

Customers and sustainable products



High-recycled-content TruExterior® Siding & Trim

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

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

Sustainable products

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

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

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

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



Growing our sustainable products offering

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

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

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

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

Customers and sustainable products (continued)

Lower carbon concretes

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

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

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

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

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

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

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

Innovation

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

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

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

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

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

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

First Environmental Product Disclosure (EPD)

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

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

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



Boral Recycling Emu Plains facility, NSW

Growing our Boral Recycling business

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

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

Customer experience

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

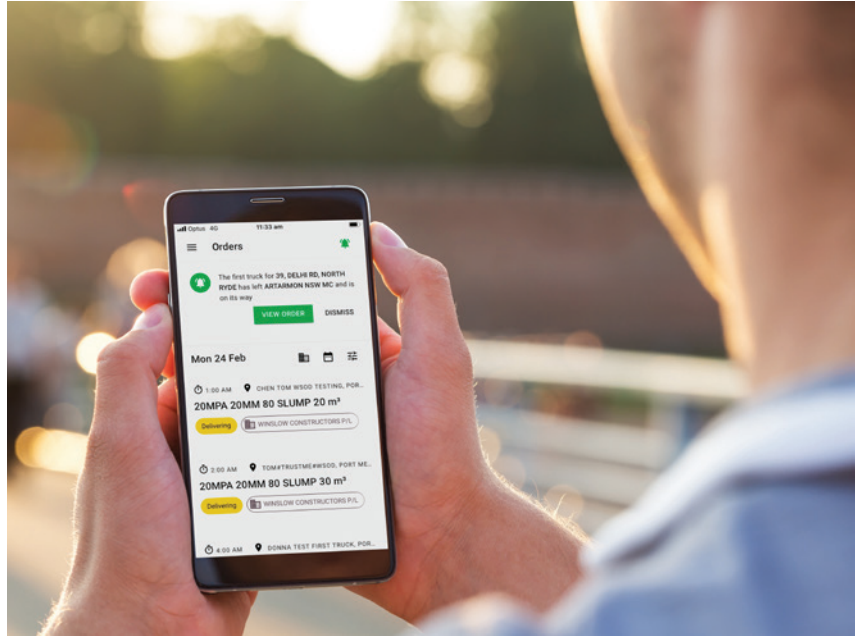
In Boral Australia, we monitor customer feedback through customer surveys and by reporting on three types of Net Promoter Score (NPS): an Interaction, Episode and Strategic score.

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

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

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

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



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

Boral Connects

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

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

Product stewardship

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

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

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

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

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

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