

Our response to COVID-19



The social and economic disruption caused by the COVID-19 pandemic, which started in early 2020, has been significant.

Boral has responded to the global crisis with the health and safety of our people, our customers and our communities as the number one priority throughout the pandemic.

While in many countries, Boral was allowed to continue to operate, many of our plants in North America and Asia were affected by mandated and temporary closures, production curtailments and absenteeism.

Quickly adapting and introducing measures to stop the spread of the virus – and positioning the business for the subsequent economic impacts – has required focused efforts with strong leadership, governance controls and clear communications. At Boral, four foundations have supported our response:

- a strong safety culture and engaged workforce
- effective crisis management and governance controls
- Boral's leading network of operations and integrated supply chain, and
- financial strength and liquidity.



Key facts

- 48 current cases among employees and 240 recovered¹, mainly in the USA and in geographies where community transmission is higher; sadly two employee deaths due to COVID-19 complications
- More than 225 public health/government orders to comply with. In total ~80% of plants in the USA impacted by closures, production curtailments, re-tooling, cleaning and/or absenteeism
- No government subsidies received in the USA in FY2020; Boral's share of wage subsidies from other governments totaled ~\$800,000²
- \$11 million in direct costs (e.g. cleaning, PPE, legal, and additional leave) plus significant adverse impact on earnings due to lower production/ fixed cost recoveries in FY2020.

1. As at 24 August 2020.

2. Includes Australia, Canada, New Zealand and the United Kingdom, primarily through joint ventures. No wage subsidies received for 100% owned businesses in Australia.

1 Strong safety culture and engaged workforce

In many jurisdictions, Boral was allowed and encouraged to operate as an essential industry. As other industries temporarily shut down, we took our responsibility to maintain supply to customers, maximise employment for our people and operate with appropriate safety measures extremely seriously.

Key actions included:

- travel restrictions and quarantine protocols ahead of government mandates
- strict hygiene, social distancing and quarantine protocols introduced, with communications, monitoring and internal reporting controls
- reconfigured operations to allow social distancing
- tracking and reporting of suspected and confirmed cases of COVID-19 in the workplace, with associated cleaning regimes
- monitoring and protecting 'vulnerable employees' from age and health risk perspectives
- social distancing for customers strengthened, including docketless deliveries
- protocols for visitors and community members to minimise face-to-face contact while maintaining engagement
- employee wellbeing support initiatives
- early consultation with employees and their representatives where operations were impacted, and
- continuing to pay wages in many jurisdictions for employees affected by temporary shutdowns and, where available, providing access to leave provisions and assistance to access government support while maintaining benefits such as medical coverage.

2 Effective crisis management and governance

From the time COVID-19 was first reported, Boral closely monitored the outbreak and took decisive actions as USG Boral's plants in China were closed from January through to late February. Starting in January, we introduced travel restrictions and quarantine protocols across Boral and hygiene measures, and on 2 March activated our Global Crisis Management response. The CEO chaired regular meetings and we reported daily to the Board in the initial weeks of the crisis.

Key governance activities included:

- Crisis Management Team activated
- expert advice and support from International SOS and Control Risks
- strong Board engagement – including regular calls with initial daily reporting
- early identification of critical business functions and supply chain risks
- continuous monitoring and adherence to government restrictions and mandates
- supply chain risks and disruption minimised through business continuity planning
- working closely with customers, suppliers, industry associations, government, rating agencies, banks, unions and local authorities
- employee communications and consultation programs with HR policies adapted and remote working capabilities updated
- regular financial market updates with FY2020 guidance withdrawn on 19 March 2020, and
- recovery planning and measures to respond to economic downturns and uncertainty.



COVID-19 Pulse Survey

In June 2020, over 10,000 of Boral's employees across the Group were invited to participate in a COVID-19 Work Pulse Survey run by Kincentric. In Boral Australia, a bespoke survey provided additional feedback on our response to the pandemic.

The survey results found that our people felt well-supported by Boral during the pandemic, with concern and connection receiving a positive perception score from 82% of respondents.

Respondents identified that Boral's communication during the pandemic was clear and trusted, they felt more trusted by their leaders, and flexible and remote working arrangements were delivering positive benefits, including greater engagement and productivity. The feedback from the surveys will be used to improve our approach to provide leading flexible work arrangements in our businesses.

Our response to COVID-19 (continued)

3 Leading network and integrated supply chain

In jurisdictions where the construction industry continued to operate, some of our customers experienced delays and disruptions due to impacts from other suppliers, which slowed the industry. However, Boral was well positioned to maintain supply and effectively manage supply chain risks with inputs largely integrated or sourced locally.

With our leading network of 646 operating and 137 distributing sites, where plants or operations were impacted, Boral's product was sourced from inventory or alternative locations.

Through Boral's effective risk management practices, which include managing for a range of potential supply chain scenarios, disruptions were remedied and broadly contained to the following areas:

- some delays in delivery of capital plant and equipment
- slowdown of supply of certain plasterboard additives from China, and
- certain protective equipment and hand sanitisers were in short supply, with effective sharing of supplies across the Boral network. Boral's laboratories in Australia are now equipped to produce hand sanitiser that meets World Health Organisation standards to supplement our supplies from external suppliers.

Throughout the early months of the pandemic, we worked closely with key industry associations and various levels of government to identify and address potential supply chain issues; economic, operational and environmental risks; and opportunities. In Australia, we continue to provide input and engage with government around opportunities to stimulate activity and support the economic recovery.

4 Financial strength and liquidity

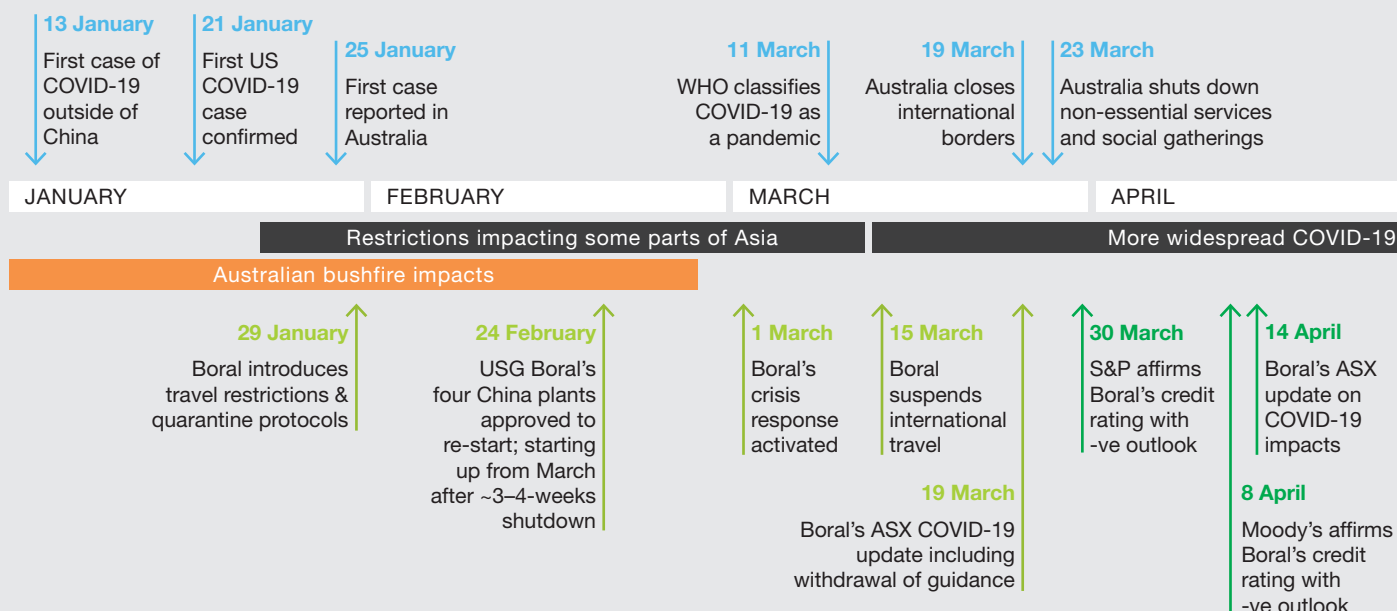
From the outset of the pandemic, we were not only focused on the health and safety of our people but also on the financial health of the business and the industry more broadly. We worked closely with suppliers and customers to continue payments to suppliers and receipts from customers.

We were focused on maintaining Boral's liquidity under all scenarios, through a range of measures, including:

- reactivating the dividend reinvestment plan for the interim dividend, which was fully underwritten for the dividend paid on 15 April 2020
- accessing debt capital markets to increase and extend Boral's debt financing facilities, including a new US Private Placement (USPP) note issue of US\$200 million; new bilateral two-year bank loan facilities totalling A\$365 million; and new bilateral loan facilities totalling US\$740 million replacing the Company's US\$750 million debt facility with maturity extended from July 2021 to June 2024
- reducing costs and discretionary expenditure across the entire business
- right-sizing operations, including temporarily closing plants to align production with lower activity levels
- reducing non-essential capital expenditure, resulting in capital expenditure in FY2020 14% lower than previously planned, and
- where eligible, accessing available relief initiatives.

Boral's investment grade credit ratings BBB and Baa2, were affirmed by S&P and Moody's in March and April, with outlooks revised to negative due to COVID-19.

Early and decisive action in response to the COVID-19 pandemic



Leveraging technology to adapt



Our HSE teams have worked to fast-track cost-effective technology solutions that enable us to undertake key HSE risk management controls remotely.

In USG Boral, we completed virtual Critical Control Gembas across a number of our operations. These remote Gembas use web-based video technologies to undertake inspections to verify that controls around high-risk activities are in place and effective. We are working to implement a simple and cost-effective virtual solution across the Group.

Boral Australia has also used new technology in the form of a distributed drone network to undertake volumetric stocktakes at our quarries. While stocktakes are typically done using an aircraft, COVID-19 travel restrictions meant this method wasn't available.

Enhanced health, safety and hygiene protocols

The Stone facility in Tijuana, Mexico is Boral's most complicated site for execution of enhanced health, safety and hygiene (HSH) protocols in response to COVID-19. The facility typically has more than 500 employees, multiple employees from the same household, close working conditions and employee transportation via bus.

Tijuana had a high level of COVID-19 community transmission and significant government mandates were enacted. This included temporary closure of the facility and furloughing of employees until it was proven the business was essential and could operate with appropriate safety measures in place.

A detailed report of HSH protocols to be put in place was presented to the Mexican government. As a result of Boral's proven success as a safety-first employer and the detailed plan, Boral was among the first Tijuana businesses to be approved for reopening. The business has successfully scaled operations and there have been no transmissions on site to date.



- External event
- Boral internal response
- Boral-related external release/action

MAY | JUNE
restrictions impacting Boral's markets

15 May
USPP program priced, raising US\$200 million

Continuing to respond to changing restrictions including Melbourne Stage 4 restrictions implemented 2 August