

Supply chain



We are focused on continuing to deliver a more efficient and cost-effective supply chain to achieve the best outcomes for our customers. We also work to source, produce and deliver our products in a safe, responsible and sustainable way.

Boral has an extensive global supply chain across more than 25 countries. In FY2020, we spent more than \$4 billion on purchasing products and services from more than 15,000 suppliers and contractors.

In Boral Australia and Boral North America, we are progressing multi-year supply chain optimisation initiatives which aim to deliver a superior customer experience by building more reliable, more transparent and lower cost integrated supply chains.

The success of these transformation programs will be seen through our customers experiencing improved service – as measured through delivery in full and on time – and through reduced supply chain and logistics costs to provide that service. The programs are primarily focused on:

- improving the efficiency and effectiveness of our internally operated and outsourced logistics operations
- optimising end-to-end supply chain planning and execution from our customer to production, and
- standardising our customer service centre processes so we can consistently deliver superior customer service.

Leveraging technology and automation is an integral component of these transformation programs.

In FY2020, we introduced electronic delivery dockets for our customers, and further standardised our regional customer service centre processes and commercial transport models.

Sustainable procurement

We strive to create positive change by making responsible and sustainable purchasing decisions. Our approach to sustainable procurement seeks to achieve industry best practice and, while aligning with existing and emerging legislation, international standards and customer requirements.

Our Sustainable Procurement Policy underpins our approach to sustainable procurement and outlines our commitments to purchasing goods and services in a responsible way. This includes:

- ensuring suppliers are aware of and comply with our Supplier Code of Conduct
- maintaining an industry-leading supplier pre-qualification questionnaire, and evaluation processes and tools, for assessing each supplier's performance and ability to meet our expectations
- promoting diversity and inclusion in our supply chain, including through social and Aboriginal and Torres Strait Islander-owned enterprises, and
- assessing and managing the risk of modern slavery in our supply chain.



The policy aims to align our practices with the International Standard for Sustainable Procurement, ISO 20400.

Boral's Supplier Code of Conduct requires our suppliers to adhere to minimum health and safety, environmental, ethical and human rights standards, which includes not engaging in practices that constitute modern slavery.

In FY2020, we established a three-year plan to implement our Sustainable Procurement Strategy, which aims to deliver enhanced sustainability outcomes and value through our purchasing decisions. Our plan includes a Supplier Success Program, which is Boral's commitment to partner with selected social enterprises and Aboriginal and Torres Strait Islander-owned businesses, and to provide them with support for their ongoing success.

Boral is a signatory to the Business Council of Australia's voluntary Australian Supplier Payment Code. As a signatory, we support Australian small businesses by providing payment terms of 30 days or less, and simplified payment processes.

Assessing our suppliers

We monitor supply chain risks by screening and assessing suppliers' performance and their alignment with Boral standards, including through a pre-qualification questionnaire. We assess supply chain risks based on factors such as corruption and bribery, human and labour rights, HSE compliance and quality standards. We may also visit a supplier's factory based on the results of this risk evaluation.

In Australia, we engage a third-party service to register and monitor suppliers' compliance with our pre-qualification requirements.

In Boral Australia and USG Boral, we use a screening process to identify any areas of risk associated with elements such as financial crime, fraud and human rights abuses.

Modern slavery risk

We are committed to preventing and mitigating adverse human rights impacts throughout our supply chain, as outlined in our Human Rights Policy.

In FY2020, we continued to build our approach to preventing modern slavery in the Boral Australia and Boral North America divisions. This work is coordinated and supported by our Human Rights and Modern Slavery Working Group, which was expanded during the year to include key leaders from the USG Boral Australia team.

For further information on our approach to identifying and assessing modern slavery risks, improvement initiatives completed in FY2020 and planned actions to further strengthen our approach, see our 2020 Joint Modern Slavery Statement.



Sustainable sourcing of timber and paper

We promote responsible and sustainable forest management in our Timber business and through the paper USG Boral purchases for plasterboard lining.

All Boral Timber products have full Chain of Custody certification, meeting the Australian Forestry Standard, and are certified under the Programme for the Endorsement of Forest Certification (PEFC).

In FY2020, USG Boral used approximately 156,000 tonnes of paper in manufacturing plasterboard, all of which is certified as recycled paper by the Forest Stewardship Council or PEFC.



Promoting diversity and inclusion in our supply chain

During the year, we developed a partnership with WV Technologies, a certified Social Trader and member of Supply Nation. WV initially supplied Boral with secure IT disposal services, which provide employment and training for disadvantaged Aboriginal and Torres Strait Islander people.

As a part of Boral's Supplier Success Program, we worked with WV to tailor its offering to suit our need for additional goods and services. WV expanded its product range to include essential protective personal equipment supplies, and has become a key supplier to Boral for these items during the COVID-19 pandemic.

Further opportunities have been identified and going forward, WV will participate in Boral IT tenders, strengthening their position as a valuable business partner to achieve our sustainable procurement objectives. This partnership contributed to Boral's total spend of more than \$4 million¹ with Aboriginal and Torres Strait Islander-owned businesses and social enterprises in FY2020.

1. Excludes indirect Indigenous spend.