

# Supply chain and customers

Working with our suppliers. Photo supplied by Orica

## Our supply chain

As an international building and construction materials company with operations across 17 countries, our supply chain includes more than 8,500 suppliers and contractors, and represents a total annual spend of more than \$4.0 billion. We recognise that through the purchase of goods and services we indirectly impact the workers in our supply chain, their communities and the environment.

We expect our suppliers and contractors to uphold the same high ethical standards as our people and abide by Boral's Code of Business Conduct.

We have been revising our supply chain governance and policy framework in line with rapidly changing stakeholders' expectations and best practices. During the year, we introduced Boral's Sustainable Procurement Policy that aims to align our practices with the world's first International Standard for Sustainable Procurement ISO 20400 and sets out our minimum sustainability procurement requirements for purchasing goods and services across our supply chain. This provides our customers and other stakeholders with confidence that our products and services are sourced and produced in an ethically and environmentally responsible way.

Our Sustainable Procurement Policy outlines our commitment to recognising, assessing and managing modern slavery risk, promoting diversity and inclusion through partnerships with social enterprise businesses, and requires suppliers to comply with our Supplier Code of Conduct and Indigenous Procurement Policy.

Our Supplier Code of Conduct requires suppliers to adhere to minimum standards relating to health and safety, environment and labour, including prohibiting the use of child labour and complying with applicable modern slavery legislation.

We monitor supply chain risks by assessing suppliers' performance and their alignment to Boral standards through a pre-qualification questionnaire and evaluation processes. In Australia and USG Boral, a sanction screening process is used to identify any areas of risk by association with elements such as financial crime, fraud, and human rights abuse. In Australia, we engage a third-party service to register and monitor compliance of suppliers to our pre-qualification requirements.

### Modern slavery

**We are committed to combating modern slavery in society and strengthening our approach to most effectively identify and address this risk across our supply chain.**

While we have not identified any evidence of modern slavery in our supply chain, we continue to refine our approach in light of proposed Australian Government modern slavery legislation.

We established a Human Rights and Modern Slavery Executive Working Group, composed of members of Boral's Executive Management team and key functional roles, to support this work.

Modern slavery includes trafficking in persons and slavery like practices, such as servitude, forced labour, child labour, and instances of deceptive recruitment.

Our Sustainable Procurement Policy and Supplier Code of Conduct issued during the year strengthened our policy framework, directly addressing the risk of modern slavery in our supply chain. We are also collaborating with global peers to ensure our approach reflects industry best practice.

Our planned actions for FY2019 include:

- enhancing and formalising our modern slavery risk assessment and risk management process, including tailored risk mapping of our supply chain to identify key risk areas
- establishing an effective modern slavery due diligence program for high risk areas and a clear process for implementing corrective action
- building capability of our procurement team and business leaders through targeted training initiatives
- establishing appropriate grievance mechanisms, including extending Boral's external whistleblowing service to suppliers
- further refining our monitoring of compliance and reporting to the Board.

### Promoting Indigenous suppliers

We are committed to increasing the participation of Indigenous suppliers in our supply chain in Australia, as outlined in our Indigenous Procurement Policy and 2019 Reconciliation Action Plan.

Our corporate membership of Supply Nation provides practical support in meeting this objective as well as helping us meet the Indigenous procurement requirements under Australian federal and state government contracts.

We recently awarded our stationery supplies contract for Australia to Muru Office Supplies, an Aboriginal and Torres Strait Islander business, and engaged an Indigenous owned recruitment agency, EveryTrade Group.

## Expanding our supplier diversity

As a member of Social Traders, we actively pursue opportunities to expand our supplier diversity and partner with social enterprises – businesses that intentionally aim to benefit the community by tackling social problems, providing access to employment and training or helping the environment.

During the year, we were nominated for an award by Social Traders for our partnership with TRY Build, a social enterprise business focused on providing training to young people facing barriers to education and employment. Boral engaged TRY Build to construct an office and amenities building at its new West Melbourne concrete plant from repurposed shipping containers.

## Sustainable sourcing of timber and paper

Boral's most material exposure to deforestation risks is through our Timber business in Australia and the use of paper for lining plasterboard in USG Boral.

Boral Timber is committed to only sourcing timber from sustainably managed forests through an accredited scheme. Forestry Corporation of NSW, the largest manager of commercial native and plantation forest in NSW, and supplier to Boral Timber, is certified to meet the Australian Forestry Standard (AFS). AFS is an independently audited forest management standard that provides assurance it is managing NSW forests in a sustainable way. Boral Timber's hardwood products are certified to the AFS Chain of Custody standard that provides customers assurance that our products are sourced from certified, legal and sustainable resources by tracking products back to their source of supply.

USG Boral used about 160,000 tonnes of paper for lining plasterboard in FY2018. All paper purchased is certified by Forest Stewardship Council (FSC) as recycled paper. In Australia, our paper supplier is accredited under the FSC Chain of Custody certification and the low proportion of softwood timber used in the production of this paper is predominantly plantation forest thinnings and sawmill residues.



Boral supplying ENVISIA® concrete to Crown Sydney, Barangaroo  
Photo provided by Crown Resorts

## Our customers

As building material technologies and consumer preferences continually change, we have a critical part to play in delivering more effective and sustainable solutions to building the homes and cities of tomorrow. We actively work to better meet the needs of customers, support their objectives and deliver more sustainable product solutions.

We highlight some of the ways we are achieving this below.

### Offering low carbon, recycled and waste by-product solutions

We use external waste and by-products or secondary resources in a range of our products. Our North American Fly Ash business uses a coal combustion by-product to provide building products manufacturers low carbon cost-effective alternatives to conventional materials which offer significant performance advantages. We are a pioneer in the development of new construction material technologies, providing our customers with products that enhance the strength, impermeability and durability of concrete.

Boral TrueExterior® Siding & Trim products comprise up to 70% fly ash and deliver durability and workability advantages to alternative products.

Boral Recycling is one of the largest construction and demolition materials recyclers in NSW, processing more than one million tonnes annually of concrete, asphalt and bricks from demolitions, recycling centres and concrete batch plants. Achieving more than 99% resource recovery rates, our products include recycled roadbase, aggregate and manufactured sand products.

### Meeting customers' sustainability goals

We collaborate with our customers to strive to meet their sustainability goals. For example, during FY2018, we supplied low carbon concrete, ENVISIA®, to meet the Green Building Council of Australia's Green Star specification requirements of Crown Sydney at Barangaroo, rated Green Star 3, and Darling Harbour Live, rated Green Star 2.

### Next generation Sheetrock® plasterboard

We are currently piloting USG-developed Sheetrock® EcoSmart Panels at our Pinkenba plasterboard plant in Queensland. EcoSmart Panels are lighter weight with stronger sag performance and deliver improved sustainability attributes with 25% less water and 20% fewer carbon emissions used in manufacturing.

### Innovative plaster replacement system

USG Boral's EasyFinish™ System combines the use of USG Boral's non-combustible plasterboard with a specially formulated bonding compound to deliver an improved construction method for wall partitions in Asia. The simple installation process more than doubles productivity compared to cement plaster walls, enabling customers to achieve a premium finish in a fraction of the time.

### Improving our customer experience

We actively partner with our customers and strive to improve their experience including by adopting innovative approaches to business and technology opportunities. Across our Australian construction materials businesses, we are delivering streamlined digital solutions that simplify how customers plan and manage their projects, making it easier for them to do business with us. We explore some of the ways we are doing this on page 42.

# Supply chain and customers



USG Boral R&D Centre in Saraburi, Thailand

## Investing in innovation

During the year, we invested A\$17 million in R&D across our three innovation centres in the USA, Australia and Thailand. Our R&D teams are helping Boral deliver superior building product solutions and disruptive innovations in building materials to better serve our customers and develop new markets.

Our Australian Innovation Factory at Maldon, NSW is focused on research and technology in cement, concrete and alternative binders such as fly ash. At our North American Innovation Factory in San Antonio, Texas, our efforts have focused on developing the next generation of poly-ash composite materials supporting

the Lightweight Building Products business. These products aim to provide superior performance compared to conventional products and strive to incorporate recycled content. Refer to pages 43 and 51 for more detail.

USG Boral's R&D Centre in Saraburi, Thailand leverages USG's world class technology capability to drive innovation in gypsum-based products and systems, including products that have superior performance, energy efficiency, acoustics and fire protection.

## Driving transformation and innovation in Australia

In FY2018, Boral Australia established a Transformation and Innovation team to support our commitment to deliver sustainable growth and build a culture of performance excellence.

Our team of strategy, technical experts and project specialists is focused on developing a platform to realise Boral Australia's aspiration of becoming the undisputed leader in construction materials through four strategic enablers:

- *Supply Chain Transformation:* Transforming our supply chain to deliver customer centricity and value
- *Innovation:* Creating customer value by commercialising innovative ideas in a fast track environment
- *Commercial Excellence:* Establishing systems to help our people become more commercial
- *Customer Experience:* Improving our customers' experience.



Boral Concrete app – making it easier for our customers to do business with us

## Product stewardship

We are committed to responsibly managing the health, safety, environmental and social aspects of our products from product development through to end-of-life.

In FY2018, we commenced work on establishing a common Boral Product Stewardship Framework focused on managing the risks across the life cycle of our products. The framework will provide a consistent approach across the Group, facilitate improved collaboration across our businesses and strengthen our governance processes for managing product stewardship risks.

The health, safety, environmental and quality (HSEQ) risks associated with new product development and modification to existing products is managed in accordance with our Standard on Product Stewardship within Boral's HSEQ Management System. This standard outlines minimum mandatory requirements for the handling and use of products through Safety Data Sheets, product labelling and Safe Work Method Statements.

