other
- Leading the way
- Doing what we say
- Achieving together.

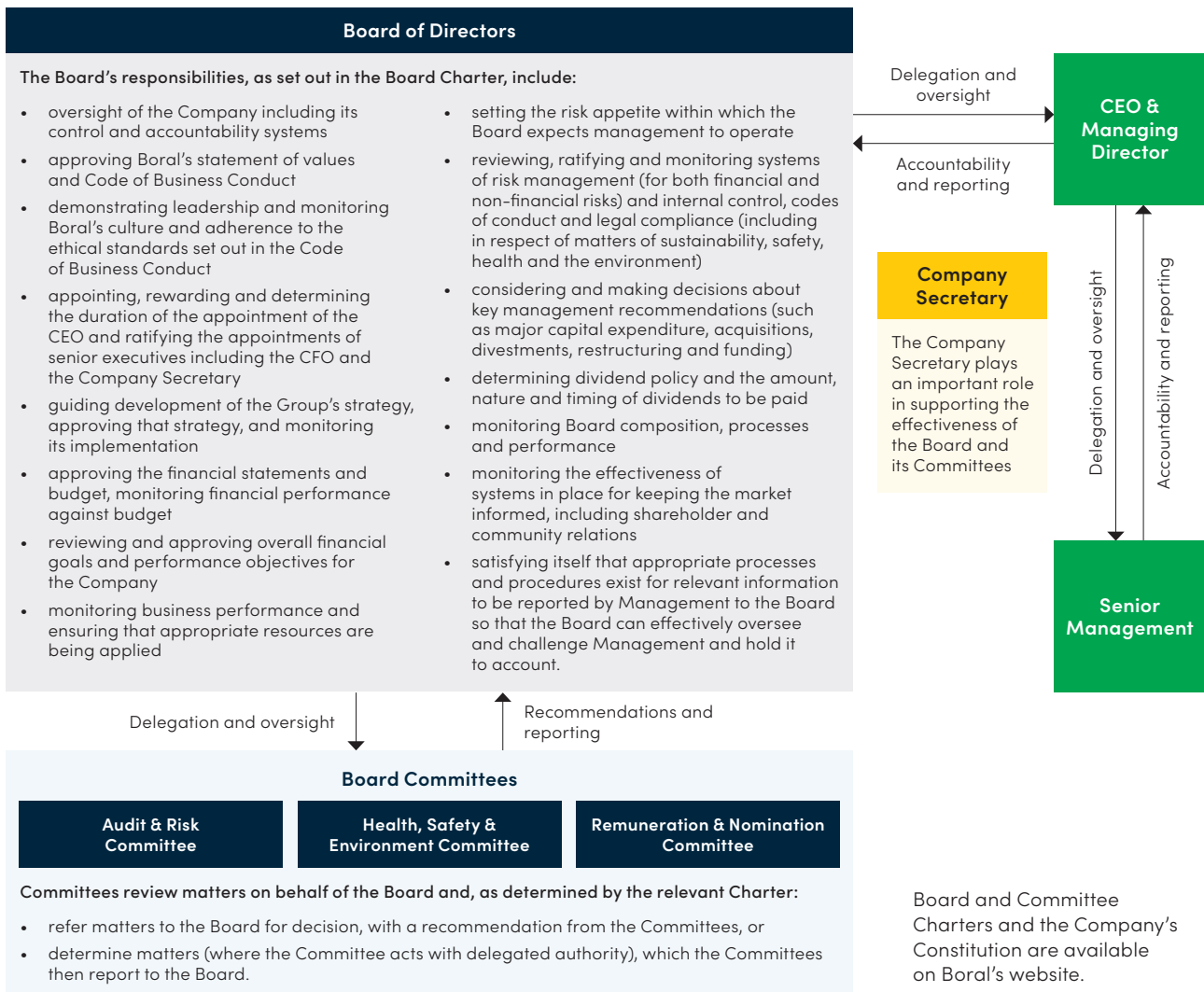
Our Purpose and Values are expected to inform all our decisions, from the top down. The Values are supported by our governance framework and underpin our corporate culture.

Throughout FY2022, Boral's governance arrangements were, unless otherwise stated, consistent with the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council (the ASX Principles and Recommendations).

The Board continually reviews governance at Boral to ensure that our arrangements remain appropriate in light of changing expectations and general developments in good corporate governance.

In accordance with the ASX Principles and Recommendations, the Boral policies referred to in this statement have been posted to the corporate governance section of Boral's website: boral.com/corporate_governance.

This Corporate Governance Statement is current as at 30 June 2022 (unless otherwise stated) and has been approved by the Board of Boral Limited.



The Board and its role

Responsibilities of the Board

Directors are accountable to shareholders for the Company's performance and governance. The Board has delegated to the CEO & Managing Director and, through the CEO & Managing Director, to other senior executives, responsibility for the day-to-day management of the Company's affairs and implementation of the Company's strategy and policy initiatives. The CEO and other senior executives have written agreements in place that set out their terms of appointment, and all executives are to operate in accordance with Board-approved policies and delegated limits of authority.

The diagram on page 44 summarises Boral's governance framework and the functions reserved for the Board in accordance with the Board Charter.

Non-executive Directors typically spend at least 35 days each year (considerably more in the case of the Chairman) on Board business and activities. However, there has been significantly increased Board activity in recent years as a result of responding to the COVID-19 pandemic, trading conditions and increased corporate activity including strategic repositioning, portfolio divestments and the takeover bid response. Board activity includes Board and Committee meetings, meetings with senior management to discuss in detail the strategic direction of the Company's businesses, visits to operations, and meeting employees, customers and other stakeholders. The Board's engagement with our people through these business level reviews and operational visits provides additional insights around Boral's culture, capability and execution.

Composition of the Board

Membership

As at 30 June 2022, the Board consisted of eight directors, five of whom were considered independent.

The current composition of the Board is as follows:

| | |
|--------------------|------------------------------------|
| Mr Ryan Stokes AO | Non-executive Chairman |
| Zlatko Todorcevski | CEO & Managing Director |
| Rob Sindel | Lead Independent Director |
| Jacqueline Chow | Independent non-executive Director |
| Mark Johnson | Independent non-executive Director |
| Karen Moses | Independent non-executive Director |
| Paul Rayner | Independent non-executive Director |
| Richard Richards | Non-executive Director |

Boral's Constitution provides that there will be a minimum of three Directors and a maximum of 12 Directors on the Board. The roles of the Chairman and the CEO & Managing Director are not exercised by the same individual.

Chairman's appointment and responsibilities

The Board selects the Chairman from the non-executive Directors. The Chairman is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and Management. The Chairman regularly communicates with the CEO & Managing Director to review key issues and performance trends. They also represent the Company in the wider community.

Mr Ryan Stokes AO was appointed non-executive Chairman of the Board on 30 July 2021. Mr Stokes is the Managing Director and Chief Executive Officer of the Company's majority shareholder, Seven Group Holdings (SGH), and accordingly is not considered to be independent. The Board acknowledges the ASX recommendation that the Chairman should be an Independent Director, however the Board considers it appropriate that Mr Stokes is Chairman of the Board in light of SGH's majority shareholding and having regard to his experience, business relationships and insights.

Skills and diversity of the Board

Matters relating to the composition of the Board and its Committees are considered by the Remuneration & Nomination Committee in accordance with the framework set out in the Remuneration & Nomination Committee Charter and through processes implemented by the Board.

The Board actively seeks to ensure that it has an appropriate mix of diversity, skills, experience and expertise to enable it to discharge its responsibilities effectively and to be well-equipped to assist our Company to navigate the range of opportunities and challenges we face.

Diversity includes differences that relate to industry experience, tenure, gender, age and cultural background, as well as differences in life experience, communication styles, interpersonal skills, education, functional expertise and problem-solving skills.

To assist in identifying areas of focus and maintaining an appropriate and diverse mix in its membership, the Board uses a skills matrix. The matrix is an important, but not the only, basis of criteria applying to Board appointments. When the Board reviews the skills matrix, it looks to ensure that it covers the skills needed to address existing and emerging business and governance issues for the Company.

The Board skills matrix sets out the mix of skills, experience and expertise that the Board currently has and is looking to achieve in its membership. The matrix supports the Company's overarching strategy and priorities for the business, as well as other areas of relevance to the composition of the Board.

Referring to the Board skills matrix on this page, each of the areas is currently well represented on the Board. The Board benefits from the combination of Directors' individual skills, experience and expertise in particular areas, as well as the varying perspectives and insights that arise from the interaction of Directors with diverse backgrounds.

The Board continues to have a majority of independent Directors, with an appropriate governance framework consistent with promoting the best interests of all shareholders.

In December 2021, the Board announced the appointment of two new independent non-executive Directors, Jacqueline Chow and Mark Johnson. Ms Chow brings extensive skills and knowledge across strategy, transformation, innovation, technology and marketing; and across a range of sectors, including industrial, retail, financial services and telecommunications. Mr Johnson brings extensive finance, accounting and risk management capability from his 30-year career in audit and accounting, and substantial board experience gained across multiple sectors, including industrial, property and manufacturing.

The areas addressed in the matrix are as follows.

Board skills matrix – skills and experience across the Board as a whole to support Boral's strategy and business priorities

| Element | Skills |
|------------|------------------------------------|
| Leadership | Executive leadership |
| | Health, safety and environment |
| Portfolio | Strategy, mergers and acquisitions |
| | Financial acumen |
| | Risk management |
| | Global experience |
| | Market and customer knowledge |
| | Innovation |
| | Change and transition |
| People | Information technology |
| | Organisational sustainability |
| | Remuneration and rewards |
| Governance | Governance and regulation |
| | Board experience |

The skills, experience and expertise of each Director are set out on pages 38-40 of this Annual Report.

Director independence

The Board has assessed the independence of each non-executive Director in light of their interests, positions, associations and relationships, and considers each of them to be independent, with the exception of Mr Stokes and Mr Richards.

Mr Stokes and Mr Richards are senior executives with SGH, and SGH and its associated entities hold a relevant interest in up to 69.6% of Boral's shares.

The criteria considered in assessing the independence of non-executive Directors include that the Director:

- is not and does not represent a substantial shareholder of the Company and has not within the last three years been an officer or employee of, or professional advisor to, a substantial shareholder
- is not employed, or has not previously been employed, in an executive capacity by a Boral company or, if they have been previously employed in an executive capacity, there has been a period of at least three years between ceasing such employment and serving on the Board
- does not receive performance-based remuneration from, or participate in, an employee incentive scheme of Boral
- has not been within the last three years in a material business relationship (e.g. as a supplier, professional advisor, consultant or customer) with a Boral company, or an officer of or otherwise associated with someone with such a relationship

- has no material contractual relationship with a Boral company other than as a Director
- does not have close personal ties with any person who falls within any of the categories described above, or
- has not been a Director of Boral for such a period that their independence may have been compromised.

For those Directors assessed as independent, none of the interests of those Directors (or the interests of persons with whom Directors have close family ties) with other firms or companies having a business relationship with Boral could materially interfere with the ability of those Directors to act in Boral's best interests. 'Material', in the context of Director independence is, generally speaking, regarded as 5% of the revenue of the supplier, customer or other entity being attributable to the association with a Boral company or companies.

Accordingly, all of the non-executive Directors are considered independent, with the exception of Mr Stokes and Mr Richards.

Conflicts of interest

In accordance with Boral's Constitution and the Corporations Act 2001 (Cth) (Corporations Act), Directors are required to declare the nature of any interest they have in business to be dealt with by the Board. Except as permitted by the Corporations Act, Directors with a material personal interest in a matter being considered by the Board may not be present when the matter is being considered and may not vote on the matter.

The Board has put in place appropriate policies and procedures such as the Information Sharing and Conflict Protocol and Independent & Related Party Committee Charter to manage any potential conflicts.

Established on 30 July 2021, the Independent & Related Party Committee consists of all of the independent non-executive Directors. The Committee provides a forum to review material transactions between Boral and its related parties.

Review of related party transactions by the Committee occurs without non-independent Directors present.

The Committee will meet as required, and will otherwise hold discussions and receive management reports concerning related party transactions as necessary.

The Committee provides an opportunity for the independent Directors to meet without the presence of the non-independent Directors. The Committee is also responsible for considering relevant matters that arise under the Information Sharing and Conflict Protocol.

Mr Sindel, as the Chairman of the Independent & Related Party Committee performs the function of Lead Independent Director on the Board.

Tenure

Under Boral's Constitution, and as required by the ASX Listing Rules, a Director must not hold office (without re-election) past the longer of the third Annual General Meeting (AGM) and three years following that Director's last election. Retiring Directors are eligible for re-election. When a vacancy is filled by the Board during a year, the new Director must stand for election at the next AGM. The requirements relating to retirement from office do not apply to the Managing Director of the Company.

The length of service of each current Director is set out on pages 38-40 of this Annual Report, and while the Board has been well served with an appropriate and diverse mix of tenure over time, the Board's orderly succession and renewal plan is ongoing.

The Board does not regard nominations for re-election as being automatic but rather as being based on the individual performance of Directors and the needs of the Company. Before the business to be conducted at the AGM is finalised, the Board discusses the performance of Directors standing for re-election in the absence of those Directors. Each Director's suitability for re-election is considered on a case-by-case basis, having regard to individual performance. Tenure is just one of the many factors the Board takes into account when assessing the independence and ongoing contribution of a Director.

Induction and training

Management, with the Board, provides an orientation program for new Directors. The program includes:

- briefings from executives and management, including detailed introductions to Boral's business and strategy implementation, history, culture, industry and key risks and opportunities
- an introduction to Boral's regulatory environment, including legal duties and responsibilities of Boral Directors, and accounting matters where the Director requests additional background
- the provision of induction materials such as the Strategic Plan and governance charters and policies, and
- discussions with other Directors and, where practicable, site visits to some of Boral's key operations.

The Company also supports continuing education for Directors to develop their professional skills. This is considered regularly in light of emerging business and governance issues relevant to Boral. The Board receives appropriate briefings on material developments in laws, regulations and accounting standards relevant to the Company.

Succession planning

Board succession planning, and the progressive and orderly renewal of Board membership, are an important part of the governance process. The Board's approach for the selection, appointment and re-appointment of Directors is to ensure that the Board possesses an appropriate range of skills, experience and expertise to enable it to carry out its responsibilities most effectively.

As part of the appointment process, Directors consider Board renewal and succession plans, and whether the Board is of a size and composition that is conducive to making appropriate decisions.

The non-executive Directors meet on a regular basis without management present in a forum intended to allow for open discussion, including in relation to Board and management performance.

| Process | Explanation |
|--|---|
| Board review | <ul style="list-style-type: none"> The appointment of Directors follows a process during which the full Board (with the assistance of external search consultants) assesses the necessary and desirable competencies of potential candidates and considers a number of candidates before deciding on the most suitable candidate for appointment. The selection process includes obtaining background checks on candidates and assistance from an external consultant, where appropriate, to identify and assess suitable candidates. Background checks are conducted before appointing a Director and putting forward a candidate to shareholders. These checks include the candidate's experience, education, criminal record and bankruptcy history, and reference checks. Candidates identified as being suitable are interviewed by a number of Directors. Confirmation is sought from prospective Directors that they would have sufficient time to fulfil their duties as a Director. |
| Remuneration & Nomination Committee recommendation | <ul style="list-style-type: none"> The Remuneration & Nomination Committee is responsible for making recommendations to the Board on matters such as succession plans for the Board, suitable candidates for appointment to the Board, Board induction and Board evaluation procedures. |
| Appointment | <ul style="list-style-type: none"> At the time of appointing a new non-executive Director, the key terms and conditions relative to that person's appointment, the Board's responsibilities and the Company's expectations of a Director are set out in a letter of appointment. All current Directors have been provided with a letter confirming their terms of appointment. |
| Shareholder communications | <ul style="list-style-type: none"> When candidates are submitted to shareholders for election or re-election, the Company includes in the Notice of Meeting all information in its possession that is material to the decision on whether to elect or re-elect the candidate. |

Access to information, independent advice and indemnification

After consultation with the Chairman, Directors may seek independent professional advice, in furtherance of their duties, at the Company's expense. Directors may also request relevant information from management at any time through the Chairman or the Company Secretary.

The Company Secretary, who is accountable to the Board through the Chairman, provides advice and support to the Board and is responsible for all matters to do with the proper functioning of the Board.

Board Committees

The qualifications and experience of each Committee member are set out on pages 38–40 of this Annual Report. Details of the number of Committee meetings Directors attended during the reporting period are set out on page 61 in the Directors' Report.

Open lines of communication exist between all of Boral's Board Committees. This is intended to prevent any gaps in risk oversight and to maintain a broader picture of Boral's risk profile.

Audit & Risk Committee

Composition and role

Boral has an Audit & Risk Committee that assists with the effective operation of the Board. The Audit & Risk Committee comprises a majority of independent non-executive Directors. Its members were:

| |
|---|
| Paul Rayner (Chairman) |
| Jacqueline Chow (appointed 1 March 2022) |
| Deborah O'Toole (retired 28 October 2021) |
| Mark Johnson (appointed 1 December 2021) |
| Karen Moses |
| Richard Richards (appointed 30 July 2021) |

The Committee met four times during FY2022.

The Audit & Risk Committee has a formal Charter that sets out its role and responsibilities, composition, structure and membership requirements. Its responsibilities include review and oversight of:

- the financial information provided to shareholders and the public
- the integrity and quality of Boral's financial statements and disclosures
- the systems and processes that management have established with oversight from the Board to identify and manage areas of key financial and non-financial risk, and the effectiveness of Boral's risk management framework
- risk culture, and
- Boral's auditing, accounting and financial reporting processes and control framework.

The Committee has the necessary power and resources to meet its responsibilities under its Charter, including rights of access to management and auditors (internal and external), and to seek explanations and additional information.

Accounting and financial control policies and procedures have been established, and are monitored by the Committee to ensure that the financial reports and other records are accurate and reliable. Any new accounting policies are reviewed by the Committee.

Compliance with these procedures and policies and limits of authority delegated by the Board to management are subject to review by the external and internal auditors.

When considering the yearly and half yearly financial reports, the Audit & Risk Committee reviews the carrying value of assets, provisions and other accounting issues. Questionnaires completed by management are reviewed by the Committee half yearly.

The external and internal auditors attend each scheduled meeting of the Committee and report to the Committee as appropriate on the outcome of their audits and the quality of controls throughout Boral. As part of its agenda, the Audit & Risk Committee meets with the external and internal auditors, in the absence of the CEO & Managing Director and the Chief Financial Officer, at each meeting during the year.

The Chairman of the Audit & Risk Committee reports to the full Board after Committee meetings. Minutes of meetings of the Audit & Risk Committee are included in the papers for the next full Board meeting after each Committee meeting.

Responsibilities in relation to the external audit and internal audit

Boral's external auditor is Deloitte. At least annually, as occurred in FY2022, the Audit & Risk Committee reviews the scope of the external audit and evaluates the quality of the performance, the effectiveness and the independence of the external auditor.

In FY2022, the Audit & Risk Committee used a formal and competitive tender process for the selection and appointment of the new external auditor, and recommended to the Board the external auditor to be appointed. Deloitte commenced as auditor following shareholder approval at the AGM on 28 October 2021.

The Audit & Risk Committee monitors procedures to ensure the rotation of external audit engagement partners every five years as required by the *Corporations Act*.

The Audit & Risk Committee has approved a process for the monitoring and reporting of non-audit work to be undertaken by the external auditor. The types of services the external auditor is prohibited from participating in because it could impair, or might appear to impair, their independence include the participation in activities normally undertaken by management and where the external auditor would be required to review their work as part of the audit.

The Independence Declaration by the external auditor is set out on page 64. The Committee's role in relation to the internal audit function is discussed on page 52.

Remuneration & Nomination Committee

Composition and role

The Board has a Remuneration & Nomination Committee that comprises a majority of independent non-executive Directors.

The members of the Committee were:

| |
|---|
| Rob Sindel (Chairman) |
| Peter Alexander (retired 28 October 2021) |
| Kathryn Fagg (retired 30 July 2021) |
| Mark Johnson (appointed 5 March 2022) |
| Ryan Stokes |

The Committee met four times during FY2022.

The Remuneration & Nomination Committee has a formal Charter that sets out its role and responsibilities, composition, structure and membership requirements. The Committee's responsibilities include reviewing, advising and making recommendations to the Board on:

- Boral's remuneration framework (including incentive policies and practices, remuneration arrangements for the CEO and the CEO's direct reports)
- whether the Group's remuneration policies are aligned with Boral's values, strategic objectives and culture
- whether remuneration outcomes are consistent with the Company's remuneration philosophy, aligned with the Company's performance and the shareholder experience, and demonstrate alignment between executive reward and shareholder value
- suitable candidates for appointment to the Board
- the Board skills matrix
- succession planning policy and approach generally, and the succession plan for the CEO in particular
- developing and implementing procedures for the Board's periodic evaluation of its performance and the endorsement of retiring Directors seeking re-election, and
- Board induction and the provision of appropriate training and development opportunities for Directors as required.

The Committee makes recommendations to the full Board on remuneration arrangements for the CEO & Managing Director and senior executives and, as appropriate, on other aspects arising from its functions.

Part of the role of the Remuneration & Nomination Committee is to advise the Board on the remuneration policies and practices for Boral generally and the remuneration arrangements for senior executives.

Further information relating to the key areas of focus for the Remuneration & Nomination Committee in FY2022 is set out in the Remuneration Report from page 65.

Health, Safety & Environment Committee

Composition and role

The Board has a Health, Safety & Environment Committee that comprises a majority of independent non-executive Directors.

The members of the Committee were:

| |
|---|
| Karen Moses (Chairman) |
| Jacqueline Chow (appointed 1 July 2022) |
| Kathryn Fagg (retired 30 July 2021) |
| Deborah O'Toole (retired 28 October 2021) |
| Ryan Stokes (appointed 30 July 2021) |
| Richard Richards (appointed 30 July 2021) |
| Zlatko Todorcevski |

The Committee met four times during FY2022.

The Health, Safety & Environment Committee has a formal Charter that sets out its role and responsibilities, composition and structure. The Committee's responsibilities include reviewing and monitoring:

- the Group's strategy for health, safety and environment (HSE) and management's plans to improve HSE performance
- the effectiveness of the Group's policies, systems and governance structure for identifying and managing HSE risks that are material to the Group
- the policies and systems within the Group for ensuring compliance with applicable legal and regulatory requirements associated with HSE matters
- the performance of the Group, assessed by reference to agreed targets and measures, in relation to HSE matters, including the impact on employees, third parties and the reputation of the Group
- the output of the Group's audit performance in relation to HSE matters
- the adequacy of the Group's systems for reporting actual or potential accidents, breaches and significant incidents, and review of investigations and remedial actions in respect of any significant incident, and
- the Group's material reports, which are prepared and lodged in compliance with its statutory obligations concerning the environment and sustainability reporting.

In performing its role, the Committee seeks to support the activities of Management and enhance the HSE culture of the Group through its interactions with employees and others during meetings and site visits.

Role and responsibility of the Executive Committee

Performance evaluation process

Under the supervision of the CEO, the Executive Committee is responsible for implementing Boral's strategic objectives. The Executive Committee has also been delegated responsibility for managing business performance, monitoring and reviewing material financial and non-financial risks, and overseeing and developing Boral's people.

The Executive Committee as a whole is collectively responsible for meeting these delegated responsibilities, and each member is delegated specific accountability for overseeing their part of Boral's business (details of the Executive Committee are set out on pages 41–43 of this Annual Report).

The Executive Committee is also responsible for providing timely and accurate reports to the Board on Boral's business and operations, to assist the Board in discharging its duties and responsibilities effectively.

Members of the Executive Committee (as well as other senior executives) are employed by Boral through individual Executive Services Agreements. The pre-employment process for executives includes obtaining background checks with the assistance, where appropriate, of an external consultant, to verify qualifications and determine suitability for the role.

Performance evaluation and remuneration

Performance evaluation process

The following table explains the Company's performance evaluation processes for the Board, Committees, individual Directors and senior executives.

| Board, Committees and Directors | CEO & Managing Director | Senior executives |
|--|--|--|
| <p>The Board undertakes an evaluation of the performance of the Board, its Committees, individual Directors and the Chairman.</p> <p>Periodically, this review is undertaken with the assistance of an external facilitator. The evaluation encompasses a review of the structure and operation of the Board, and the skills and characteristics required by the Board to maximise its effectiveness. It also considers whether the blending of skills, experience and expertise, and the Board's practices and procedures are appropriate for the present, and future needs of the Company.</p> <p>Steps involved in the evaluation include the completion of a questionnaire by each Director, review of responses to the questionnaire at a Board meeting, and a private discussion between the Chairman and each Director.</p> | <p>On an annual basis, the Remuneration & Nomination Committee and subsequently the Board formally review the performance of the CEO & Managing Director.</p> <p>The criteria assessed are both qualitative and quantitative, and include profit performance, other financial measures, safety performance, financial and non-financial risk identification and management, and strategic actions.</p> <p>Further details on the assessment criteria for CEO & Managing Director and senior executive remuneration (including equity-based plans) are set out in the Remuneration Report, which forms part of the Annual Report.</p> | <p>The CEO & Managing Director annually reviews the performance of each of Boral's senior executives, being members of the Executive Committee, using criteria consistent with those used for reviewing the CEO & Managing Director.</p> <p>The performance of senior executives is reviewed annually against appropriate measures as part of Boral's performance management system, which applies to all managers and staff. The system includes processes for setting objectives and the annual assessment of performance against objectives and workplace style and effectiveness.</p> <p>The CEO & Managing Director presents the outcomes of those reviews to the Board through the Remuneration & Nomination Committee. The Remuneration & Nomination Committee retains discretion as to the appropriateness of remuneration outcomes for the Executive Committee, both individually and as a whole.</p> |
| <p>The last evaluation to occur in accordance with this process took place in FY2020. Recognising the Board changes in recent years, an evaluation of the performance of the Board, its Committees and individual Directors is expected to take place in FY2023.</p> | <p>An evaluation of the performance of the CEO & Managing Director took place for FY2022 in accordance with the process described above.</p> | <p>An evaluation of the performance of senior executives of Boral took place for FY2022 in accordance with the process described above.</p> |

Remuneration

Remuneration of non-executive Directors

The remuneration of non-executive Directors is fixed. The non-executive Directors do not receive any options, at-risk remuneration or other performance-related incentives. Nor are there any schemes for retirement benefits for non-executive Directors.

The remuneration arrangements for non-executive Directors are distinct from the arrangements for senior executives.

Remuneration of senior executives

Boral's remuneration policy and practices for senior executives, including the CEO & Managing Director, are designed to attract, motivate and retain high-quality people. The policy is built around principles that:

- executive rewards be competitive in the markets in which Boral operates
- executive remuneration has an appropriate balance of fixed and at risk reward
- remuneration be linked to Boral's performance and the creation of shareholder value
- at-risk remuneration for executives has both short- and long-term components, and
- a significant proportion of executive reward be dependent upon performance assessed against key business measures.

These principles ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

Further information relating to the remuneration of the non-executive Directors and senior executives is set out in the Remuneration Report from page 65.

Risk management framework

The Boral Risk Management Framework is composed of the systems, policies, processes, and employees that are involved in the identification, assessment, measuring, monitoring, mitigation, and reporting of the material financial and non-financial risks of our business. Details regarding our approach to managing our specific material risks are contained in the OFR (pages 4-26).

Risk identification and management

Boral's senior leaders and managers are responsible for identifying and effectively managing risks. Under the supervision of the Board, Management is responsible for designing and implementing risk management and internal control systems to manage the Company's material business risks. This includes:

- the identification of material strategic, operational, financial and compliance risks

- the identification and monitoring of emerging business risks, and
- assessment, monitoring, mitigation and reporting of the material identified risks.

The Board (through the Audit & Risk Committee) is responsible for satisfying itself that a sound system of risk oversight and management exists and that internal controls are effective.

In particular, the Board seeks assurance that:

- the material strategic, operational, financial and compliance risks are identified
- systems are in place to assess, manage, monitor and report on these risks, and
- these systems are rigorously tested to ensure they are operating effectively at all stages of the risk management cycle.

On at least an annual basis, Group Risk facilitates risk management workshops with a cross-section of people from the business. Outcomes are shared with the Audit & Risk Committee and Management, who also receive presentations by senior management on emerging risks and risk management initiatives.

Boral's Management has reported to the Board (through the Audit & Risk Committee) on the effectiveness of the management of the material business risks faced by Boral during FY2022. The Audit & Risk Committee has reviewed the risk management framework and is satisfied that it continues to be sound, and that Boral is operating with due regard to the risk appetite set by the Board.

Boral's Risk Management Policy is available on Boral's website.

Internal audit

PwC were appointed in December 2021 to carry out Boral's internal audit function (replacing the previous in-house team), providing independent and objective assurance to Management and the Board on the effectiveness of Boral's internal control, risk management and governance systems and processes. PwC are responsible for executing the internal audit plan as approved by the Audit & Risk Committee. In their role as the internal auditor PwC has a direct reporting line and is accountable to the Audit & Risk Committee.

PwC in their internal audit function is independent of Management and has full access to all Boral entities, records and personnel.

The internal audit plan is formulated using a risk-based approach to align audit activity with the key risks of Boral. Internal audit activity and outcomes are reported to the Audit & Risk Committee on at least a quarterly basis.

Sustainability

Details regarding our approach to managing environmental and social risks are contained in the OFR (pages 4-26), including the Risks and Responses section (pages 22-26), as well as in the Sustainability overview section (pages 27-37) of this Annual Report. These explain the Company's approach to managing sustainability, exposure to social and environmental risks, and how that exposure is managed.

Chief Executive Officer and Chief Financial Officer declaration

The CEO & Managing Director and the Chief Financial Officer give a declaration to the Board, before the Board resolves that the Directors' Declaration accompanying the full year and half year financial statements be signed, that in their opinion, the Company's financial records have been properly maintained, and the financial reports comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The CEO & Managing Director and the Chief Financial Officer gave this declaration to the Directors for the full year ended 30 June 2022 and the half year ended 31 December 2021.

Compliance with laws and policies

The Company has adopted policies to monitor compliance with occupational health, safety, environment, anti-corruption and bribery, discrimination, bullying and harassment, and competition and consumer laws throughout the jurisdictions in which it operates.

There are also procedures providing employees with alternative means to usual management communication lines through which to raise concerns relating to suspected illegal or unethical conduct.

There are ongoing programs for the audit of the large number of Boral operating sites. Occupational health and safety, environmental and other risks are covered by these audits. Boral has staff to monitor and advise on workplace health and safety, and environmental issues and, in addition, education programs provide training and information on regulatory issues.

Conduct and ethics

The Board's policy is that Boral's companies and employees must observe both the letter and the spirit of the law, adhere to high standards of business conduct and comply with best practice.

Boral's management guidelines include the Code of Conduct and other guidelines and policies that set out legal and ethical standards for employees. As part of performance management, employees are assessed against Boral's Purpose and Values.

The Code and related guidelines and policies guide the Directors, the CEO & Managing Director, the Chief Financial Officer, the Company Secretary and other key executives as to the practices necessary to maintain confidence in the Company's integrity, and as to the responsibility and accountability of individuals for reporting, and investigating reports of, unethical practices. The Code also guides compliance with legal and other obligations to stakeholders.

Employees are provided with training and awareness programs on expected standards of behaviour, the Boral Values and compliance with the Code of Conduct. Compliance with the Code is monitored by senior management, and the Board is notified of material breaches. The Board reviews the Code periodically, with the latest review occurring in August 2021.

Boral's Code of Conduct is available on Boral's website.

Reporting misconduct

There are procedures providing employees with alternative means to usual management communication lines through which to raise concerns relating to suspected illegal or unethical conduct, including an external telephone service that enables reports to be made anonymously, a facility known as Faircall. The Company believes that whistleblowing can be an appropriate means to protect Boral and individuals, and to ensure that operations are conducted ethically and within the law.

At least twice a year, the Audit & Risk Committee receives a confidential report about the number, nature and status of Faircall reports. All Directors have access to this report.

Material breaches of the Code of Conduct and other Boral policies including anti-corruption and bribery (as contained in the Code) are reported to the Board and /or Audit & Risk Committee as appropriate. All material conduct issues are reported to the Board, whether they are financial or non-financial in nature.

Diversity and inclusion at Boral

We believe that a diverse and inclusive workforce is a critical part of creating sustainable competitive advantage for Boral now, and into the future.

Our commitment to diversity and inclusion is outlined through our Diversity Plan, led by the CEO & Managing Director and governed by the Diversity and Inclusion Council, with progress reported to the Board.

Our Diversity Plan is underpinned by our Diversity and Inclusion Policy, outlining the core principles that employees:

- are expected to act in a manner that embraces difference, supports inclusion and promotes Equal Employment Opportunity, and
- will be treated with dignity, care and respect in a workplace free from discrimination, bullying and harassment.

Boral's Diversity and Inclusion Policy is available on Boral's website.

Measurable objectives for FY2022

Boral's Diversity Plan outlines measurable objectives to support increasing the representation of women in leadership and across the workforce, including in senior executive roles. These measurable objectives align to the areas of: leadership; communication and education; system and process design; gender equality and equity; and Indigenous relations.

The status of each objective and specific actions taken during the reporting period are outlined below.

| Element and objective | Status | Outcomes |
|---|-----------|---|
| 1 Leadership | | |
| 1.1 Leadership engagement: engage senior leaders to take carriage of deploying diversity communication and education | Completed | <ul style="list-style-type: none"> • Undertook an extensive review of our Diversity Plan and consulted with leaders to inform a new diversity and inclusion strategy that supports Boral's sustainability goals. • Established a new Diversity and Inclusion Council, led by the CEO, with executive sponsors appointed to govern and be accountable for delivering Boral's new diversity and inclusion strategy. • Boral's Chief Legal Officer has been appointed as the Executive Sponsor for Gender and facilitated a panel discussion with senior leaders in a business-wide campaign on #breakthebias as part of International Women's Day 2022. • As part of our National Reconciliation Week campaign, employees engaged in learning about Acknowledgement of Country protocols which are being role modelled by leaders in employee meetings. |
| 2 Communication and education | | |
| 2.1 Education: develop a framework for diversity education to provide management with capability to lead and manage diversity and diverse teams | Ongoing | <ul style="list-style-type: none"> • Boral's Diversity Policy has been updated, outlining our commitment to build a diverse and inclusive workplace that supports everyone to belong. • Boral's leaders facilitated diversity and inclusion awareness campaigns including NAIDOC Week, International Women's Day, Ramadan, Pride Month and National Reconciliation Week. Teams engaged with toolbox talks, webinars, and leader stories to build knowledge and understanding of diversity and inclusion. • Our Executive General Manager Supply Chain & Logistics and Executive Sponsor for Veterans engaged the business to participate in the MarchOn challenge to raise awareness and support for SoldierOn. • Meeting rooms in our new Sydney and Brisbane premises have been named after Aboriginal and Torres Strait Islander peoples, cultures and achievements, in the local language of the area. Employees engaged in learning about the meaning behind each as part of building a deeper respect for and understanding of Aboriginal cultures. |

| Element and objective | Status | Outcomes |
|---|-----------|---|
| 2.2 Networking: establish networks, alumni and support groups across Boral to educate, support and engage employees | Ongoing | <ul style="list-style-type: none"> Employee community groups, including Women Inspiring Success in Each Other (WISE), Aboriginal Community Network and Defence Force Alumni continued to connect and engage employees. To date, WISE have engaged over 150 members including women and their allies, with over 40 members participating in mentoring programs. We also continued our membership with the Australian Veterans Employers Coalition as a founding member. |
| 2.3 Track and report: develop key performance indicators to measure, track and report on change and progress | Ongoing | <ul style="list-style-type: none"> Performance indicators established to track, measure and report gender diversity to the Board. A focus area was identified through analysis of our recruitment metrics to increase the participation of women in critical operational roles. A program of work has been designed to address this. We also reviewed and reported on the impact from our recent organizational transformation, confirming we maintained our overall participation rate of women in the workforce. |
| 2.4 Benchmark: adopt external metric to measure and benchmark effectiveness of diversity strategy | Ongoing | <ul style="list-style-type: none"> As part of the Diversity Plan review, an extensive analysis of measures and actions against industry peers was undertaken to inform strategic priorities. Boral reviews WGEA industry benchmarks to inform areas of priority and impact for gender diversity. |
| 3 System and process design | | |
| 3.1 Search and selection: embed diversity principles in standardised recruitment | | <ul style="list-style-type: none"> Boral's Talent Acquisition team partnered with the business areas to provide equitable and gender diverse shortlists. Adverts have been amended to include gender neutral language and benefits that appeal to a more diverse candidate pool. |
| 3.2 Flexibility and flexible work practices: develop and implement policy, guidelines and education program to improve flexibility and flexible work outcomes | Ongoing | <ul style="list-style-type: none"> During the COVID-19 pandemic, Boral's workforce shifted to flexible working with employees supported by comprehensive education and support to work from home. In responding to employee feedback to define flexibility practices moving forward, we have introduced hybrid working pilots at two of Boral's key sites, North Ryde in NSW and Milton in Qld. |
| 4 Gender equality and equity | | |
| 4.1 Analysis: complete an analysis of Boral pay equity at least annually to monitor pay rates and identify issues | Completed | <ul style="list-style-type: none"> Completed the annual gender remuneration gap analysis and reported outcomes to the Board. Conducted a deep analysis of pay rates across job families and job levels to determine areas of focus as part of our revised remuneration framework. |
| 5 Indigenous relations | | |
| 5.1 Innovate Reconciliation Action Plan: progress the actionable commitments set out in the Plan | Completed | <ul style="list-style-type: none"> All 52 actionable Innovate RAP deliverables and commitments are on target or completed. Engaged local Traditional Owners or Custodians of the land to conduct a Welcome to Country and Smoking Ceremony to officiate the opening of our new Sydney and Brisbane premises. Continued our organisational learning with acknowledgement of the local Custodians of the land displayed in our offices. Nationally, our social procurement expenditure exceeded \$5m, with over 45 Aboriginal and Torres Strait Islander suppliers engaged during the year. |

Proportion of men and women in the workplace

As at 30 June 2022, the proportion of women employed by Boral is as follows:

- Board of Directors: 25%¹
- Senior Executives: 30%²
- Total Workforce: 14%

For the purpose of our measurable objectives:

1. During the reporting period Boral's Board composition changed, and although women made up more than 30% of representation for part of the year, women made up 25% as at 30 June 2022. The Board succession and renewal program is ongoing.
2. Senior Executives at Boral are defined as Executives reporting directly to the CEO.

In accordance with the requirements of the Workplace Gender Equality Act 2012 (Cth), Boral submitted its Workplace Gender Equality Public Report with the Workplace Gender Equality Agency.

The report can be viewed at wgea.gov.au

Dealings in Boral shares

Under Boral's Share Trading Policy, trading in Boral shares by Directors, senior executives and other designated employees and their close associates is restricted to the following trading windows:

- the 30 day period commencing at 10.00am (Sydney time) on the day after the release of Boral's half year results announcement to the ASX
- the 30 day period commencing at 10.00am (Sydney time) on the day after the release of Boral's full year results
- the 30 day period commencing at 10.00am (Sydney time) on the day after the AGM, and
- any additional period designated by the Board (or its delegate) from time to time (for example, during a period of enhanced disclosure).

The policy precludes executives from entering into any hedge or derivative transactions relating to options or share rights granted to them as long-term incentives, regardless of whether or not the options or share rights have vested.

Breaches of the policy are treated seriously and may lead to disciplinary action being taken against the executive, including dismissal.

Trading in Boral shares at any time is subject to the overriding prohibition on trading while in possession of inside information.

Boral's Share Trading Policy is available on Boral's website.

Directors' shareholdings

Under Boral's Constitution, Directors must hold a minimum of 1,000 ordinary shares in the Company.

To align the interests of non-executive Directors with the interests of our shareholders, the Board established minimum shareholding guidelines which encourage non-executive Directors to accumulate over time a holding of ordinary shares in the Company equivalent in approximate value to the gross annual base fee paid to each non-executive Director.

Under the guidelines, the minimum shareholding may be held directly or indirectly by a Director, and may be accumulated over a period of up to five years from the date of appointment.

The timeframe to allow Directors to build their minimum shareholding is a necessary reflection of the fact that Directors are very limited in the opportunities they have to acquire shares, given their exposure to price sensitive information from time to time regarding the Company.

Details of Directors' shareholdings in the Company are set out on page 62 of this Annual Report.

Continuous disclosure

The Company appreciates the importance of timely and adequate disclosure to the market. It is committed to making timely and balanced disclosure of all material matters, and maintaining effective communication with its shareholders and investors so as to give them ready access to balanced and understandable information.

The Company has in place mechanisms designed to ensure compliance with all relevant disclosure laws and ASX Listing Rule requirements under the Continuous Disclosure Policy adopted by the Board. These mechanisms also ensure accountability at a senior executive level for that compliance.

The CEO & Managing Director, the Chief Financial Officer and the Company Secretary are responsible for determining whether or not information is required to be disclosed to the ASX. Announcements relating to significant matters, such as results, guidance to the market, major acquisitions or divestments, or other corporate matters which involve significant financial or reputational risk, are referred to the Board for approval, unless to do so is impractical in the circumstances (having regard to Boral's continuous disclosure obligations). In such cases, approval can be given by any two of the following officers: the CEO & Managing Director, the Chairman of the Board and the Chairman of the Audit & Risk Committee. The Company Secretary will endeavour to notify all other Directors of the possible disclosure considerations and invite them to participate in any discussions and disclosure decisions where possible. Directors are provided with copies of all announcements made pursuant to Boral's continuous disclosure obligations promptly after they have been made.

Boral's Continuous Disclosure Policy is available on Boral's website.

Process for verifying periodic corporate reports

The Company has an appropriate process for preparing, verifying and approving corporate reporting.

The process for verifying the integrity of periodic corporate reports is tailored based on the nature of the relevant report, its subject matter and where it will be published. Boral seeks to adhere to the following principles in respect of the preparation and verification of corporate reporting:

- periodic corporate reports are prepared with appropriate input and oversight by relevant senior management and subject matter experts for the area being reported on
- the relevant report and its supporting information is reviewed having due regard to ensuring it is not inaccurate, false, misleading or deceptive.

Consistent with these principles, the non-audited sections of the Annual Report and Sustainability Report, and Corporate Governance Statement for the reporting period were prepared with input and oversight by relevant senior management and subject matter experts, and reviewed and verified by relevant senior management prior to Board review and approval for release. ASX announcements (other than administrative announcements), are also reviewed and confirmed by relevant senior management prior to Board review and approval for release.

Communications with shareholders

The Company's policy is to promote effective two-way communication with shareholders and other investors so they understand Boral's business, governance, financial performance and prospects, as well as how to assess relevant information about Boral and its corporate activities.

| | |
|------------------------|---|
| Investor relations | Boral has a dedicated investor relations capability that facilitates ongoing engagement with institutional shareholders, retail investor groups, analysts and proxy advisors. To encourage two-way communication, investor relations as well as the share registry can be contacted directly by shareholders by telephone or by email. The links to these contacts are available on Boral's website at www.boral.com . |
| Annual reporting | Shareholders may elect to receive annual reports electronically or to receive notifications via email when reports are available online. Hard copy annual reports are provided to those shareholders who specifically elect to receive them. |
| Company announcements | All formal reporting and Company announcements made to the ASX are published on Boral's website after confirmation of lodgement has been received from the ASX. These documents are also available for download by mobile devices from Boral's Investor Relations (IR) app, which is available for no cost from the App Store or Google Play. Furthermore, Boral has an email list of investors, analysts and other interested parties who are sent relevant announcements via email alert after those announcements have been lodged with the ASX. Announcements are also sent to major media outlets and newswire services for broader dissemination. All new and substantive investor or analyst presentations are released on the ASX ahead of the presentation. |
| General meetings | Boral encourages shareholders to participate in all general meetings including annual general meetings. All substantive resolutions at general meetings are decided by poll. Shareholders are entitled to ask questions about the management of the Company and of the auditor as to its conduct of the audit and preparation of its reports. Notices of Meeting are accompanied by explanatory notes to provide shareholders with information to enable them to decide how to vote upon the business of the meeting. Full copies of Notices of Meeting and explanatory notes are posted on Boral's website. If shareholders are unable to participate in general meetings, they may vote by appointing a proxy. |
| Annual General Meeting | Shareholders are invited, at the time of receiving or accessing the Notice of Meeting, to put forward questions they would like addressed at the AGM. At the AGM, shareholders have a reasonable opportunity to ask the external 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 external auditor in relation to the conduct of the audit. |

Boral's policy on communications with shareholders is available on Boral's website.

Conclusion

While the Board is satisfied with its level of compliance with governance requirements, it recognises that practices and procedures can always be improved. Accordingly, the corporate governance framework of the Company will be kept under review to take account of changing standards and regulations.