

# Managing sustainability



Fly ash reclaim project at Montour, Pennsylvania

**“At Boral, we are making decisions today that will underpin our success for decades to come. We recognise that embedding sustainability in our business strategy and decision making is fundamental to creating value over the long-term.”**

**MIKE KANE,**  
CEO & MANAGING DIRECTOR

## Our strategy

We recognise that our commitment and progress in managing sustainability outcomes is vital to our business success and meeting the expectations of our stakeholders. We strive to deliver shareholder returns above our cost of capital through the cycle, while creating value for our customers, employees, suppliers and the communities in which we operate.

Our approach to value creation is represented on pages 8–9. We strive to position Boral to sustainably create value for all our stakeholders by:

- delivering innovative, superior performing and more sustainable products and solutions that respond to a changing world and better meet our customers' needs
- driving safety performance towards world's best practice and investing in our people to enable them to deliver on our strategy
- reducing our environmental footprint and building our resilience to climate impacts, and
- being a socially responsible member of the communities in which we operate.

In recent years, we have substantially reshaped our business portfolio to improve our financial performance and to respond and adapt to changing commercial, technological, and environmental factors. We have exited high fixed cost manufacturing businesses and invested in growing our more lightweight, variable cost and lower carbon products. We are increasing our investment in innovation to enable us to expand our products and solutions that have a lower carbon footprint and thereby positively contribute to an effective transition to a lower carbon economy.

We monitor and report on our sustainability performance to drive progress and continuous improvement and are responding to increasing expectations of our stakeholders on the disclosure of our sustainability risks and opportunities. We are progressively adopting the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and are strengthening our approach to managing and reporting on modern slavery risks in our operations and supply chain.

In FY2019, we will review the United Nations Sustainable Development Goals (SDGs) with a view to identifying those SDGs that we can materially impact within our sphere of influence, and incorporate these in our sustainability management approach and reporting.

## Sustainability goals and commitments

Our sustainability goals and commitments help align our priorities through our organisation and drive a focus on continuous improvement.

**Our overarching goal is to deliver Zero Harm Today. This means we target zero injuries to our people and seek to eliminate adverse environmental impacts. Where elimination of environmental impacts is not possible, we seek to minimise these and, wherever practicable, secure improved environmental outcomes.**

We also have an emissions intensity target and other environmental goals outlined on page 30.

In other areas, we have clearly articulated plans and goals, including in our diversity program. Our diversity goals are detailed and reported against in our Corporate Governance Statement (see [boral.com/corporate\\_governance](http://boral.com/corporate_governance)).

## Sustainability governance

**Sustainability governance is embedded in how we govern, as illustrated on pages 10–11.**

Our approach is underpinned by an effective governance structure, constructive and open engagement with our stakeholders, and transparent reporting on our material issues.

The Board maintains oversight of sustainability matters, including identification of material issues and external reporting. The Board Health, Safety & Environment (HSE) Committee provides focused leadership, support and oversight of the activities of management.

The CEO & Managing Director is accountable for the management of sustainability issues and delegates this responsibility to Boral's Executive Committee. Day-to-day responsibility for sustainability rests with line managers and is embedded into Boral's Group and business-level strategies.

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

During the year, the Board reviewed whether Boral's separation of safety and remuneration incentives remained appropriate, and concluded that it remains a very important element of Boral's culture to avoid linking incentive payments with safety outcomes. The Board retains discretion to adjust executive remuneration outcomes if there is evidence of a breakdown in management oversight and processes leading to poor safety outcomes. Further explanation of the safety and remuneration review is provided on page 62 of the Annual Report 2018.

Boral's governance approach is further detailed in the Annual Report 2018 (pages 34–47). Our governance of climate-related impacts is outlined on page 27.

## Reporting on our material issues

The content of this Sustainability Report is defined through our biennial materiality assessment undertaken to review sustainability risks and opportunities, which forms part of our broader risk management processes. This materiality assessment ensures that issues that are important to our long-term success, as well as to our employees, customers, suppliers and the communities in which we operate, are being addressed and transparently reported on.

In 2017, we engaged Ernst & Young (EY) to undertake a materiality assessment to validate our areas of focus. The scope of this work encompassed internal stakeholder interviews, desktop peer and media analysis, external industry and sector analysis, and consideration of relevant sustainability trends.

The results from EY's assessment were materially consistent with existing areas of management focus, and the outcomes of risk assessment processes.

The issues identified as material and the relevant sections of this report addressing these issues are outlined on page 11. Boral's material issues are also captured in our risks and responses summary on pages 12–13, which has been developed using Boral's Group Risk Identification and Management processes disclosed in our Corporate Governance Statement in the Annual Report 2018 (pages 34–47).

## Stakeholder engagement

Engaging with our stakeholders is vital for us to understand what is most important to them, and directs our efforts and resources to address areas of priority. A summary of the issues that are important to them and the ways in which we engage and seek their feedback is included on pages 10–11.

**Our approach is underpinned by an effective governance structure, constructive and open engagement with our stakeholders, and transparent reporting on our material issues.**

# Managing sustainability



Purga Quarry, Queensland



Boral Annual Report and Boral News

## Our approach to reporting

**We are committed to transparent communication of our sustainability strategy and performance. This Sustainability Report provides information on the sustainability issues assessed as material to Boral.**

In addition to this Sustainability Report, we also communicate with our stakeholders on aspects of sustainability through:

- the Corporate Governance Statement and Directors' Report (including the Remuneration Report) in our Annual Report 2018 – see [boral.com/Annual\\_Report\\_2018](http://boral.com/Annual_Report_2018)
- our website, which includes detailed energy, carbon and other emissions data, policies, information on sustainable products and community engagement programs
- case studies and features in our Boral News magazine – see [boral.com/boral\\_news](http://boral.com/boral_news)
- Boral's 2018 public report, lodged with the Workplace Gender Equality Agency.

### Feedback on our reporting

During the year, we engaged with numerous large investors and other stakeholders to better understand their use of our Sustainability Report and our disclosures through the CDP (formerly the Carbon Disclosure Project), and other third-party surveys, as well as their key areas of focus.

This feedback highlighted that the information provided through our Sustainability Report, website and other Company reports are the primary sources of information and the most valued. We have therefore focused our efforts and resources on enhancing disclosures in this Sustainability Report and suspended participation in the CDP, which is underutilised by our stakeholders.

We have incorporated key information previously included in our CDP Climate Change responses in this Sustainability Report and at [boral.com/energy\\_and\\_emissions](http://boral.com/energy_and_emissions), and are progressively adopting the recommendations of the TCFD, as encouraged by the CDP. This Sustainability Report also incorporates key information previously included in our CDP Water and Forests responses.

We welcome feedback from our stakeholders on our reporting via [info@boral.com.au](mailto:info@boral.com.au).

### Reporting scope

This Sustainability Report covers Boral's wholly owned operations and joint ventures that were at least 50% owned by Boral for the year ended 30 June 2018, unless otherwise stated. Sustainability data for Headwaters, acquired in May 2017, has been consolidated from 1 July 2017.

In FY2018, our safety data was broadened to include employees and contractors in all businesses, including our interests in all joint ventures regardless of ownership interest or management control. Prior year safety data only includes 50% owned joint ventures and has not been retrospectively adjusted.

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### Assurance

We engaged EY to provide independent assurance of selected metrics and related information included in this Sustainability Report including:

- Scope 1 and 2 greenhouse gas emissions and energy consumption by fuel source for our Australian operations
- significant environmental infringements and penalties
- lost time injury frequency rate (LTIFR)
- recordable injury frequency rate (RIFR)
- workforce statistics by occupation, age and length of service
- female representation by position.

EY's assurance statement is on page 52.

## Business conduct

Working with integrity, respect and fairness is fundamental to how we do business. We expect all employees and people representing Boral to meet the highest ethical standards as well as observing both the letter and spirit of the law.

Demonstrating strong ethical principles in all that we do is vital to our reputation and our ability to deliver long-term value to all of our stakeholders, including shareholders, customers, employees and communities.

**Our Code of Business Conduct (Code) and supporting policies set out the high ethical standards we expect everyone across our international operations to adhere to, including third parties with whom we do business – suppliers, contractors and distributors.**

Our commitment to anti-corruption compliance is reflected in our Code, which prohibits bribery and corruption in all forms, whether direct or indirect. Our anti-corruption measures include clear policies, accountability, training, reporting and audit review. Conduct risk and corruption risk are also assessed through our enterprise risk management review process.

We complement our policy and risk management framework with clear communication and training on the Code and associated policies in our induction training and ongoing refresher training programs. The USG Boral joint venture conducts additional risk-based anti-corruption training and has established an externally managed anti-corruption audit program.

The Board and senior management take breaches of the Code or other misconduct very seriously. We have consistent and transparent policies and practices in place to address any non-compliance with our Code and supporting policies. Formal consequences include additional training, impact on reward and promotion, formal warnings and termination. In FY2018, 35 employees in Boral Australia and Boral North America were dismissed for breach of policy or misconduct, including breaching safety requirements. These matters were considered isolated incidents and not systemic.

We provide easy and clear avenues for our people to report ethical concerns and improper behaviour. In addition to internal reporting channels – via senior management, human resources, internal audit and legal – we provide an external independent whistleblowing service, known as FairCall. Reports via FairCall can be made on an anonymous basis, and we are committed to maintaining the independence, impartiality and confidentiality of the reporting and investigative processes. The Company Secretary reports on these matters to the Board Audit & Risk Committee.

Boral's policies prohibit political donations or affiliations.



**Demonstrating strong ethical principles in all we do is vital to our reputation and our ability to deliver long-term value to all of our stakeholders.**

## Industry associations

We work with a number of industry associations for various reasons including as a conduit to industry best practice, for workforce relations advice, or to advocate to government and the community on behalf of industry.

In general, the policy positions of our industry associations are to support regulation in the national and industry interest and encourage business to sustainably prosper and remain competitive.

We recognise that our associations represent the interests of many members and there may be some areas of policy that do not fully align with Boral's positions. When appropriate, we work with our industry associations to help them understand our Company's position.

**In relation to energy and climate policy, we have not identified any major positions held by our industry associations that are materially inconsistent with Boral's position.**

We support:

- a national approach to climate and energy policy to ensure that least-cost carbon emissions abatement is targeted while ensuring reliable and competitive energy can be delivered
- climate and energy policies that do not unduly erode the competitiveness of domestic-based businesses.

We also acknowledge the Paris Agreement and support mechanisms to achieve its objectives, including a national approach to climate and energy policy.

Boral's major industry associations are:

- Business Council of Australia
- Cement Industry Federation
- Cement, Concrete & Aggregates Australia
- AMMA Australian Resources and Energy Group
- American Coal Ash Association.

Further information is available at [boral.com/industry\\_associations](http://boral.com/industry_associations).