



Reshaping our future

ANNUAL REPORT 2022



Acknowledgement of Country

We acknowledge the Traditional Owners of the lands across Australia. We recognise and respect Aboriginal and Torres Strait Islander peoples and their unique position in Australian culture and history, and pay our respects to their Elders past, present and emerging.

Front cover:
The Pipi luxury apartments
in Bondi, NSW, built using
Boral's lower carbon
concrete, ENVISIA®.

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Forward looking statements

This report contains forward looking statements, including statements of current intention, opinion and expectation regarding Boral's present and future operations, possible future events and future prospects. This includes statements regarding the impacts of climate change and other environmental and energy transition scenarios. These forward looking statements are based on the information available as at the date of this report and they are, by their nature, subject to significant uncertainties, many of which are outside the control of Boral. There are limitations with respect to scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

Actual results, circumstances and developments may differ materially from those expressed or implied, and Boral cautions against reliance on any forward looking statements in this report.

Performance measures used in this report

Earnings before interest, taxes, depreciation and amortisation (EBITDA) before significant items, earnings before interest and taxes (EBIT) before significant items, and net profit after tax (NPAT) before significant items are alternative measures to those prescribed under International Financial Reporting Standards (IFRS) used to provide a greater understanding of the underlying performance of the Group. This information has been extracted or derived from the financial statements. Significant items are detailed in Note 2.1 of the financial statements and relate to discontinued operations and expenses associated with transformation and restructure.

Commentary and operating and financial review

Commentary throughout this report, unless otherwise stated, is based on earnings from continuing operations. The sections of this report titled Chairman's review, CEO & Managing Director's message, Strategic priorities, Review of operations, and Our risks and responses comprise our operating and financial review and form part of the Director's Report.



Boral is the largest integrated construction materials company in Australia, producing and selling a broad range of construction materials, including quarry products, cement, concrete, asphalt and recycled materials.

We provide construction material products and solutions to our customers to build homes, high-rise commercial and civic buildings, and infrastructure, including roads and highways in every state and territory across Australia.

We also have a property segment that aims to maximise the long-term value of our portfolio of surplus property and operating footprint.

Image above:
Greenland Centre,
Sydney, NSW

Our Purpose

talks to our role in meeting the challenges of a changing world and the expectations of future generations.

Creating a world future generations will be proud of

Our Values

say what we stand for, how we behave and guide our decision making.

Looking out for each other

Leading the way

Doing what we say

Achieving together

Results at a glance

In FY2022, we completed the strategic realignment of Boral's portfolio to focus on our core Australian construction materials business. However, our continuing operations faced a number of challenges.

Group financial performance

Statutory NPAT

\$961m

includes a post-tax significant gain of \$811 million

NPAT¹

\$150m

EBIT¹

\$263m

Cash flow from operating activities

\$261m

Return of surplus capital

\$2.72 / share

comprising \$2.65 capital reduction and 7 cents unfranked dividend

Continuing operations performance

A year of exceptional challenges

Our financial results were materially impacted by external operating challenges which had a combined adverse EBIT impact of \$136 million. Significant inflationary cost pressures are expected to continue to impact in FY2023.

EBIT impact

Substantial energy cost inflation,

and significant increases in cartage costs over and above historical inflation.

▼ \$58m

Exceptional rainfall, particularly in NSW and Queensland, prevented us from delivering to our customers and resulted in additional costs.

▼ \$45m

COVID-19-related construction shutdowns

in Greater Sydney, Victoria and South Australia had a significant impact on the construction industry, affecting Boral's volumes for the duration of the shutdowns, and in the following months as work returned to normal activity levels.

▼ \$33m

How we are responding

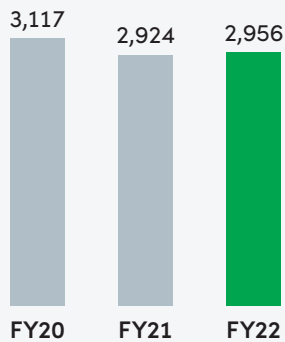
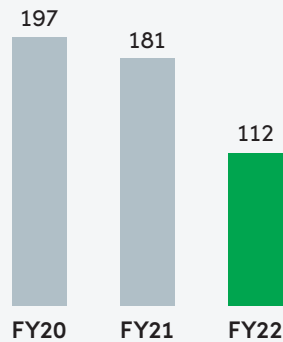
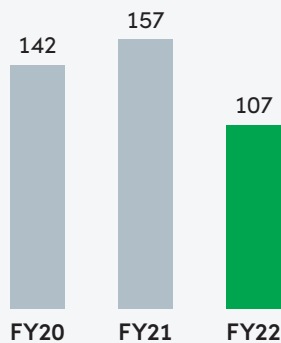
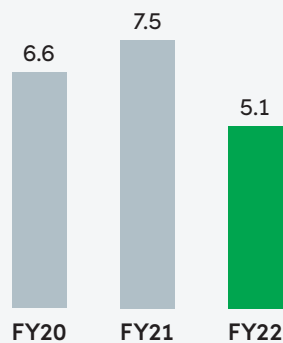
Pricing actions implemented. In addition to an out-of-cycle national price increase implemented in January and February 2022, we introduced transport charges to recoup higher fuel and cartage costs, and brought forward our annual price increase to August 2022 from October 2022.

Accelerated overhead cost reduction efforts with a simplified corporate organisational structure implemented in June 2022. The reduction of about 220 roles by 30 June 2022 will deliver an annualised cost saving of \$35 million, including \$24 million in FY2023.

Energy cost mitigation initiatives. We have taken steps to switch to more economical energy sources and reduce our exposure to energy price volatility.

1. Excludes significant items.

Revenue (\$m)

\$2,956m
 1%
EBIT¹ (\$m)**\$112m**
 38%
EBIT¹
(excluding Property) (\$m)**\$107m**
 32%
ROFE²
(excluding Property)(%)**5.1%**
 from 7.5%


Sustainability highlights

11.8

recordable injury frequency rate, up from 11.5 in FY2021³

No pay gap

in female-to-male average base salary equity ratio

Science-based climate targets

FY2030 emissions reduction targets validated by the Science Based Targets initiative (SBTi)

Lower carbon concrete penetration increased to

19%

of concrete volumes⁴

58%

of operational waste diverted from landfill

\$30m

grant awarded by Australian Government to use Calix's innovative carbon technology to assess the viability of a commercial-scale carbon capture plant

2. Return on funds employed (ROFE) is EBIT before significant items on funds employed, excluding net Property assets (average of opening and closing funds employed).

3. Per million hours worked for employees and contractors.

4. As at last week in June 2022.

Reshaping our future

FY2022 has been a year of change for Boral, during which we successfully realigned our portfolio and simplified our organisational structure. In short, we're building a better Boral.

Recognising the underlying strength of Boral's Australian construction materials business, we have refocused the portfolio on this sector, divesting non-core assets and returning surplus capital to shareholders.

Our strategy has delivered year-on-year revenue growth against a backdrop of extreme weather and construction lockdowns.

The events of FY2022 have highlighted key areas of focus for Boral's transformation journey.

Our attention has now turned to building a more efficient, agile and customer-focused organisation with improved risk management, that is better positioned to respond to changing business conditions.

To this end, we have implemented a more dynamic and disciplined approach to pricing, and accelerated our efforts to reduce overhead costs. Notably, we simplified our corporate organisational structure, reducing our overall headcount, in June 2022.

While the business conditions that saw a contraction in margins in FY2022 are expected, in part, to continue in FY2023, I am confident the changes we have made make Boral better equipped to handle them.

While I am proud of the progress made by the Group and Boral's management so far, there is still work to do, and we look to increase the pace of transformation in FY2023.

It is also important to note that the changes we are making are not designed to simply improve short-term earnings or respond to immediate market concerns, though we do expect them to achieve that.

Our transformation strategy is focused on positioning Boral for long-term success, restoring profitability and pride to an iconic Australian brand.

Seven Group Holdings (SGH), of which I am Managing Director & CEO, continues to hold a 69.6% interest in Boral.

SGH's investment level reflects its confidence that it can drive meaningful and profitable change in Boral, utilising core principles that have affected success in its other businesses. Chief among these is SGH's owner's mindset ethos.

From the top down, through various programs, we foster a culture of 'personal stake' within the Group. This manifests in increased engagement, accountability, discipline, and ultimately, financial performance.

Strategy

FY2022 was a successful year in terms of strategy execution, highlighted by the portfolio divestment, capital return and organisational restructure.

In FY2023, we plan to focus on building a more resilient core business that delivers improved earnings and is positioned for future growth.



Key to this will be:

- managing ongoing inflationary pressures through strong pricing actions, discipline and risk management
- delivering on our initiatives to improve performance, including through cost reductions
- growing our integrated network and positioning Boral to leverage demand opportunities, and
- executing a refreshed property strategy to maximise the long-term value of Boral's property portfolio. Over the coming years, we expect this to deliver significant earnings.

Our transformation strategy is focused on positioning Boral for long-term success, restoring profitability and pride to an iconic Australian brand.

With an eye to customers' sustainability ambitions, we are reshaping our business to become a leader in decarbonisation and to build a more circular economy by increasing the use and re-use of recycled materials.

Boral was the first company in the global cement sector to set 2030 targets aligned with a 1.5°C pathway for Scope 1 and 2 emissions¹ validated by the Science Based Targets initiative, and we are committed to net zero emissions from our operations by 2050.²

In FY2022, we substantially grew the proportion of concrete sales volumes from our lower carbon, higher performance product suite. We are also growing our circular economy products and solutions, increasing the use of recycled materials in concrete and asphalt.

In the shorter term, we are aiming to transition our operations to renewable electricity and increasing the use of alternative fuels to reduce emissions at our clinker kiln at Berrima, NSW. We expect to increase alternative fuels use at Berrima to 30% by the end of FY2023 and to 60% by FY2025. This will also deliver cost savings by reducing our use of coal.

Safety outcomes

Boral's recordable injury frequency rate of 11.8 was up slightly compared to the rate of 11.5 recorded in the prior year. The result highlights that we have more work to do to improve our safety outcomes, and in FY2022 we implemented early intervention and management initiatives to reduce the frequency of injuries. These programs are delivering early positive results.

New leadership

As announced in June 2022, Vik Bansal will replace Zlatko Todorcevski as CEO & Managing Director on or before 5 December. Vik brings extensive operational and strategic leadership experience to guide the next stage of Boral's transformation journey, and is focused on productivity improvement and leveraging Boral's strong competitive positions.

I would like to thank Zlatko for his contribution, including leading the company through significant change to create a more focused and streamlined business. This process included the successful sale of non-core businesses for \$5.5 billion and the return of significant proceeds to shareholders.

Board renewal and governance

In line with the Board's renewal plan outlined prior to the 2021 Annual General Meeting (AGM), during the year we welcomed two new independent non-executive Directors to the Board, Mark Johnson and Jacqueline Chow. This followed the retirement of Peter Alexander and Deborah O'Toole after the 2021 AGM.

Mark and Jacqueline are both experienced directors with a wealth of expertise and knowledge that complement the skills of our existing Board members.

In line with SGH's commitment to maintaining a governance framework that is consistent with promoting the best interests of all shareholders, Rob Sindel was appointed as lead independent Director in September 2021 and Chair of the Independent & Related Party Committee. Rob has been an independent Director on the Board since September 2020.

Thank you

I believe we are on the right path to transform Boral into a more sustainable, high-performing organisation that delivers long-term value for our shareholders. To that end, we are also guided by our commitment to Boral's Purpose – creating a world future generations will be proud of.

On behalf of the Board, I thank our management team and our people around Australia for their continued efforts and dedication to supporting our customers and making Boral a better company.

And I thank you, our shareholders, for your continued confidence and trust in Boral.



Ryan Stokes AO
Chairman



Enfield Concrete plant, NSW

1. Based on construction materials, including cement, companies taking action through the Science Based Targets initiative (SBTi).
2. While SBTi's methodology permits the use of carbon offsets to achieve net-zero emissions post-2030, our decarbonisation pathway post-2030 is focused on achieving absolute emissions reductions for Scopes 1, 2 and 3. This pathway remains dependent on further development and commercial viability of new and emerging technologies.

Building a stronger foundation

Despite a challenging environment, we made considerable progress towards our strategic priorities, which aim to build a more profitable, competitive and customer-focused business.



A key milestone was completing our divestment program of non-core assets, which we commenced in FY2021. In FY2022, we divested the Boral North America and Australian Building Products businesses for combined proceeds of \$4.1 billion, returning \$3 billion in surplus capital to shareholders by way of a \$2.65 per share capital reduction and 7 cents unfranked dividend.

Results impacted by challenges

Over the past year, the Australian construction sector has faced several external challenges that have significantly impacted Boral's earnings. These included government-mandated construction shutdowns; extended periods of exceptional rainfall across a number of our key regions, particularly in NSW and Queensland; and sharp rises in energy prices, which have also driven broader inflationary costs that have impacted our business.

In combination, these factors have adversely impacted earnings by \$136 million, and more than offset the earnings benefit of higher revenue and transformation program initiatives.

Alongside these challenges, the construction industry has continued to face ongoing supply chain disruptions, curtailing strong construction demand and delaying a number of major projects.

EBIT for continuing operations, excluding Property, was \$107 million – down 32% on the prior year, with revenue up 1% to \$2,956 million.

The Group's EBIT was \$263 million – compared to \$445 million in the prior year – reflecting a part-year contribution from the discontinued operations divested during the year, and lower earnings from the continuing operations.

The statutory net profit after tax was \$961 million, which includes a post-tax significant gain of \$811 million that mainly relates to the profit on sale of the Boral North America businesses.

Zero harm

Boral's number one priority is the health and safety of our people and all those we interact with through our operations.

In FY2022, our recordable injury frequency rate was 11.8, which is up on the prior year. We also reported six actual serious harm incidents compared to two in the prior year. This is a disappointing outcome. We acknowledge there is more work to do to improve safety outcomes, and this will be a renewed focus in FY2023.

Preventing serious harm remains a key priority. We have implemented a number of initiatives focused on embedding our Safe Systems of Work Program across Boral and fostering continuous improvement during the year. We also launched our Life Saving Commitments, which focus on preventing serious harm or fatalities.

Executing our strategic priorities

To mitigate external challenges – most notably heightened inflationary pressures that are expected to continue in FY2023 – we responded by taking pricing actions and prioritising our review of overhead costs.

We have brought forward our annual price increases to August 2022. These were in addition to the national out-of-cycle price increases we implemented in January and February. To help recover increased fuel and cartage costs, we also introduced transport charges in late FY2022.

We have implemented a simplified corporate organisational structure to create a more agile and efficient organisation. The reduction of about 220 roles by 30 June 2022 will deliver an annualised cost saving of \$35 million, including \$24 million in FY2023.

In FY2022, we continued to focus on our transformation program, which was launched in FY2021 to deliver earnings benefits of \$200–\$250 million after inflation. In FY2022, the EBIT benefit was \$42 million after inflation (excluding energy-related inflation), which was below our target of \$60–\$75 million and impacted by delays in some of our transformation initiatives, including delays due to COVID-related supply chain impacts, and higher than expected cost inflation.

Considering the heightened inflationary environment that is expected to continue in FY2023, we have reset our focus to deliver improved earnings through a combination of pricing actions and performance improvement initiatives, including cost reductions from the simplified corporate organisational structure.

In FY2022, we launched a refreshed property strategy that will maximise long-term value creation from Boral's deep property portfolio. Boral will repurpose surplus property assets to deliver the best combination of recurring and divestment earnings, and pivot to developing and retaining sites with industrial, commercial or tourism potential. The strategy is also focused on using Boral's operating property footprint more effectively to increase recurring earnings.

We made disciplined investments to enhance our integrated network position. This included acquiring Hillview Sands in Victoria for \$30 million to support our west of Melbourne sand position and making strategic land acquisitions at Badgerys Creek, which will service the Western Sydney region, and at Dunmore in NSW, which will provide access to additional quarry reserves.

With a significant infrastructure pipeline ahead of us, we remain committed to ensuring Boral is well placed to win and service opportunities. We have recently won several key infrastructure projects that will contribute to the strong positive momentum in major projects activity expected in FY2023.

We have made good progress on our decarbonisation pathway as well. We are reshaping our business to focus on differentiated more sustainable products and solutions that meet our customers' evolving needs and sustainability ambitions, and are working to reduce the carbon footprint of our operations.



Montrose Quarry, Vic

With a significant infrastructure pipeline ahead of us, we remain committed to ensuring Boral is well placed to win and service opportunities.

A key focus of our strategy and decarbonisation pathway is to shift demand from our conventional concrete mixes to our suite of lower carbon concretes: ENVISIA®, Envirocrete® Plus and Envirocrete®. The penetration run rate of our lower carbon concrete products, which cater for all building and infrastructure applications, increased more than fourfold in FY2022, representing 19% of concrete volumes by the end of June 2022. We expect these adoption rates to continue to increase as we launch our lower carbon concretes across Sydney, Victoria and South Australia in the coming year.

Transition and reflection

As announced in June 2022, I will be departing Boral in the coming months and Vik Bansal will become Boral's CEO & Managing Director. Vik and I have already been working closely together over the last few months to ensure a smooth transition and preserve momentum towards our strategic priorities.

I want to sincerely thank our leaders and people for their trust, hard work and commitment. It has been an honour to work with the Board, leaders and our people during such an extraordinary period in the Company's history.

While the operating environment will continue to present challenges, I am confident that by creating a more streamlined and sustainable business, we have reshaped Boral for a better future.

Zlatko Todorovski
CEO & Managing Director

Our business

BORAL ANNUAL REPORT 2022



4,749
employees¹



~4,400
contractors¹



~3,500
heavy road vehicles²

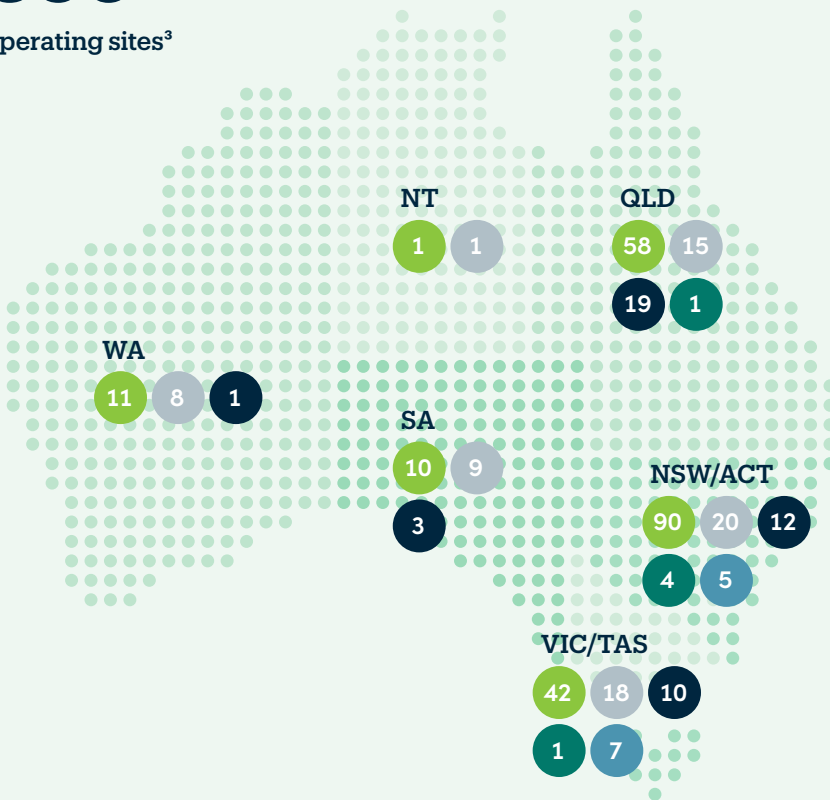


~14,000
customers

Construction materials: Leading integrated network

356

operating sites³



- 212 Concrete and Placing
- 71 Quarries
- 45 Asphalt

- 6 Cement
- 12 Recycling

Property: Maximising value creation from our surplus property assets



~30

surplus property assets

Totalling

~3,800

hectares

Valued at

\$1.0b+⁴

Major surplus properties include:

- Donnybrook, Vic**
- Scoresby, Vic**
- Waurnd Ponds, Vic**
- Penrith Lakes, NSW⁵**

1. Full-time equivalent for continuing operations.
 2. Managed or used by Boral.
 3. Includes transport, fly ash and research and development sites. Concrete site definition has been revised, with restated comparable number of Concrete and Placing sites in FY2021 of 213.
 4. Refer to footnote 1 on page 13.
 5. 40% owned in joint venture with Holcim and Hanson.

Valuable upstream and downstream operations



Cement

Our Cement operations manufacture and import clinker, grind clinker into cement, and supply supplementary cementitious materials. Our 1.5 million-tonne clinker manufacturing plant is at Berrima, NSW.

Quarries (including Recycling)

Our hard rock and sand quarries supply about 30 million tonnes of materials annually to our Concrete and Asphalt operations and customers.

Our Recycling operations process more than 2.2 million tonnes of construction and demolition waste for reuse, helping supplement quarries' materials supply and supporting circular construction.



Bitumen

Our 50%-owned Bitumen Importers Australia joint venture supplies about 40% of Asphalt's operations bitumen needs.



Concrete and Placing

We supply 6–7 million m³ of concrete annually, including advanced and lower carbon solutions, and are one of the largest concrete placing and pumping companies in NSW.

Asphalt

We produce and supply more than 2 million tonnes of asphalt annually, and spray seal and technical materials for the surfacing and maintenance of infrastructure networks.

Construction and demolition waste from customers

Our customers

We deliver products and solutions used for a range of applications, from homes and commercial buildings to infrastructure projects such as roads and highways.

We work with our customers to deliver more sustainable, high-performing and innovative solutions.

For generations to come

We aim to lead the way in offering innovative and sustainable construction materials products and solutions.



Snowy Hydro 2.0

Boral is supplying lower carbon concrete to build 27 kilometres of tunnels for the Snowy Hydro 2.0 renewable energy project.

This is providing the Snowy Hydro and Future Generation joint venture with high durability and good early-age strength concrete that also delivers an efficient production cycle time for the project.



Sydney Metro Linewide

Boral's ENVISIA® lower carbon concrete is being used to build 31 kilometres of railway tunnels to expand the Sydney Metro in NSW.

ENVISIA® is delivering superior engineering qualities, including lower drying shrinkage and improved constructability that allows pumping the concrete up to 1.2 kilometres in distance.



Quay Quarter Tower

ENVISIA® concrete was used to build this iconic, architecturally unique tower in the Sydney CBD.

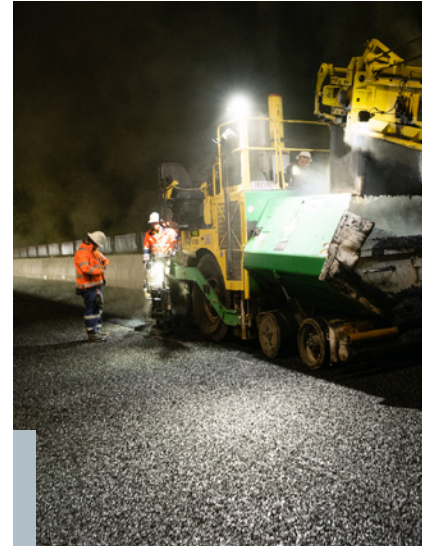
ENVISIA® concrete enabled us to meet the high one-day strength constructability requirements and achieve improved sustainability performance with significantly lower embodied carbon concrete.

© Adam Mork, supplied by AMP Capital

Heritage Lanes

Suncorp's headquarters in Brisbane was built by Mirvac using ENVISIA® lower carbon concrete.

ENVISIA® delivered superior early-age strength performance to meet pour-cycle times, and a significantly lower carbon footprint.

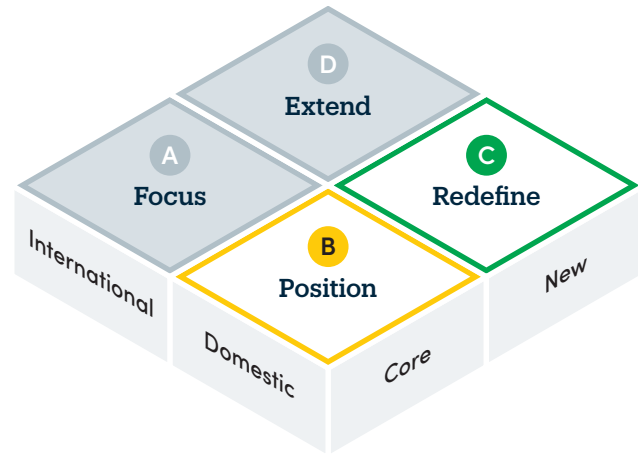


Pacific Highway upgrade, Queensland

We supplied more than 70,000 tonnes of asphalt to the Varsity Lakes to Burleigh upgrade, which was completed in FY2022.

The project used about 13% recycled asphalt product, a reprocessed pavement containing asphalt and aggregates that reduced the amount of virgin aggregates and bitumen required.

Strategic priorities



Boral established a refreshed strategic framework in May 2021, comprising four pillars: Focus, Position, Redefine and Extend.

In FY2022, the first strategic pillar – to **Focus** Boral on the core construction materials business in Australia – was completed. The sale of non-core assets delivered proceeds of \$5.5 billion, including \$4.2 billion in FY2022 from the sale of the Boral North America and Australian Building Products businesses.

We also pivoted away from the **Extend** pillar to focus on our core Construction Materials and Property segments.

Our strategic priorities are now focused on the **Position** and **Redefine** pillars to improve Boral's performance and earnings, and position the business to deliver on its potential.

Strategic Framework

- | | |
|-----------------|--|
| A Focus | Divest non-core businesses to earn the right to grow by strengthening the portfolio from both a strategic and financial perspective. |
| D Extend | Explore opportunities to create value from the commercialisation of innovations. |

Where we still have work to do

- | | |
|-------------------|--|
| B Position | Build a competitive customer-focused and profitable core business to underpin our position as the national leader in our chosen segments. |
| C Redefine | Reshape our businesses and operations to become the leader in decarbonisation so that we are best positioned to pre-empt and act on emerging trends. |

Position

The key priorities of the Position pillar are:

- **Pricing actions and strong pricing discipline** to mitigate inflation. In response to the heightened inflationary environment, Boral implemented several pricing initiatives in FY2022 and improved pricing processes and systems to strengthen pricing discipline and enhance price traction. This included bringing forward the annual price increase to August 2022, from October 2022, in addition to the out-of-cycle price increase in January and February 2022.
- **Performance improvement initiatives** through permanent cost reductions, new earnings streams, and optimising the use of our existing operational footprint. In FY2021, we set a target of achieving total transformation benefits, net of inflation of \$200–\$250 million by 2025.

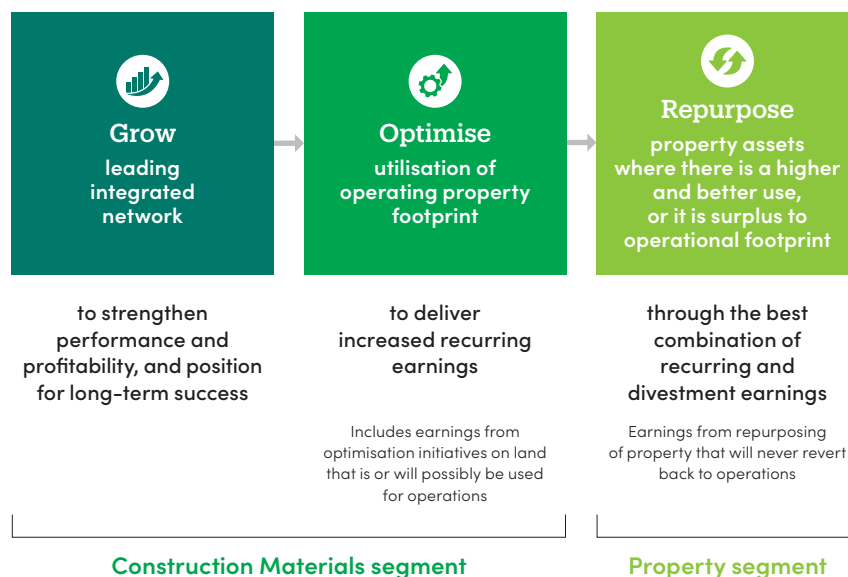
However, considering the significant inflationary pressures that are expected to continue in FY2023, we have shifted to now focus on delivering earnings improvement through a combination of pricing actions and performance improvement initiatives.

- **Building on and optimising our network positions** to take advantage of demand opportunities, including by filling network gaps. In FY2022, we acquired Hillview Sands in Victoria for \$30 million to enhance our west of Melbourne sand quarries position. We also acquired land at Dunmore in NSW to access additional quarry reserves, and at Badgersy Creek to enhance our position to service the Western Sydney region.

- **Executing our refreshed property strategy** to maximise long-term value creation from Boral's property assets and operational footprint. Boral's current portfolio of about 30 surplus property assets represent a current value of more than \$1.0 billion¹ and is expected to contribute significant earnings over the coming years and decades. And, with ongoing investment in our network and deep operational footprint, the surplus property pipeline will continue to refresh as sites reach the end of their operational life. Better utilisation of our operating property footprint will also deliver increased recurring earnings.

Property Framework

Aims to maximise long-term value creation from our property assets and operational footprint



Redefine

In addition to executing on our decarbonisation pathway set in FY2021, the Redefine pillar is focused on offering customer-focused lower carbon and recycled materials solutions. This seeks to support our customers' sustainability ambitions and deliver revenue and earnings growth.

In 2021, Boral set ambitious science-based FY2030 carbon emissions reduction targets aligned with the goals of the Paris Agreement. These targets are supported by a robust decarbonisation pathway – refer to pages 34–35.

A key lever of our decarbonisation pathway is to accelerate the penetration of our suite of lower carbon concrete: Envirocrete®, Envirocrete® Plus and ENVISIA®. These contain at least 40%, and up to more than 50% supplementary cementitious materials, reducing embodied carbon by up to 43%–49% compared to the industry standard for conventional concrete.

Sales volumes from lower carbon concrete grew by more than 135% in FY2022, and by the end of June 2022, lower carbon concrete represented 19% of our concrete sales volumes, compared to 4% at the end of June 2021.

At our cement manufacturing operations at Berrima, NSW, we are investing in a chlorine bypass that will lower our carbon emissions and deliver cost reductions by enabling higher use of alternative fuels at the kiln and reducing our reliance on coal. This will support an increase in alternative fuels to 30% initially, and to 60% by FY2025 from 15% in FY2022. The chlorine bypass is expected to be fully commissioned by 4Q FY2023.

Boral Recycling aims to grow our contribution to circular construction by increasing the volumes of construction and demolition waste processed for use as recycled aggregates and manufactured sand in concrete and asphalt.

Our Circular Materials Management solutions, which support our customers to manage 'waste' materials generated before and during construction, is now a standard offering following successful customer pilot projects in FY2022.

And our Earth Exchange program, which accepts excavation soils into Boral's quarry voids, is delivering a new revenue stream and accelerating our quarry rehabilitation efforts while avoiding costs.

1. On a net present value basis, using discount rate of 9%, with future cash flows estimated based on a combination of contractual terms, comparable property prices and management's estimate of timing realisation, and excluding existing landfill operation. Based on management's estimates that may change due to a variety of factors. Those factors may include general economic conditions, prevailing interest rates, a downturn in local property markets or property markets in general, changes in property income, or regulatory change affecting the value of the sites.

Group financial performance overview

Boral's Group financial performance in FY2022 reflects the realignment of our portfolio to the Australian construction materials business, with a part-year contribution from the discontinued Boral North America and Australian Building Products businesses divested during the year.

Continuing operations were impacted by external operating challenges, including exceptionally wet weather, sharp increases in energy prices, and construction industry shutdowns.

FY22 vs FY21

Statutory NPAT

\$961m

Group statutory profit includes a post-tax significant gain of \$811 million – this compares to a post-tax significant gain of \$389 million in FY2021.

Significant items: FY2022 post-tax significant gain includes an \$863 million profit relating to discontinued operations matters, primarily relating to profit on the sale of the North American businesses, partly offset by transformation and restructure costs of \$52 million.

Underlying NPAT¹

\$150m

 40%

The decrease in Group underlying profit reflects a part-year contribution from the divested Boral North America and Australian Building Products businesses, and lower earnings from continuing operations.

Net interest¹

\$83m

 36%

Lower net interest expense benefited from measures taken to reduce our gross debt, including the repayment of bank facilities in late FY2021 and the early repayment of US\$235 million in US Private Placement facilities in April 2022.

Income tax¹

\$30m

 52%

Income tax expense decreased due to lower pre-tax profits and represents an effective tax rate of 17%.

Continuing operations performance overview

Revenue

\$2,956m

 1%

Revenue was up 3% on a comparable basis, after adjusting for an Asphalt joint venture, now equity accounted but proportionally consolidated in FY2021.

Increased revenue in Queensland, Victoria and South Australia, primarily driven by growth in roads, highways, subdivisions and bridges (RHS&B), and increased residential demand in Queensland more than offset lower revenue in NSW.

EBIT¹ ex Property

\$107m

 32%

The combined EBIT impact of external operating challenges, totalling \$136 million, was partly offset by the benefit of higher revenue and transformation initiatives.

ROFE² ex Property

5.1%

 from 7.5%

The decline in ROFE reflects lower earnings.

EBIT¹

\$112m

 38%

EBIT was \$69 million lower, with Property earnings of \$6 million, down \$18 million on FY2021.

1. Excludes significant items.

2. EBIT before significant items and Property on proportional funds employed excluding net Property assets (average of opening and closing funds employed).

Group summary financial performance

\$m ³	Group		Continuing operations		Var %
	FY22	FY21	FY22	FY21	
Revenue	3,908	5,346	2,956	2,924	1
EBITDA ¹	481	882	330	406	(19)
Depreciation and amortisation	(218)	(437)	(218)	(225)	
EBIT ¹	263	445	112	181	(38)
Net interest	(83)	(131)	(79)	(123)	
Tax ¹	(30)	(63)	2	(10)	
Underlying profit after tax ¹	150	251	35	48	(26)
Significant items (gross)	1,031	358	(75)	(41)	
Tax on significant items	(220)	32	22	12	
Statutory net profit/(loss)	961	640	(17)	19	-
Underlying earnings per share ¹ , ¢	13.6	20.6			
Statutory earnings per share (EPS), ¢	87.0	52.5			
Dividend – special, ¢	7.0	-			
Dividend – ordinary, ¢	-	-			
Weighted average number of shares (million)	1,104	1,220			

Reconciliation of underlying Group results to reported results for FY2022

\$m ³	Profit/(loss) before tax	Tax	Profit/(loss) after tax
Underlying Group result ¹	180	(30)	150
Significant items			
Discontinued operations matters	1,106	(242)	863
Transformation and restructure costs	(75)	22	(52)
Total significant items	1,031	(220)	811
Statutory reported results	1,211	(250)	961

Summary of continuing and discontinued operations results

\$m ³	Revenue		EBITDA ¹		EBIT ¹	
	FY22	FY21	FY22	FY21	FY22	FY21
Continuing operations:						
Construction Materials	2,949	2,920	345	413	128	190
Property	1	1	6	24	6	24
Unallocated (incl. corporate)	5	3	(20)	(32)	(22)	(33)
Total continuing operations	2,956	2,924	330	406	112	181
Discontinued operations:						
Boral North America, USG Boral and Australian Building Products	952	2,422	151	476	151	263
TOTAL reported (total operations basis)	3,908	5,346	481	882	263	445

3. May not add due to rounding.

Continuing operations

Construction activity

Activity in the end-market segments and geographies in which we operate materially impacts demand for Boral's construction material products and services.

In Australia, overall value of work done (VWD) across Boral's end-market segments¹ increased 4% for the nine months to 31 March 2022 (YTD March 2022).

RHS&B activity was up 14%, other engineering up 4%, non-residential up 2%, and overall residential activity up 2%.

Construction materials intensity of major projects was 3.4% of VWD, compared to 3.1% in FY2021.²

Detached housing and alterations and additions (A&A) activity increased 11% and 8%, respectively, while multi-residential activity declined by 13%.

In NSW, where Boral has its strongest integrated position, construction activity over the same period declined by 3%, reflecting the impact of the construction shutdowns in Greater Sydney earlier in the year, and exceptional rainfall.

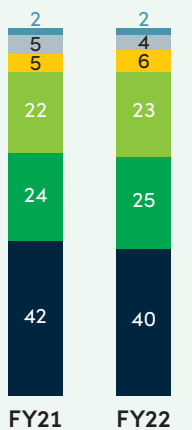
Overall activity across our end-market segments increased by 9% in Queensland (Qld), 4% in Victoria (Vic), 13% in South Australia (SA), and 12% in Western Australia (WA).

Exceptional events curtailed activity

COVID-related construction shutdowns in Greater Sydney, Vic and SA had a significant impact on the construction industry in the 1H FY2022. The shutdowns saw large parts of the construction industry unable to operate, impacting Boral's volumes for the duration of the shutdowns, and in the following months as work returned to normal activity levels.

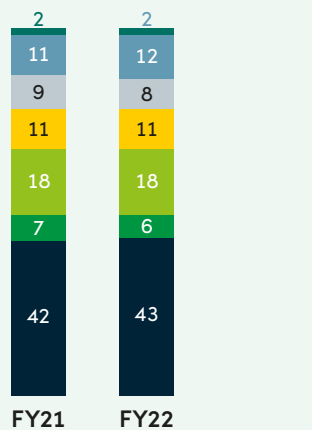
Exceptional rainfall, particularly in NSW and Qld in the 2H FY2022, prevented us from delivering to customer sites in many regions and caused operating inefficiencies and additional operating and repair costs.

Revenue by geography³ (%)



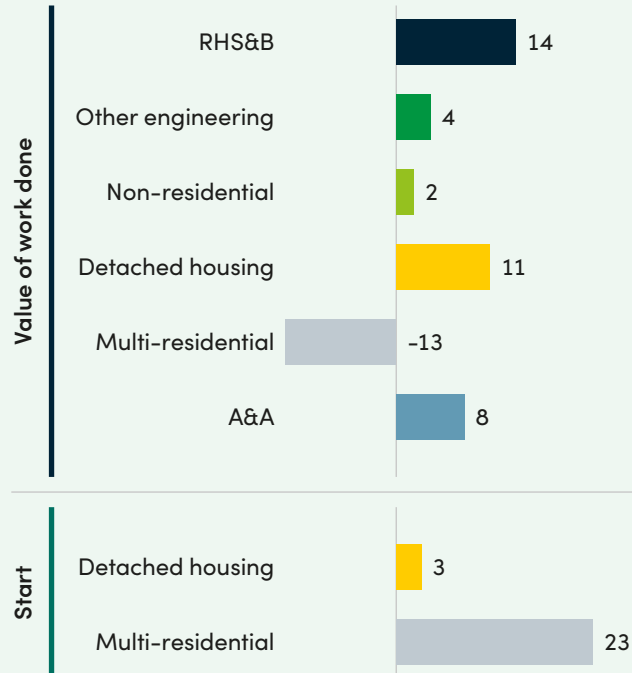
- NSW/ACT
- Qld
- Vic
- SA
- WA
- Tas

Revenue by end-market segment³ (%)



- RHS&B
- Other engineering
- Non-residential
- Detached housing
- Multi-residential
- A&A
- Other

End-market activity vs prior year¹ (%) YTD March 2022



1. Australian Bureau of Statistics (ABS) value of work done, original data to March 2022. ABS data for the June 2022 quarter has not yet been published as at 23 August 2022.
 2. Macromonitor major projects data, July 2022.
 3. After adjusting for revenue from an Asphalt joint venture, now equity accounted, previously proportionally consolidated in FY2021.

Continuing operations – performance summary

\$m	FY22	FY21	Var %
Revenue	2,956	2,924	1
EBITDA ¹	330	406	(19)
<i>EBITDA¹ return on sales (ROS)</i>	<i>11.2%</i>	<i>13.9%</i>	
EBIT¹	112	181	(38)
- Construction Materials	128	190	
- Property	6	24	
- Unallocated (incl. corporate)	(22)	(33)	
EBIT¹ ROS	3.8%	6.2%	
Excluding Property			
EBIT¹	107	157	(32)
<i>EBIT¹ ROS</i>	<i>3.6%</i>	<i>5.4%</i>	
ROFE⁴	5.1%	7.5%	
Average funds employed	2,098	2,089	

Revenue of \$2,956 million was up 1%, and up 3% on a comparable basis after adjusting for an Asphalt joint venture, now equity accounted but proportionally consolidated in FY2021.

Revenue benefited from higher activity in Qld, Vic and SA, primarily driven by stronger RHS&B activity and increased residential demand in Qld.

Revenue from NSW declined, reflecting the impact of exceptional rainfall and construction shutdowns.

Like-for-like (LFL) price increases in Concrete, Quarries and Cement reflect positive price traction, including from the out-of-cycle price increases in January and February 2022.

EBIT¹ excluding Property declined 32% to \$107 million, with the benefit of higher revenue and transformation initiatives more than offset by adverse impacts of:

- \$33 million from construction shutdowns in 1H FY2022
- \$45 million from exceptional rainfall in NSW and Qld, and
- \$58 million from sharp increases in energy costs and significant increases in cartage costs over and above typical inflation.

EBIT¹ of \$112 million was down 38% and included Property earnings of \$6 million compared to \$24 million in FY2021.

Property earnings in FY2022 were primarily from the sale of land in Kiama in NSW and Noarlunga in SA.

Lower revenue from NSW across all businesses, except Quarries, where Boral has the largest operational footprint and strong integrated margins, adversely impacted margins.

Concrete revenue was up 1% on the prior year, with average selling price (ASP) up 1% and total volume down 1%, reflecting lower pull through demand from Concrete Placing, with external volumes higher. Higher concrete volumes in Vic, Qld and WA were more than offset by softer volumes in NSW.

The 1% decline in total concrete volumes reflects a volume decline of 10% to multi-residential and 1% to infrastructure (RHS&B and other engineering), broadly steady volumes to detached housing construction, and 12% growth to supply higher A&A activity, compared to FY2021.

Concrete Placing revenue declined 7% due to the impacts of severe weather in 2H and the Greater Sydney shutdowns in 1H. Major pours occurred at four Sydney Metro stations and Circular Quay Tower in NSW, and work commenced at the Western Sydney Airport Terminal in 2H.

Quarries revenue grew by 8%, primarily driven by volume growth in Vic, Qld, Tas and WA. Total Quarries volume (internal and external) was up 5%, primarily driven by strong RHS&B demand. Although LFL prices increased by 3%, ASP was up only 1%, reflecting a less favourable product mix.

Cement external revenue increased by 1%, with total volumes up modestly. While LFL price was up 1%, ASP was broadly steady, reflecting a less favourable product mix.

Asphalt revenue was up 5% after adjusting for joint venture revenue, now equity accounted. Revenue growth in Qld and SA, which benefited from significant increases in infrastructure activity, was partly offset by lower activity in WA. Revenue from NSW was curtailed by wet-weather impacts.

4. ROFE is EBIT before significant items and Property on proportional funds employed excluding net Property assets (average of opening and closing funds employed).

Revenue			
\$m	FY22	FY21	Change %
Concrete	1,218	1,202	1
Concrete Placing	207	224	(7)
Asphalt	682	697	(2)
Quarries	472	437	8
Cement	319	316	1
Other ¹	59	49	20

Volume and price

Var %	FY22 vs FY21		
	Volume ²	ASP ³	LFL price ³
Concrete	(1)	1	1
Quarries	5	1	3
Cement	1 ⁴	0 ⁵	1 ⁵

Boral's **major projects** revenue, which can include RHS&B, other engineering and non-residential projects, was broadly steady on FY2021, representing about 10% of revenue.

Asphalt major project work included Pacific Highway upgrades and the Deception Bay Road interchange in Qld and the West Gate Tunnel in Vic. Tonkin Gap in WA is expected to ramp up in FY2023.

Major concrete projects included Snowy Hydro and Sydney Metro Linewise in NSW, and the West Gate Tunnel project in Vic.

Major projects recently secured but not yet commenced include Sydney Metro West – Central Tunnels, Sydney Metro West – Western Tunnels and HMAS Albatross in NSW.

Boral also continues to tender on a sizeable pipeline of new major infrastructure projects.

Energy-related cost inflation

Energy costs (post hedging) increased by \$48 million in FY2022. In addition, increases in cartage costs in 2H above typical historical inflation, driven by sharply higher fuel prices, totalled \$10 million.

A year-on-year hedging benefit of \$35 million relating to diesel and electricity partly offset the \$83 million increase in energy costs.

With energy costs expected to remain elevated in FY2023, we are taking steps to switch to more economical energy sources and reduce our exposure to energy price volatility. This includes increasing our use of alternative fuels at the Berrima Cement kiln – refer to page 13.

Performance improvement initiatives

Boral's transformation program delivered benefits net of inflation (excluding energy and above historical cartage inflation) of \$42 million. This outcome was below our targeted net transformation benefit range of \$60–\$75 million. The delivery of program benefits was negatively impacted by heightened cost inflation, and delays in some of our transformation initiatives, including delays due to COVID-related supply chain impacts. These included delays to the commissioning of the Geelong Cement clinker grinding and storage facility and Tarong fly ash classifier.

Initiatives that contributed to the FY2022 transformation benefits included:

- a broad range of improvement projects to drive operations excellence, including accelerating our penetration of lower carbon concrete
- cost savings from headcount reductions following the operating model streamlining initiatives implemented on 1 July 2021
- rationalising our innovation capability previously split between Australia and the US
- additional earnings derived from Recycling and other growth opportunities, and
- cost benefits from procurement initiatives.

Going forward, we have shifted our focus from our transformation program to delivering improved earnings through a combination of pricing actions and performance improvement initiatives.

Performance improvement initiatives expected to contribute in FY2023 include:

- the simplified organisational structure implemented in June 2022, which will contribute \$24 million in cost reductions in FY2023
- the delivery of benefits from commissioning Mill 2 at the Geelong Cement facility, which is expected to be completed in 2Q FY2023
- the progressive deployment of supply chain automated allocations across our operations, with commencement targeted for late 2Q FY2023
- completion of the chlorine bypass at the Berrima Cement plant targeted for 4Q FY2023, enabling greater use of alternative fuels to replace coal, and
- further penetration of lower carbon concrete as Boral launches its lower carbon concrete offering in Sydney, Vic and SA.

1. Includes Property segment and unallocated revenue.

2. For internal and external sales.

3. For external sales only.

4. For external and internal sales, including wholesale cement but excluding Sunstate Cement joint venture.

5. For external cement sales, excluding wholesale cement and Sunstate Cement joint venture.

Discontinued operations

Boral North America (including Boral's 50% share of post-tax earnings in Meridian Brick) and Australian Building Products, which were divested in FY2022, are reported under discontinued operations.

Combined, discontinued operations contributed EBIT⁶ of \$151 million, compared with \$263 million in the prior year, primarily reflecting the part-year contribution in FY2022.

There was no depreciation expense on discontinued operations in FY2022 compared to \$213 million in FY2021.

Boral's North American Building Products, Fly Ash and Meridian Brick businesses contributed \$142 million (US\$103 million) of EBIT, compared with \$209 million (US\$156 million) in the prior year.

Boral's Australian Building Products businesses (Timber, Roofing and Masonry) contributed \$10 million of EBIT, compared with \$19 million in FY2021.



Discontinued business	Sale completion date	Gross sale proceeds
Boral North America		
Building Products	1 October 2021	US\$2.15b
Meridian Brick – 50% share	6 October 2021	US\$125m
Fly Ash	11 February 2022	US\$755m
Australian Building Products		
Timber	1 October 2021	\$65m
Roofing and Masonry	1 November 2021	\$12m

Group cash flows

Group operating cash flow of \$261 million

decreased from \$654 million in the prior year, reflecting lower EBITDA due to a part-year contribution from the divested Boral North America and Australian Building Products businesses, and lower earnings from continuing operations.

Operating cash flow from continuing operations of \$217 million declined 16%, reflecting the impact of challenging operating conditions on EBITDA.

Free cash flow from total operations of \$3,856 million includes the receipt of cash proceeds of \$3,997 million on disposal of assets. This primarily relates to the sale of North American Building Products and Fly Ash, the 50% interest in Meridian Brick and Australian Building Products businesses (Timber, Roofing and Masonry). This compares to free cash flow of \$1,758 million in FY2021, which included \$1,450 million in proceeds on disposal of assets from the sale of the 50% interest in USG Boral, and Midland Brick.

Group cash flow statement

\$m ⁶	FY22	FY21
EBITDA ⁷	481	882
Change in working capital and other	26	(10)
Interest and tax	(162)	(141)
Equity earnings less dividends	(21)	12
Other items	(12)	(28)
Restructuring and transformation costs	(51)	(61)
Operating cash flow	261	654
Repayment of lease principal	(57)	(88)
Capital expenditure	(342)	(258)
Investments	(3)	-
Proceeds on disposal of assets	3,997	1,450
Free cash flow	3,856	1,758
Share buy-back	(353)	(507)
Capital return	(2,923)	-
Dividends paid	(77)	-
Settlement of financial instruments	-	(37)
Cash flow	503	1,213

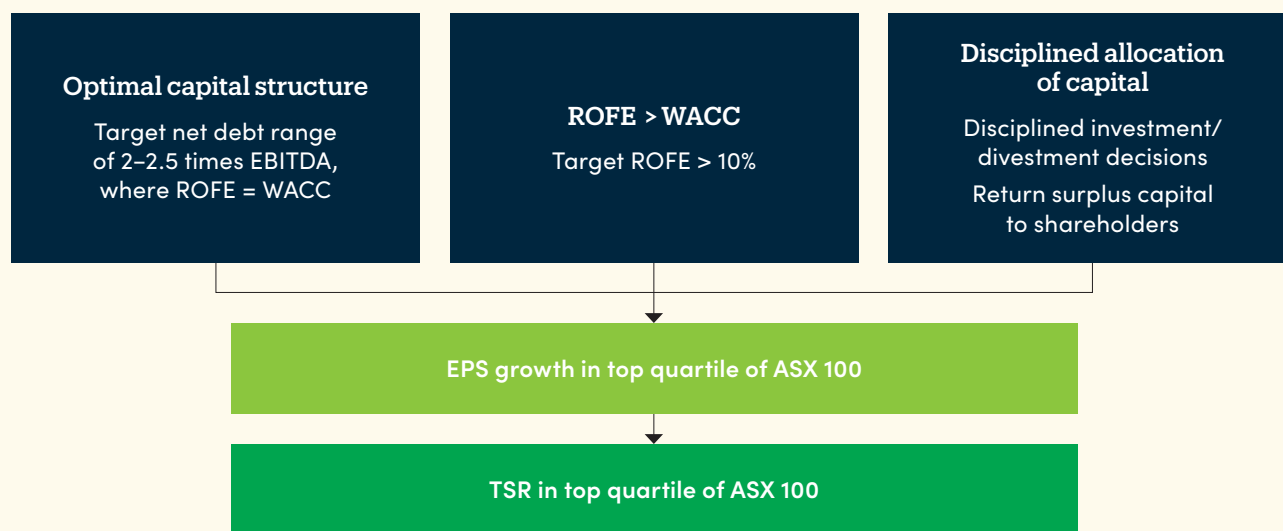
6. May not add due to rounding.

7. Excludes significant items.

Financial Framework

Boral's Financial Framework guides the Group's decision making to ensure alignment with the interests of our shareholders. The key financial objective of the Financial Framework is to achieve a Total Shareholder Return (TSR) in the top quartile of the S&P/ASX 100. To achieve this, Boral is targeting EPS growth in the top quartile of the S&P/ASX 100.

To meet these objectives, there are three core pillars to the Financial Framework:



Capital management and capital allocation

Boral's optimal capital structure is defined by the point where our cost of capital is at its lowest. This is defined as net debt at 2–2.5 times EBITDA where ROFE is equal to Boral's weighted average cost of capital (WACC). Boral continues to target the bottom of this range to ensure it retains flexibility.

The Group's net debt, including lease liabilities, was \$476 million at 30 June 2022. This is below our target net debt range but is prudent in the current challenging environment and provides significant flexibility.

Boral maintained significant liquidity of more than \$1.2 billion, comprising cash of \$987 million and undrawn facilities of \$250 million at 30 June 2022, and an investment grade credit rating with Moody's (Baa2).

		FY22	FY21
Debt ¹ and lease liabilities	\$m	1,464	1,803
Cash	\$m	987	904
Net debt²	\$m	476	899
Net debt/net debt plus equity ³	%	20 ³	36
Net debt/equity	%	25	57
Average cost of debt	%	3.9	4.2
Weighted average debt maturity	years	4.3	4.9
Interest cover ⁴	times	3.2	3.4

Further information on the maturity profile of the Group's debt obligations is included in note 4.1 to the financial statements on pages 118–119.

1. US-denominated debt converted at AUD/USD exchange rate of 0.6889 at 30 June 2022.

2. Includes lease liabilities.

3. The equity balance is significantly lower following capital reduction of \$2.9b in February 2022.

4. Excluding significant items.

Repayment of gross debt

Initiatives have been implemented to reduce Boral's gross debt to align with the Company's reduced operational footprint and decrease interest costs.

Early repayment of US\$235 million in US Private Placement facilities due to mature in May 2025 was completed in April 2022. Make whole costs totalled \$8 million.

A further US\$300 million of 144A/Reg S bonds due to mature in May 2028 were repaid on 11 July 2022, following completion of a tender offer, further reducing gross debt by A\$435 million.¹ This resulted in a gain on repurchase of \$14 million.

Combined, these early debt repayments will reduce interest costs by \$31 million¹ in FY2023.

Disciplined capital allocation

Return of surplus capital

\$3 billion

Boral completed a \$3 billion return of surplus capital to shareholders on 14 February 2022 by way of a \$2.65 per share capital return and 7 cents per share unfranked dividend.

The Australian Tax Office published a Class Ruling (CR 2022/19) on 2 March 2022 confirming that no part of the \$2.65 return of capital will be assessable as a dividend for Australian taxation purposes.

Boral completed a 10% on-market share buy-back in July 2021, which commenced on 1 April 2021.

Capital expenditure

We allocate capital expenditure in line with our strategy and in a way that aims to deliver a return on invested capital above Boral's WACC.

Continuing operations capital expenditure in FY2022 totalled \$313 million, which included:

- the acquisition of the Hillview Sand business, Vic, for \$30 million
- the acquisition of land at Badgerys Creek, NSW, for \$21 million
- strategic land purchases at Dunmore and Peats Ridge, NSW, and Dunnstown, Vic, to access additional quarry reserves
- the new clinker storage and grinding facility at the new Geelong Cement facility, Vic
- the new fly ash classifier as part of the operations at the Tarong Power Station, Qld, and
- investment in a chlorine bypass system at the Berrima alternative fuels facility, expected to be completed in 4Q FY2023.

Following completion of commissioning of Mill 1 at the Geelong Cement facility in March 2022, the Waurn Ponds Cement site has been closed. Commissioning of Mill 2, which will increase plant capacity to 1.3 million tonnes per annum and support increased slag grinding capacity, is expected to be completed in 2Q FY2023.

Commissioning of the Tarong fly ash classifier was completed in March 2022, with volumes ramping up through 4Q FY2022.

FY2023 outlook

In FY2023, Boral expects:

- revenue to be higher than FY2022, driven by strong price growth and increased volumes, with volumes to benefit from less disruption, including no construction shutdowns and higher construction demand
- stronger infrastructure demand, including accelerating major projects work, and improved non-residential activity to more than offset softening detached housing demand in 2H FY2023
- a high risk of further adverse impacts due to exceptional rainfall, with July 2022 the wettest July on record in Sydney
- the benefit of price increases coupled with performance improvement initiatives to more than offset the impact of significant total cost inflation, with energy costs remaining elevated.

In addition, Boral expects:

- no property divestments due to change in strategy
- financing costs to be approximately 4.2% p.a. on gross debt value (including leases)
- effective tax rate to be close to the Australian corporate tax rate of 30%
- capital expenditure to be approximately \$235 million (including new leases).

Our risks and responses

Effective risk management is essential to deliver on our business strategies and create long-term value.

We apply a robust risk management framework to identify, assess and manage risks, and embed these principles to make better day-to-day decisions. Our approach to risk is informed by the level and types of specific risks we are willing to accept to achieve our strategic objectives.

Boral is in the process of maturing a Risk Appetite Framework, which is based on a set of targeted risk appetite statements. These risk appetite statements articulate our tolerance for principal risks across key strategic and operational categories.

Our approach to risk identification and management is outlined in the Corporate Governance Statement on pages 44–58. An overview of our material business risks and approach to managing those risks is set out on the following pages.

Description

Responses/mitigating activities

Health, safety and environment (HSE)

There is a **risk of incidents** occurring that may cause injury to Boral's staff, contractors or members of the community, or damage to the environment.

Boral manages or uses a fleet of about 3,500 on-road heavy vehicles, which are required to meet national heavy vehicle legislation. This exposes Boral to a risk of traffic accidents, and non-compliance with heavy vehicle laws.

Boral is also subject to **environmental and/or development licences, consents and approvals**, including an obligation to protect Aboriginal heritage sites and biodiversity. Material breaches of these requirements may result in fines and/or loss of licence to operate. In addition to impacting our people and communities, any incidents or material breaches of laws and regulations may also cause business interruption and adversely affect Boral's reputation.

As demonstrated by the COVID-19 pandemic, community and global health issues and responses can also impact Boral's people, markets and operations.

- **HSE Zero Harm Council**, led by Executive General Manager (EGM) HSE and including CEO & Managing Director and Executive Leadership Team, provides HSE oversight and leadership
- **Comprehensive Health, Safety, Environment and Quality Management System** with key focus on serious harm prevention
- **Comprehensive review and launch of Life Saving Commitments**
- **Strict minimum operating standards**, policies, procedures and training to ensure compliance with all applicable HSE legislation
- **Safety improvement initiatives** focused on preventing serious harm, standardisation, developing lead indicators and leveraging technology
- **Group standardised protocols for COVID-19**, including strict hygiene, social distancing, quarantine requirements and response plans
- **HSE performance monitoring**, reporting and accountability, including leading and lagging indicators
- **Heavy vehicle safety** management, led by National Heavy Vehicle Compliance Manager, to comply with (at a minimum) heavy vehicle laws
- **Heavy vehicle audit program** conducted by qualified assessors
- **Leading Safe Work Program** training to coach and educate frontline workers in how to make better decisions on the job
- **Focused approach to dust management**, including respirable dust
- **Robust environmental compliance** and audit programs, including compliance audits, site compliance tools and verifications

Description	Responses/mitigating activities
<p>Workforce, culture and engagement</p> <p>Attracting and retaining great people and engaging our workforce underpins delivery of Boral's strategic initiatives and business plans.</p> <p>The availability of labour and ability to recruit and retain skilled labour is a key factor in maintaining production, and our ability to service our customers. The current skilled labour constraints are increasing job vacancies and driving up costs.</p>	<ul style="list-style-type: none"> • Organisational culture work including embedding our recently launched Values as an integral part of our annual Performance Planning and Review process, and measuring and monitoring workplace culture • Update on Code of Business Conduct, including leader training sessions • Careful selection and promotion of leaders who demonstrate values and behaviours that underpin our brand experience for employees and customers • Diversity and inclusion program sponsored by Boral's Diversity and Inclusion Council • Flexible work policy and guidelines that support employees' work and family responsibilities • Talent Acquisition team supported by strategic outsourced recruitment partners • Bespoke recruitment campaigning, including new digital channels
<p>Social, legal and compliance</p> <p>Failure to meet the increasing expectations of Boral's stakeholders could impact future plans, reputation and our ability to operate.</p> <p>Boral is subject to a broad range of laws, regulations and standards (and changes to any of these) in the jurisdictions in which we operate. Changes in laws and regulations, and non-compliance due to inadequate processes, systems, people or conduct could lead to losses and liabilities, reputational damage and business interruption.</p>	<ul style="list-style-type: none"> • Organisational culture work including embedding our Values, and measuring and monitoring workplace culture • Third-party whistleblower hotline, monitoring and reporting • Centralised Code of Business Conduct and associated policies, which are covered in mandatory training at induction • Regular competition law training, mandatory for relevant staff • Governance structure that monitors performance of third-party agreements and joint ventures • Subject matter experts monitor regulatory changes (including those that are tax related), engage with regulators, and modify procedures and protocols to meet regulations of the jurisdictions in which we operate • Modern slavery risk management, including Human Rights Policy and Supplier Code of Conduct. Annual reporting via Modern Slavery Statement • Reconciliation Action Plan initiatives to support Aboriginal and Torres Strait Islander peoples, suppliers and communities • Community engagement programs, including with local Aboriginal groups, to responsibly manage our operations
<p>Supply chain and cost management</p> <p>There is a risk that our business is exposed to inflationary and market cost increases above expected levels and/ or Boral is not able to achieve planned cost reductions or price increases to offset cost inflationary increases.</p>	<ul style="list-style-type: none"> • Pricing actions and improved pricing discipline combined with performance improvement initiatives including cost reductions, new earnings streams and optimising the use of our operational footprint – refer to page 12 • Simplified corporate organisational structure implemented to reduce costs and improve efficiency • Supply chain optimisation strategy and program, including preparation for automated allocations to transport fleet, to enhance supply logistics, continuity of supply and reduce costs • Largely integrated and locally sourced supply chain • Operational improvement projects to offset inflationary pressures

Description**Responses/mitigating activities****Supply chain and cost management** CONTINUED

Disruption in the supply of raw materials or other critical inputs from force majeure type events could impact Boral's ability to manufacture products and meet market demand.

- Short-term price volatility in **energy costs** was partially mitigated by hedging and electricity demand management in FY2022, with further initiatives in FY2023 – refer to page 18
- **Integrated Business Planning** optimises production planning and site utilisation, improves efficiency of materials supply and supports future resource planning

Competition and customer

Boral operates in **competitive markets** against domestic suppliers and, in some cases, imported product suppliers. The competitive environment can be significantly affected by local market forces, such as new entrants, production capacity utilisation, disruptive product innovation, customer strategies and preferences, and changes in construction methods and materials. This impacts demand for our products.

There is also a risk that Boral is not able to **maintain pricing and/or achieve announced price increases** to offset inflationary costs due to competitor actions and market pressures.

- **Reshaped operating model**, implemented 1 July 2021, to create a more integrated business that is nationally managed and regionally executed – better serving our customers
- **National sales and marketing function** delivering improved and consistent approach to sales and marketing capability, and more disciplined pricing approach
- **Leveraging technology** for improved customer experience
- **Lower carbon concrete product suite** offering customers differentiated and more sustainable product solutions
- **Innovation team** is developing new ways to make and sell new and existing products
- **Investment in technology innovation** to diversify product range and develop new products in core markets
- **Partnering with academia and leveraging government initiatives** to strengthen materials-based product research and development, and innovation
- Customer surveys and **net promoter score tracking**

Transition to low-carbon economy

The transition to a low-carbon economy with heightened focus on carbon emissions is likely to result in **changing customer preferences**, and a shift to less carbon-intensive construction materials.

Governments are also expected to increase **actions** to achieve carbon reduction targets. This may result in an effective price on carbon emissions, increasing the cost of production and negatively impacting earnings.

- **Deliver against ambitious FY2030 emissions reduction targets** validated by Science Based Targets initiative and underpinned by clearly defined decarbonisation pathway
- **Good progress in implementing decarbonisation pathway initiatives** – refer to page 35
- Outcomes from Task Force on Climate-related Financial Disclosures (TCFD) **carbon price risk scenario analysis** (completed in FY2021) considered in risk management and capital decision making, with application of an internal carbon price being assessed
- Accelerating customer **adoption of lower carbon concrete** suite of products and growing Recycling business and product solutions
- **New product development** focused on lower carbon products to drive adoption and usage, and support our customers
- **Partnering with academia and leveraging government initiatives** to strengthen materials-based product R&D and innovation
- **Awarded \$30 million** Australian Government grant in partnership with Calix to assess the feasibility of developing a carbon capture plant in the Southern Highlands, NSW
- **Engaging with government and regulators**, and monitoring government policies and related developments

Description

Responses/mitigating activities

Weather and physical climate impacts

Extreme weather is an inherent risk for the construction materials industry. Periods of extreme weather can interrupt production and our operations, impact Boral's ability to supply products to the market and limit customers' ability to construct, reducing or postponing demand.

Prolonged periods of wet weather can impact our performance through deferred sales volumes, loss of fixed cost recovery, and higher costs of overtime to catch up on customer demand.

The **physical and transition risks associated with climate change** and our mitigation strategies will be further outlined in the *Boral Sustainability Report 2022*.

- **Large operating footprint** supports continuity of supply by using a broad network of operating sites and capabilities
- Ability to **flex production schedules** to reduce cost impacts
- Monitoring and **preparedness for weather-related disruption**, including flexible workforces and additional equipment
- **Weather monitoring** processes to identify where and when extreme weather events may impact the business so we can initiate planning processes early
- **TCFD physical climate risk scenario analysis** completed with outcomes being considered in planning, risk management and operations
- **Site flood, bushfire and inundation risk assessments** are underway, building on insurance risk reviews with mitigation plans to be developed as required
- **Mitigation plans** for major weather events, including flood, bushfire and cyclones
- **Potential secondary opportunities** from demand for more resilient buildings and infrastructure to support adaptation to climate change, and from physical impacts of climate change

Market and industry

Our business performance is closely tied to **demand in the end-market segments** in which we operate, and across our regions of operation. These markets are cyclical and affected by various macroeconomic, demographic and regulatory factors, and the allocation and timing of government funding for public infrastructure and other building programs.

For **major projects**, particularly infrastructure, our business is impacted by delays in delivery schedules or changes to scopes of work.

Boral's **ability to compete effectively on an integrated basis** across its regions of operation requires it to maintain its strategic operational properties and secure positions in areas of future growth.

- **Strategic framework** to build a competitive and profitable core business and reshape operations so we are best positioned to pre-empt and act on emerging trends
- **Disciplined allocation of capital** in accordance with Capital Framework, reinvesting in the business to maintain a sustainable advantage
- **Enhanced cement import capability** in Vic: new Geelong Cement clinker import terminal, grinding plant and storage facility to provide increased capacity and flexibility in east coast cement supply network
- **Continued monitoring and reporting** of government policies, regulatory changes and industry trends, and engagement with government and regulators
- **Dedicated Major Projects team**, led by Major Projects EGM to maintain work-winning best practice project management, disciplined approach to tendering, and respond to changes in programs of work
- **Network optimisation program** to identify opportunities to enhance network position to take advantage of market opportunities
- **Renewed property strategy** focused on maximising long-term value creation from Boral's property portfolio
- **Quarry reserves planning**, and management of property consents and approvals for strategically located operational sites
- **Robust environmental compliance** and audit programs, including compliance and site verification audits
- **Community engagement program** to responsibly plan and manage operations

Description

Responses/mitigating activities

Financial and capital management

Maintaining an optimal capital structure and taking a disciplined approach to allocating capital is key to delivering returns above our cost of capital through the cycle.

Managing our liquidity and funding requirements is essential to the financial health of our business.

Boral is exposed to movements in foreign exchange rates through imported products and supply of plant and equipment, and our purchase of energy, which is linked to US-denominated market prices.

- Financial Framework targets an **optimal capital structure** and guides disciplined capital allocation
- Maintenance of prudent debt profile with **staged and long-dated debt maturities** from diverse funding sources in global capital markets
- **Disciplined capital expenditure** and investment decision making with post-implementation reviews
- **Maintenance of a strong liquidity position**, with committed undrawn facilities and cash on hand, including rigorous management of cash flow and working capital
- **Cross-currency swaps** used to hedge US dollar-denominated debt
- **Forward exchange contracts** used for material product and equipment supply to hedge currency movements
- Debt issued at fixed rates to **reduce cyclical impacts**
- Short-term price volatility in **energy costs** partially mitigated by hedging and electricity demand management in FY2022, with further initiatives in FY2023 – refer to page 18
- **Counterparty credit risk** distributed across a number of highly rated global financial institutions

Operations and technology

The Group’s manufacturing operations and related services depend on critical plant. Any **unanticipated failures, outages or force majeure events** could lead to failure to meet financial performance.

Boral’s operations, operational efficiency, and financial and commercial systems depend on our **information technology (IT) systems, capabilities and assets**. Ongoing investment in IT is required to adequately support the business, including to improve operational efficiency and customer service, and reduce costs.

Cybersecurity breaches or ransomware attacks on information systems or plant operating technologies could result in the loss of sensitive data, breach of customer data privacy, or widespread business interruptions, and associated reputational damage.

- **Crisis management, emergency response and business continuity planning** for operating sites and office-based activities subject to continuing review
- **Plant maintenance strategies** and production maintenance systems and programs
- **Comprehensive Group insurance program** that covers damage to facilities and associated business interruption, and product performance
- **Disaster recovery plans** and emergency response protocols for critical IT systems and operational equipment
- **Large operating footprint** supports continuity of supply by using a broad network of operating sites and capabilities
- **Risk management of third-party service providers**, including assurance over high-risk service providers
- Continued **focus on cloud and data security**, allowing hosting and running of critical workloads in the cloud
- **Strategic IT projects** led by Chief Information Officer, including targeted technology enhancements to improve operational and core financial systems, and customer solutions
- **Chief Information Security Officer**, supported by cybersecurity team, responsible for developing and implementing Boral cybersecurity program, including remediation and improvement plans
- Cyberattack and data breach **response protocols and scenario testing**
- **Cybersecurity improvement program** aligned with National Institute of Standards and Technology’s Cybersecurity Framework
- **Information security awareness training** and targeted email ‘phishing’ simulation for all employees
- **Investments in market-leading cybersecurity technologies and services** for threat prevention, detection and response

Sustainability overview

Our ambition is to be recognised as a leader in sustainability.

Boral's Sustainability Framework identifies 17 priorities across four key areas encompassing our material sustainability topics identified through our latest sustainability materiality assessment completed in FY2021.

Boral's Sustainability Report 2022 will provide our more comprehensive disclosure on Boral's approach to sustainability and FY2022 performance outcomes, including greenhouse gas emissions and energy use data. This report will be published in late September 2022.

All sustainability data on the following pages relates to Boral's continuing operations. Our reporting boundary includes entities over which we have operational control.



Our Sustainability Framework

As a leading construction materials company, what we help create today will be around for generations to come. We aim to lead the way in sustainability and are committed to creating a world future generations will be proud of.

Our Sustainability Framework, established in FY2021, sets out our commitment to achieving this across four focus areas. The Framework is underpinned by our commitment to a high standard of corporate governance, responsible business conduct, effective risk management and Boral's Values, which inform everything we do.



Our People



11.8

recordable injury frequency rate

1,300+

frontline employees have completed the Leading Safe Work Program



1.03: 1.00

female-to-male average base salary equity ratio



Women represent

30%

of Executive Leadership Team

30%

of professional positions

14%

of employees

Our Products



135%+

increase in lower carbon concrete sales volumes

ENVISIA® advertising campaign

for lower carbon concrete launched



One of Australia's largest recyclers

of construction and demolition waste, with

2.2m+ tonnes

recycled in FY2022

Environmental Product Declarations

Expanded our library of EPDs, covering concrete, cement, asphalt, lime and limestone

Our Operations

Science-based climate targets

FY2030 emissions reduction targets validated by Science Based Targets initiative



\$30m

grant awarded by Australian Government to use Calix's innovative carbon technology to assess the viability of a commercial-scale carbon capture plant

Water sub-metering

installed at priority high water-risk sites

Trigger action plans

implemented at priority high water-risk sites

\$6.0m

spend with Indigenous-owned and social enterprises

58%

of operational waste diverted from landfill¹

1. Operational waste includes all site-based waste streams where collection services are managed by our waste services provider, and excludes concrete wash-out waste, recycled asphalt materials, and construction and demolition volumes.

Our People

We recognise that our people are critical to our success. We are committed to building a safe, engaged, diverse and inclusive workplace, and fostering a culture that supports our people to deliver their best.



4,749

FTE employees

▼ from 4,856 in FY2021



~4,400

FTE contractors

▼ from ~4,500 in FY2021

Our contractors work in a range of roles, including as product installers and drivers in our transport operations, and support plant maintenance and information technology functions.

Employee turnover

Voluntary employee turnover was 17%, up from 12% in FY2021, reflecting broader labour constraints and high demand for skilled labour. Involuntary turnover was 5%, compared to 6% in the prior year.

As we enter our third financial year affected by the COVID-19 pandemic, our people and workplaces have continued to adapt and respond to its impacts. We have taken comprehensive measures to help reduce the spread of the virus and ensure the safety and welfare of our employees, contractors, customers and the public.

Culture, engagement, diversity and inclusion

Since July 2021, a number of programs have supported our transformational agenda. This includes a new operating model, the introduction of a hybrid working pilot and new ways of working approach at key head office sites, and a Values and behaviours refresh.

We recognise that to create a world future generations will be proud of, we need to cultivate an inclusive workplace where the unique perspectives, experiences and backgrounds of all our people are leveraged and embraced. Our new diversity and inclusion strategy established in FY2022 has been designed to bring our Value of *Looking out for each other* to life through our everyday workplace behaviours and interactions. It includes objectives to increase representation of diverse groups and provide equitable access to opportunities.

Women represented

25% of our Directors (and 40% of independent non-executive Directors) on the Board, compared to 38% in the prior year

30% of our Executive Leadership Team¹

15% of management positions, up 2% on the prior year

14% of employees, steady on the prior year

We continue to have favourable pay equity outcomes, with a female-to-male average base salary ratio of 1.03:1.00.

Employee attraction and development

During FY2022, our employees participated in a range of job-related skills training and development opportunities, including on-the-job placements to help them succeed in their roles and support their career goals.

More than 3,700 employees completed learning programs and 193 employees completed individual units of competency, skillsets or qualifications. This equates to 586 individual units of competency through Boral's registered training organisation (RTO) or external RTOs.

Workplace relations

Our approach is to work collaboratively with our people and their representatives, and to provide fair and equitable employment conditions that deliver sustainable performance outcomes for Boral in a challenging competitive environment.

1. Based on Executive Leadership Team announced on 30 June 2022.

We have 57 enterprise or industrial agreements covering 2,748 employees – equivalent to 58% of our employees.² These agreements cover a term of two to four years on average.

Health, safety and wellbeing

In Boral, we look out for each other. Our first and foremost priority is the health and safety of our people, including our contractors, and all those whom we interact with through our operations. We want everyone to go home healthy and safe every day.

Our health, safety and environment (HSE) strategy aims to build a culture where our people are engaged in the solution to eliminate or control critical risks, and are empowered to seek and support continuous improvement.

Our key focus is to strengthen the prevention of serious harm through more standardised and tailored controls that identify and mitigate our critical risks.

Safety outcomes

We had no reportable employee or contractor fatalities in FY2022.³ However, we were deeply saddened that there was a community fatality when a heavy vehicle driven by one of our contractors was involved in a multi-vehicle crash on the Logan Motorway, Qld. Our sympathy goes out to those affected. This incident is still being investigated to identify causal and contributing factors.

We reported six actual serious harm incidents compared to two in FY2021, which equated to an actual serious harm incident frequency rate of 0.4⁴, compared to 0.1 in the prior year. This was a disappointing outcome. As a result of these events, we have implemented initiatives centred on improving our Safe Systems of Work and visible leadership, which will continue to be a focus in FY2023.

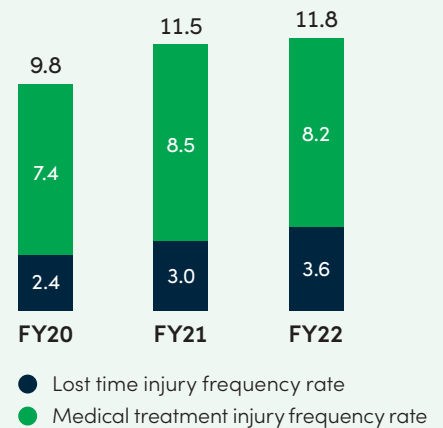
We reported a potential serious harm incident frequency rate of 5.2⁴, compared to 5.3 in FY2021. We encourage our people to report potential serious harm incidents as these provide key learnings for the organisation to prevent actual serious harm incidents in the future.

We reported recordable injury frequency rate (RIFR) of 11.8⁵, which was a modest increase from 11.5 in FY2021. The majority of injuries were low severity sprains and strains caused by manual tasks.

In FY2022, parts of our Cement and Asphalt businesses trialled injury prevention and management initiatives which aim to reduce the frequency of these types of injuries. Early indications from this trial have been positive and leadership engagement has been high, with early intervention continuing to be an ongoing focus for improvement activities in FY2023.

Based on ongoing employee health monitoring, we had no new detected cases of silicosis in FY2022.

Recordable injury frequency rate



2. This includes employees covered by agreements that have passed their nominal expiry date, and are deemed to continue to operate until they are replaced or terminated by the Fair Work Commission.
 3. We also had no fatalities in our joint ventures.
 4. Per million hours worked for employees and contractors.
 5. Per million hours worked for employees and contractors. RIFR is the combined lost time injury frequency rate and medical treatment injury frequency rate.

Our Products

We aim to lead the way in offering innovative and sustainable construction materials products and services that meet our customers' changing needs.

Lower carbon concrete

We are prioritising lower carbon concrete innovation, development and availability. This is supporting both our own decarbonisation goals – we are aiming to reach net zero emissions by 2050 – and our customers' lower carbon and sustainability ambitions. This includes supporting customers to achieve certifications under Australian sustainable design and building standards such as Green Star and the Infrastructure Sustainability Council (IS Council) rating scheme.

Over time, our ambition is to shift our conventional concrete mixes to the lower carbon concrete mixes, and make these products the standard for our customers.

In FY2022, lower carbon concrete represented 7% of our concrete sales volume, up from 3% in FY2021, with our customers' uptake reaching 19% by the end of June 2022.

Boral's lower carbon concretes use our distinctive proprietary binder ingredient – ZEP® technology – plus expertise in concrete-mix design to replace cement used in concrete with supplementary cementitious materials (SCMs). SCMs are typically ground-granulated blast-furnace slag and fly ash, which are by-products of steel manufacturing and coal-fired power generation, respectively.

Lower carbon concrete range

In addition to our ENVISIA®, Envirocrete® Plus and Envirocrete® range of products, we also tailor carbon neutral solutions for customers using the Australian Climate Active Carbon Neutral Standard.



For customers wanting a carbon neutral concrete product, we can offer any concrete covered by a current Environmental Product Declaration (EPD), plus carbon offsets, under our current Climate Active certification.

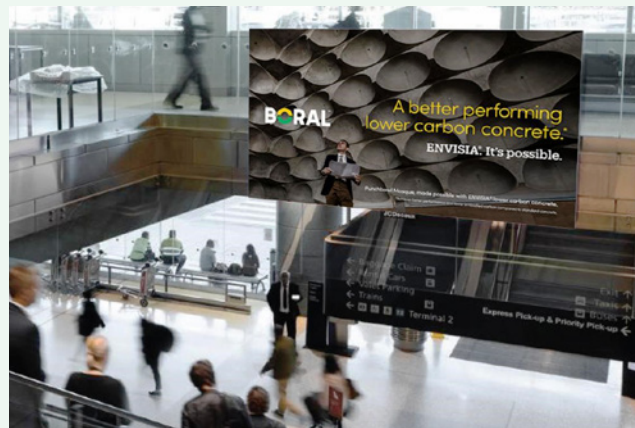
ENVISIA®	Boral's superior performance concrete that achieves an embodied carbon reduction of up to 43%–49%. ¹
Envirocrete® Plus	This product, launched in FY2021, offers up to 39%–42% embodied carbon reduction. ¹
Envirocrete®	Our more general purpose lower carbon offering achieves up to 38%–40% reduction in embodied carbon. ¹

ENVISIA® lower carbon concrete: It's possible.

To help build awareness and understanding of our lower carbon concrete ENVISIA®, we launched a major advertising campaign in late FY2022.

ENVISIA® is our lower carbon concrete that also offers premium performance. With high early-strength characteristics, low shrinkage and a bright white colour, it makes technically challenging projects possible.

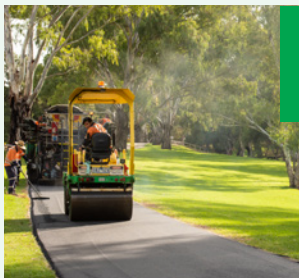
The campaign, kicked off in the Qantas Terminal in Sydney, features iconic projects that have used ENVISIA® including Crown Resorts, Sydney; Barangaroo South, Sydney; and Punchbowl Mosque, Sydney.



1. Where SCMs and plant availability exist, embodied carbon reduction is compared to Green Building Council of Australia and IS Council reference cases.

Recycled materials

We offer a range of recycled materials to our customers, diverting more than 2.2 million tonnes of waste from landfill in FY2022 and re-using precious resources across Cement, Concrete, Asphalt and Quarries. Some of our recycled products include:



INNOVO asphalt system®

Incorporates recycled materials, including glass, crumbled rubber (from tyres), recycled asphalt pavement and plastics.



Envir-O-Agg® Glass Sand

Made of clean, washed and crushed recycled glass and is blended with natural and/or recycled material.

Our full range of recycled products include various quarry products, such as roadbases, compaction sand, and aggregates, as well as inclusion of excavation sand and other recycled content into selected concrete and asphalt mixes.

Boral Circular Materials Management

We provide a Circular Materials Management service to our customers, directly managing and processing construction and demolition waste and developing it into new construction materials.

Our Circular Materials Management solution



Waste materials managed and recycled by Boral comprise construction and demolition waste such as concrete, bricks, asphalt, soils and other materials.

Innovation

Boral's Innovation team is aiming to lead the way in developing high-performing sustainable products and solutions for our industry, including by leveraging strategic partnerships and funding. To accelerate our research and development efforts, we are also partnering with academia, government and industry innovation hubs.

To build on the innovative offering of ENVISIA®, Envirocrete® Plus and Envirocrete®, we are focused on broadening the range of lower carbon concrete products we can offer to our customers. In partnership with the University of Technology Sydney, we are accelerating research into new binders and developing the next generation of ENVISIA® concrete. We want to push lower carbon boundaries even further while maintaining or improving the practical properties of conventional concrete.

Supporting our customers to make sustainable choices

Understanding the sustainability impacts of different products and services can be complex, and we strive to simplify this process for our customers by providing them with all the information they need to make more environmentally sustainable product choices.

We offer a growing library of EPDs for our cement, concrete and asphalt products in different states and regions. Our concrete EPDs provide cradle-to-gate environmental indicators for a range of conventional pre-mix concrete products, lower carbon concrete (ENVISIA®, Envirocrete® Plus and Envirocrete®), and concrete for special applications.

Our Operations

We strive to achieve an environmentally and socially sustainable business that meets today's and tomorrow's needs.

Committed to net zero

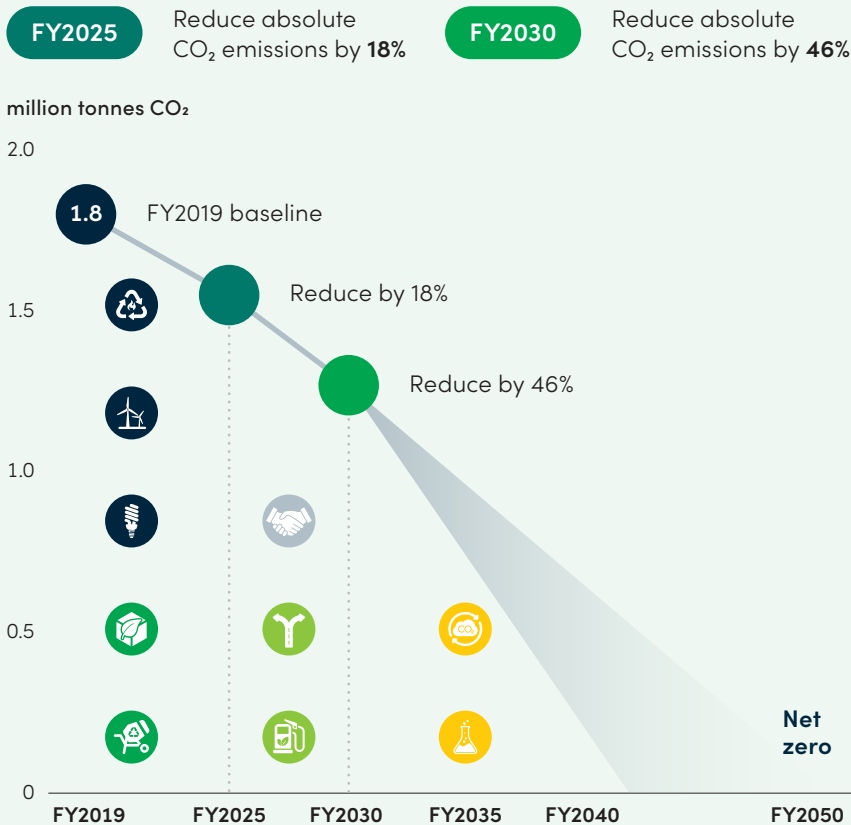
Boral was the first in the global construction materials industry to set FY2030 science-based Scope 1 and 2 targets aligned with limiting global warming to 1.5°C.¹ And in FY2022 our ambitious emissions reduction targets for FY2030 were approved by the Science Based Targets initiative (SBTi) as consistent with the levels required to meet the goals of the Paris Agreement.

We are committed to net zero carbon emissions by no later than 2050, aligned with the most ambitious aim of the Paris Agreement.²



Our decarbonisation pathway

Scope 1 and 2 targets

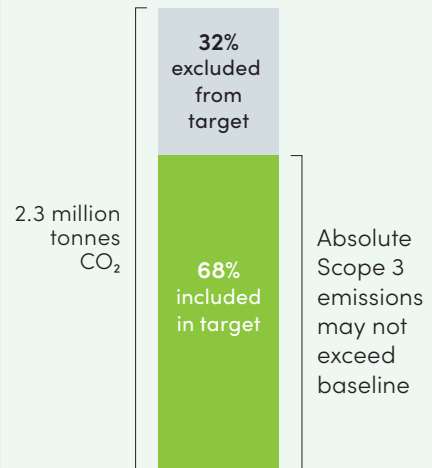


Scope 3 target

FY2030 Reduce CO₂ emissions per tonne cementitious materials produced³ by **22%**

Physical intensity target⁴

Applies to a minimum of two-thirds of Scope 3 baseline emissions



1. Based on construction materials, including cement, companies taking action through SBTi.
 2. While SBTi's methodology permits the use of carbon offsets to achieve net-zero emissions post-2030, our decarbonisation pathway post-2030 is focused on achieving absolute emissions reductions for Scopes 1, 2 and 3. This pathway remains dependent on further development and commercial viability of new and emerging technologies.

FY2022 progress

During the year, we have made good progress on our decarbonisation priorities.

We commenced construction of a chlorine bypass at the Berrima clinker facility, which supports an initial increase of alternative fuels from 15% to 30% – and to 60% by FY2025. This is expected to be commissioned in 4Q FY2023.

We significantly accelerated penetration of our lower carbon concretes, which increased by more than 135% in FY2022 and by end of June 2022 represented 19% of our concrete volumes.

We also continued to assess opportunities to transition to renewable electricity sources.

Pleasingly, we were awarded a \$30 million grant from the Australian Government in partnership with Calix to assess the feasibility of developing a carbon capture plant in the Southern Highlands, NSW.











Climate resilience

In FY2021, we completed a two-year roadmap using TCFD based scenario analysis to further assess our most significant physical and transition climate-related risks and opportunities, including the risk of the introduction of a broad-based carbon price in Australia.

In FY2022, we commenced an all-of-business review of bushfire and extreme weather hazards, including flooding and inundation, across our sites. This assessment will use information from the physical scenario analysis and our insurers to quantify risk, identify mitigation strategies already in place, and plan for improvements to increase the resilience of our sites.

Our decarbonisation levers

We have established a detailed decarbonisation pathway based on five key levers. The pathway is being reviewed and refined as we move forward and is contingent on cost-effective and available technologies.

<p>1 Energy</p>	<ul style="list-style-type: none">  Alternative kiln fuels: Transition Berrima Cement kiln fuel away from coal, increasing alternative fuels from 15% to 60%, and explore hydrogen and renewable gas  Renewable energy: Aim to transition to net power supply from renewable sources  Energy efficiency: Improve energy efficiency by 5% to 10%
<p>2 Cementitious intensity</p>	<ul style="list-style-type: none">  Lower carbon concrete: Increase use of supplementary cementitious materials  Kiln feed and cement plant optimisation: Implement processes to increase cement plant efficiency
<p>3 Transport</p>	<ul style="list-style-type: none">  Optimise supply chain: Optimise supply chain logistics and routes  Renewable fuels: Explore and implement alternative fuels for Boral and contractor fleets, including electrification and hydrogen
<p>4 Sourcing</p>	<ul style="list-style-type: none">  Lower carbon supply chain: Prioritise lower CO₂ intensity suppliers, including for imported clinker
<p>5 Carbon capture use and storage (CCUS)</p>	<ul style="list-style-type: none">  Mineralised carbon products: Pilot and implement a mineralised carbon product stream  Carbon capture use and storage: Explore and implement emerging CCUS technologies

3. Cementitious materials produced is defined following the Global Cement and Concrete Association definition.

4. Consistent with SBTi's Scope 3 physical intensity target methodology.

Sustainable operations footprint

We are committed to reducing the environmental impacts of our operations, and wherever practicable, eliminating these altogether.

We are investing resources to improve our water efficiency, reduce the waste generated in our operations and divert more of that waste from landfill, and strengthen our biodiversity management.

In FY2022, we completed a major project to install water meters at 17 sites identified as being at high risk of water stress during periods of drought – these will measure water use and establish a baseline for future water management initiatives. Once complete, this baseline data will also allow us to set site-specific water use reduction targets.

We also completed trigger action response plans for our high water-risk sites to prepare for periods of drought. These plans set out a certain set of conditions, the triggers, with actions that site managers and their teams must follow when those trigger events occur.

In FY2021, we partnered with a new waste services provider to improve our approach to the management of waste generated by our operations, including improved reporting, with waste improvement plans for each site in progress. In FY2022, we diverted more than 58% of our operational waste from landfill, using more than 25 recycling streams nationally.

Avoiding adverse impacts to the diversity of plant and animal species at and around our operational sites is an integral component of our land management efforts.

We have management plans in place for all sites identified as having biodiversity values. In FY2021, in partnership with the NSW Department of Planning and Environment, we commenced developing our first fully owned biodiversity offset site at Coolumburra, NSW.

We have rigorous systems and processes to minimise air emissions across our operations. Where relevant, our operations have either continuous or scheduled air quality monitoring programs. Data is available to local communities through regulatory reporting, stakeholder engagement programs, such as quarry liaison group meetings, and information posted online.

We also work to ensure we meet, and preferably exceed, compliance with environmental legislation and regulations relevant to our operations. In FY2022, we received no penalty infringement notices during the year.

Serious environmental incident frequency rate¹

0.3 Steady on FY2021

In the recent devastating floods in Lismore, NSW, several storage tanks and related infrastructure at Boral's South Lismore asphalt depot were damaged and bituminous material consequently discharged into flood waters. Boral Asphalt continues to work with residents, Lismore City Council and the NSW Environmental Protection Agency to address these impacts.



Geelong Cement grinding and storage facility, Vic

1. Serious environmental incident frequency rate is defined as a moderate (or greater) environmental, regulatory or community incident per million hours.



Customer experience and satisfaction

We aim to deliver a superior customer experience by listening to our customers to better understand their needs, and then focusing our efforts on delivering continuous improvements in products and services to better meet those needs. We seek feedback from our customers to understand how we can serve them better through net promoter scores, helping us measure customer satisfaction and loyalty.

Boral is also introducing and expanding its use of digital technologies to support the customer journey, including new digital docketing to improve the flow of information with our customers, and marketing automation tools that enhance the customer experience from lead to order.

Sustainable procurement

We understand that sustainable procurement is vital to support our environmental and social priorities and ambitions, as well as the sustainability requirements and goals of our customers, investors and other stakeholders. Our priorities for sustainable procurement and supplier engagement include:

- promoting diversity and inclusion in our supply chain
- reducing the carbon footprint of purchased goods and services
- supporting sustainability reporting requirements – both mandated and voluntary, and
- ensuring safe, ethical, and sustainable practices in our supply chain, including addressing modern slavery risks.

In FY2022, we spent more than \$6 million with Indigenous-owned businesses and social enterprises.

Boral's Modern Slavery Statement 2022 will be published in November 2022 and include further information on how we are continuing to strengthen our approach to preventing modern slavery in our supply chain.

Community engagement and partnerships

We work to build genuine and positive long-term relationships with the communities in which we operate. We do this by listening to our stakeholders, maintaining proactive and transparent communication, responsibly managing our operations, and investing in strong partnerships aligned with our values and priorities.

We openly engage with communities to provide information, address concerns, and make improvements where possible. The most common areas of interest and concern are heavy vehicle traffic, noise, dust, odours, cultural heritage, water, waste, quarry end-use and biodiversity.

Across our sites, we hold regular community liaison group meetings, which are designed to address local issues relating to our operations with stakeholders. We also keep local communities informed through more informal channels.

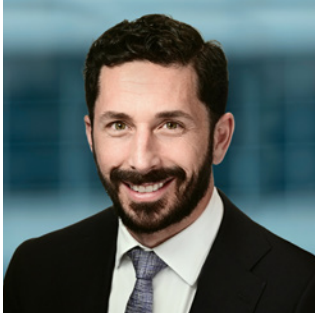
We adopted our second **Innovate Reconciliation Action Plan** in November 2020. It includes our commitments out to November 2022 to deliver meaningful progress towards reconciliation across four key pillars: relationships, respect, opportunities and governance.

To date, across FY2021 and FY2022, we have made meaningful progress across each of these pillars including:

- returning a parcel of culturally significant land at our Waurin Ponds site in Victoria to the Traditional Owners, the Wadawurrung People
- spending \$11.6 million with Indigenous-owned businesses, and
- launching a self-directed Aboriginal Community Network to support our Aboriginal and Torres Strait Islander staff.

In FY2022, our community partners included Road Safety Education, Habitat for Humanity Australia and Bangarra Dance Theatre, with more than \$360,000 spent on community investment.

Board of Directors



Ryan Stokes AO

Non-executive Director

APPOINTED

Non-executive Director from September 2020, Chairman from July 2021

BOARD COMMITTEES

Health, Safety & Environment
Remuneration & Nomination

Ryan Stokes is the Managing Director and Chief Executive Officer of Seven Group Holdings Ltd (SGH). He has been an executive director of SGH since February 2010 and CEO since 2015.

Ryan is Chairman of Coates Hire and an alternate Director of WesTrac, Beach Energy and Seven West Media. He is Chair of the National Gallery of Australia and an Officer of the Order of Australia. He is also a member of the International Olympic Committee Education Commission.

His previous roles include Chairman of the National Library of Australia, member of the Prime Ministerial Advisory Council on Veterans' Mental Health, and Founding Chair of Headspace.

Ryan holds a commerce degree from Curtin University and is a Fellow of the Australian Institute of Management.



Zlatko Todorcevski

CEO & Managing Director

APPOINTED

July 2020

BOARD COMMITTEES

Health, Safety & Environment

Zlatko Todorcevski's 30-year executive career spans the oil and gas, logistics and steel building products sectors. Prior to joining Boral, Zlatko was on the Board of Adbri Ltd, where he served as both Chairman, and Deputy Chairman and lead independent Director.

He started his career in the downstream building products arm of BHP Steel and held a number of executive roles with BHP's Petroleum business before being appointed the Chief Financial Officer (CFO) for Energy at BHP. He later joined Oil Search Ltd as CFO with responsibility for all finance activities, strategy and planning, legal, IT and company secretarial functions. Zlatko was also previously the CFO of Brambles Ltd. At Brambles, he led the \$3 billion demerger of Recall Holdings, multiple global acquisitions and divestments, and a major cross-company transformation program.

Zlatko holds a Bachelor of Commerce and Master of Business Administration from the University of Wollongong. He is also a Fellow of CPA Australia, a Fellow of FINSIA, a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.



Rob Sindel

Lead Independent Director

APPOINTED

September 2020

BOARD COMMITTEES

Independent & Related Party (Chairman)
Remuneration & Nomination (Chairman)

Rob Sindel is Chairman of Orora Ltd, and a Director of Mirvac Group. He was formerly the Managing Director and Chief Executive Officer of CSR Ltd for eight years from 2011 until 2019.

Rob brings to the Board extensive experience obtained from executive management and leadership positions, principally from his 30-year career in construction materials and building products, both in Australia and the United Kingdom. He has insights in manufacturing, sales and marketing in B2B environments, and strategic management. He also has a deep understanding of how to successfully navigate through market cycles.

Rob holds an engineering degree and a Master of Business Administration. He is a graduate of the Australian Institute of Company Directors, and a Fellow of the Institution of Engineers Australia.



Paul Rayner

Independent non-executive Director

APPOINTED

September 2008

BOARD COMMITTEES

Audit & Risk (Chairman)

Paul Rayner is the Chairman of Treasury Wine Estates Ltd and a Director of the Murdoch Children's Research Institute.

He was previously a Director of Qantas Airways Ltd and Centrica plc (a UK-listed company).

He brings to the Board extensive experience relevant to Boral. He has worked in the fields of finance, corporate transactions and general management in the consumer goods, manufacturing and resources industries. His last executive role was Finance Director of British American Tobacco plc, based in London from January 2002 to 2008.

Paul holds an economics degree from the University of Tasmania and a Master of Business Administration from Monash University.



Karen Moses

Independent non-executive Director

APPOINTED

March 2016

BOARD COMMITTEES

Audit & Risk
Health, Safety & Environment

Karen Moses is a Director of Orica Ltd, Charter Hall Group, Snowy Hydro and Sydney Symphony Ltd, and a Fellow of the University of Sydney Senate.

She was previously a Director of SAS Trustee Corporation, Australia Pacific LNG Pty Ltd, Origin Energy Ltd, Contact Energy Ltd, Energia Andina S.A., Australian Energy Market Operator Ltd, VENCORP and Energy, Water Ombudsman (Victoria) Ltd and the Sydney Dance Company.

Karen has more than 30 years' experience in the energy industry spanning oil, gas, electricity and coal and upstream production, and supply and downstream marketing operations. This experience has been gained both within Australia and overseas.

She holds a Bachelor of Economics and a Diploma of Education from the University of Sydney.



Richard Richards

Non-executive Director

APPOINTED

July 2021

BOARD COMMITTEES

Audit & Risk
Health, Safety & Environment

Richard Richards is the CFO of SGH and is responsible for finance across the diversified conglomerate (including equipment manufacture, sales and service, equipment hire, investments, property, media, and oil and gas).

Richard is a Director of WesTrac, AllightSykes, SGH Energy, Coates Hire, where he is Chair of the Audit & Risk Committee, and Beach Energy, where he is a member of the Audit & Risk Committee. Richard joined SGH from the diverse industrial group, Downer EDI, where he was Deputy CFO responsible for group finance across the company for three years.

Prior to joining Downer EDI, Richard was CFO for the Family Operations of LFG, the private investment and philanthropic vehicle of the Lowy family for two years. Prior to that, he held senior finance roles at Qantas for more than 10 years.

Richard has a Bachelor of Commerce/Laws (Hons) from Bond University, a Master of Laws from the University of Sydney and a Master of Applied Finance from Macquarie University. He is a Chartered Accountant and admitted as a solicitor in NSW.



Mark Johnson

Independent non-executive Director

APPOINTED

December 2021

BOARD COMMITTEES

Audit & Risk
Remuneration & Nomination

Mark Johnson is an experienced non-executive Director and currently serves as Chairman of the Hospitals Contribution Fund of Australia Ltd (HCF) and is an independent Director of Goodman Group and Metcash Limited. He is also a Councillor at UNSW Sydney and a Director of a number of private companies.

He was previously Chairman and a Director of G8 Education Ltd and an independent Director of Coca-Cola Amatil Ltd and Westfield Corporation Ltd.

He previously held several senior leadership roles during his more than 20 years as a senior partner at PricewaterhouseCoopers (PwC), including as CEO of PwC Australia from 2008 to 2012, Deputy Chairman PwC Asia and a member of PwC's Global Strategy Council.

Mark is a Fellow of Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors, and is a Certified Practising Accountant Australia. He holds a Bachelor of Commerce from UNSW.



Jacqueline Chow

Independent non-executive Director

APPOINTED

March 2022

BOARD COMMITTEES

Audit & Risk
Health, Safety & Environment

Jacqueline Chow is currently a non-executive Director of Coles Group Ltd, Charter Hall Ltd and nib Holdings Ltd.

She previously consulted to McKinsey as a Senior Advisor in their Transformation Group.

Jacqueline has more than 20 years' corporate experience in executive and non-executive positions in general management, strategy, marketing and technology across a range of sectors, including industrial, retail, telecommunications and financial services.

She previously held senior positions at Fonterra, where she was Chief Operating Officer, Global Consumer and Food Service, and prior to that at Accenture, the Kellogg Company, and Campbell's. Through these roles, Jacqueline has significant experience in innovation, digital platforms and technology, and driving transformation and cultural change.

Jacqueline holds a Master of Business Administration (Dean's Distinguished Service Award) from the Kellogg School of Management at Northwestern University and a Bachelor of Science (Hons) from the UNSW.

Executive Leadership Team



Jared Gashel
Acting Chief Financial Officer

Jared Gashel was appointed Acting Chief Financial Officer in April 2022. Immediately prior to his appointment, Jared was Boral's Executive General Manager of Finance and Property.

He has extensive financial experience across three continents and has worked in multiple industries. Prior to joining Boral, Jared served as Finance Director for an international education provider and was Head of Group Accounting and Financial Reporting at a multinational packaging company based in Switzerland. Earlier in his career, Jared worked with KPMG for more than a decade, specialising in advisory and capital markets.

He holds a Bachelor of Science in Accounting and Finance from Westminister College in Pennsylvania, USA.



Rebelle Moriarty
Chief People and Culture Officer

Rebelle Moriarty joined Boral as Chief People and Culture Officer on 31 May 2021.

She developed her early career in BHP and BlueScope Steel, most recently as Vice President Human Resources (HR) for its Asian operations. In the past decade, she has held head of HR roles in ASX-listed Alesco Corporation and Coffey International. From 2016, she was Executive General Manager People and Capability at infrastructure services provider Ventia.

She holds a Bachelor of Arts (Industrial Relations) with Honours, a Master of Labour Law and Relations, and a Graduate Certificate in Leadership and Coaching. She is a certified executive coach, a graduate of the Australian Institute of Company Directors and a Member of the Australian Human Resources Institute.



Amy Jackson
Chief Legal Officer

Amy Jackson joined Boral in 2010, holding senior roles in the Boral Legal team before being appointed Deputy Group General Counsel in 2019. She was appointed to the role of Chief Legal Officer in February 2021.

She has broad experience across corporate, commercial and compliance matters.

Prior to joining Boral, Amy was part of the Corporate M&A team at Freehills (now Herbert Smith Freehills).

She holds a Bachelor of Laws (Honours) and a Bachelor of Economics (Social Science) from the University of Sydney, and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia.



Lloyd Wallace

Acting Executive General Manager,
Concrete and Quarries

Lloyd Wallace has been with Boral for more than 15 years and is Executive General Manager, Concrete and Quarries.

He specialises in strategic planning and change management and has held several senior leadership roles across general management, mining, capital projects, sales, production and logistics.

Lloyd is a highly respected leader across Boral's operations and has played a critical role in improving process and safety at sites.

He has a Bachelor of Engineering and a Master of Business Administration from Harvard Business School and is a graduate of the Australian Institute of Company Directors.



Rajeev Ramankutty

Executive General Manager,
Cement

Rajeev Ramankutty joined Boral in 2019 as Executive General Manager, Cement.

He is an experienced operational leader, having managed projects and organisations in Australia, the UK and the Philippines.

Prior to joining Boral, he was General Manager at Sunstate Cement and also held several senior leadership roles across operations and logistics at Lafarge and Blue Circle Industries.

Rajeev has a Bachelor of Technology (Chemical Engineering) and a Master of Business Administration from the University of South Australia, where he was the recipient of the Alex Ramsay Prize.



Rob McGuire

Executive General Manager,
Asphalt

Rob McGuire has been in senior leadership roles with Boral for more than 20 years and is Executive General Manager, Asphalt.

He is an experienced leader, specialising in contract management, large infrastructure projects, technical services, and safety, having managed large operations in Australia and New Zealand. Prior to Boral, he worked with the NZ Ministry of Works and Development, Emoleum (Australia) Pty Limited, and Birt and Associates.

Rob has a Master of Technology (Pavement Engineering) and an Associate Diploma of Engineering (Civil). He is also a construction materials assessor with the National Association of Testing Authorities, quality assurance auditor with Batalas and is a graduate of the Australian Institute of Company Directors.



James Campbell

Executive General Manager,
Supply Chain and Logistics

James Campbell joined Boral in 2019 and is Executive General Manager, Supply Chain and Logistics.

Prior to Boral, James served in the Australian Army for 23 years. He was deployed four times to Afghanistan and Timor-Leste.

He is an experienced leader in logistics, operations and training.

James has a Master of Engineering in Integrated Logistics Management from RMIT, a Master of Strategy and Military Studies from ANU and is a graduate of the Australian Institute of Company Directors. In 2018, James was awarded the Conspicuous Service Cross in the Australia Day Honours list.



Ashleigh O'Brien

Executive General Manager,
Sales and Marketing

Ashleigh O'Brien joined Boral in 2021 as Executive General Manager, Sales and Marketing.

She has extensive experience in leading a broad range of functions, spanning sales and marketing, operations, innovation, HR, safety and technical.

Prior to joining Boral, she held several senior functional and line management roles in CSR and Rondo and was also non-executive Director for Think Brick Australia and the Australian Roofing Tile Association.

Ashleigh has a Master in Business Administration, a Master of Business Marketing and a Bachelor of Arts in Communications and Media from the University of Western Sydney and is a graduate of the Australian Institute of Company Directors.



Andrew Legge

Executive General Manager,
Major Projects

Andrew Legge has worked for Boral for more than 14 years in several senior leadership positions and is Executive General Manager, Major Projects.

Andrew specialises in project and contract management and during his time at Boral has played a critical role in managing projects, including Snowy Hydro 2.0, NorthConnex, Sydney Metro City to Southwest, and Northern Road Upgrade.

Prior to joining Boral, he worked in senior leadership roles at the City of Sydney, Leighton Contractors and Chiyoda in Russia.

He holds a Bachelor of Civil Engineering, a Master of Engineering Science as well as a Master of Business Administration.

Corporate Governance Statement

Introduction

This Corporate Governance Statement outlines Boral's governance framework. Boral is committed to ensuring that its policies and practices reflect a high standard of corporate governance.

The Board recognises that good corporate governance is essential to building trust and creating long-term shareholder value, supported by Boral's redefined Purpose and Values.

As set out earlier in the Annual Report, our Purpose is **creating a world future generations will be proud of**, and our corporate Values are:

- Looking out for each other
- Leading the way
- Doing what we say
- Achieving together.

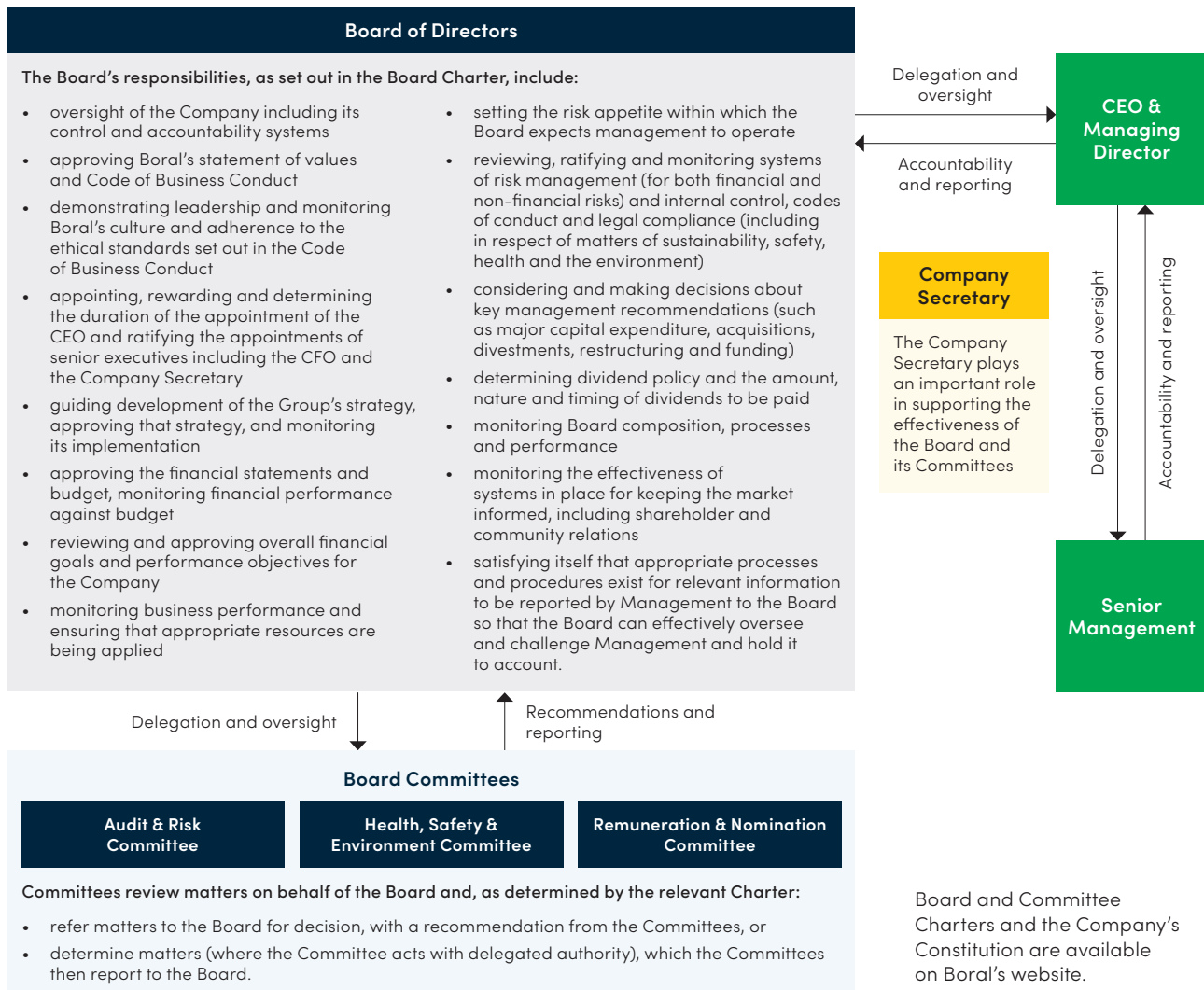
Our Purpose and Values are expected to inform all our decisions, from the top down. The Values are supported by our governance framework and underpin our corporate culture.

Throughout FY2022, Boral's governance arrangements were, unless otherwise stated, consistent with the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council (the ASX Principles and Recommendations).

The Board continually reviews governance at Boral to ensure that our arrangements remain appropriate in light of changing expectations and general developments in good corporate governance.

In accordance with the ASX Principles and Recommendations, the Boral policies referred to in this statement have been posted to the corporate governance section of Boral's website: boral.com/corporate_governance.

This Corporate Governance Statement is current as at 30 June 2022 (unless otherwise stated) and has been approved by the Board of Boral Limited.



The Board and its role

Responsibilities of the Board

Directors are accountable to shareholders for the Company's performance and governance. The Board has delegated to the CEO & Managing Director and, through the CEO & Managing Director, to other senior executives, responsibility for the day-to-day management of the Company's affairs and implementation of the Company's strategy and policy initiatives. The CEO and other senior executives have written agreements in place that set out their terms of appointment, and all executives are to operate in accordance with Board-approved policies and delegated limits of authority.

The diagram on page 44 summarises Boral's governance framework and the functions reserved for the Board in accordance with the Board Charter.

Non-executive Directors typically spend at least 35 days each year (considerably more in the case of the Chairman) on Board business and activities. However, there has been significantly increased Board activity in recent years as a result of responding to the COVID-19 pandemic, trading conditions and increased corporate activity including strategic repositioning, portfolio divestments and the takeover bid response. Board activity includes Board and Committee meetings, meetings with senior management to discuss in detail the strategic direction of the Company's businesses, visits to operations, and meeting employees, customers and other stakeholders. The Board's engagement with our people through these business level reviews and operational visits provides additional insights around Boral's culture, capability and execution.

Composition of the Board

Membership

As at 30 June 2022, the Board consisted of eight directors, five of whom were considered independent.

The current composition of the Board is as follows:

Mr Ryan Stokes AO	Non-executive Chairman
Zlatko Todorcevski	CEO & Managing Director
Rob Sindel	Lead Independent Director
Jacqueline Chow	Independent non-executive Director
Mark Johnson	Independent non-executive Director
Karen Moses	Independent non-executive Director
Paul Rayner	Independent non-executive Director
Richard Richards	Non-executive Director

Boral's Constitution provides that there will be a minimum of three Directors and a maximum of 12 Directors on the Board. The roles of the Chairman and the CEO & Managing Director are not exercised by the same individual.

Chairman's appointment and responsibilities

The Board selects the Chairman from the non-executive Directors. The Chairman is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and Management. The Chairman regularly communicates with the CEO & Managing Director to review key issues and performance trends. They also represent the Company in the wider community.

Mr Ryan Stokes AO was appointed non-executive Chairman of the Board on 30 July 2021. Mr Stokes is the Managing Director and Chief Executive Officer of the Company's majority shareholder, Seven Group Holdings (SGH), and accordingly is not considered to be independent. The Board acknowledges the ASX recommendation that the Chairman should be an Independent Director, however the Board considers it appropriate that Mr Stokes is Chairman of the Board in light of SGH's majority shareholding and having regard to his experience, business relationships and insights.

Skills and diversity of the Board

Matters relating to the composition of the Board and its Committees are considered by the Remuneration & Nomination Committee in accordance with the framework set out in the Remuneration & Nomination Committee Charter and through processes implemented by the Board.

The Board actively seeks to ensure that it has an appropriate mix of diversity, skills, experience and expertise to enable it to discharge its responsibilities effectively and to be well-equipped to assist our Company to navigate the range of opportunities and challenges we face.

Diversity includes differences that relate to industry experience, tenure, gender, age and cultural background, as well as differences in life experience, communication styles, interpersonal skills, education, functional expertise and problem-solving skills.

To assist in identifying areas of focus and maintaining an appropriate and diverse mix in its membership, the Board uses a skills matrix. The matrix is an important, but not the only, basis of criteria applying to Board appointments. When the Board reviews the skills matrix, it looks to ensure that it covers the skills needed to address existing and emerging business and governance issues for the Company.

The Board skills matrix sets out the mix of skills, experience and expertise that the Board currently has and is looking to achieve in its membership. The matrix supports the Company's overarching strategy and priorities for the business, as well as other areas of relevance to the composition of the Board.

Referring to the Board skills matrix on this page, each of the areas is currently well represented on the Board. The Board benefits from the combination of Directors' individual skills, experience and expertise in particular areas, as well as the varying perspectives and insights that arise from the interaction of Directors with diverse backgrounds.

The Board continues to have a majority of independent Directors, with an appropriate governance framework consistent with promoting the best interests of all shareholders.

In December 2021, the Board announced the appointment of two new independent non-executive Directors, Jacqueline Chow and Mark Johnson. Ms Chow brings extensive skills and knowledge across strategy, transformation, innovation, technology and marketing; and across a range of sectors, including industrial, retail, financial services and telecommunications. Mr Johnson brings extensive finance, accounting and risk management capability from his 30-year career in audit and accounting, and substantial board experience gained across multiple sectors, including industrial, property and manufacturing.

The areas addressed in the matrix are as follows.

Board skills matrix – skills and experience across the Board as a whole to support Boral's strategy and business priorities

Element	Skills
Leadership	Executive leadership
	Health, safety and environment
Portfolio	Strategy, mergers and acquisitions
	Financial acumen
	Risk management
	Global experience
	Market and customer knowledge
	Innovation
	Change and transition
People	Information technology
	Organisational sustainability
Governance	Remuneration and rewards
	Governance and regulation
	Board experience

The skills, experience and expertise of each Director are set out on pages 38-40 of this Annual Report.

Director independence

The Board has assessed the independence of each non-executive Director in light of their interests, positions, associations and relationships, and considers each of them to be independent, with the exception of Mr Stokes and Mr Richards.

Mr Stokes and Mr Richards are senior executives with SGH, and SGH and its associated entities hold a relevant interest in up to 69.6% of Boral's shares.

The criteria considered in assessing the independence of non-executive Directors include that the Director:

- is not and does not represent a substantial shareholder of the Company and has not within the last three years been an officer or employee of, or professional advisor to, a substantial shareholder
- is not employed, or has not previously been employed, in an executive capacity by a Boral company or, if they have been previously employed in an executive capacity, there has been a period of at least three years between ceasing such employment and serving on the Board
- does not receive performance-based remuneration from, or participate in, an employee incentive scheme of Boral
- has not been within the last three years in a material business relationship (e.g. as a supplier, professional advisor, consultant or customer) with a Boral company, or an officer of or otherwise associated with someone with such a relationship

- has no material contractual relationship with a Boral company other than as a Director
- does not have close personal ties with any person who falls within any of the categories described above, or
- has not been a Director of Boral for such a period that their independence may have been compromised.

For those Directors assessed as independent, none of the interests of those Directors (or the interests of persons with whom Directors have close family ties) with other firms or companies having a business relationship with Boral could materially interfere with the ability of those Directors to act in Boral's best interests. 'Material', in the context of Director independence is, generally speaking, regarded as 5% of the revenue of the supplier, customer or other entity being attributable to the association with a Boral company or companies.

Accordingly, all of the non-executive Directors are considered independent, with the exception of Mr Stokes and Mr Richards.

Conflicts of interest

In accordance with Boral's Constitution and the Corporations Act 2001 (Cth) (Corporations Act), Directors are required to declare the nature of any interest they have in business to be dealt with by the Board. Except as permitted by the Corporations Act, Directors with a material personal interest in a matter being considered by the Board may not be present when the matter is being considered and may not vote on the matter.

The Board has put in place appropriate policies and procedures such as the Information Sharing and Conflict Protocol and Independent & Related Party Committee Charter to manage any potential conflicts.

Established on 30 July 2021, the Independent & Related Party Committee consists of all of the independent non-executive Directors. The Committee provides a forum to review material transactions between Boral and its related parties.

Review of related party transactions by the Committee occurs without non-independent Directors present.

The Committee will meet as required, and will otherwise hold discussions and receive management reports concerning related party transactions as necessary.

The Committee provides an opportunity for the independent Directors to meet without the presence of the non-independent Directors. The Committee is also responsible for considering relevant matters that arise under the Information Sharing and Conflict Protocol.

Mr Sindel, as the Chairman of the Independent & Related Party Committee performs the function of Lead Independent Director on the Board.

Tenure

Under Boral's Constitution, and as required by the ASX Listing Rules, a Director must not hold office (without re-election) past the longer of the third Annual General Meeting (AGM) and three years following that Director's last election. Retiring Directors are eligible for re-election. When a vacancy is filled by the Board during a year, the new Director must stand for election at the next AGM. The requirements relating to retirement from office do not apply to the Managing Director of the Company.

The length of service of each current Director is set out on pages 38-40 of this Annual Report, and while the Board has been well served with an appropriate and diverse mix of tenure over time, the Board's orderly succession and renewal plan is ongoing.

The Board does not regard nominations for re-election as being automatic but rather as being based on the individual performance of Directors and the needs of the Company. Before the business to be conducted at the AGM is finalised, the Board discusses the performance of Directors standing for re-election in the absence of those Directors. Each Director's suitability for re-election is considered on a case-by-case basis, having regard to individual performance. Tenure is just one of the many factors the Board takes into account when assessing the independence and ongoing contribution of a Director.

Induction and training

Management, with the Board, provides an orientation program for new Directors. The program includes:

- briefings from executives and management, including detailed introductions to Boral's business and strategy implementation, history, culture, industry and key risks and opportunities
- an introduction to Boral's regulatory environment, including legal duties and responsibilities of Boral Directors, and accounting matters where the Director requests additional background
- the provision of induction materials such as the Strategic Plan and governance charters and policies, and
- discussions with other Directors and, where practicable, site visits to some of Boral's key operations.

The Company also supports continuing education for Directors to develop their professional skills. This is considered regularly in light of emerging business and governance issues relevant to Boral. The Board receives appropriate briefings on material developments in laws, regulations and accounting standards relevant to the Company.

Succession planning

Board succession planning, and the progressive and orderly renewal of Board membership, are an important part of the governance process. The Board's approach for the selection, appointment and re-appointment of Directors is to ensure that the Board possesses an appropriate range of skills, experience and expertise to enable it to carry out its responsibilities most effectively.

As part of the appointment process, Directors consider Board renewal and succession plans, and whether the Board is of a size and composition that is conducive to making appropriate decisions.

The non-executive Directors meet on a regular basis without management present in a forum intended to allow for open discussion, including in relation to Board and management performance.

Process	Explanation
Board review	<ul style="list-style-type: none"> The appointment of Directors follows a process during which the full Board (with the assistance of external search consultants) assesses the necessary and desirable competencies of potential candidates and considers a number of candidates before deciding on the most suitable candidate for appointment. The selection process includes obtaining background checks on candidates and assistance from an external consultant, where appropriate, to identify and assess suitable candidates. Background checks are conducted before appointing a Director and putting forward a candidate to shareholders. These checks include the candidate's experience, education, criminal record and bankruptcy history, and reference checks. Candidates identified as being suitable are interviewed by a number of Directors. Confirmation is sought from prospective Directors that they would have sufficient time to fulfil their duties as a Director.
Remuneration & Nomination Committee recommendation	<ul style="list-style-type: none"> The Remuneration & Nomination Committee is responsible for making recommendations to the Board on matters such as succession plans for the Board, suitable candidates for appointment to the Board, Board induction and Board evaluation procedures.
Appointment	<ul style="list-style-type: none"> At the time of appointing a new non-executive Director, the key terms and conditions relative to that person's appointment, the Board's responsibilities and the Company's expectations of a Director are set out in a letter of appointment. All current Directors have been provided with a letter confirming their terms of appointment.
Shareholder communications	<ul style="list-style-type: none"> When candidates are submitted to shareholders for election or re-election, the Company includes in the Notice of Meeting all information in its possession that is material to the decision on whether to elect or re-elect the candidate.

Access to information, independent advice and indemnification

After consultation with the Chairman, Directors may seek independent professional advice, in furtherance of their duties, at the Company's expense. Directors may also request relevant information from management at any time through the Chairman or the Company Secretary.

The Company Secretary, who is accountable to the Board through the Chairman, provides advice and support to the Board and is responsible for all matters to do with the proper functioning of the Board.

Board Committees

The qualifications and experience of each Committee member are set out on pages 38–40 of this Annual Report. Details of the number of Committee meetings Directors attended during the reporting period are set out on page 61 in the Directors' Report.

Open lines of communication exist between all of Boral's Board Committees. This is intended to prevent any gaps in risk oversight and to maintain a broader picture of Boral's risk profile.

Audit & Risk Committee

Composition and role

Boral has an Audit & Risk Committee that assists with the effective operation of the Board. The Audit & Risk Committee comprises a majority of independent non-executive Directors. Its members were:

Paul Rayner (Chairman)
Jacqueline Chow (appointed 1 March 2022)
Deborah O'Toole (retired 28 October 2021)
Mark Johnson (appointed 1 December 2021)
Karen Moses
Richard Richards (appointed 30 July 2021)

The Committee met four times during FY2022.

The Audit & Risk Committee has a formal Charter that sets out its role and responsibilities, composition, structure and membership requirements. Its responsibilities include review and oversight of:

- the financial information provided to shareholders and the public
- the integrity and quality of Boral's financial statements and disclosures
- the systems and processes that management have established with oversight from the Board to identify and manage areas of key financial and non-financial risk, and the effectiveness of Boral's risk management framework
- risk culture, and
- Boral's auditing, accounting and financial reporting processes and control framework.

The Committee has the necessary power and resources to meet its responsibilities under its Charter, including rights of access to management and auditors (internal and external), and to seek explanations and additional information.

Accounting and financial control policies and procedures have been established, and are monitored by the Committee to ensure that the financial reports and other records are accurate and reliable. Any new accounting policies are reviewed by the Committee.

Compliance with these procedures and policies and limits of authority delegated by the Board to management are subject to review by the external and internal auditors.

When considering the yearly and half yearly financial reports, the Audit & Risk Committee reviews the carrying value of assets, provisions and other accounting issues. Questionnaires completed by management are reviewed by the Committee half yearly.

The external and internal auditors attend each scheduled meeting of the Committee and report to the Committee as appropriate on the outcome of their audits and the quality of controls throughout Boral. As part of its agenda, the Audit & Risk Committee meets with the external and internal auditors, in the absence of the CEO & Managing Director and the Chief Financial Officer, at each meeting during the year.

The Chairman of the Audit & Risk Committee reports to the full Board after Committee meetings. Minutes of meetings of the Audit & Risk Committee are included in the papers for the next full Board meeting after each Committee meeting.

Responsibilities in relation to the external audit and internal audit

Boral's external auditor is Deloitte. At least annually, as occurred in FY2022, the Audit & Risk Committee reviews the scope of the external audit and evaluates the quality of the performance, the effectiveness and the independence of the external auditor.

In FY2022, the Audit & Risk Committee used a formal and competitive tender process for the selection and appointment of the new external auditor, and recommended to the Board the external auditor to be appointed. Deloitte commenced as auditor following shareholder approval at the AGM on 28 October 2021.

The Audit & Risk Committee monitors procedures to ensure the rotation of external audit engagement partners every five years as required by the *Corporations Act*.

The Audit & Risk Committee has approved a process for the monitoring and reporting of non-audit work to be undertaken by the external auditor. The types of services the external auditor is prohibited from participating in because it could impair, or might appear to impair, their independence include the participation in activities normally undertaken by management and where the external auditor would be required to review their work as part of the audit.

The Independence Declaration by the external auditor is set out on page 64. The Committee's role in relation to the internal audit function is discussed on page 52.

Remuneration & Nomination Committee

Composition and role

The Board has a Remuneration & Nomination Committee that comprises a majority of independent non-executive Directors.

The members of the Committee were:

Rob Sindel (Chairman)
Peter Alexander (retired 28 October 2021)
Kathryn Fagg (retired 30 July 2021)
Mark Johnson (appointed 5 March 2022)
Ryan Stokes

The Committee met four times during FY2022.

The Remuneration & Nomination Committee has a formal Charter that sets out its role and responsibilities, composition, structure and membership requirements. The Committee's responsibilities include reviewing, advising and making recommendations to the Board on:

- Boral's remuneration framework (including incentive policies and practices, remuneration arrangements for the CEO and the CEO's direct reports)
- whether the Group's remuneration policies are aligned with Boral's values, strategic objectives and culture
- whether remuneration outcomes are consistent with the Company's remuneration philosophy, aligned with the Company's performance and the shareholder experience, and demonstrate alignment between executive reward and shareholder value
- suitable candidates for appointment to the Board
- the Board skills matrix
- succession planning policy and approach generally, and the succession plan for the CEO in particular
- developing and implementing procedures for the Board's periodic evaluation of its performance and the endorsement of retiring Directors seeking re-election, and
- Board induction and the provision of appropriate training and development opportunities for Directors as required.

The Committee makes recommendations to the full Board on remuneration arrangements for the CEO & Managing Director and senior executives and, as appropriate, on other aspects arising from its functions.

Part of the role of the Remuneration & Nomination Committee is to advise the Board on the remuneration policies and practices for Boral generally and the remuneration arrangements for senior executives.

Further information relating to the key areas of focus for the Remuneration & Nomination Committee in FY2022 is set out in the Remuneration Report from page 65.

Health, Safety & Environment Committee

Composition and role

The Board has a Health, Safety & Environment Committee that comprises a majority of independent non-executive Directors.

The members of the Committee were:

Karen Moses (Chairman)
Jacqueline Chow (appointed 1 July 2022)
Kathryn Fagg (retired 30 July 2021)
Deborah O'Toole (retired 28 October 2021)
Ryan Stokes (appointed 30 July 2021)
Richard Richards (appointed 30 July 2021)
Zlatko Todorcevski

The Committee met four times during FY2022.

The Health, Safety & Environment Committee has a formal Charter that sets out its role and responsibilities, composition and structure. The Committee's responsibilities include reviewing and monitoring:

- the Group's strategy for health, safety and environment (HSE) and management's plans to improve HSE performance
- the effectiveness of the Group's policies, systems and governance structure for identifying and managing HSE risks that are material to the Group
- the policies and systems within the Group for ensuring compliance with applicable legal and regulatory requirements associated with HSE matters
- the performance of the Group, assessed by reference to agreed targets and measures, in relation to HSE matters, including the impact on employees, third parties and the reputation of the Group
- the output of the Group's audit performance in relation to HSE matters
- the adequacy of the Group's systems for reporting actual or potential accidents, breaches and significant incidents, and review of investigations and remedial actions in respect of any significant incident, and
- the Group's material reports, which are prepared and lodged in compliance with its statutory obligations concerning the environment and sustainability reporting.

In performing its role, the Committee seeks to support the activities of Management and enhance the HSE culture of the Group through its interactions with employees and others during meetings and site visits.

Role and responsibility of the Executive Committee

Performance evaluation process

Under the supervision of the CEO, the Executive Committee is responsible for implementing Boral's strategic objectives. The Executive Committee has also been delegated responsibility for managing business performance, monitoring and reviewing material financial and non-financial risks, and overseeing and developing Boral's people.

The Executive Committee as a whole is collectively responsible for meeting these delegated responsibilities, and each member is delegated specific accountability for overseeing their part of Boral's business (details of the Executive Committee are set out on pages 41–43 of this Annual Report).

The Executive Committee is also responsible for providing timely and accurate reports to the Board on Boral's business and operations, to assist the Board in discharging its duties and responsibilities effectively.

Members of the Executive Committee (as well as other senior executives) are employed by Boral through individual Executive Services Agreements. The pre-employment process for executives includes obtaining background checks with the assistance, where appropriate, of an external consultant, to verify qualifications and determine suitability for the role.

Performance evaluation and remuneration

Performance evaluation process

The following table explains the Company's performance evaluation processes for the Board, Committees, individual Directors and senior executives.

Board, Committees and Directors	CEO & Managing Director	Senior executives
<p>The Board undertakes an evaluation of the performance of the Board, its Committees, individual Directors and the Chairman.</p> <p>Periodically, this review is undertaken with the assistance of an external facilitator. The evaluation encompasses a review of the structure and operation of the Board, and the skills and characteristics required by the Board to maximise its effectiveness. It also considers whether the blending of skills, experience and expertise, and the Board's practices and procedures are appropriate for the present, and future needs of the Company.</p> <p>Steps involved in the evaluation include the completion of a questionnaire by each Director, review of responses to the questionnaire at a Board meeting, and a private discussion between the Chairman and each Director.</p>	<p>On an annual basis, the Remuneration & Nomination Committee and subsequently the Board formally review the performance of the CEO & Managing Director.</p> <p>The criteria assessed are both qualitative and quantitative, and include profit performance, other financial measures, safety performance, financial and non-financial risk identification and management, and strategic actions.</p> <p>Further details on the assessment criteria for CEO & Managing Director and senior executive remuneration (including equity-based plans) are set out in the Remuneration Report, which forms part of the Annual Report.</p>	<p>The CEO & Managing Director annually reviews the performance of each of Boral's senior executives, being members of the Executive Committee, using criteria consistent with those used for reviewing the CEO & Managing Director.</p> <p>The performance of senior executives is reviewed annually against appropriate measures as part of Boral's performance management system, which applies to all managers and staff. The system includes processes for setting objectives and the annual assessment of performance against objectives and workplace style and effectiveness.</p> <p>The CEO & Managing Director presents the outcomes of those reviews to the Board through the Remuneration & Nomination Committee. The Remuneration & Nomination Committee retains discretion as to the appropriateness of remuneration outcomes for the Executive Committee, both individually and as a whole.</p>
<p>The last evaluation to occur in accordance with this process took place in FY2020. Recognising the Board changes in recent years, an evaluation of the performance of the Board, its Committees and individual Directors is expected to take place in FY2023.</p>	<p>An evaluation of the performance of the CEO & Managing Director took place for FY2022 in accordance with the process described above.</p>	<p>An evaluation of the performance of senior executives of Boral took place for FY2022 in accordance with the process described above.</p>

Remuneration

Remuneration of non-executive Directors

The remuneration of non-executive Directors is fixed. The non-executive Directors do not receive any options, at-risk remuneration or other performance-related incentives. Nor are there any schemes for retirement benefits for non-executive Directors.

The remuneration arrangements for non-executive Directors are distinct from the arrangements for senior executives.

Remuneration of senior executives

Boral's remuneration policy and practices for senior executives, including the CEO & Managing Director, are designed to attract, motivate and retain high-quality people. The policy is built around principles that:

- executive rewards be competitive in the markets in which Boral operates
- executive remuneration has an appropriate balance of fixed and at risk reward
- remuneration be linked to Boral's performance and the creation of shareholder value
- at-risk remuneration for executives has both short- and long-term components, and
- a significant proportion of executive reward be dependent upon performance assessed against key business measures.

These principles ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

Further information relating to the remuneration of the non-executive Directors and senior executives is set out in the Remuneration Report from page 65.

Risk management framework

The Boral Risk Management Framework is composed of the systems, policies, processes, and employees that are involved in the identification, assessment, measuring, monitoring, mitigation, and reporting of the material financial and non-financial risks of our business. Details regarding our approach to managing our specific material risks are contained in the OFR (pages 4-26).

Risk identification and management

Boral's senior leaders and managers are responsible for identifying and effectively managing risks. Under the supervision of the Board, Management is responsible for designing and implementing risk management and internal control systems to manage the Company's material business risks. This includes:

- the identification of material strategic, operational, financial and compliance risks

- the identification and monitoring of emerging business risks, and
- assessment, monitoring, mitigation and reporting of the material identified risks.

The Board (through the Audit & Risk Committee) is responsible for satisfying itself that a sound system of risk oversight and management exists and that internal controls are effective.

In particular, the Board seeks assurance that:

- the material strategic, operational, financial and compliance risks are identified
- systems are in place to assess, manage, monitor and report on these risks, and
- these systems are rigorously tested to ensure they are operating effectively at all stages of the risk management cycle.

On at least an annual basis, Group Risk facilitates risk management workshops with a cross-section of people from the business. Outcomes are shared with the Audit & Risk Committee and Management, who also receive presentations by senior management on emerging risks and risk management initiatives.

Boral's Management has reported to the Board (through the Audit & Risk Committee) on the effectiveness of the management of the material business risks faced by Boral during FY2022. The Audit & Risk Committee has reviewed the risk management framework and is satisfied that it continues to be sound, and that Boral is operating with due regard to the risk appetite set by the Board.

Boral's Risk Management Policy is available on Boral's website.

Internal audit

PwC were appointed in December 2021 to carry out Boral's internal audit function (replacing the previous in-house team), providing independent and objective assurance to Management and the Board on the effectiveness of Boral's internal control, risk management and governance systems and processes. PwC are responsible for executing the internal audit plan as approved by the Audit & Risk Committee. In their role as the internal auditor PwC has a direct reporting line and is accountable to the Audit & Risk Committee.

PwC in their internal audit function is independent of Management and has full access to all Boral entities, records and personnel.

The internal audit plan is formulated using a risk-based approach to align audit activity with the key risks of Boral. Internal audit activity and outcomes are reported to the Audit & Risk Committee on at least a quarterly basis.

Sustainability

Details regarding our approach to managing environmental and social risks are contained in the OFR (pages 4-26), including the Risks and Responses section (pages 22-26), as well as in the Sustainability overview section (pages 27-37) of this Annual Report. These explain the Company's approach to managing sustainability, exposure to social and environmental risks, and how that exposure is managed.

Chief Executive Officer and Chief Financial Officer declaration

The CEO & Managing Director and the Chief Financial Officer give a declaration to the Board, before the Board resolves that the Directors' Declaration accompanying the full year and half year financial statements be signed, that in their opinion, the Company's financial records have been properly maintained, and the financial reports comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The CEO & Managing Director and the Chief Financial Officer gave this declaration to the Directors for the full year ended 30 June 2022 and the half year ended 31 December 2021.

Compliance with laws and policies

The Company has adopted policies to monitor compliance with occupational health, safety, environment, anti-corruption and bribery, discrimination, bullying and harassment, and competition and consumer laws throughout the jurisdictions in which it operates.

There are also procedures providing employees with alternative means to usual management communication lines through which to raise concerns relating to suspected illegal or unethical conduct.

There are ongoing programs for the audit of the large number of Boral operating sites. Occupational health and safety, environmental and other risks are covered by these audits. Boral has staff to monitor and advise on workplace health and safety, and environmental issues and, in addition, education programs provide training and information on regulatory issues.

Conduct and ethics

The Board's policy is that Boral's companies and employees must observe both the letter and the spirit of the law, adhere to high standards of business conduct and comply with best practice.

Boral's management guidelines include the Code of Conduct and other guidelines and policies that set out legal and ethical standards for employees. As part of performance management, employees are assessed against Boral's Purpose and Values.

The Code and related guidelines and policies guide the Directors, the CEO & Managing Director, the Chief Financial Officer, the Company Secretary and other key executives as to the practices necessary to maintain confidence in the Company's integrity, and as to the responsibility and accountability of individuals for reporting, and investigating reports of, unethical practices. The Code also guides compliance with legal and other obligations to stakeholders.

Employees are provided with training and awareness programs on expected standards of behaviour, the Boral Values and compliance with the Code of Conduct. Compliance with the Code is monitored by senior management, and the Board is notified of material breaches. The Board reviews the Code periodically, with the latest review occurring in August 2021.

Boral's Code of Conduct is available on Boral's website.

Reporting misconduct

There are procedures providing employees with alternative means to usual management communication lines through which to raise concerns relating to suspected illegal or unethical conduct, including an external telephone service that enables reports to be made anonymously, a facility known as Faircall. The Company believes that whistleblowing can be an appropriate means to protect Boral and individuals, and to ensure that operations are conducted ethically and within the law.

At least twice a year, the Audit & Risk Committee receives a confidential report about the number, nature and status of Faircall reports. All Directors have access to this report.

Material breaches of the Code of Conduct and other Boral policies including anti-corruption and bribery (as contained in the Code) are reported to the Board and /or Audit & Risk Committee as appropriate. All material conduct issues are reported to the Board, whether they are financial or non-financial in nature.

Diversity and inclusion at Boral

We believe that a diverse and inclusive workforce is a critical part of creating sustainable competitive advantage for Boral now, and into the future.

Our commitment to diversity and inclusion is outlined through our Diversity Plan, led by the CEO & Managing Director and governed by the Diversity and Inclusion Council, with progress reported to the Board.

Our Diversity Plan is underpinned by our Diversity and Inclusion Policy, outlining the core principles that employees:

- are expected to act in a manner that embraces difference, supports inclusion and promotes Equal Employment Opportunity, and
- will be treated with dignity, care and respect in a workplace free from discrimination, bullying and harassment.

Boral's Diversity and Inclusion Policy is available on Boral's website.

Measurable objectives for FY2022

Boral's Diversity Plan outlines measurable objectives to support increasing the representation of women in leadership and across the workforce, including in senior executive roles. These measurable objectives align to the areas of: leadership; communication and education; system and process design; gender equality and equity; and Indigenous relations.

The status of each objective and specific actions taken during the reporting period are outlined below.

Element and objective	Status	Outcomes
1 Leadership		
1.1 Leadership engagement: engage senior leaders to take carriage of deploying diversity communication and education	Completed	<ul style="list-style-type: none"> • Undertook an extensive review of our Diversity Plan and consulted with leaders to inform a new diversity and inclusion strategy that supports Boral's sustainability goals. • Established a new Diversity and Inclusion Council, led by the CEO, with executive sponsors appointed to govern and be accountable for delivering Boral's new diversity and inclusion strategy. • Boral's Chief Legal Officer has been appointed as the Executive Sponsor for Gender and facilitated a panel discussion with senior leaders in a business-wide campaign on #breakthebias as part of International Women's Day 2022. • As part of our National Reconciliation Week campaign, employees engaged in learning about Acknowledgement of Country protocols which are being role modelled by leaders in employee meetings.
2 Communication and education		
2.1 Education: develop a framework for diversity education to provide management with capability to lead and manage diversity and diverse teams	Ongoing	<ul style="list-style-type: none"> • Boral's Diversity Policy has been updated, outlining our commitment to build a diverse and inclusive workplace that supports everyone to belong. • Boral's leaders facilitated diversity and inclusion awareness campaigns including NAIDOC Week, International Women's Day, Ramadan, Pride Month and National Reconciliation Week. Teams engaged with toolbox talks, webinars, and leader stories to build knowledge and understanding of diversity and inclusion. • Our Executive General Manager Supply Chain & Logistics and Executive Sponsor for Veterans engaged the business to participate in the MarchOn challenge to raise awareness and support for SoldierOn. • Meeting rooms in our new Sydney and Brisbane premises have been named after Aboriginal and Torres Strait Islander peoples, cultures and achievements, in the local language of the area. Employees engaged in learning about the meaning behind each as part of building a deeper respect for and understanding of Aboriginal cultures.

Element and objective	Status	Outcomes
2.2 Networking: establish networks, alumni and support groups across Boral to educate, support and engage employees	Ongoing	<ul style="list-style-type: none"> Employee community groups, including Women Inspiring Success in Each Other (WISE), Aboriginal Community Network and Defence Force Alumni continued to connect and engage employees. To date, WISE have engaged over 150 members including women and their allies, with over 40 members participating in mentoring programs. We also continued our membership with the Australian Veterans Employers Coalition as a founding member.
2.3 Track and report: develop key performance indicators to measure, track and report on change and progress	Ongoing	<ul style="list-style-type: none"> Performance indicators established to track, measure and report gender diversity to the Board. A focus area was identified through analysis of our recruitment metrics to increase the participation of women in critical operational roles. A program of work has been designed to address this. We also reviewed and reported on the impact from our recent organizational transformation, confirming we maintained our overall participation rate of women in the workforce.
2.4 Benchmark: adopt external metric to measure and benchmark effectiveness of diversity strategy	Ongoing	<ul style="list-style-type: none"> As part of the Diversity Plan review, an extensive analysis of measures and actions against industry peers was undertaken to inform strategic priorities. Boral reviews WGEA industry benchmarks to inform areas of priority and impact for gender diversity.
3 System and process design		
3.1 Search and selection: embed diversity principles in standardised recruitment		<ul style="list-style-type: none"> Boral's Talent Acquisition team partnered with the business areas to provide equitable and gender diverse shortlists. Adverts have been amended to include gender neutral language and benefits that appeal to a more diverse candidate pool.
3.2 Flexibility and flexible work practices: develop and implement policy, guidelines and education program to improve flexibility and flexible work outcomes	Ongoing	<ul style="list-style-type: none"> During the COVID-19 pandemic, Boral's workforce shifted to flexible working with employees supported by comprehensive education and support to work from home. In responding to employee feedback to define flexibility practices moving forward, we have introduced hybrid working pilots at two of Boral's key sites, North Ryde in NSW and Milton in Qld.
4 Gender equality and equity		
4.1 Analysis: complete an analysis of Boral pay equity at least annually to monitor pay rates and identify issues	Completed	<ul style="list-style-type: none"> Completed the annual gender remuneration gap analysis and reported outcomes to the Board. Conducted a deep analysis of pay rates across job families and job levels to determine areas of focus as part of our revised remuneration framework.
5 Indigenous relations		
5.1 Innovate Reconciliation Action Plan: progress the actionable commitments set out in the Plan	Completed	<ul style="list-style-type: none"> All 52 actionable Innovate RAP deliverables and commitments are on target or completed. Engaged local Traditional Owners or Custodians of the land to conduct a Welcome to Country and Smoking Ceremony to officiate the opening of our new Sydney and Brisbane premises. Continued our organisational learning with acknowledgement of the local Custodians of the land displayed in our offices. Nationally, our social procurement expenditure exceeded \$5m, with over 45 Aboriginal and Torres Strait Islander suppliers engaged during the year.

Proportion of men and women in the workplace

As at 30 June 2022, the proportion of women employed by Boral is as follows:

- Board of Directors: 25%¹
- Senior Executives: 30%²
- Total Workforce: 14%

For the purpose of our measurable objectives:

1. During the reporting period Boral's Board composition changed, and although women made up more than 30% of representation for part of the year, women made up 25% as at 30 June 2022. The Board succession and renewal program is ongoing.
2. Senior Executives at Boral are defined as Executives reporting directly to the CEO.

In accordance with the requirements of the Workplace Gender Equality Act 2012 (Cth), Boral submitted its Workplace Gender Equality Public Report with the Workplace Gender Equality Agency.

The report can be viewed at wgea.gov.au

Dealings in Boral shares

Under Boral's Share Trading Policy, trading in Boral shares by Directors, senior executives and other designated employees and their close associates is restricted to the following trading windows:

- the 30 day period commencing at 10.00am (Sydney time) on the day after the release of Boral's half year results announcement to the ASX
- the 30 day period commencing at 10.00am (Sydney time) on the day after the release of Boral's full year results
- the 30 day period commencing at 10.00am (Sydney time) on the day after the AGM, and
- any additional period designated by the Board (or its delegate) from time to time (for example, during a period of enhanced disclosure).

The policy precludes executives from entering into any hedge or derivative transactions relating to options or share rights granted to them as long-term incentives, regardless of whether or not the options or share rights have vested.

Breaches of the policy are treated seriously and may lead to disciplinary action being taken against the executive, including dismissal.

Trading in Boral shares at any time is subject to the overriding prohibition on trading while in possession of inside information.

Boral's Share Trading Policy is available on Boral's website.

Directors' shareholdings

Under Boral's Constitution, Directors must hold a minimum of 1,000 ordinary shares in the Company.

To align the interests of non-executive Directors with the interests of our shareholders, the Board established minimum shareholding guidelines which encourage non-executive Directors to accumulate over time a holding of ordinary shares in the Company equivalent in approximate value to the gross annual base fee paid to each non-executive Director.

Under the guidelines, the minimum shareholding may be held directly or indirectly by a Director, and may be accumulated over a period of up to five years from the date of appointment.

The timeframe to allow Directors to build their minimum shareholding is a necessary reflection of the fact that Directors are very limited in the opportunities they have to acquire shares, given their exposure to price sensitive information from time to time regarding the Company.

Details of Directors' shareholdings in the Company are set out on page 62 of this Annual Report.

Continuous disclosure

The Company appreciates the importance of timely and adequate disclosure to the market. It is committed to making timely and balanced disclosure of all material matters, and maintaining effective communication with its shareholders and investors so as to give them ready access to balanced and understandable information.

The Company has in place mechanisms designed to ensure compliance with all relevant disclosure laws and ASX Listing Rule requirements under the Continuous Disclosure Policy adopted by the Board. These mechanisms also ensure accountability at a senior executive level for that compliance.

The CEO & Managing Director, the Chief Financial Officer and the Company Secretary are responsible for determining whether or not information is required to be disclosed to the ASX. Announcements relating to significant matters, such as results, guidance to the market, major acquisitions or divestments, or other corporate matters which involve significant financial or reputational risk, are referred to the Board for approval, unless to do so is impractical in the circumstances (having regard to Boral's continuous disclosure obligations). In such cases, approval can be given by any two of the following officers: the CEO & Managing Director, the Chairman of the Board and the Chairman of the Audit & Risk Committee. The Company Secretary will endeavour to notify all other Directors of the possible disclosure considerations and invite them to participate in any discussions and disclosure decisions where possible. Directors are provided with copies of all announcements made pursuant to Boral's continuous disclosure obligations promptly after they have been made.

Boral's Continuous Disclosure Policy is available on Boral's website.

Process for verifying periodic corporate reports

The Company has an appropriate process for preparing, verifying and approving corporate reporting.

The process for verifying the integrity of periodic corporate reports is tailored based on the nature of the relevant report, its subject matter and where it will be published. Boral seeks to adhere to the following principles in respect of the preparation and verification of corporate reporting:

- periodic corporate reports are prepared with appropriate input and oversight by relevant senior management and subject matter experts for the area being reported on
- the relevant report and its supporting information is reviewed having due regard to ensuring it is not inaccurate, false, misleading or deceptive.

Consistent with these principles, the non-audited sections of the Annual Report and Sustainability Report, and Corporate Governance Statement for the reporting period were prepared with input and oversight by relevant senior management and subject matter experts, and reviewed and verified by relevant senior management prior to Board review and approval for release. ASX announcements (other than administrative announcements), are also reviewed and confirmed by relevant senior management prior to Board review and approval for release.

Communications with shareholders

The Company's policy is to promote effective two-way communication with shareholders and other investors so they understand Boral's business, governance, financial performance and prospects, as well as how to assess relevant information about Boral and its corporate activities.

Investor relations	Boral has a dedicated investor relations capability that facilitates ongoing engagement with institutional shareholders, retail investor groups, analysts and proxy advisors. To encourage two-way communication, investor relations as well as the share registry can be contacted directly by shareholders by telephone or by email. The links to these contacts are available on Boral's website at www.boral.com .
Annual reporting	Shareholders may elect to receive annual reports electronically or to receive notifications via email when reports are available online. Hard copy annual reports are provided to those shareholders who specifically elect to receive them.
Company announcements	All formal reporting and Company announcements made to the ASX are published on Boral's website after confirmation of lodgement has been received from the ASX. These documents are also available for download by mobile devices from Boral's Investor Relations (IR) app, which is available for no cost from the App Store or Google Play. Furthermore, Boral has an email list of investors, analysts and other interested parties who are sent relevant announcements via email alert after those announcements have been lodged with the ASX. Announcements are also sent to major media outlets and newswire services for broader dissemination. All new and substantive investor or analyst presentations are released on the ASX ahead of the presentation.
General meetings	Boral encourages shareholders to participate in all general meetings including annual general meetings. All substantive resolutions at general meetings are decided by poll. Shareholders are entitled to ask questions about the management of the Company and of the auditor as to its conduct of the audit and preparation of its reports. Notices of Meeting are accompanied by explanatory notes to provide shareholders with information to enable them to decide how to vote upon the business of the meeting. Full copies of Notices of Meeting and explanatory notes are posted on Boral's website. If shareholders are unable to participate in general meetings, they may vote by appointing a proxy.
Annual General Meeting	Shareholders are invited, at the time of receiving or accessing the Notice of Meeting, to put forward questions they would like addressed at the AGM. At the AGM, shareholders have a reasonable opportunity to ask the external auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements of the Company, and the independence of the external auditor in relation to the conduct of the audit.

Boral's policy on communications with shareholders is available on Boral's website.

Conclusion

While the Board is satisfied with its level of compliance with governance requirements, it recognises that practices and procedures can always be improved. Accordingly, the corporate governance framework of the Company will be kept under review to take account of changing standards and regulations.

The Directors of Boral Limited (the Company) report on the consolidated entity, being the Company and its controlled entities ('the Group' or 'Boral') for the financial year ended 30 June 2022.

(1) Review and results of operations

Information on the operations and financial position of Boral is set out in our operating and financial review (OFR), which comprises pages 4-26 of the Annual Report and forms part of this Directors' Report.

(2) State of affairs

The OFR sets out a number of matters that have had a significant effect on the Group's state of affairs during the year, including that the Group reported a net profit after tax (NPAT) of \$150 million excluding significant items for the year ended 30 June 2022. Significant items, as detailed in note 2.1 to the financial statements, totalled an after tax gain of \$811 million, resulting in a statutory profit after tax of \$961 million.

(3) Principal activities and changes

Boral's principal activities are the manufacture and supply of building and construction materials in Australia.

(4) Events after end of financial year

Note 8.2 of the financial statements sets out the events that occurred subsequent to year-end. Other than the matters disclosed, there are no matters or circumstances that have arisen since the end of the year that have significantly affected, or may significantly affect Boral's:

- operations in future financial years
- results of those operations in future financial years, or
- state of affairs in future financial years.

(5) Likely developments, business strategies, prospects and risks

Likely developments, business strategies and prospects

The OFR refers to likely developments in Boral's operations in future financial years and the expected results of those operations. Other than the information set out in the OFR, information regarding other likely future developments in Boral's operations and the expected results of those operations has not been included in the Directors' Report.

The OFR sets out information on Boral's business strategies and prospects for future financial years. This information has been provided to enable shareholders to make an informed assessment of our business strategies and future prospects.

While the Company continues to meet its obligations in respect of continuous disclosure, we have not included information where it would be likely to result in unreasonable prejudice to Boral. This includes information that is commercially sensitive, is confidential or could give a third party a commercial advantage (for example, details of our internal budgets and forecasts).

Risks

The achievement of Boral's future prospects may be adversely impacted by several material risks, some of which are beyond our control. These business risks and Boral's approach to managing them are set out in the OFR (pages 4-26), the Risks and Responses section (pages 22-26), as well as in the Sustainability overview section (pages 27-37) of this Annual Report. The Group's broader risk identification and management framework is also set out in the Corporate Governance Statement on pages 44-58 of this Annual Report. Those sections address the material business risks, including:

- health, safety and environment
- workforce, culture and engagement
- supply chain and cost management
- customer and competition
- transition to a lower-carbon economy
- weather and physical climate change impacts
- market and industry
- customer and competition
- social, legal and compliance
- financial and capital management
- business interruption – operations and technology.

Forward looking statements

This report contains forward looking statements, including statements of current intention, opinion and expectation regarding the Company's present and future operations, possible future events and future financial prospects (including statements related to the ongoing impact of the COVID-19 pandemic). These forward looking statements are based on the information available as at the date of this report and they are, by their nature, subject to significant uncertainties, many of which are outside of the control of the Company. Actual results, circumstances and developments may differ materially from those expressed or implied, and Boral cautions against reliance on any forward looking statements in this report.

(6) Environmental performance

Details of Boral's performance in relation to environmental regulation are set out on page 36 of the Sustainability overview in this Annual Report.

(7) Other information

Other than information in the Annual Report, there is no information that shareholders of the Company would reasonably require to make an informed assessment of:

- the operations of Boral
- the financial position of Boral, and
- Boral's business strategies and its prospects for future financial years.

(8) Dividends paid or resolved to be paid

On 14 February 2022 Boral made a cash distribution of \$2.72 per share in the form of a \$2.65 per share equal capital reduction and an unfranked dividend of 7 cents per share. The Board has resolved not to pay a final dividend for FY2022.

(9) Names of Directors

The names of persons who have been Directors of the Company during or since the end of the year are:

Ryan Stokes	Karen Moses
Zlatko Todorcevski	Deborah O'Toole
Peter Alexander	Paul Rayner
Jacqueline Chow	Richard Richards
Kathryn Fagg	Rob Sindel
Mark Johnson	

Richard Richards has been a Director of the Company since 30 July 2021. Kathryn Fagg retired as a Director on 30 July 2021. Peter Alexander and Deborah O'Toole retired as Directors on 28 October 2021. Mark Johnson and Jacqueline Chow have been Directors of the Company since 1 December 2021 and 1 March 2022 respectively. Directors have otherwise been Directors of the Company at all times during and since the end of the year.

(10) Options

Boral has no outstanding options granted over unissued shares of the Company, no options that lapsed during the year and no shares of the Company that were issued during the year as a result of the exercise of options.

(11) Indemnities and insurance for officers and auditors

During or since the end of the year, Boral has not given any indemnity to a current or former officer or auditor against a liability or made any agreement under which an officer or auditor may be given any indemnity of the kind covered by subsection 199A(2) or (3) of the *Corporations Act 2001* (Cth) (*Corporations Act*).

During the year, Boral paid premiums in respect of Directors' and Officers' Liability and Legal Expenses insurance contracts for the year ended 30 June 2022 and, since the end of the year, Boral has paid, or agreed to pay, premiums in respect of such contracts for the year ending 30 June 2023.

The insurance contracts insure against certain liability (subject to exclusions) in respect of persons who are or have been Directors or officers of the Company and its controlled entities. A condition of the contracts is that the nature of the liability indemnified and the premium payable not be disclosed.

(12) Directors' qualifications, experience, special responsibilities and directorships of other listed companies in the last three financial years

Each Director's period in office, qualifications, experience and special responsibilities are set out on page 38-40 of the Annual Report.

Details for each Director of all directorships of other listed companies held at any time in the three years before the end of the financial year and the period for which such directorships have been held are:

Ryan Stokes

Seven Group Holdings Limited since 2010 (current)
Seven West Media Limited since 2012 (current)
Beach Energy Limited from July 2016 to Nov 2021, and alternate Director from December 2021 (current)

Zlatko Todorcevski

Coles Group Limited from Nov 2018 to Sept 2020
Star Entertainment Group Limited, May 2018 to Aug 2020
Adelaide Brighton Limited from March 2017 to June 2020

Peter Alexander

No other directorships to be disclosed

Jacqueline Chow

Coles Group Limited from November 2018 (current)
nib Holdings from April 2018 (current)
Charter Hall Group from Feb 2021 (current)

Kathryn Fagg

National Australia Bank Ltd from Dec 2019 (current)
Djerriwarrh Investments Limited from May 2014 (current)
Incitec Pivot Limited from April 2014 to December 2019

Mark Johnson

Metcash Limited from July 2022 (current)
Goodman Group Limited from June 2020 (current)
G8 Education Limited from Jan 2016 to Nov 2021
Coca Cola Amatil from Dec 2016 to May 2021

Karen Moses

Orica Limited from July 2016 (current)
Charter Hall Group from September 2016 (current)

Deb O'Toole

Sims Limited from November 2014 (current)
Alumina Limited from December 2017 (current)

Paul Rayner

Qantas Airways Limited from July 2008 to Nov 2021
Treasury Wine Estates Limited from May 2011 (current)

Richard Richards

Beach Energy Ltd since February 2017 (current)

Rob Sindel

Orora Limited since February 2020 (current)
Mirvac Limited since September 2020 (current)
CSR Limited from January 2011 to September 2019

(13) Meetings of Directors

The number of meetings of the Board of Directors and each Board Committee held during the year and each Director's attendance at those meetings are set out below.

	Board of Directors		Audit & Risk Committee		Remuneration & Nomination Committee		Health, Safety & Environment Committee	
	Meetings held while a Director	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
Ryan Stokes AO	20	12	–	–	4	4	4	4
Peter Alexander	12	11	–	–	1	1	–	–
Jacqueline Chow	4	4	1	1	–	–	–	–
Kathryn Fagg	9	9	–	–	–	–	–	–
Mark Johnson	8	8	2	2	1	1	–	–
Karen Moses	20	20	4	4	–	–	4	4
Deborah O'Toole	12	12	1	1	–	–	1	1
Paul Rayner	20	20	4	4	–	–	–	–
Richard Richards	12	12	4	4	–	–	–	–
Rob Sindel	20	20	–	–	4	4	–	–
Zlatko Todorcevski	20	19	–	–	–	–	4	4

The Chairman and the CEO & Managing Director attend all Board and committee meetings. There were additional response committee meetings held during the year in the period from 1 July to 30 July 2021 for the purposes of Boral responding to the SGH Takeover Offer, where only the independent non-executive Directors and the CEO & Managing Director were in attendance. Mr Stokes recused himself from all Boral Board and committee meetings for the duration of the SGH Takeover Offer, and this is the sole reason for the variation between the meetings held and the meetings he attended. Mr Todorcevski was recused from one meeting regarding incoming CEO appointment.

(14) Company Secretary

Dominic Millgate was appointed Company Secretary in July 2013, after holding the position of Assistant Company Secretary since November 2010. He has previously been legal counsel and company secretary for listed entities in Australia and Singapore, and has held legal roles in London and Sydney. He is a Fellow of the Governance Institute of Australia and holds a Master of Laws from the University of NSW, a finance degree from the University of New England and a law degree from the University of Sydney.

(15) Directors' shareholdings

Set out below are details of each Director's relevant interests in the shares and other securities of the Company as at the date of this report.

	Shares	Non-executive Directors' Share Plan ^a
Jacqueline Chow	1,000	–
Mark Johnson	20,000	–
Karen Moses	45,582	–
Paul Rayner	169,835	2,597
Rob Sindel	46,060	–
Richard Richards*	1,000	–
Ryan Stokes*	1,000	–
Zlatko Todorcevski ^b	190,464	–

* While Mr Stokes does not hold a relevant interest in other Boral shares, he was nominated as a director by Boral's largest shareholder Seven Group Holdings Limited (SGH) and related corporations that collectively have a relevant interest in 69.6% of Boral shares. He is Managing Director and Chief Executive Officer of SGH. Mr Richards was also nominated as a director by SGH. He is the Chief Financial Officer of SGH.

Shares or other securities with rights of conversion to equity in the Company or in a related body corporate are not otherwise held by any Director of the Company:

- a Shares in the Company allocated to the Director's account in the Non-executive Directors' Share Plan. Directors will only be entitled to a transfer of the shares in accordance with the terms and conditions of the Plan. No shares were allocated to non-executive Directors during FY2022.
- b Zlatko Todorcevski holds 2,639,369 Boral Performance Rights under Boral's Equity Incentive Plan, details of which are set out in the Remuneration Report.

(16) No officers are former auditors

No officer of the Company has been a partner in an audit firm, or a Director of an audit company, that is an auditor of the Company during the year or was such a partner or Director at a time when the audit firm or the audit company undertook an audit of the Company.

(17) Non-Audit Services

Amounts paid or payable to Boral's auditor, Deloitte, for non-audit services provided during the year by Deloitte totalled \$4,542,000. These services consisted of:

Taxation services – compliance	\$2,046,000
Taxation services – advisory	\$1,313,000
Advisory services	\$1,183,000

The non-audit services provided were pre-existing arrangements in place before Deloitte was appointed as the auditor of the Company at the Annual General Meeting on 28 October 2021. The fees relate to non-recurring, permissible non-audit services, with the most significant relating to specific taxation matters in respect of the various divestments of the US discontinued businesses.

The services were discussed with the Audit & Risk Committee at the time of the appointment of Deloitte as auditor of the Company. In accordance with advice from the Company's Audit & Risk Committee, the Directors are satisfied that the provision of the above non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and APES 110 Code of Ethics for Professional Accountants because:

- Directors are not aware of any reason to question the auditor's independence declaration under section 307C of the Corporations Act
- the nature of the non-audit services provided is not inconsistent with the requirements of the Corporations Act, and
- provision of the non-audit services is consistent with the processes in place for the Audit & Risk Committee to monitor the independence of the auditor.

(18) Auditor's Independence Declaration

The auditor's independence declaration made under section 307C of the *Corporations Act* is set out on page 64 of the Annual Report and forms part of this report.

(19) Remuneration Report

The Remuneration Report is set out on pages 65–86 of this Annual Report and forms part of this report.

(20) Proceedings on behalf of the Company

No application under section 237 of the *Corporations Act* has been made in respect of the Company and there are no proceedings that a person has brought or intervened in on behalf of the Company under that section.

(21) Rounding of amounts

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016.

Signed in accordance with a resolution of the Directors.



Ryan Stokes AO
Chairman



Zlatko Todorcevski
Director
Sydney, 23 August 2022

Lead Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1219 Australia

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www.deloitte.com.au

The Board of Directors
Boral Limited
T2 / 39 Delhi Road
North Ryde NSW 2113

23 August 2022

Dear Board Members

Auditor's Independence Declaration to Boral Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Boral Limited.

As lead audit partner for the audit of the financial report of Boral Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



J A Leotta
Partner
Chartered Accountants

2022 Remuneration Report

Message from the Chairman of the Remuneration & Nomination Committee

Dear shareholders,

I am pleased to present Boral's 2022 Remuneration Report (the Report), on behalf of the Remuneration & Nomination Committee (Committee) and the Board.

Over the past year Boral has undergone significant change. We finalised the sale of our businesses overseas, and Boral has now been reshaped into an integrated business in Australia focused on Construction Materials which is expected to deliver long term sustainable demand as Australia continues to grow. We've refreshed our brand, purpose and values and have a clear strategy for the future.

Building on the work done in the previous year, we have implemented a new structure that better reflects the size and footprint of Boral today and allows us to operate more effectively as an integrated, collaborative and customer focused business. Over the coming months, we will continue to standardise and optimise our operations, while also increasing our focus on customers and local segments.

As part of these changes the shape of the leadership team has changed, with one Executive Leadership Team replacing the Executive Committee and Operations Committee. As part of this change the role of Chief Operating Officer was no longer required and Darren Schulz left the organisation on 30 June 2022. In April 2022 Tino La Spina, Chief Finance & Strategy Officer, left the company and was replaced by Jared Gashel as Acting Chief Financial Officer. In June the Board announced the appointment of Mr Vik Bansal as incoming CEO & Managing Director who will join Boral in the coming months. Mr Todorcevski will remain in the CEO role until Mr Bansal starts, allowing for a period of transition.

It is fair to say our operating landscape has been challenging. As well as the impact of the COVID-19 pandemic we have been adversely impacted by several external factors including unprecedented weather events, cost inflation and much higher energy costs. Despite this, Boral's leadership teams and our people have shown exceptional resilience, continuing to focus on executing the strategy while ensuring the safety of each other and maintaining a clear focus on serving our customers well.

Remuneration in FY2022

In the context of continuing uncertainty, the on-going impact of COVID-19, impacts to our broader workforce, and our focus on cost reduction, some members of the Executive Committee voluntarily reduced their salary by 20% over August and September 2021. Non-Executive Directors also agreed to reduce their fees by 20% over the same period.

In FY2022 a new short term incentive plan was introduced. Using a balanced scorecard approach, the plan included financial and strategic objectives aimed at focusing senior executives on key objectives and the opportunities for change at Boral.

For Long Term Incentive (LTI) awards, with the exception of the CEO LTI award that was approved by shareholders in the 2021 Annual General Meeting, the Board decided to suspend the FY2022 LTI award for executives. Further, the Board approved an allocation of LTI top-up awards in accordance with Boral's Equity Incentive Plan Rules to keep participants whole following Boral's capital return to shareholders in February 2022.

Remuneration in FY2023

As we enter a new financial year a new remuneration framework is being introduced across all salaried employees in Boral. This framework focuses on providing clarity of accountability at all levels, coupled with a more focused approach to remuneration and the impact leadership can have at the regional and local level.

Board renewal

FY2022 saw a number of changes to the Board. In July 2021, Kathryn Fagg who had been Boral's Chairman since July 2018 retired from the Board, Ryan Stokes became Chairman and Richard Richards joined the Board. Peter Alexander and Deb O'Toole stepped down from the Board following the 2021 AGM. Mark Johnson and Jacqueline Chow joined the Board in December 2021 and March 2022 respectively.

Ryan Stokes and Richard Richards (the directors from Seven Group Holdings) decided that from 30 July 2021 they will not receive remuneration for their roles on the Boral Board providing an immediate corporate cost reduction and a benefit for all shareholders.

Boral remains committed to ensuring alignment between executive pay and shareholder value. We continue to actively engage with our shareholders and proxy advisors to maintain a deep understanding of shareholder views and priorities, and to continually improve our remuneration practices and reporting. We are committed to remuneration arrangements that take into account the expectations of our stakeholders and align with leading practices in Australia.



Rob Sindel

Chairman, Remuneration & Nomination Committee

Remuneration Report

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Section 1:

Who is covered by this Report

The Directors of Boral Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2022 (FY2022). This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report sets out remuneration information for the Company's Key Management Personnel (KMP).

The table below details the KMP for FY2022.

Name	Position
Senior Executives	
Zlatko Todorcevski	Chief Executive Officer & Managing Director (CEO)
Jared Gashel	Acting Chief Financial Officer (ACFO) (appointment effective 15 April 2022)
Former Senior Executives	
Darren Schulz	President & CEO, Boral North America until 21 November 2021 then Chief Operating Officer Boral Limited from 22 November 2021 (ceased as KMP on 30 June 2022)
Tino La Spina	Chief Finance & Strategy Officer (CFSO) (ceased as KMP on 15 April 2022)
Wayne Manners	President & CEO, Boral Australia (ceased as KMP on 19 November 2021)
Non-executive Directors	
Ryan Stokes	Chairman and non-executive Director (appointment as Chairman effective 30 July 2021)
Jacqueline Chow	Non-executive Director (appointment effective 1 March 2022)
Mark Johnson	Non-executive Director (appointment effective 1 December 2021)
Karen Moses	Non-executive Director
Paul Rayner	Non-executive Director
Richard Richards	Non-executive Director (appointment effective 30 July 2021)
Robert Sindel	Non-executive Director
Former Non-Executive Directors	
Kathryn Fagg	Chairman and non-executive Director (retired from the Board effective 30 July 2021)
Peter Alexander	Non-executive Director (retired from the Board effective 28 October 2021)
Deborah O'Toole	Non-executive Director (retired from the Board effective 28 October 2021)

Changes following the end of the Financial Year

The table below details changes to KMP following the end of the financial year.

Name	Change
Vik Bansal	Mr Bansal's appointment as the new CEO was announced on 8 June 2022. He is expected to commence in this role on or before 5 December 2022.
Zlatko Todorcevski	Mr Todorcevski is expected to remain in the CEO role until transition to Mr Bansal is completed.

Section 2:

Our remuneration approach

Priorities in FY2022

Our remuneration priorities in FY2022 were driven by the changing business environment and the refocusing of Boral's portfolio of businesses while continuing to respond effectively to the on-going impact of the COVID-19 pandemic on our people and operations. In addition, the impact of the extraordinary weather events coupled with increases in energy prices impacted our ability to meet targets set at the beginning of the year.

Our Senior Executives focused on:

- delivering Zero Harm Today everyday
- completing the divestment of our Boral North America businesses and Australian Building Products businesses, thus reshaping Boral's portfolio of businesses and building a stronger performing business for our shareholders, our customers and our people
- disciplined capital management in line with our renewed Financial Framework
- embedding the focus on Boral's core business in Australia for improved profitability and to deliver its competitive advantage in the short-, medium- and long-term
- strengthening our competitive advantage through enhanced sustainability, decarbonisation and recycling plans
- driving a significant Transformation program in a challenging operating environment.

Executive remuneration

The Committee supports the Board to assess whether adjustments to remuneration policy are required to take into account the changing nature of our business and the environment in which we operate, including the expectations of Boral's stakeholders and market practice. The Committee supported the Board in responding to the challenges of FY2022 by:

- taking decisive action around people and remuneration
- adopting remuneration arrangements that recognise current market- and COVID-related challenges
- adjusting the approach to executive remuneration in response to our operating environment, and
- introducing a new remuneration framework in response to a changing market.

The Committee has continued to listen to shareholders and respond to feedback and concerns which have focused on:

- aligning executive remuneration and outcomes with the experiences and expectations of shareholders
- continuing to improve the clarity and transparency of remuneration disclosures, and
- using an approach to Short Term Incentive (STI) and Long Term Incentive (LTI) plans that continues to recognise and achieve an appropriate balance between executive and shareholder interests.

The following table sets out the Committee's areas of focus and work in FY2022.

Issues and decision	Comments				
FY2022 in review					
COVID-19 pandemic	<p>The health and safety of our people, customers and communities is the number one priority in our response to the COVID-19 pandemic. Due to the on-going impact of COVID-19 we continued a number of initiatives that were introduced in FY2020 and FY2021 to address operational challenges and focused on the financial health of our businesses including maintaining strong liquidity and cash flows.</p> <p>The remuneration actions taken in response to COVID-19 in FY2022 have been:</p> <table border="1"> <thead> <tr> <th>Salaries and Non-Executive Director fees</th> <th>Incentives</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> Salary increases by exception in FY2022 for executives and employees, with the next review of salaries to be in September 2022 A freeze on non-executive Director base fees in FY2022 </td> <td> <ul style="list-style-type: none"> With the exception of the CEO's LTI award approved by shareholders in the 2021 Annual General Meeting, the Board suspended the FY2022 LTI award. </td> </tr> </tbody> </table> <p>The support and assistance provided to our people included:</p> <ul style="list-style-type: none"> Enhanced leave provisions, with additional Pandemic Leave provisions available until 25 February 2022 Flexible work arrangements Additional benefits and support Information and assistance 	Salaries and Non-Executive Director fees	Incentives	<ul style="list-style-type: none"> Salary increases by exception in FY2022 for executives and employees, with the next review of salaries to be in September 2022 A freeze on non-executive Director base fees in FY2022 	<ul style="list-style-type: none"> With the exception of the CEO's LTI award approved by shareholders in the 2021 Annual General Meeting, the Board suspended the FY2022 LTI award.
Salaries and Non-Executive Director fees	Incentives				
<ul style="list-style-type: none"> Salary increases by exception in FY2022 for executives and employees, with the next review of salaries to be in September 2022 A freeze on non-executive Director base fees in FY2022 	<ul style="list-style-type: none"> With the exception of the CEO's LTI award approved by shareholders in the 2021 Annual General Meeting, the Board suspended the FY2022 LTI award. 				
Renewed STI Plan	<p>In FY2022 a new STI plan was introduced, with an EBIT gateway and a balanced scorecard comprising 50% financial and 50% strategic KPIs.</p> <p>STI hurdles</p> <p>The financial targets comprise EBIT, transformation and operating cash flow targets. The strategic objectives cover four categories: Strategic Projects, Customer, People and Safety & Sustainability. Performance at the end of the financial year is measured against these pre-determined targets established as part of the Group's annual budget and strategic planning process.</p>				
LTI Top Up Award	<p>The Board approved an allocation of LTI top-up awards consistent with market practice and in accordance with Boral's Equity Incentive Plan Rules to keep participants whole following Boral's capital return to shareholders in February 2022.</p> <p>These top up awards were consistent with the terms of the original grants and remain subject to the achievement of the applicable performance conditions for any vesting.</p>				

Section 3:

FY2022 performance and actual pay received

Boral's FY2022 results reflect the realignment of our portfolio to the Australian Construction Materials business. Boral's total operations (continuing and discontinued) delivered EBIT¹ of \$263 million, down 41% from FY2021. EBIT¹ from continuing operations (excluding Property) of \$107 million was down 32% reflecting the impact of challenging external conditions partially offset by the EBIT benefit from higher revenue and Transformation activities.

Boral reported a statutory net profit after tax (NPAT) of \$961 million for the full year ended 30 June 2022 (benefitting from the sale of the US businesses) compared to a profit of \$640 million in FY2021. NPAT before significant items of \$150 million, was down 40% on the prior year.

Financial performance	FY2018	FY2019	FY2020	FY2021	FY2022
Earnings per share ¹ (cents)	40.4	35.7	14.5	20.6	13.6
Dividends per share (cents)	26.5	26.5	9.5	0	7.0
Return on equity ^{1,2} (%)	8.3	7.2	3.9	5.8	7.9

Boral share price



Boral's performance and STI awards

EBIT performance

The use of EBIT effectively aligns rewards for Senior Executives with Boral's focus on delivering strong earnings through the business cycle. This recognises the importance of ensuring that the level of payments received reflects performance achieved. Year on year, EBIT targets for the STI have been set at challenging levels against our budget.

For FY2022, Boral reported EBIT¹ of \$263 million, which was \$182 million or 41% lower than the prior year. This decrease in EBIT reflects a part-year contribution from the divested Boral North America and Australian Building Products businesses, as well as lower earnings from continuing operations. For Boral's continuing operations, which are the Construction Materials operations in Australia, several external operating challenges, including exceptionally wet weather, sharp increases in energy pricing and construction industry shutdowns, were partially offset by benefits from Transformation initiatives and higher revenue.

As the gate-opener targets for the FY2022 STI were not met, no STI payments were paid to executives.

STI payments over the past 10 years demonstrate the cyclical nature of our industry and the variability of STI payments. Over the last 10 years (FY2013 to FY2022), Boral's STI has paid out at an average 55.6% of target.

Senior Executive historical STI as percentage of target outcomes³

Year	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018 ³	FY2019	FY2020	FY2021	FY2022	Average
(% of target)	6.9%	100.4%	126.7%	136.5%	103.7%	81.0%	1.1%	0.0%	0.0%	0.0%	55.6%

1. Excludes significant items.

2. FY2021 Return on Equity has been restated to reflect the prior period restatement. Refer Note 1(c) in the Financial Report for further information.

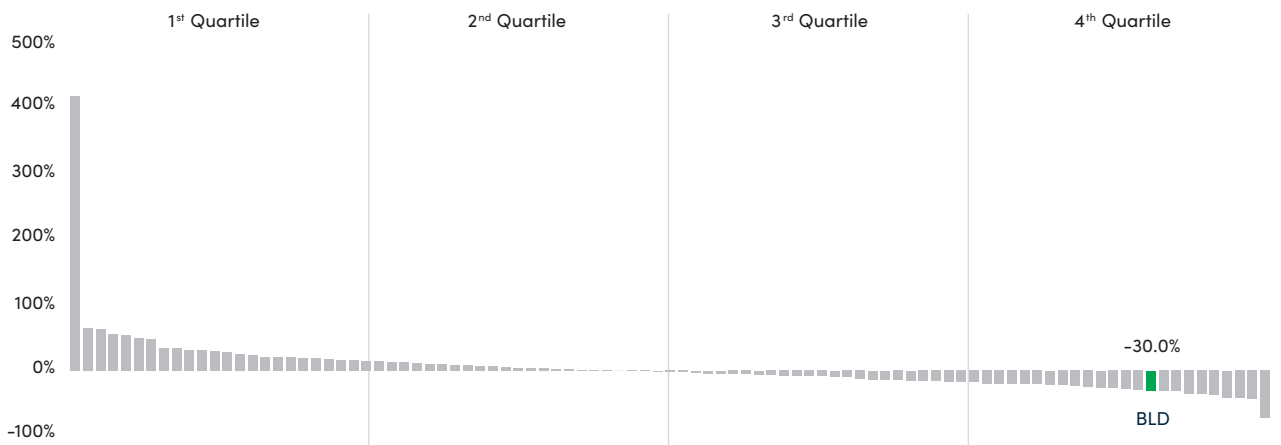
3. FY2018 STI outcomes were adjusted downwards retrospectively in FY2020, reflecting the lapsing of some deferred STI awards. This adjustment was due to the restatement of underlying earnings for FY2018.

Boral's performance and LTI awards

Total Shareholder Returns performance in FY2022

Boral's relative TSR performance decreased in FY2022. Factoring in share price, capital return and dividends paid, Boral delivered a TSR of negative 30.0% for shareholders between 1 July 2021 and 30 June 2022. This TSR ranked Boral at the 9th percentile of S&P/ASX 100 companies for FY2022.

FY2022 Total Shareholder Return (TSR) for Boral vs. S&P/ASX 100 companies

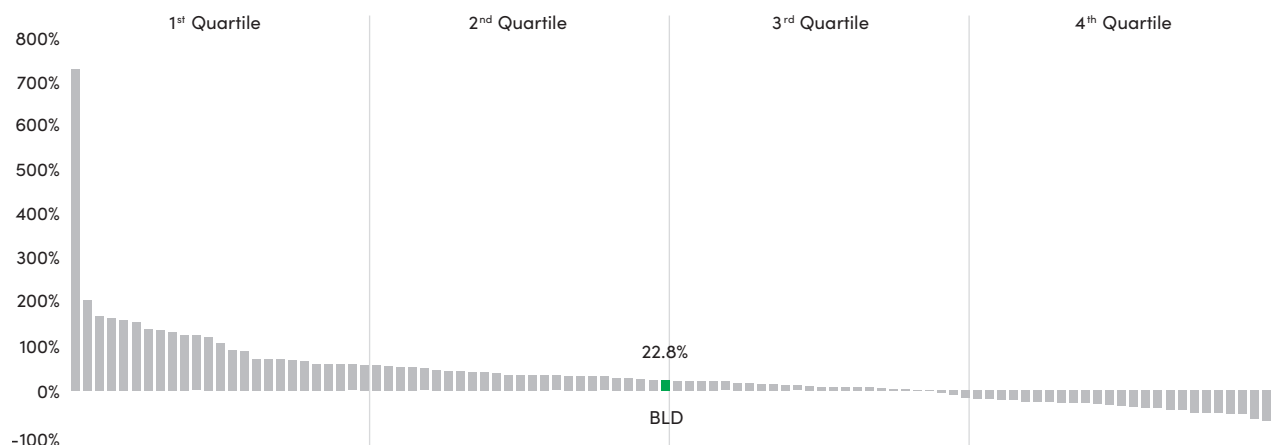


Note: Franking credits are included in TSR calculations.

Total Shareholder Returns over three years

Over the three-year period from September 2018 to September 2021, Boral's TSR of 22.8% was at the 50.51 percentile of the Company's TSR comparator group, resulting in 51% of the TSR component of the 2018 LTI grant vesting.

TSR for Boral vs S&P/ASX 100 companies: Sept 2018 to Sept 2021



Note: Franking credits are included in TSR calculations.

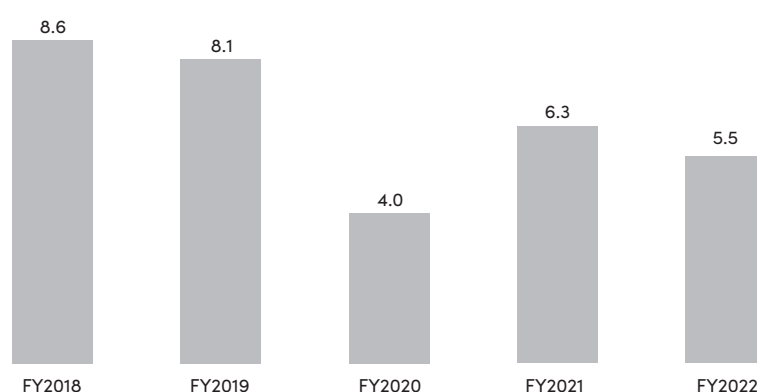
Section 3: FY2022 performance and actual pay received CONTINUED

Return on Funds Employed (ROFE) performance

The use of ROFE is designed to test the efficiency and profitability of the Company's capital investments. It links executive rewards to the achievement of improved ROFE performance and a long-term goal of ROFE exceeding the cost of capital through the cycle.

Boral's ROFE performance was 5.5% in FY2022, as measured by EBIT¹ return on average funds employed on a pre-impairment basis (7.2% on a post-impairment basis). Therefore, ROFE has not exceeded the weighted average cost of capital. The decrease in ROFE from FY2021 reflects the operating challenges faced by the business during the period. Work is ongoing to deliver a ROFE that exceeds the cost of capital through the cycle.

EBIT return on average funds employed (ROFE)¹, %



LTI

Further details in Section 4

2018 LTI

Vesting for the 2018 LTI was based on performance against the relative TSR hurdle (two-thirds of the grant) and the ROFE hurdle (one-third of the grant). Relative TSR performance outcome was 50.51% against other ASX100 companies in the comparator group, resulting in 51% of the TSR component of the 2018 LTI grant vesting. The ROFE target was not met. Based on these outcomes, the 2018 LTI partially vested.

The 2019 LTI grant will be tested on 1 September 2022.

Fixed annual remuneration (FAR) outcomes

The key remuneration outcomes for Boral's Senior Executives in FY2022 are outlined below.

Component

Outcomes

FAR (or BCS for US employees)

Further details in Section 4

The Board applied a targeted, exception only approach to remuneration increases for executives and employees in FY2022. This was in response to lower sales volumes as a result of recent exceptional rainfall in New South Wales and Queensland, and sharp increases in fuel and coal prices as well as the challenging and uncertain conditions that Boral continued to operate in as a result of the ongoing global pandemic.

1. ROFE for remuneration purposes is EBIT (excluding significant items) return on average funds employed. Funds employed is calculated as the average of funds employed at the start and end of the year. ROFE for FY2021 and FY2022 excludes the impact of impairments (including impairments FY2021 result is 7.7% and FY2022 result is 7.2%).

Actual remuneration for FY2022

The remuneration outcomes table below has been prepared to provide shareholders with a view of remuneration that was actually paid to Senior Executives for FY2022 and is unaudited. The Board believes that presenting information this way provides shareholders with increased clarity and transparency. Remuneration details prepared in accordance with statutory obligations and accounting standards are contained in Section 7 of this Report.

FY2022 remuneration cash outcomes table

A\$'000s	Fixed Rem (cash) ^a	STI (cash) ^b	Discretionary award (cash) ^c	Contractual Separation Payment ^d	Superannuation or pension payments	Other Cash allowances & Benefits ^e	Other non-cash ^f	Other Benefits			
								FBT	Total	STI Deferral from prior years (vested in period) ^g	LTI (vested in period) ^h
Zlatko Todorcevski ¹	1,813.1	-	-	-	23.6	-	6.5	1.3	1,844.5	-	-
Tino La Spina ²	817.6	-	-	-	22.4	-	6.5	1.3	847.8	-	-
Wayne Manners ³	309.0	-	-	994.8	13.7	-	-	-	1,317.5	-	90.3
Jared Gashel ⁴	93.9	-	-	-	4.3	-	-	-	98.2	-	-
Darren Schulz ⁵	734.5	-	172.2	89.4	111.7	50.4	4.0	-	1,162.2	13.1	79.0
Total	3,768.1	-	172.2	1,084.2	175.7	50.4	17.0	2.6	5,270.2	13.1	169.3

Ref	Item	Notes relating to the FY2022 remuneration cash outcomes table
a.	Fixed Remuneration (cash)	Fixed remuneration (cash) is cash salary paid to the Senior Executive for their period as a KMP. Fixed remuneration for Tino La Spina is for the period to 15 April 2022. Fixed remuneration for Jared Gashel is for the period from 15 April 2022. Fixed remuneration for Wayne Manners is for the period to 19 November 2021.
b.	STI (cash)	As the gate-opener targets for the FY2022 STI were not met, no STI payments were made to executives during the year.
c.	Discretionary award (cash)	In September 2021, Darren Schulz was awarded a one-off payment in recognition of the performance outcomes achieved in the US Business during 2021, subject to remaining employed as at December 2021. Darren also received a deferred equity component which is due to vest on 1 January 2024, which is not included in these cash payments but is included in the statutory remuneration table in Section 7.
d.	Contractual Separation Payments	Contractual Separation Payments have been included in the table above where the payments were made in FY2022. Where payments have been made in FY2023 these amounts have been included in the statutory remuneration table in Section 7.
e.	Other cash allowances & benefits	Other cash allowances and benefits, other non-cash benefits and associated fringe benefits tax (FBT) are not taken into account for the purposes of calculating an executives' STI or LTI opportunity.
f.	Other non-cash	Other non-cash is comprised of non-monetary benefits, including medical cover, life and disability insurance, and parking. These amounts are not taken into account for the purposes of calculating an executive's STI or LTI opportunity.
g.	STI deferral	The value for earned deferred STI granted in September 2019 that vested on 1 September 2021, calculated using the VWAP of Boral ordinary shares in the five trading days up to and including 1 September 2021, being \$6.1135, multiplied by the number of rights vested.
h.	LTI	The value for LTI granted in September 2018 that vested on 1 September 2021, calculated using the VWAP of Boral ordinary shares in the five trading days up to and including 1 September 2021, being \$6.1135, multiplied by the number of rights vested.

- On 8 June 2022, Boral announced the appointment of Vik Bansal as Boral's Chief Executive Officer and Managing Director, effective on or before 5 December 2022. Zlatko Todorcevski will remain CEO and is regarded as a KMP until such time that Vik Bansal commences his role as CEO & Managing Director of Boral. These cash payments therefore exclude any contractual separation payment for Zlatko Todorcevski. His employment contract includes an entitlement of up to 12 months FAR in circumstances of termination without cause, subject to the limits on termination benefits under the Corporations Act 2001. Any entitlement remains subject to termination date and final terms.
- Tino La Spina ceased as a KMP on 15 April 2022. Employment ceased on 1 July 2022 in accordance with the terms of his contract. Cash payments are for the period to 15 April 2022. These cash payments exclude the Contractual Separation Payment equivalent to 12 months FAR paid at the time of Tino La Spina's cessation of employment, after his time as a KMP, which is reported in the statutory remuneration table in Section 7.
- Wayne Manners ceased as a KMP and employee on 19 November 2021. Termination payments include the contractual separation equivalent to 12 months FAR which is also reported in the statutory remuneration table in Section 7. Termination payments also include accrued annual and long service leave entitlements paid on termination, which are not included in the statutory table in Section 7.
- Jared Gashel commenced as a KMP on 15 April 2022 and his fixed remuneration cash payments are for the period from 15 April 2022.
- Darren Schulz ceased as a KMP and employee on 30 June 2022. These cash payments exclude contractual separation and statutory payments made in July 2022, which is reported in the statutory remuneration table in Section 7. Termination payments include leave entitlements paid during the year upon cessation of his former role as President & CEO of Boral North America on 21 November 2021, which are not included in the statutory table in Section 7.

Section 4:

Remuneration framework for FY2022

Remuneration strategy

Boral's remuneration strategy and framework provides the foundation for how remuneration is determined and paid. The chart below summarises Boral's remuneration strategy for FY2022, including details of Boral's Remuneration Principles.

REMUNERATION STRATEGY

Align reward to business strategy and shareholder value creation
Attract and retain high-performing employees with market competitive and flexible reward

REMUNERATION PRINCIPLES

ALIGNED TO SHAREHOLDERS

Short- and long-term incentives are based on performance measures designed to drive sustainable value creation for shareholders

MARKET COMPETITIVE

High-performing employees with ability to deliver required financial and non-financial outcomes are attracted and retained with fixed remuneration that reflects role seniority and complexity, and variable reward opportunities that reflect performance

LINKED TO BUSINESS CONDITIONS

At risk reward outcomes reflect financial and non-financial performance objectives

The strategy has guided the way remuneration has been set for senior executives for FY2022, as outlined in the following pages.

FY2022 Executive remuneration framework components

Component	Delivery	Year 1	Year 2	Year 3
FAR	Base salary, non-cash benefits (including any fringe benefits tax) and superannuation paid during the financial year			
STI	Annual 'at-risk' incentive in which for KMP 50% of the STI is delivered in cash and 50% is deferred in Performance Rights	Deferred STI vests after 2 years		
LTI	Equity awards that are subject to the satisfaction of long-term performance conditions 100% is delivered as Performance Rights	For awards up to and including the FY2021 award two-thirds of the LTI vests after 3 years based on TSR performance compared to a selected group of comparator companies; for the FY2022 award TSR comprises 100%		
		For awards up to and including the FY2021 award one-third of the LTI vests after 3 years based on achieving ROFE targets set by the Board; for the FY2022 award there is no ROFE component		

Remuneration framework details

Remuneration strategy	Description															
<p>FAR/BCS</p> <p>Attract and retain high-calibre employees with a market competitive and flexible reward.</p> <p>Boral benchmarks the remuneration of our executives against comparator companies of a similar size (referencing market capitalisation and revenue, as applicable) and within similar industries (focusing on industrial and materials sector entities). Comparator companies used in the benchmarking are described in Section 8 of this Report.</p> <p>2022 outcomes</p> <p>There were no annual salary increases in FAR / BCS for senior executives who remained in the same position during FY2022. The Chief Operating Officer received a remuneration adjustment upon commencing their new role in November 2021.</p> <p>STI</p> <p>STI rewards for achievement of financial performance over one year. Prior to FY2022, STI outcomes were determined based solely on EBIT performance, with overriding Board discretion to adjust outcomes to align with the shareholder experience.</p> <p>Additional performance measures were introduced in the FY2022 STI award to align with contemporary market practice, with a balanced scorecard comprising 50% financial and 50% strategic KPIs.</p> <p>STI hurdles</p> <p>The financial targets comprise EBIT, transformation and operating cash flow targets. The strategic objectives cover four categories: Strategic Projects (20%), Customer (10%), People (10%) and Safety & Sustainability (10%). Performance at the end of the financial year is measured against these pre-determined targets established as part of the Group's annual budget and strategic planning process. STI awards may be adjusted based on a fatality modifier as well as an individual modifier based on individual performance. No STI awards are made if relevant EBIT performance hurdles are not met.</p> <p>EBIT targets are considered to be commercial-in-confidence and are therefore not disclosed in the interests of shareholders.</p> <p>The Board retains discretion to adjust STI outcomes up or down to ensure consistency with the Company's remuneration philosophy, to prevent any inappropriate reward outcomes, including in the event of a seriously negative safety issue, and to maintain alignment with the shareholder experience before the final award is determined.</p> <p>2022 outcomes</p> <p>As the gate-opener targets for the FY2022 STI were not met, no STI payments were awarded to Senior Executives.</p>	<p>Considerations in setting FAR/BCS are</p> <ul style="list-style-type: none"> • position responsibilities and financial impact • individual's knowledge, skills and experience, and • market practice for companies of similar size and complexity to Boral. <p>STI deferral</p> <p>Deferring 50% of the awarded STI over two years is considered necessary by the Board to promote sustainability of annual performance over the medium term, to provide executives with additional share price exposure and facilitate the Board's ability to exercise malus or clawback provisions, should this be required.</p> <p>Target and maximum STI opportunities as a percentage of FAR for Senior Executives are outlined below.</p> <table border="1"> <thead> <tr> <th>Position</th> <th>Target</th> <th>Maximum</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>90%</td> <td>120%</td> </tr> <tr> <td>CFSO¹</td> <td>80%</td> <td>120%</td> </tr> <tr> <td>ACFO²</td> <td>40%</td> <td>66%</td> </tr> <tr> <td>COO</td> <td>60%</td> <td>90%</td> </tr> </tbody> </table> <p>When measuring EBIT, significant items are generally excluded on the basis that STI outcomes should reflect performance during the relevant period and should not be skewed upwards (or downwards) due to one-off investments or decisions in prior performance periods.</p> <p>The Board, supported by the Remuneration & Nomination Committee and the Audit & Risk Committee, reviews the treatment and classification of significant items for remuneration purposes when reviewing the appropriateness of reward outcomes.</p>	Position	Target	Maximum	CEO	90%	120%	CFSO ¹	80%	120%	ACFO ²	40%	66%	COO	60%	90%
Position	Target	Maximum														
CEO	90%	120%														
CFSO ¹	80%	120%														
ACFO ²	40%	66%														
COO	60%	90%														

1. Mr La Spina ceased as KMP of 15 April 2022.

2. Mr Gashel commenced as Acting CFO on 15 April 2022; this STI% relates to his previous role and carried over while in an Acting capacity in the CFO role.

Section 4: Remuneration framework for FY2022 CONTINUED

Remuneration strategy

LTI

LTI links long-term executive rewards with the sustained creation of shareholder value through allocation of equity awards subject to long-term performance conditions.

In the context of Boral's challenging conditions and performance in FY2022, the Board decided to suspend the FY2022 LTI award for executives, with the exception of the CEO's LTI award of 377,553 performance rights that were approved by shareholders in the 2021 Annual General Meeting under ASX Listing Rule 10.14.

The LTI award grant to the CEO retained the relative TSR performance hurdle.

TSR

TSR measures the compound growth in the Company's TSR over the performance measurement period compared to the TSR performance over the same period of a comparator group.

The Board believes that a relative TSR hurdle measured against constituents of an ASX index ensures alignment between comparative shareholder return and reward for the executive, and provides reasonable alignment with diversified portfolio investors.

In considering selection of the TSR comparator group, the Board has determined there to be an insufficient number of direct ASX company comparators to produce a meaningful bespoke peer group.

Description

For FY2022, the CEO was eligible to participate in the LTI award at 120% of FAR.

The award has one performance hurdle of Relative TSR as measured against the S&P/ASX 100 index. The Performance Period is the three-year period commencing on 30 June 2021.

The TSR vesting schedule to be applied for the FY2022 LTI grant is:

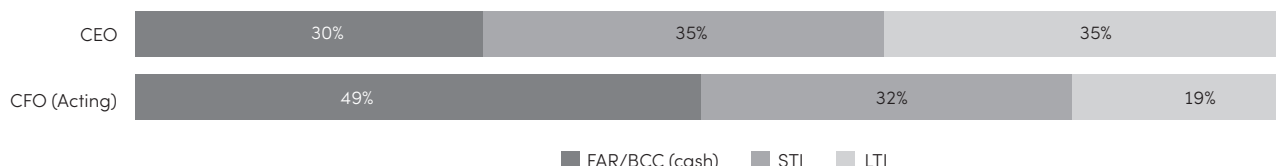
If at the end of the period, the TSR of the Company is:	Proportion vesting
Below the 50 th percentile	0%
At 50 th percentile	50%
Between the 50 th and 75 th percentile	Pro-rata vesting from 50% to 100%
Reaches or exceeds 75 th percentile	100%

2022 outcomes

In September 2021, the 2018 LTI partially vested as the Relative TSR performance outcome was 50.51% against other ASX100 companies in the comparator group, resulting in 51% vesting. The ROFE target was not met.

Total remuneration

Boral's remuneration mix is set to balance the need to attract and retain high-calibre talent with the ability to vary reward with performance. Total maximum remuneration mix for FY2022 is shown below, reflecting the remuneration mix should all performance hurdles at maximum be met in full.



Section 5: Remuneration governance

Roles and responsibilities

The table below outlines the roles and responsibilities of the Board, the Committee and management in relation to Board and KMP remuneration.

The Board	The Committee	Management
<ul style="list-style-type: none"> Approving remuneration arrangements for the CEO, other Senior Executives and non-executive Directors Monitoring the performance of Senior Executives 	<ul style="list-style-type: none"> Recommending remuneration and incentive policies and practices Recommending remuneration arrangements for the CEO Recommending remuneration arrangements for other KMP 	<ul style="list-style-type: none"> Prepares recommendations and provides supporting information for the Committee’s consideration Implements approved incentive policies and practices

Open lines of communication exist between all of Boral’s Board Committees. For example, in FY2022 the Committee was supported by the Audit & Risk Committee in reviewing the calculation of ROFE relative to WACC.

These open lines of communication are intended to prevent any gaps in risk oversight and to maintain a broader picture of Boral’s risk profile as it relates to remuneration governance. In addition to the overlapping membership of the Board Committees, the Board Chairman and the CEO attend all Board and Committee meetings and provide a link between each Committee’s oversight responsibilities.

Further detail on the responsibilities of the Committee are outlined in its Charter, which is reviewed annually by the Board. A copy of the Charter is available in the Corporate Governance section of Boral’s website at: www.boral.com/about-boral/corporate-governance.

How decisions are made

The Committee makes recommendations for approval by the full Board on remuneration arrangements for non-executive Directors, the CEO, other Senior Executives and other executives. When decisions are made, consideration is applied to the Boral strategy, remuneration strategy, alignment with shareholder interests and market practice.

Section 5: Remuneration governance CONTINUED

Board discretion

The Board maintains discretion to adjust remuneration outcomes for Senior Executives to ensure outcomes appropriately reflect Company performance and the shareholder experience over the relevant performance period.

Component	Board discretion	Determinations made in FY2022
STI	<p>The Board retains discretion to adjust STI outcomes up or down to ensure consistency with the Company's remuneration philosophy, to prevent any inappropriate reward outcomes, including in the event of a seriously negative safety issue, and maintain alignment with the shareholder experience before the final award is determined.</p> <p>The Remuneration & Nomination Committee assists the Board on these matters, supported by the Audit & Risk Committee and HSE Committee, including in respect of financial performance, safety performance and the treatment and classification of significant items, considered in the context of reviewing the appropriateness of reward outcomes.</p> <p>The Board also has the discretion to exercise malus or clawback provisions in circumstances where an employee has acted fraudulently or dishonestly; has breached their obligations to the Company; in the event that there is a material misstatement or omission in Boral's financial statements; or if the Company is required or entitled to reclaim any overpaid incentive or other amount from an employee.</p>	With the exception of the CEO LTI award that was approved by shareholders in the 2021 Annual General Meeting, the Board suspended the FY2022 LTI award grant.
LTI	<p>The Board retains discretion to make LTI adjustments as considered necessary to ensure rewards reflect performance in a manner that is consistent with shareholder expectations and the intent and purpose of the relevant targets.</p> <p>The Board also has the discretion to partially reduce or forfeit an LTI award where an employee has their employment terminated for cause, acts fraudulently or dishonestly, or breaches their obligations to the Company. The Company has a further discretion to apply clawback provisions in the event that there is a material misstatement or omission in Boral's financial statements, or if the Company is required or entitled to reclaim any overpaid incentive or other amount from an employee.</p>	

Minimum shareholding requirements

To further align the interests of the Company's Senior Executives with the interests of shareholders, the Board has established minimum shareholding requirements for the CEO and all other Senior Executives.

Senior Executives are required to accumulate a minimum shareholding in the Company over a period of up to five years from the later of 1 May 2021 or their date of appointment as a KMP.

Position	Minimum shareholding	Status
CEO	100% of FAR	As at 30 June 2022, in compliance given time in role
Senior Executives	50% of FAR	As at 30 June 2022, in compliance given time in role

The Company's guidelines for non-executive Directors' minimum shareholdings are set out in the Corporate Governance Statement on page 56 of this Annual Report. These guidelines require the non-executive Directors to build minimum shareholdings equivalent in approximate value to the gross annual base fee paid to each non-executive Director. Progress is monitored on an ongoing basis, and at times through the year non-executive Directors have been in compliance with these guidelines given time in role, however noting the impact on share price following the capital return completed in February 2022.

External advice on remuneration

The Committee seeks information and advice regarding remuneration directly from external remuneration consultants EY, who are independent of the Company's management.

During FY2022, these consultants provided general information and support only. No advice was provided that contained remuneration recommendations relating to the remuneration of KMP.

The Board has adopted a protocol governing the engagement of remuneration consultants and the provision of remuneration recommendations. The purpose of this protocol is to ensure that recommendations provided by consultants are made free from undue influence by the Senior Executives to whom the recommendations relate.

The protocol provides that before Boral enters into a contract to engage a consultant to provide remuneration recommendations, the proposed consultant must be approved by the Committee or the non-executive Directors. The remuneration consultant must report directly to the Committee or the non-executive Directors. If a consultant makes a recommendation concerning the remuneration of a Senior Executive, the recommendation must be provided directly to the Committee or the non-executive Directors.

Senior Executive contracts

An overview of key terms of employment for Senior Executives is provided below.

Contract term	CEO ¹ & CFO	COO	ACFO
Contract type	Permanent	Permanent	Permanent
Notice period by Boral	12 months	6 months	3 months
Notice period by employee	6 months	6 months	3 months
Termination without cause			
Termination payment	Up to 12 months' FAR	Up to 6 months' FAR	Up to 3 months' FAR
STI	Unless otherwise determined by the Board, no entitlement to STI for the year of termination.		
LTI	Treatment of LTI awards are dealt with under the LTI Plan rules and the specific terms of grant. In general, unless otherwise determined by the Board, LTI awards will remain on foot (with a pro rata scale-back based on the proportion of the performance period elapsed at the cessation date) to be tested against the relevant performance conditions at the vesting date.		
Resignation or termination with cause	Unless otherwise determined by the Board: <ul style="list-style-type: none"> no termination payment no entitlement to STI forfeiture of all deferred STI, and all unvested LTI awards will lapse. 		
Dealing restrictions	Boral's Share Trading Policy prohibits executives from entering into hedge and other derivative transactions in relation to rights granted under the LTI Plan. Shares allocated to participants upon vesting of their LTIs may only be dealt with in accordance with the Share Trading Policy. Any contravention of the Policy will result in disciplinary action. For the CEO, a holding restriction on the sale of Boral shares will apply for 12 months post termination, except where the sale of shares is required to meet tax obligations.		

1. As announced on 8 June 2022, the summary of terms for incoming CEO Vik Bansal include: termination by either party can be made with 6 months' notice (or payment in lieu), other than where the employment is terminated for cause, in which case Boral may terminate with no notice period.

Section 6:

Non-executive Directors' remuneration

The non-executive Directors receive fixed fees only, which includes base fees and Board Committee fees. These are structured on a total fee basis and paid in the form of cash and superannuation contributions. The non-executive Directors do not receive any at-risk remuneration or other performance-related incentives, such as options or rights to shares, and no retirement benefits are provided to non-executive Directors other than superannuation contributions.

The directors from Seven Group Holdings (Ryan Stokes and Richard Richards) elected that from 30 July 2021 they will not receive remuneration for their roles on the Boral board in light of the corporate structure and given the importance of prudent cost management.

Fees in relation to Committee roles (Chair and Members) increased from 1 July 2021, to align with the market. Taking into account Company performance and the on-going COVID-19 pandemic, the Board will not increase non-executive Director fees for FY2023.

Non-executive Director fee levels for FY2022 were as follows.

Fees (A\$)	2022		2021	
	Chair	Member	Chair	Member
Board	474,900	158,100	474,900	158,100
Audit & Risk Committee	50,000	25,000	43,100	22,000
Remuneration & Nomination Committee	40,000	20,000	32,400	16,200
HSE Committee	40,000	20,000	32,400	16,200
Independent & Related Party Committee	50,000	-	-	-

The total annual non-executive Director remuneration for the Board for FY2022 was \$1,025,900 including superannuation. This was within the current aggregate fee limit of \$2,000,000 per annum, which was approved at the Company's Annual General Meeting in November 2016.

Section 7:

Statutory remuneration disclosures

The following Senior Executive remuneration table has been prepared in accordance with the accounting standards and has been audited. The values in the table below align with the amounts expensed in Boral's financial statements.

Senior Executive remuneration table

A\$'000s	Year	Short-term					Post Employment		Share-based payments ^a			Other	Total	At Risk Remuneration	
		Cash salary ^b	Short-term incentive ^c	Discretionary award ^d	Non-monetary benefits ^e	Other cash allowance & benefits ^f	Super-annuation/ Pension	Contractual separation payment ^g	Fixed Rem (rights)	Rights	Deferred equity	Long service leave accrual	Total	% of remuneration related to performance	% of target STI paid
Senior Executives															
Zlatko Todorcevski	2022	1,768.9	-	-	7.7	-	23.6	-	-	1,997.5	-	31.2	3,828.9	52.2%	0.0%
	2021	1,762.0	-	-	12.2	-	21.7	-	150.0	914.3	-	28.8	2,889.0	31.6%	0.0%
Tino La Spina ¹	2022	795.6	-	-	7.7	-	22.4	1,100.0	-	1,207.1	-	14.1	3,146.9	38.4%	0.0%
	2021	781.5	-	-	9.1	-	16.3	-	-	460.3	-	12.8	1,280.0	36.0%	0.0%
Wayne Manners ²	2022	300.2	-	-	-	-	13.7	820.0	-	(68.6)	-	5.1	1,070.4	0.0%	0.0%
	2021	806.3	-	-	-	-	26.2	-	-	306.5	2.6	13.1	1,154.7	26.8%	0.0%
Jared Gashel ³	2022	92.4	-	-	-	-	4.3	-	-	9.5	-	1.2	107.4	8.8%	0.0%
	2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Darren Schulz ⁴	2022	748.4	-	172.2	4.0	110.4	111.7	442.1	-	179.8	172.1	7.3	1,948.0	26.9%	0.0%
	2021	652.3	-	-	44.7	-	96.4	-	-	120.7	3.5	-	917.6	13.5%	0.0%
Total	2022	3,705.5	-	172.2	19.4	110.4	175.7	2,362.1	-	3,325.3	172.1	58.9	10,101.6	34.6%	0.0%
	2021	4,002.1	-	-	66.0	-	160.6	-	150.0	1,801.8	6.1	54.7	6,241.3	29.0%	0.0%

Please refer to the notes on the following page relating to the Senior Executive remuneration table.

1. 2021 remuneration for Tino La Spina is from 14 October 2020 and 2022 remuneration is until he ceased as a KMP on 15 April 2022.
2. 2022 remuneration for Wayne Manners is until he ceased as a KMP on 19 November 2021.
3. 2022 remuneration for Jared Gashel is from 15 April 2022 when he commenced as a KMP.
4. 2022 remuneration for Darren Schulz is until he ceased as a KMP on 30 June 2022.

Section 7: Statutory remuneration disclosures CONTINUED

Ref	Item	Notes relating to the Senior Executive remuneration table
a.	Share-based payments	<p>The fair value of rights is calculated at the date of grant. Rights subject to the relative TSR hurdle are valued using the Monte Carlo simulation analysis; rights subject to the ROFE hurdle are valued using the Black Scholes methodology; and both fixed annual remuneration rights and deferred STI rights are valued at face value.</p> <p>The value of LTI awards are allocated evenly over the period of three years from the grant date; deferred STI rights are allocated evenly over the one year performance period plus the two year vesting period; and fixed annual remuneration rights are allocated to the financial year as they were fully vested by year-end. The value disclosed in the table is the portion of the fair value of the rights for each relevant reporting period.</p> <p>For Wayne Manners, a number of his LTIs lapsed when he ceased employment with Boral. The negative number in the table represents the lapsing of LTI awards over a series of relevant reporting periods.</p>
b.	Cash salary	Cash salary includes all fixed salary and accrued annual leave.
c.	Short-term incentive	As the gate-opener target for the FY2022 STI was not met, no STI payments were paid to executives under the program.
d.	Discretionary award	In September 2021, Darren Schulz was awarded a one-off payment in recognition of the performance outcomes achieved in the US Business during FY2021, subject to remaining employed as at December 2021. Darren also received a deferred equity component which is due to vest on 1 January 2024, and included in the Deferred Equity disclosure in this table.
e.	Non-monetary benefits	Non-monetary benefits include parking, medical, life and disability insurance, vehicle costs and applicable fringe benefits tax payable by the Company upon provided these benefits.
f.	Other cash allowances & benefits	Other cash allowances & benefits include relocation and vehicle allowances. Other cash allowances & benefits, non-monetary benefits and associated fringe benefits tax (FBT) are not taken into account for the purposes of calculating an executive's STI or LTI opportunity.
g.	Contractual separation payments	Contractual separation payments for Tino La Spina, Wayne Manners and Darren Schulz were in accordance with their employment agreements. Tino La Spina and Wayne Manners were entitled to receive a separation payment equivalent to 12 months FAR. Darren Schulz was entitled to receive a separation payment of 6 months FAR plus statutory entitlements. These payments comply with the limits on termination benefits under the Corporations Act 2001. As set out earlier in this Report, Zlatko Todorcevski's employment contract includes an entitlement of up to 12 months FAR in circumstances of termination without cause, subject to the limits on termination benefits under the Corporations Act 2001. Any entitlement will be subject to termination date and final terms of separation.

Equity grants and movement during the year

The following table provides details of rights granted during the year under the Boral Equity Incentive Plan, as well as the movement during the year in rights granted under the plan in previous financial years.

Equity type	Balance as at 30 June 2021	Granted during the year as remuneration ^a	Value of grant ^b	Exercised/ vested during the year	Value of rights vested ^c	Lapsed/ cancelled during the year ^d	Balance as at 30 June 2022
	No.	No.	\$	No.	\$	No.	No.
Zlatko Todorcevski	LTI Rights	1,149,698	377,553	1,072,251	-	-	1,527,251
	Top Up Rights	-	1,112,118	-	-	-	1,112,118
Tino La Spina	LTI Rights	578,796	-	-	-	-	578,796
	Top Up Rights	-	421,470	-	-	-	421,470
Wayne Manners	LTI Rights	428,176	-	-	(14,771)	(228,816)	184,589
	Top Up Rights	-	134,416	-	-	-	134,416
Jared Gashel	LTI Rights	61,757	-	-	-	-	61,757
	Top Up Rights	-	44,972	-	-	-	44,972
Darren Schulz	LTI Rights	305,065	-	-	(12,917)	78,968	178,061
	Deferred STI Rights	2,148	-	-	(2,148)	13,132	-
	Discretionary Award - Deferred Rights	-	28,496	172,084	-	-	28,496
	Top Up Rights	-	150,412	-	-	-	150,412

Notes relating to the equity grants table are outlined below.

Ref	Item	Explanation
a.	Rights granted during the year as remuneration	With the exception of the CEO LTI award approved by shareholders in the 2021 Annual General Meeting, the Board suspended the FY2022 LTI award. Top Up Rights were granted in accordance with Boral's Equity Incentive Plan Rules to keep participants whole following Boral's capital return completed in February 2022. Rights are granted for no consideration. In September 2021, Darren Schulz was awarded a one-off payment in recognition of the performance outcomes achieved in the US business during FY2021, subject to remaining employed in the business as at December 2021. Darren also received a deferred equity component which is due to vest on 1 January 2024, which is included in the Deferred Rights disclosure in this table.
b.	Value of grant	The fair market value of LTI Rights granted to the CEO effective 1 September 2021, calculated using a Monte Carlo simulation analysis, is \$2.84 per right. The fair market value of the Discretionary Award Deferred Rights to Darren Schulz is \$6.0389 per right, reflecting a face value calculated by taking the VWAP of Boral shares on the ASX during the 5-day trading period up to and including 31 December 2021.
c.	Value of vested rights	The fair market value of the 2018 LTI Rights vested rights is \$6.1135, reflecting a face value calculated by taking the VWAP of Boral shares on the ASX during the 5-day trading period up to and including 1 September 2021. No exercise price is payable in respect of rights that vest.
d.	Lapsed rights	Rights that lapsed during the year include rights granted to Senior Executives under the 2018 LTI grant, and pro rata lapsing of rights over relevant periods from 2018 through to cessation of employment.

Section 7: Statutory remuneration disclosures CONTINUED

Senior Executive equity rights balances

The number of rights included in the balance at 30 June 2022 for the Senior Executives is set out below. Details of awards granted in prior years, including applicable service and performance conditions, are summarised in prior Remuneration Reports corresponding to the reporting period in which the awards were granted.

		2019	2020	2021	Balance as at 30 June 2022
Senior Executives					
Zlatko Todorcevski	LTI Rights	–	1,149,698	377,553	1,527,251
	Top Up Rights	–	837,191	274,927	1,112,118
Tino La Spina	LTI Rights	–	578,796	–	578,796
	Top Up Rights	–	421,470	–	421,470
Wayne Manners	LTI Rights	112,678	71,911	–	184,589
	Top Up Rights	82,051	52,365	–	134,416
Jared Gashel	LTI Rights	29,554	32,203	–	61,757
	Top Up Rights	21,521	23,451	–	44,972
Darren Schulz	LTI Rights	47,229	130,832	–	178,061
	Discretionary Award	–	–	28,496	28,496
	Top Up Rights	34,392	95,270	20,750	150,412

Non-executive Directors' total remuneration

The remuneration of the non-executive Directors is set out in the following table.

A\$'000s	2022			2021		
	Short-term Board and Committee fees	Post-employment superannuation	Total fees	Short-term Board and Committee fees	Post-employment superannuation	Total fees
Ryan Stokes, Chairman ^{1,2,3}	16.9	–	16.9	147.2	–	147.2
Peter Alexander ⁴	52.9	–	52.9	174.3	–	174.3
Mark Johnson ⁵	102.9	10.3	113.2	–	–	–
Jacqueline Chow ⁶	61.5	–	61.5	–	–	–
Kathryn Fagg, Former Chairman ⁷	37.8	2.1	39.9	453.9	21.7	475.6
Karen Moses	215.7	–	215.7	207.3	–	207.3
Deborah O'Toole ^{3,4}	63.9	6.4	70.3	145.6	12.9	158.5
Paul Rayner	201.1	19.8	220.9	203.7	17.5	221.2
Richard Richards ^{2,8}	–	–	–	14.0	–	14.0
Rob Sindel ³	230.2	4.4	234.6	130.8	12.4	143.2
Total	982.9	43.0	1,025.9	1,476.8	64.5	1,541.3

1. Ryan Stokes was appointed Chairman of the Board on 30 July 2021.

2. Ryan Stokes and Richard Richards (the directors from Seven Group Holdings) decided that from 30 July 2021 they will not receive remuneration for their roles on the Boral Board providing an immediate corporate cost reduction and a benefit for all shareholders.

3. 2021 fees for Deborah O'Toole, Rob Sindel and Ryan Stokes are from 28 September 2020.

4. 2022 fees for Peter Alexander and Deborah O'Toole are for the period to 28 October 2021, being their retirement date.

5. 2022 fees for Mark Johnson are from 1 December 2021.

6. 2022 fees for Jacqueline Chow are from 1 March 2022.

7. 2022 fees for Kathryn Fagg are for the period to 30 July 2021, being her retirement date.

8. 2022 fees for Richard Richards are from 30 July 2021 and nil for the period. 2021 fees for Richard Richards reflect the period 28 September 2020 to 28 October 2020.

Senior Executive and non-executive Director transactions

Movements in shares

The number of shares held in Boral Limited during the financial year by each Senior Executive and non-executive Director of Boral Limited, including their personally related entities, are set out below.

		Balance at the beginning of the year	Received during the year on the exercise of rights	Pro-rata entitlement purchased in equity raising	Other changes during the year	Balance at the end of the year
		Number	Number	Number	Number	Number
Senior Executives						
Zlatko Todorcevski	2022	151,000	39,464 ¹	–	–	190,464
	2021	50,000	–	–	101,000	151,000
Tino La Spina	2022	100,000	–	–	–	100,000
	2021	–	–	–	100,000	100,000
Wayne Manners	2022	143,702	14,771	–	(16,500)	141,973
	2021	121,609	–	–	22,093	143,702
Jared Gashel	2022	–	–	–	–	–
	2021	–	–	–	–	–
Darren Schulz	2022	–	15,065	–	–	15,065
	2021	–	–	–	–	–

1. Zlatko's Todorcevski's 39,464 shares received during the year relate to Fixed Equity Rights that vested in FY2021 and were converted into shares in FY2022.

		Balance at the beginning of the year	Received during the year on the exercise of rights	Other changes during the year	Balance at the end of the year
		Number	Number	Number	Number
Non-executive Directors					
Ryan Stokes, Chairman	2022	1,000	–	–	1,000
	2021	–	–	1,000	1,000
Peter Alexander	2022	83,871	–	–	83,871
	2021	73,871	–	10,000	83,871
Kathryn Fagg, Former Chairman	2022	127,345	–	–	127,345
	2021	107,345	–	20,000	127,345
Jacqueline Chow	2022	–	–	1,000	1,000
	2021	–	–	–	–
Mark Johnson	2022	–	–	20,000	20,000
	2021	–	–	–	–
Karen Moses	2022	45,582	–	–	45,582
	2021	45,582	–	–	45,582
Deborah O'Toole	2022	16,000	–	–	16,000
	2021	–	–	16,000	16,000
Paul Rayner	2022	172,432	–	–	172,432
	2021	172,432	–	–	172,432
Richard Richards	2022	–	–	1,000	1,000
	2021	–	–	–	–
Robert Sindel	2022	46,060	–	–	46,060
	2021	20,060	–	26,000	46,060

Loans

There were no loans made or outstanding to Senior Executives or non-executive Directors during FY2022.

Section 8:

Glossary of key terms for the Remuneration Report

Other transactions

Transactions entered into during the year with non-executive Directors or Senior Executives of Boral Limited and the Group are within normal employee, customer or supplier relationships, and on terms and conditions no more favourable than dealings in the same circumstances on an arm's length basis and include:

- the receipt of dividends from Boral Limited
- participation in the Boral LTI Plan
- terms and conditions of employment
- reimbursement of expenses, and
- purchases of goods and services.

A number of Directors of the Company hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions no more favourable than those available on an arm's length basis.

Glossary of key terms for the remuneration report

Term	Description
BCS	Base Cash Salary (BCS) is a remuneration term applicable to Boral employees in the USA. It describes base salary only, excluding pension contributions and other non-monetary benefits.
Committee	The Remuneration & Nomination Committee.
Comparator companies	Two comparator groups are used for market benchmarking: <ul style="list-style-type: none"> • Market capitalisation and revenue: S&P/ASX 200 (ASX 200) companies within 50% to 200% of Boral's market capitalisation and 50% to 200% of Boral's revenue (ranges expanded to 33% to 300% where sample sizes are small). • Market capitalisation, revenue and industry: ASX 200 companies within the market capitalisation and revenue comparator group within the 'Industrials' or 'Materials' Global Industry Classification Standard (GICS).
Face value of LTI performance rights	The face value of the FY2022 performance rights was determined from the VWAP of Boral shares on the ASX during the 30 trading days up to and including 10 May 2021, being the last full trading day before receipt of SGH's takeover offer.
Fair market value of LTI performance rights	The fair market value of LTI performance rights is determined from the face value of a Boral share on 1 September, discounted for a number of factors that impact the value of a TSR tested right, such as the possibility that the TSR performance hurdle will not be met. Other factors that are taken into account when determining the discount from face value include the time to vesting, expected volatility of the share price and the dividends expected to be paid in relation to the shares. This approach is in line with the methodology used for valuing TSR tested rights for accounting purposes. The fair value is determined by an independent valuer (being PwC).
FAR	Fixed Annual Remuneration (FAR) includes base salary, non-cash benefits such as provision of a vehicle (including any fringe benefits tax) and superannuation contributions.
KMP	The Key Management Personnel of the Company. Defined as the people accountable for planning, directing and controlling the affairs of the Company and its controlled entities. Includes each of the: <ul style="list-style-type: none"> • non-executive Directors; and • Senior Executives.
Performance right	Upon vesting, each performance right entitles the executive to one ordinary share.
Relative TSR	Relative Total Shareholder Return (TSR) measures the compound growth in the Company's TSR over the performance measurement period compared with the TSR performance over the same period of a comparator group. TSR represents the change in capital value of a listed entity's share price over a three year performance period, plus reinvested dividends, expressed as a percentage of the opening value.
ROFE	Return on funds employed (ROFE) tests the efficiency and profitability of the Company's capital investments and is determined by the Board based on EBIT (before significant items) in the year of testing as a percentage of average funds employed (where funds employed is the sum of net assets and net debt).
Senior Executives	The CEO & Managing Director as well as other current and former members of the senior executive team who are KMP of the Company. The broader management group (who also participate in the various reward programs) are referred to as 'executives'.

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Earnings before interest, taxes, depreciation and amortisation (EBITDA) before significant items, earnings before interest and taxes (EBIT) before significant items and net profit after tax (NPAT) before significant items are alternative measures to those prescribed under International Financial Reporting Standards (IFRS) used to provide a greater understanding of the underlying performance of the Group. This information has been extracted or derived from the financial statements. Significant items in respect of continuing and discontinued operations are detailed in Note 2.1 to the financial statements and relate to income and expenses that are associated with significant business restructuring, impairment or individual transactions.

Income Statement

Boral Limited and Controlled Entities

For the year ended 30 June	Note	2022	2021
		\$m	\$m
Continuing operations			
Revenue	2.2	2,955.9	2,924.1
Cost of sales		(2,251.4)	(2,166.8)
Selling and distribution expenses		(411.1)	(404.5)
Administrative expenses		(216.6)	(217.6)
		(2,879.1)	(2,788.9)
Other income	2.2	15.5	26.9
Other expenses	2.2	(74.7)	(41.2)
Results of equity accounted investments	6.2	19.9	19.1
Profit before net interest expense and income tax		37.5	140.0
Interest income	2.2	5.3	1.5
Interest expense	2.2	(83.8)	(124.4)
Net interest expense		(78.5)	(122.9)
Profit/(loss) before income tax		(41.0)	17.1
Income tax benefit	5.1	24.0	2.0
Profit/(loss) from continuing operations		(17.0)	19.1
Discontinued operations			
Profit from discontinued operations (net of income tax)	6.1	977.6	620.8
Net profit		960.6	639.9
Total operations			
Basic earnings per share	2.4	87.0c	52.5c
Diluted earnings per share	2.4	87.0c	52.2c
Continuing operations			
Basic earnings per share	2.4	(1.5c)	1.6c
Diluted earnings per share	2.4	(1.5c)	1.6c

The Income Statement should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Statement of Comprehensive Income

Boral Limited and Controlled Entities

For the year ended 30 June	Note	2022 \$m	2021 \$m
Net profit		960.6	639.9
Other comprehensive income			
Items that may be reclassified subsequently to Income Statement:			
Net exchange differences from translation of foreign operations taken to other comprehensive income		53.8	(166.3)
Foreign currency translation reserve transferred to net profit on disposal of controlled entities and equity accounted investment	4.4	(150.0)	(56.8)
Fair value adjustment on cash flow hedges		11.7	22.3
Income tax on items that may be reclassified subsequently to Income Statement		13.2	(31.9)
Total comprehensive income		889.3	407.2

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Balance Sheet

Boral Limited and Controlled Entities

As at 30 June	Note	2022 \$m	2021 ¹ \$m
CURRENT ASSETS			
Cash and cash equivalents	2.5	1,107.1	903.8
Receivables	3.1	501.3	472.7
Inventories	3.2	222.5	213.5
Financial assets		32.8	11.6
Current tax assets		40.4	13.4
Other assets		36.3	28.6
Assets classified as held for sale		–	3,626.1
TOTAL CURRENT ASSETS		1,940.4	5,269.7
NON-CURRENT ASSETS			
Receivables	3.1	35.7	24.2
Inventories	3.2	12.9	4.8
Investments accounted for using the equity method	6.2	31.2	15.0
Financial assets		–	8.3
Property, plant and equipment	3.3	2,117.8	2,044.1
Intangible assets	3.4	71.5	72.4
Deferred tax assets	5.2	166.6	145.6
Other assets		24.8	25.2
TOTAL NON-CURRENT ASSETS		2,460.5	2,339.6
TOTAL ASSETS		4,400.9	7,609.3
CURRENT LIABILITIES			
Trade creditors		497.2	484.1
Interest bearing liabilities	4.1	639.7	33.2
Financial liabilities		1.4	22.1
Current tax liabilities		0.6	5.0
Employee benefit liabilities	7.1	103.6	93.2
Provisions	3.6	65.0	32.5
Liabilities classified as held for sale		–	610.3
TOTAL CURRENT LIABILITIES		1,307.5	1,280.4
NON-CURRENT LIABILITIES			
Interest bearing liabilities	4.1	943.8	1,769.7
Financial liabilities		9.8	19.4
Deferred tax liabilities	5.2	35.1	39.9
Employee benefit liabilities	7.1	7.2	10.1
Provisions	3.6	200.0	154.7
Other liabilities		–	0.3
TOTAL NON-CURRENT LIABILITIES		1,195.9	1,994.1
TOTAL LIABILITIES		2,503.4	3,274.5
NET ASSETS		1,897.5	4,334.8
EQUITY			
Issued capital	4.3	593.7	3,839.5
Reserves	4.4	47.9	122.8
Retained earnings		1,255.9	372.5
TOTAL EQUITY		1,897.5	4,334.8

1. Restated, refer to Note 1c for further details.

The Balance Sheet should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Statement of Changes in Equity

Boral Limited and Controlled Entities

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FINANCIAL STATEMENTS

	Issued capital	Reserves	Retained earnings	Total equity
	\$m	\$m	\$m	\$m
Balance at 30 June 2021	3,839.5	122.8	372.5	4,334.8
Net profit	–	–	960.6	960.6
Other comprehensive income				
Translation of net assets of overseas entities	–	109.4	–	109.4
Translation of long-term borrowings and foreign currency forward contracts	–	(55.6)	–	(55.6)
Foreign currency translation reserve transferred to net profit on disposal of controlled entities and equity accounted investment	–	(150.0)	–	(150.0)
Fair value adjustment on cash flow hedges	–	11.7	–	11.7
Income tax relating to other comprehensive income	–	13.2	–	13.2
Total comprehensive income/(loss)	–	(71.3)	960.6	889.3
Transactions with owners in their capacity as owners				
On-market share buy-back	(322.6)	–	–	(322.6)
Capital return	(2,923.2)	–	–	(2,923.2)
Share acquisition rights vested	–	(3.7)	–	(3.7)
Share-based payments	–	0.1	–	0.1
Dividends paid	–	–	(77.2)	(77.2)
Total transactions with owners in their capacity as owners	(3,245.8)	(3.6)	(77.2)	(3,326.6)
Balance at 30 June 2022	593.7	47.9	1,255.9	1,897.5
Balance at 30 June 2020	4,376.4	356.9	(238.2)	4,495.1
Prior period restatement ¹	–	–	(29.2)	(29.2)
Balance at 1 July 2020	4,376.4	356.9	(267.4)	4,465.9
Net profit	–	–	639.9	639.9
Other comprehensive income				
Translation of net assets of overseas entities	–	(256.2)	–	(256.2)
Translation of share of equity accounted other comprehensive income	–	6.0	–	6.0
Translation of long-term borrowings and foreign currency forward contracts	–	83.9	–	83.9
Foreign currency translation reserve transferred to net profit on disposal of equity accounted investment	–	(56.8)	–	(56.8)
Fair value adjustment on cash flow hedges	–	22.3	–	22.3
Income tax relating to other comprehensive income	–	(31.9)	–	(31.9)
Total comprehensive income/(loss)	–	(232.7)	639.9	407.2
Transactions with owners in their capacity as owners				
On-market share buy-back	(536.9)	–	–	(536.9)
Share acquisition rights vested	–	(1.3)	–	(1.3)
Share-based payments	–	(0.1)	–	(0.1)
Total transactions with owners in their capacity as owners	(536.9)	(1.4)	–	(538.3)
Balance at 30 June 2021	3,839.5	122.8	372.5	4,334.8

1. Restated, refer to Note 1c for further details.

The Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Statement of Cash Flows

Boral Limited and Controlled Entities

For the year ended 30 June	Note	2022 \$m	2021 \$m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,214.1	5,672.1
Payments to suppliers and employees		(3,746.9)	(4,900.9)
		467.2	771.2
Dividends received		6.6	84.0
Interest received		5.0	3.5
Borrowing costs paid		(89.8)	(137.4)
Income taxes paid		(77.3)	(7.0)
Restructure and transaction costs paid	2.5	(50.9)	(60.6)
Net cash provided by operating activities	2.5	260.8	653.7
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(342.1)	(257.7)
Capital contribution in equity accounted investment	6.2	(2.8)	-
Repayment of loans by associates		-	(0.3)
Proceeds on disposal of non-current assets		17.0	40.2
Proceeds on disposal of controlled entities and associates (net of transaction costs)		3,991.9	1,409.4
Cash disposed relating to disposals of controlled entities	6.1	(11.4)	-
Net cash provided by investing activities		3,652.6	1,191.6
CASH FLOWS FROM FINANCING ACTIVITIES			
On-market share buy-back		(352.9)	(506.6)
Capital return paid		(2,923.2)	-
Dividends paid	2.3	(77.2)	-
Repayment of lease principal		(57.0)	(88.0)
Settlement of financial instruments		-	(37.3)
Proceeds from borrowings		-	105.9
Repayment of borrowings		(320.1)	(1,256.3)
Net cash used in financing activities		(3,730.4)	(1,782.3)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year		903.8	904.4
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		20.3	(63.6)
Cash and cash equivalents at the end of the year	2.5	1,107.1	903.8

The Statement of Cash Flows should be read in conjunction with the accompanying notes, which form an integral part of the financial statements.

Notes to the Financial Statements

Boral Limited and Controlled Entities

Section 1: About this report

Statement of compliance

These financial statements represent the consolidated results of Boral Limited (ABN 13 008 421 761), a for-profit company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements comprise Boral Limited ('the Company') and its controlled entities ('the Group'). The consolidated financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001 (Cth)*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The nature of the operations and principal activities of the Group are described in Note 2.1.

The financial statements were authorised for issue by the Board of Directors on 23 August 2022.

Basis of preparation

The financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Except as disclosed in Note 1c, the accounting policies and methods of computation in the preparation of the financial statements are consistent with those adopted and disclosed in the Company's Annual Report for the financial year ended 30 June 2021.

Accounting estimates and judgements

Preparation of the financial statements requires management to make judgements, estimates and assumptions about future events. Information on material estimates and judgements considered when applying the accounting policies can be found in the following notes:

Accounting estimates and judgements

	Note	Page
Receivables	3.1	107
Inventories	3.2	109
Property, plant and equipment	3.3	110
Lease term assessment	3.3	110
Carrying value assessment	3.5	112
Provisions	3.6	113
Income tax expense	5.1	135
Share-based payments	7.3	149

Rounding of amounts

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016. Amounts shown as '-' represent zero amounts and amounts less than \$50,000 which have been rounded down.

Materiality

Information is only being included in the financial statements to the extent it has been considered material and relevant to the understanding of the financial statements. Factors that influence if a disclosure is considered material and relevant, include whether:

- the dollar amount is significant in size and/or nature;
- the Group's results cannot be understood without the specific disclosure;
- it is critical to allow a user to understand the impact of significant changes in the Group's business during the period; and
- it relates to an aspect of the Group's operations that is important to its future performance.

Boral Limited and Controlled Entities

Section 1: About this report (continued)**Significant accounting policies**

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Other significant accounting policies are contained in the notes to the consolidated financial statements to which they relate.

A. Principles of consolidation

The financial statements incorporate the financial statements of the Company and entities controlled by the Group and its subsidiaries. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its involvement and power over the entity.

The financial statements include the information and results of each entity from the date on which the Company obtains control, until the time the Company ceases to control the entity.

In preparing the financial statements, all intercompany balances, transactions, and unrealised profits arising within the Group, are eliminated in full.

B. Foreign currencies**Foreign currency transactions**

Transactions, assets and liabilities denominated in foreign currencies are translated into Australian dollars at reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Transactions	Date of transaction
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities carried at fair value	Date fair value is determined

Foreign exchange gains and losses resulting from translation are recognised in the Income Statement, except for qualifying cash flow hedges, which are deferred to equity.

Foreign operations

On consolidation, the assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date

Foreign exchange differences resulting from translation of long-term borrowings and foreign currency forward contracts, which are designated as hedges of the net investment in overseas entities, and net assets of overseas entities are initially recognised in the foreign currency translation reserve and subsequently transferred to profit or loss on disposal of the foreign operation.

C. Prior period restatement – rehabilitation provisions

During the period, the Group re-assessed the application of its accounting policy in respect of quarry rehabilitation provisions. The re-assessment results in an overall increase in the provision, reflecting changes in the measurement of future cash flows, in particular the ability to mitigate costs in respect of rehabilitation obligations for certain quarries. The increase in liability reflects future costs in respect of quarries with a weighted-average remaining life of 48 years, with cash outflows not expected to occur until the end of the life of the quarry. The calculation of the provision reflects management's best estimate of the net cash outflows in respect of rehabilitation obligations for all quarries, ensuring relevant regulatory obligations are met. A rehabilitation asset has been recognised to the extent that the change in provision may be reliably determined to relate to the cost of raising a provision before exploitation of the raw materials at a quarry site. Relevant tax effect accounting has also been recorded for these recognised balances. Refer to Note 3.6 for further details. The impact on previously reported balances as at 30 June 2020 and 30 June 2021 is disclosed below.

Impact of comparative figures adjustments on the Balance Sheet - increase/(decrease)

	30 June 2020			30 June 2021		
	Previously reported	Restatement ²	As restated	Previously reported	Restatement ²	As restated
	\$m	\$m	\$m	\$m	\$m	\$m
Property, plant and equipment	3,060.0	12.4	3,072.4	2,031.7	12.4	2,044.1
Deferred tax assets	162.5	12.5	175.0	133.1	12.5	145.6
Total assets	9,162.0	24.9	9,186.9	7,584.4	24.9	7,609.3
Non-current provisions ¹	152.5	54.1	206.6	100.6	54.1	154.7
Total liabilities	4,666.9	54.1	4,721.0	3,220.4	54.1	3,274.5
Retained earnings	(238.2)	(29.2)	(267.4)	401.7	(29.2)	372.5
Total equity	4,495.1	(29.2)	4,465.9	4,364.0	(29.2)	4,334.8

1. As at 30 June 2021, non-current provisions include restoration and environmental rehabilitation provisions of \$93.6 million (previously reported) and \$147.7 million (as restated). As at 30 June 2020, non-current provisions include restoration and environmental rehabilitation provisions of \$115.1 million (previously reported) and \$169.2 million (as restated).

2. The impact of the restatement on the Income Statement in each period is not considered material.

D. Comparative figures

Where applicable, certain comparative figures have been reclassified in Note 2.1 Segment reporting to align with current year presentation, as a result of the reassessment of Boral's reporting segments.

E. New accounting standards and interpretations not yet adopted

The Group has adopted all new and amended Australian Accounting Standards and AASB interpretations that are mandatory for the current reporting period and relevant to the Group, which did not have a significant impact on the Group's financial statements.

A number of new standards are effective for annual periods beginning after 1 July 2021 with early adoption permitted. However, the Group has not early adopted the new or amended standards in preparing these financial statements.

Boral Limited and Controlled Entities

Section 2: Business performance

This section provides the information that is most relevant to understanding the financial performance of the Group during the financial year and, where relevant, the accounting policies applied and the critical judgements and estimates made.

2.1 Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision-maker being the CEO and Managing Director in order to effectively allocate Group resources and assess performance.

As a result of the decision for an organisational restructure in Australia, Boral has assessed and revised the Group's operating segments. The prior period comparatives have been restated as a result of the change in the Group's operating segments.

The Group has identified its operating segments based on the information that is regularly reviewed and used by the CEO and Managing Director in assessing performance and in determining the allocation of resources. Discrete financial information about each of these operating businesses is reported to the CEO and Managing Director on a recurring basis. Although Property does not meet the quantitative reportable segment thresholds in the current year, the Group considers that the separate disclosure of its financial performance qualitatively provides useful information to users of the Group's financial statements.

The following summary describes the operations of the Group's reportable segments:

Construction Materials	Integrated construction materials business operating across Australia (concrete, asphalt, quarries, cement, landfill, recycling, transport and placing).
Property	The property segment primarily generates earnings through the development or divestment of surplus properties.
Discontinued Operations	Boral North America (fly ash, stone, roofing, light building products, windows and bricks joint venture) and Australian Building Products (comprising roofing and masonry, and timber products). The prior year comparative period also includes Midland Brick and USG Boral.
Unallocated	Ventures and unallocated costs including corporate.

The major end-use markets for Boral's products include residential and non-residential construction and the engineering and infrastructure markets.

The Group has a large number of customers to which it provides products, with no single customer responsible for more than 10% of the Group's revenue.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Reconciliations of reportable segment revenues and profits	Note	2022	2021
		\$m	\$m
External revenue		3,908.2	5,345.7
Less: Revenue from discontinued operations	6.1	(952.3)	(2,421.6)
Revenue from continuing operations		2,955.9	2,924.1
Profit/(loss) before tax			
Profit before net interest expense and income tax from reportable segments		1,293.9	802.3
Less: Profit before net interest expense and income tax from discontinued operations	6.1	(1,256.4)	(662.3)
Profit before net interest expense and income tax from continuing operations		37.5	140.0
Net interest expense from continuing operations	2.2	(78.5)	(122.9)
Profit/(loss) before tax from continuing operations		(41.0)	17.1

Section 2: Business performance (continued)

2.1 Segments (continued)

(a) Reportable segments

	Construction Materials		Property		Unallocated		Total Continuing Operations		Discontinued Operations		Total	
	2022	2021 ¹	2022	2021 ¹	2022	2021 ¹	2022	2021	2022	2021	2022	2021
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
External revenue	2,949.3	2,920.4	1.2	0.7	5.4	3.0	2,955.9	2,924.1	952.3	2,421.6	3,908.2	5,345.7
EBITDA ²	344.9	413.1	5.7	24.2	(20.4)	(31.5)	330.2	405.8	150.8	476.2	481.0	882.0
Depreciation and amortisation	(216.6)	(222.9)	-	-	(1.4)	(1.7)	(218.0)	(224.6)	-	(212.8)	(218.0)	(437.4)
EBIT ³	128.3	190.2	5.7	24.2	(21.8)	(33.2)	112.2	181.2	150.8	263.4	263.0	444.6
Discontinued operations matters (i)	-	-	-	-	-	-	-	-	1,105.6	398.9	1,105.6	398.9
Transformation and restructure costs (ii)	-	-	-	-	(74.7)	(31.2)	(74.7)	(31.2)	-	-	(74.7)	(31.2)
Takeover defence costs (iii)	-	-	-	-	-	(10.0)	-	(10.0)	-	-	-	(10.0)
Significant items before income tax expense	-	-	-	-	(74.7)	(41.2)	(74.7)	(41.2)	1,105.6	398.9	1,030.9	357.7
Profit/(loss) before interest and income tax expense	128.3	190.2	5.7	24.2	(96.5)	(74.4)	37.5	140.0	1,256.4	662.3	1,293.9	802.3
Equity accounted income	20.0	15.5	(0.1)	3.6	-	-	19.9	19.1	7.4	52.5	27.3	71.6

1. Restated, refer to Note 1d for further details.

2. EBITDA is profit/(loss) before depreciation, amortisation, interest, income tax expense and significant items.

3. EBIT is profit/(loss) before interest, income tax expense and significant items.

Boral Limited and Controlled Entities

Section 2: Business performance (continued)

2.1 Segments (continued)

(a) Reportable segments

Significant items (\$m)	Gross	Tax	Net	Gross	Tax	Net
	2022	2022	2022	2021	2021	2021
(i) Discontinued operations matters	1,105.6	(242.4)	863.2	398.9	19.1	418.0
(ii) Transformation and restructure costs	(74.7)	22.4	(52.3)	(31.2)	9.4	(21.8)
(iii) Takeover defence costs	-	-	-	(10.0)	3.0	(7.0)
	1,030.9	(220.0)	810.9	357.7	31.5	389.2

(i) Discontinued operation matters

During the current year, the Group has completed the following divestments:

- sale of the North American Building Products business in October 2021, which generated net cash proceeds of \$2.9 billion and a profit before tax of \$973.1 million;
- sale of the 50% interest in the Meridian Brick joint venture in October 2021, which generated net cash proceeds of \$167 million and a profit before tax of \$12.8 million;
- sale of the Timber products business in October 2021, which generated net cash proceeds of \$58.5 million and a loss before tax of \$5.9 million;
- sale of the Roofing and masonry business in November 2021, which generated net cash proceeds of \$12 million and a loss before tax of \$3.8 million; and
- sale of the North American Fly Ash business in February 2022, which generated net cash proceeds of \$964.7 million and a profit before tax of \$157.3 million.

In addition, \$28.4 million of costs were incurred in relation to the exit of North America primarily asset impairments, recognition of provisions and costs related to the Fly Ash transaction. Further, a net \$0.5 million of additional proceeds were received in relation to previously disposed businesses.

In the prior year, the Group completed the sale of the Midland Brick business, which generated a profit before tax of \$2.4 million, and the divestment of its 50% interest in USG Boral, which generated a profit before tax of \$442.9 million.

As a result of the portfolio review in the prior year, the Group also incurred \$15.4 million of costs, primarily legal and consulting in relation to these transactions, \$8.7 million of property, plant and equipment impairments and \$3.2 million of restructuring primarily related to the closure of the innovation factory in the United States and \$19.1 million of asset write-downs related to inventory.

(ii) Transformation and restructure costs

During the current financial year, the Group incurred \$74.7 million (2021: \$31.2 million) of costs in relation to the implementation of the Group's transformation program, primarily costs incurred in resetting the operating model.

Included in the \$74.7 million of costs are:

- \$52.1 million of restructuring costs including personnel-related exit costs, consulting costs to support the initiatives and other associated costs incurred in conjunction with the execution of the transformation program; and
- \$22.6 million of various IT-related transformation costs incurred in conjunction with the modernisation of the Group's IT landscape.

(iii) Takeover defence costs

In the prior year, the Group incurred \$10 million of costs, primarily legal and advisory, in response to the off-market takeover offer made by Network Investment Holdings Pty Limited, a wholly owned subsidiary of Seven Group Holdings Limited.

Section 2: Business performance (continued)

2.1 Segments (continued)

(a) Reportable segments

External revenue by product	Construction Materials		Property		Unallocated		Total Continuing Operations		Discontinued Operations		Total	
	2022	2021 ¹	2022	2021 ¹	2022	2021 ¹	2022	2021	2022	2021	2022	2021
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Concrete	1,217.5	1,201.9	-	-	-	-	1,217.5	1,201.9	-	-	1,217.5	1,201.9
Asphalt	681.6	697.4	-	-	-	-	681.6	697.4	-	-	681.6	697.4
Fly ash	-	-	-	-	-	-	-	-	488.8	672.2	488.8	672.2
Roofing	-	-	-	-	-	-	-	-	152.3	566.6	152.3	566.6
Quarry products	472.0	436.7	-	-	-	-	472.0	436.7	-	-	472.0	436.7
Light building products	-	-	-	-	-	-	-	-	116.7	434.4	116.7	434.4
Stone	-	-	-	-	-	-	-	-	88.1	346.5	88.1	346.5
Cement	318.6	315.6	-	-	-	-	318.6	315.6	-	-	318.6	315.6
Windows	-	-	-	-	-	-	-	-	53.6	212.1	53.6	212.1
Concrete placing	207.3	223.5	-	-	-	-	207.3	223.5	-	-	207.3	223.5
Other ²	52.3	45.3	1.2	0.7	5.4	3.0	58.9	49.0	52.8	189.8	111.7	238.8
	2,949.3	2,920.4	1.2	0.7	5.4	3.0	2,955.9	2,924.1	952.3	2,421.6	3,908.2	5,345.7

1. Restated, refer to Note 1d for further details.

2. Other revenue in Construction Materials includes transport and landfill. Discontinued operations include bricks, timber and masonry. Unallocated includes ventures.

Contracting businesses revenue and rendering of services revenue, as disclosed in Note 2.2 (a), is fully allocated to the Construction Materials segment.

Boral Limited and Controlled Entities

Section 2: Business performance (continued)**2.1 Segments (continued)****(a) Reportable segments**

	Construction Materials		Property		Unallocated		Total Continuing Operations		Discontinued Operations		Total	
	2022	2021 ¹	2022	2021 ¹	2022	2021 ¹	2022	2021 ¹	2022	2021	2022	2021 ¹
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Segment assets (excluding equity accounted investments)	2,923.0	2,789.0	56.1	78.2	76.5	38.2	3,055.6	2,905.4	-	3,626.1	3,055.6	6,531.5
Equity accounted investments	31.2	15.0	-	-	-	-	31.2	15.0	-	-	31.2	15.0
	2,954.2	2,804.0	56.1	78.2	76.5	38.2	3,086.8	2,920.4	-	3,626.1	3,086.8	6,546.5
Cash and cash equivalents	-	-	-	-	1,107.1	903.8	1,107.1	903.8	-	-	1,107.1	903.8
Tax assets	-	-	-	-	207.0	159.0	207.0	159.0	-	-	207.0	159.0
Total assets	2,954.2	2,804.0	56.1	78.2	1,390.6	1,101.0	4,400.9	3,983.2	-	3,626.1	4,400.9	7,609.3
Segment liabilities	724.3	667.3	13.4	9.8	146.5	139.3	884.2	816.4	-	610.3	884.2	1,426.7
Interest bearing liabilities	-	-	-	-	1,583.5	1,802.9	1,583.5	1,802.9	-	-	1,583.5	1,802.9
Tax liabilities	-	-	-	-	35.7	44.9	35.7	44.9	-	-	35.7	44.9
Total liabilities	724.3	667.3	13.4	9.8	1,765.7	1,987.1	2,503.4	2,664.2	-	610.3	2,503.4	3,274.5
Acquisition of segment assets ²	313.1	184.4	-	-	-	-	313.1	184.4	58.5	128.2	371.6	312.6

1. Restated, refer to Note 1c and 1d for further details.

2. Excludes amounts attributable to the capital contribution in respect of equity accounted investments.

(b) Geographic location

All non-current assets in the Group, excluding \$22.7 million as at 30 June 2022 (30 June 2021: nil) are based in Australia.

2.2 Profit for the period

(a) Revenue

Sales revenue is revenue earned from the provision of products or services, net of returns, discounts and allowances.

Sale of goods

Revenue from the sale of goods is recognised at the point in time the customer obtains control of the goods, which is typically at the time of delivery to the customer.

Contracting businesses

Revenue from contracting businesses is recognised progressively over the period of time the performance obligation is fulfilled and the customer obtains control of the goods being provided in the contract, with the Group having a right to payment for performance to date. The Group predominantly uses the output method based on volumes delivered, to determine the amount of revenue to recognise in a given period.

When estimating the transaction price, variable consideration is considered, which typically relates to claims or variations submitted in connection with the performance of a contract. Assumptions are made in order to determine the amount of variable consideration that can be recognised, including assessing whether the variable consideration is constrained. Claims and variations are included to the extent they are approved.

Rendering of services

Revenue from the rendering of services is allocated across each service or performance obligation based on their stand-alone selling price, and recognised as the service or performance obligation is performed.

Bundling of performance obligations

Contracts with customers, particularly in concrete and asphalt, may contain revenue items for ancillary services such as mobilisation and demobilisation of plant, concrete testing, and other related services. These services are typically combined into the core performance obligation of delivering concrete, or the supply and lay of asphalt. On occasion, ancillary services may be deemed to have a stand-alone value to the customer, and are accounted for as a separate performance obligation.

Boral Limited and Controlled Entities

Section 2: Business performance (continued)**2.2 Profit for the period (continued)****(a) Revenue (continued)**

	2022	2021
For the year ended 30 June	\$m	\$m
Revenue from continuing operations		
Sale of goods	2,668.0	2,631.3
Contracting businesses	207.3	223.5
Rendering of services	80.6	69.3
Revenue from continuing operations	2,955.9	2,924.1

(b) Other income and expenses

Other expenses also include significant items recorded in the period. These items relate to significant transactions, which are disclosed separately in order to better explain financial performance. Further information is included in Note 2.1.

		2022	2021
For the year ended 30 June	Note	\$m	\$m
Other income from continuing operations			
Net profit on sale of assets		7.3	26.0
Net foreign exchange gain		-	0.7
Other income		8.2	0.2
Other income from continuing operations		15.5	26.9
Other expenses from continuing operations			
Significant items	2.1	(74.7)	(41.2)
Other expenses from continuing operations		(74.7)	(41.2)

2.2 Profit for the period (continued)

(c) Net interest expense

Net interest expense comprises mainly interest expense on borrowings and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. They are recognised in profit or loss when incurred, except to the extent the expenses are directly attributable to the acquisition, construction or production of a qualifying asset. Such interest expense is capitalised as part of the cost of the asset up to the time it is ready for its intended use and is then amortised over the expected useful economic life.

Interest expense also includes the unwinding of the lease liability discount.

In the current year, the Group repaid US\$235 million of US senior notes. As a result of these transactions, the Group has incurred \$8.1 million of make-whole costs and expensed \$2.6 million of deferred borrowing costs.

In the prior year, the Group repaid US\$75 million of US senior notes and successfully tendered US\$323.1 million of US 144A senior notes. The Group also refinanced the Bilateral facilities in May 2021. As a result of these transactions, the Group has incurred \$14.6 million of make-whole costs and expensed \$7.6 million of deferred borrowing costs.

	2022	2021
For the year ended 30 June	\$m	\$m
Interest income received or receivable from:		
Other parties (cash at bank and bank short-term deposits)	5.0	1.5
Unwinding of discount	0.3	–
	5.3	1.5
Interest expense paid or payable to:		
Other parties (bank overdrafts, bank loans and other loans) ¹	(64.8)	(95.2)
Make-whole and refinance-related costs	(10.7)	(22.2)
Interest expense on capitalised leases	(3.5)	(4.4)
Unwinding of discount	(4.8)	(2.6)
	(83.8)	(124.4)
Net interest expense from continuing operations	(78.5)	(122.9)

1. In 2022, interest of \$4.7 million (2021: \$4.5 million) was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used was 3.9% (2021: 3.9%).

Boral Limited and Controlled Entities

Section 2: Business performance (continued)

2.3 Dividends

	Amount per share	Total amount \$m	Franked amount per share	Date of payment
2022				
2021 final and 2022 interim – ordinary	–	–	–	–
Special dividend	7.0 cents	77.2	–	14 February 2022
2021				
2020 final and 2021 interim – ordinary	–	–	–	–

Subsequent event

Since the end of the financial year, the Directors have decided that no final dividend would be paid for the financial year ended 30 June 2022.

Dividend franking account

The balance of the franking account of Boral Limited as at 30 June 2022 is \$29.9 million (2021: \$19.9 million).

The franking account balance is \$9.3 million (2021: \$6.5 million) after adjusting for franking credits/(debits) that will arise from:

- the refund of the amount of the current tax receivable;
- the receipt of dividends recognised as receivables at year end; and
- before taking into account the Directors' decision around the payment of a final dividend and any associated franking credits.

Dividend Reinvestment Plan

The Group's Dividend Reinvestment Plan did not apply to the special dividend.

2.4 Earnings per share

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing the net profit by the weighted average number of ordinary shares of Boral Limited, adjusted for any bonus issue.

Diluted earnings per share

Diluted EPS is calculated by dividing the net profit by the weighted average number of ordinary shares, after adjustment for the effects of all dilutive potential ordinary shares and bonus issue.

	2022	2021
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	1,103,913,319	1,219,708,646
Effect of potential ordinary shares ²	-	6,287,372
Number for diluted earnings per share	1,103,913,319	1,225,996,018

	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	2022	2022	2022	2021	2021	2021
	\$m	\$m	\$m	\$m	\$m	\$m
Earnings reconciliation						
Net profit excluding significant items	35.3	114.4	149.7	47.9	202.8	250.7
Net significant items (refer Note 2.1)	(52.3)	863.2	810.9	(28.8)	418.0	389.2
Net profit/(loss)	(17.0)	977.6	960.6	19.1	620.8	639.9
Basic earnings per share ¹	(1.5c)	88.6c	87.0c	1.6c	50.9c	52.5c
Diluted earnings per share ²	(1.5c)	88.6c	87.0c	1.6c	50.6c	52.2c
Basic earnings per share (excluding significant items) ¹	3.2c	10.4c	13.6c	3.9c	16.6c	20.6c
Diluted earnings per share (excluding significant items) ²	3.2c	10.4c	13.6c	3.9c	16.5c	20.4c

1. Numbers may not add due to rounding.

2. As the basic earnings per share from continuing operations is a loss per share for the year ended 30 June 2022, the potential ordinary shares outstanding in respect of the Boral Limited Equity Incentive Plan are considered anti-dilutive as their conversion would reduce the loss per share.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of performance rights was based on quoted market prices for the period that the rights were outstanding.

Boral Limited and Controlled Entities

Section 2: Business performance (continued)

2.5 Notes to Statement of Cash Flows

	2022	2021
	\$m	\$m
(i) Reconciliation of cash and cash equivalents:		
Cash includes cash on hand, at bank and short-term deposits, net of outstanding bank overdrafts. Cash as at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:		
Cash at bank and on hand	234.2	98.4
Bank short-term deposits	872.9	805.4
	1,107.1	903.8
The bank short-term deposits mature within 90 days and have a weighted average interest rate of 0.67% (2021: 0.07%).		
(ii) Reconciliation of net profit to net cash provided by operating activities:		
Net profit	960.6	639.9
Adjustments for non-cash items:		
Depreciation and amortisation	218.0	437.4
Discount unwinding	(1.8)	(3.3)
Gain on sale of assets and businesses	(1,141.6)	(472.4)
Impairment of assets, businesses and restructuring costs	75.7	51.2
Share-based payment expense/(income)	0.1	(0.1)
Non-cash impact from equity accounted investments	(20.7)	12.4
Net cash provided by operating activities before change in assets and liabilities	90.3	665.1
Changes in assets and liabilities net of effects from acquisitions/disposals:		
Receivables	9.4	3.1
Inventories	(45.0)	19.2
Payables	59.1	(37.7)
Provisions	(61.9)	(5.8)
Current and deferred taxes	173.0	24.8
Other	35.9	(15.0)
Net cash provided by operating activities	260.8	653.7
(iii) Restructure and transaction costs:		
During the year, the Group settled costs associated with:		
Transformation and restructure costs	(42.7)	(26.1)
Transaction and defence costs	(8.2)	(34.5)
	(50.9)	(60.6)
(iv) Changes in loans and borrowings arising from financing activities:		
Balance at the beginning of the year	1,802.9	3,484.0
Proceeds from borrowings	–	105.9
Repayment of borrowings	(320.1)	(1,256.3)
Repayment of lease principal	(57.0)	(88.0)
Changes in fair values	(12.7)	(16.2)
Transferred to assets held for sale	–	(207.0)
Non-cash lease liabilities	47.8	60.8
Net foreign currency exchange differences and other	122.6	(280.3)
Balance at the end of the year	1,583.5	1,802.9

Section 3: Operating assets and liabilities

This section provides information relating to the operating assets and liabilities of the Group. Boral is committed to maintaining a strong balance sheet through continued focus on cash conversion. The Group's strategy also considers expenditure, growth and acquisition requirements.

3.1 Receivables

Trade and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost less any provisions for expected impairment losses or actual impairment losses. Credit losses and recoveries of items previously written off are recognised in profit or loss.

Significant accounting judgements, estimates and assumptions

The Group has considered the collectability and recoverability of trade receivables. An expected credit loss allowance has been made for the estimated irrecoverable trade receivable amounts, determined by reference to past default experience along with an expected credit loss calculation which considers the past events, and exercises judgement over the impact of current and future economic conditions when considering the recoverability of outstanding trade receivable balances at the reporting date. Subsequent changes in economic and market conditions may result in the loss allowance increasing or decreasing in future periods.

	2022	2021
	\$m	\$m
Current		
Trade receivables	475.9	451.4
Associated entities	4.3	3.9
	480.2	455.3
Less: Allowance for impairment	(7.1)	(1.8)
	473.1	453.5
Other receivables	28.2	19.2
	501.3	472.7

Included in the following table is an age analysis of the Group's trade receivables, along with impairment provisions against these balances as at 30 June:

	Gross	Impairment	Net	Gross	Impairment	Net
	2022	2022	2022	2021	2021	2021
	\$m	\$m	\$m	\$m	\$m	\$m
Current	453.5	(1.0)	452.5	429.7	–	429.7
Overdue 0 – 60 days	18.1	(2.2)	15.9	17.4	–	17.4
Overdue > 60 days	4.3	(3.9)	0.4	4.3	(1.8)	2.5
Total	475.9	(7.1)	468.8	451.4	(1.8)	449.6

Boral Limited and Controlled Entities

Section 3: Operating assets and liabilities (continued)

3.1 Receivables (continued)

The movement in the allowance for impairment in respect to trade receivables during the year was as follows:

	2022	2021
	\$m	\$m
Balance at the beginning of the year	(1.8)	(13.0)
Amounts written off during the year	1.6	1.4
Decrease/(increase) recognised in Income Statement	(6.9)	1.2
Transferred to assets held for sale	–	7.9
Net foreign currency exchange differences	–	0.7
Balance at the end of the year	(7.1)	(1.8)

	2022	2021
	\$m	\$m
Non-current		
Loans to associated entities	19.3	19.4
Other receivables	16.4	4.8
	35.7	24.2

No amounts owing by associates or included in other receivables were past due as at 30 June 2022 (30 June 2021: nil).

3.2 Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

For land development projects, cost includes the cost of acquisition, development and holding costs during development. Costs incurred after completion of development are expensed as incurred.

Significant accounting judgements, estimates and assumptions

The Group has considered the net realisable value of inventories at reporting date. An inventory provision is recognised where the realisable value from sale of inventory is estimated to be lower than the inventory's carrying value. Inventory provisions for different product categories are estimated based on various factors, including expected sales profile, prevailing sales prices, seasonality and expected losses associated with slow-moving inventory items.

	2022	2021
	\$m	\$m
Current		
Raw materials and consumable stores	83.5	75.1
Work in progress	14.8	10.9
Finished goods	124.2	125.7
Land development projects	–	1.8
	222.5	213.5
Non-current		
Land development projects	12.9	4.8
Land development projects comprises:		
Cost of acquisition	7.4	1.8
Development costs capitalised	5.5	4.8
	12.9	6.6

Boral Limited and Controlled Entities

Section 3: Operating assets and liabilities (continued)**3.3 Property, plant and equipment****Owned assets**

The value of property, plant and equipment is measured as the cost of the asset, less accumulated depreciation and impairment losses (see Note 3.5). The cost of the asset is the consideration paid plus incidental costs directly attributable to the acquisition.

The value of self-constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Subsequent costs in relation to replacing a part of property, plant and equipment are capitalised in the carrying amount of the item if it is probable that future economic benefits will flow to the Group and its cost can be measured reliably. All other costs are recognised in the Income Statement as incurred.

Depreciation

Depreciation is calculated to expense the cost of items of property, plant and equipment (excluding freehold land) less their estimated residual values on a straight-line basis over their estimated useful lives.

Depreciation is recognised in the Income Statement from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Quarry stripping assets are amortised over the expected life of the identified resources using the units of production method.

Depreciation rates and methods, useful lives and residual values are reviewed at each balance sheet date. When changes are made, adjustments are reflected prospectively in current and future financial years only.

The depreciation and amortisation rates used for each class of asset are as follows:

	2022	2021
Buildings	1 – 10%	1 – 10%
Mineral reserves and licences	2.4 – 5%	2.4 – 5%
Plant and equipment	5 – 33.3%	5 – 33.3%

Significant accounting judgements, estimates and assumptions

Estimation of useful lives of assets is based on historical experience. In addition, the condition of assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Leased assets

The Group's operating leases with a term of more than 12 months, unless the underlying asset is of low value, are recognised on the Balance Sheet as right-of-use assets ('ROU assets'), with the cost of the leases over time recognised as depreciation of the ROU asset.

The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life.

Significant accounting judgements, estimates and assumptions

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

3.3 Property, plant and equipment (continued)

Reconciliation of movements in property, plant and equipment

	Land and buildings				Mineral reserves, licences and quarry stripping				Plant and equipment				Capital work in progress				Total			
	Owned		Leased		Owned		Leased		Owned		Leased		Owned		Leased		Owned		Leased	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance at the beginning of the year	700.6	65.1	930.5	210.5	158.4	147.5	162.9	1,366.4	162.9	212.6	242.2	1,926.7	117.4	2,686.6	373.4	-	-	-	-	-
Prior period restatement ¹	-	-	-	-	-	12.4	-	-	-	-	-	-	-	12.4	-	-	-	-	-	-
Revised balance at the beginning of the year	700.6	65.1	930.5	210.5	158.4	159.9	162.9	1,366.4	162.9	212.6	242.2	1,926.7	117.4	2,699.0	373.4	-	-	-	-	-
Additions	9.1	3.8	1.2	8.3	35.7	-	2.3	21.3	46.6	253.2	235.2	300.3	11.8	257.7	54.9	-	-	-	-	-
Disposals	(3.7)	(0.7)	(6.5)	(3.7)	-	-	(4.3)	(8.3)	(3.8)	-	-	(8.0)	(0.7)	(14.8)	(7.5)	-	-	-	-	-
Transferred (to)/from other property, plant and equipment	94.2	-	24.5	(3.8)	4.3	25.5	245.7	106.5	4.7	(344.9)	(157.4)	(0.7)	0.7	(0.9)	0.9	-	-	-	-	-
Impairment and write-off disclosed as significant items	-	(4.0)	-	-	-	-	(2.2)	(4.4)	(3.9)	(0.8)	(1.4)	(3.0)	(4.2)	(5.8)	(3.9)	-	-	-	-	-
Lease reassessment	-	14.4	-	11.4	-	-	-	-	0.1	-	-	-	14.7	-	11.5	-	-	-	-	-
Transfer (to)/from other assets or liabilities	(8.2)	0.3	10.2	0.3	8.4	(6.4)	7.1	35.3	(1.7)	(27.9)	(16.2)	(20.6)	0.5	22.9	(1.4)	-	-	-	-	-
Transferred to assets held for sale	-	-	(212.6)	(110.0)	-	-	-	(374.7)	(96.2)	-	(88.5)	-	-	(675.8)	(206.2)	-	-	-	-	-
Depreciation or amortisation expense	(17.2)	(13.2)	(28.2)	(36.9)	(18.9)	(20.6)	(152.0)	(248.9)	(48.1)	-	-	(188.1)	(29.0)	(297.7)	(85.0)	-	-	-	-	-
Net foreign currency exchange differences	-	-	(18.5)	(11.0)	-	-	-	(38.1)	(8.3)	-	(1.3)	-	-	(57.9)	(19.3)	-	-	-	-	-
Balance at the end of the year	774.8	65.7	700.6	65.1	187.9	158.4	951.7	855.1	52.3	92.2	212.6	2,006.6	111.2	1,926.7	117.4	-	-	-	-	-
At cost	937.6	144.1	852.6	136.2	437.7	389.2	3,296.5	3,063.1	106.2	92.2	212.6	4,764.0	257.0	4,517.5	242.4	-	-	-	-	-
Less: Accumulated depreciation, amortisation and impairment	(162.8)	(78.4)	(152.0)	(71.1)	(249.8)	(230.8)	(2,344.8)	(2,208.0)	(53.9)	-	-	(2,757.4)	(145.8)	(2,590.8)	(125.0)	-	-	-	-	-
Balance at the end of the year	774.8	65.7	700.6	65.1	187.9	158.4	951.7	855.1	52.3	92.2	212.6	2,006.6	111.2	1,926.7	117.4	-	-	-	-	-

1. Refer to Note 1c for further details.

Short-term leases and leases of low-value assets

Short-term leases and leases of low-value assets are not recognised as ROU assets. Lease payments associated with these leases are expensed on a straight-line basis over the lease term. Total lease expense for the year is \$54.7 million (2021: \$54.3 million).

As at 30 June 2022, the Group is committed to \$4.6 million (2021: \$8.9 million) for leases of low-value assets.

Boral Limited and Controlled Entities

Section 3: Operating assets and liabilities (continued)**3.4 Intangible assets****Goodwill**

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is tested annually for impairment (see Note 3.5).

Other intangible assets

Other intangible assets include software assets that are not under a SAAS arrangement, which are acquired individually and are stated at cost less accumulated amortisation and impairment losses (see Note 3.5). In the prior year, the other intangible assets relating to trade names, fly ash contracts, customer relationships and patents acquired through business combinations were transferred to assets held for sale.

Amortisation

Amortisation is calculated to expense the cost of an intangible asset less its estimated residual value on a straight-line basis over its estimated useful life.

The estimated useful lives for software assets are three to five years.

Amortisation is recognised in the Income Statement from the date the assets are available for use unless their lives are indefinite.

	2022	2021
	\$m	\$m
Goodwill	71.2	71.2
Other intangible assets	18.2	18.2
Less: Accumulated amortisation and impairment	(17.9)	(17.0)
	0.3	1.2
Total	71.5	72.4
Reconciliation of movements in goodwill		
Balance at the beginning of the year	71.2	1,199.7
Transferred to assets held for sale	–	(1,036.7)
Net foreign currency exchange differences	–	(91.8)
Balance at the end of the year	71.2	71.2

3.5 Carrying value assessment

The Group annually tests goodwill and other intangible assets with indefinite useful lives for impairment. Other non-financial assets, with the exception of inventories (see Note 3.2) and deferred tax assets (see Note 5.2), are tested if there is any indication of impairment or if there is any indication that an impairment loss recognised in a prior period may no longer exist or may have decreased.

An asset that does not generate independent cash flows and its individual value in use cannot be estimated is tested for impairment as part of a cash generating unit (CGU).

An impairment loss is recognised in the Income Statement when the carrying amount of an asset or CGU exceeds its recoverable amount. The asset's recoverable amount is estimated based on the higher of its value in use and fair value less costs to sell.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

3.5 Carrying value assessment (continued)

Significant accounting judgements, estimates and assumptions

Management is required to make significant estimates and judgements in determining whether the carrying amount of non-financial assets has any indication of impairment, in particular in relation to:

- *the forecasting of future cash flows* – these are based on the Group's latest forecasts and reflect expectations of sales growth, operating costs, margin, capital expenditure and cash flows, based on past experience and management's expectation of future market changes, taking into account external forecasts.
- *discount rates applied to those cash flows* – pre-tax discount rates used are determined by current market inputs and adjusted for the risks specific to the asset or CGU.
- *the expected long-term growth rates* – cash flows beyond the forecast period are extrapolated using estimated growth rates. The growth rates are based on the long-term performance of each CGU in their respective market.
- *the regulatory and legislative environment* – modelling is based on current regulatory and legislative requirements including licensing and environmental obligations.

Management has incorporated consideration of the significant uncertainty of the short- and long-term impacts of COVID-19 on our businesses and the economies in which they operate into the judgements and assumptions considered to calculate recoverable amounts for non-financial assets in the current year.

Such estimates and judgements are subject to change as a result of changing economic, operational, regulatory and legislative conditions. Actual cash flows may therefore differ from forecasts and could result in changes to cash flow assumptions and asset useful lives that result in the recognition of impairment charges in future periods.

Impairment testing for cash generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's CGUs containing goodwill according to business types, geographical span of operations and with reference to the CGUs impacted by the acquisition upon which the goodwill was generated. The allocation of goodwill, and subsequently the impairment testing, reflects the lowest level within the business for which information about goodwill is available and monitored for internal management purposes. The aggregate carrying amounts of goodwill allocated to each CGU or group of CGUs are as follows:

	2022	2021
	\$m	\$m
Construction Materials CGU Group	71.2	71.2

Construction Materials CGU Group

The recoverable amount of the Construction Materials CGU group has been assessed via a value in use model. The key assumptions used in the model were a cash flow projection period of five years using a pre-tax discount rate of 11.4%, a terminal growth rate of 2.5% and segment trading activity aligned to future estimates prepared by reputable third parties. These assumptions have been determined with reference to current and historical performance and taking into account independent economists' forecasts. As the value in use recoverable value significantly exceeds the carrying value, the Group expects that any reasonably possible adverse change in the value in use model assumptions in isolation or combination would not result in an impairment.

3.6 Provisions

A provision is recognised in the Balance Sheet when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- a reliable estimate can be made of the amount of the obligation; and
- it is probable that an outflow of economic benefits will be required to settle the obligation.

Boral Limited and Controlled Entities

Section 3: Operating assets and liabilities (continued)

3.6 Provisions (continued)

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

Provision	Description	Significant accounting judgements, estimates and assumptions
Rationalisation and restructuring	Provisions for rationalisation and restructuring are recognised when the Group has a detailed formal plan identifying the business or part of the business concerned, the location and approximate number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the restructuring has either commenced or been publicly announced. Costs related to ongoing activities are not provisioned.	Future costs associated with the restructuring and the expected time period.
Claims	Provisions are raised for liabilities arising from the ordinary course of business, in relation to claims against the Group, including insurance, workers compensation insurance, legal and other claims. Where recoveries are considered virtually certain in respect of such claims, these are included in other receivables.	Likelihood of settling customer, legal and insurance claims.
Restoration and environmental rehabilitation	<p>The Group provides for the costs of restoring a site where a legal or constructive obligation exists. This predominantly relates to rehabilitation obligations to make-good sites (including both the decommissioning, removal and repair of the site and restoration of any quarry and restoration obligations for any identified environmental contamination at sites).</p> <p>The restoration and environmental rehabilitation provision comprises mainly:</p> <ul style="list-style-type: none"> • make-good provisions included in lease agreements for which the Group has a legal or constructive obligation; and • restoration and decommissioning costs associated with environmental obligations. <p>Rehabilitation and restoration provisions are re-assessed at least annually, with the corresponding movement recognised against the related assets. Over time, the liability is increased for the change in the present-value calculation performed based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.</p> <p>The basis of rehabilitation and restoration provisions for sites with approved decommissioning plans or general directions issued by the regulator can differ from the assumptions disclosed. Although the provisions reflect the Group's best estimate based on current knowledge and information, further studies and detailed analysis of the provisions for individual assets will be performed near the end of their operational life and/or when detailed decommissioning plans are required to be submitted to the relevant regulatory authorities. This includes opportunities to mitigate outflows through alternate end-use outcomes, such as earth exchange or landfill.</p> <p>Actual costs and cash outflows can materially differ from the current estimate as a result of changes in regulations and their application, prices, analysis of site conditions, further studies, timing of restoration and changes in removal technology.</p> <p>These uncertainties may result in actual expenditure differing from amounts included in the provision recognised as at 30 June 2022.</p>	Future costs associated with dismantling and removing assets and restoring sites to their original condition, requiring assumptions on closure or removal dates, application of environmental legislation, available technologies, regulatory requirements, expected future use of the site and consultant cost estimates. Technical expertise is maintained to ensure that industry learnings, scientific research and local and international guidelines are reviewed in assessing its restoration obligations.

3.6 Provisions (continued)

Provision	Description	Significant accounting judgements, estimates and assumptions
Restoration and environmental rehabilitation	<p>Rehabilitation</p> <p>During the period, the Group re-assessed the application of its accounting policy in respect of quarry rehabilitation provisions. The re-assessment results in an overall increase in the provision, reflecting changes in the measurement of future cash flows, in particular the ability to mitigate costs in respect of rehabilitation obligations for certain quarries. The increase in liability reflects future costs in respect of quarries with a weighted-average remaining life of 48 years, with cash outflows not expected to occur until the end of the life of the quarry. The calculation of the provision reflects management's best estimate of the net cash outflows in respect of rehabilitation obligations for all quarries, ensuring relevant regulatory obligations are met.</p> <p>Rehabilitation provisions are calculated based on the present value of estimated future costs to rehabilitate currently disturbed areas using current costs, forecast cost inflation factors and end-of-life rehabilitation requirements. Cost estimates are updated annually on a site-by-site basis, based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The cost of raising a provision before exploitation of the raw materials has commenced is included in property, plant and equipment and is depreciated over the life of the site to the extent it is directly attributable. During inventory production, adjustments to the provision that are directly attributable to production are included in the cost of inventory.</p> <p>The inflation rate used to project the expected future cost of cash flows is 2.0%, and the discount rate used to determine the present value of future cash flows is 4.0%, based on applicable government bonds aligned to the tenure of the liability. A decrease in the discount rate of 0.5% would lead to an increase to the provision of approximately \$14.5 million, while an increase in the discount rate of 0.5% would lead to a decrease to the provision of approximately \$10.9 million.</p> <p>Alternate end-use outcomes, such as earth exchange or landfill, are considered in the calculation of the rehabilitation provision. This is based on a range of factors, including whether a current approval for earth exchange or landfill is in place, the location of the quarry, Australian Bureau of Statistics data supporting expected long-term urban development, and underlying demand for earth exchange or landfill over a time period. Changes to these assumptions can materially impact the calculation of the provision.</p> <p>Restoration</p> <p>The estimated future costs for known restoration obligations are determined on a site-by-site basis and are calculated based on the present value of estimated future costs where these can be reliably estimated. The provision includes costs associated with the clean-up of sites owned by the Group, or contamination that the Group has caused, to enable ongoing use of the land as an industrial property or development to a higher value end use.</p>	

Boral Limited and Controlled Entities

Section 3: Operating assets and liabilities (continued)

3.6 Provisions (continued)

	Rationalisation and restructuring	Claims	Restoration and environmental rehabilitation	Other	Total
As at 30 June 2022	\$m	\$m	\$m	\$m	\$m
Reconciliations					
Balance at the beginning of the year	15.5	17.7	152.0	2.0	187.2
Provisions made during the year	41.0	11.0	42.6	1.2	95.8
Unwind of discount	–	–	4.8	–	4.8
Payments made during the year	(15.3)	(7.3)	(4.5)	–	(27.1)
Net foreign currency exchange differences	–	1.2	3.1	–	4.3
Balance at the end of the year	41.2	22.6	198.0	3.2	265.0
Current	18.7	12.3	30.8	3.2	65.0
Non-current	22.5	10.3	167.2	–	200.0
Total	41.2	22.6	198.0	3.2	265.0

	Rationalisation and restructuring	Claims	Restoration and environmental rehabilitation	Other	Total
As at 30 June 2021	\$m	\$m	\$m	\$m	\$m
Reconciliations					
Balance at the beginning of the year	24.4	54.9	134.3	2.0	215.6
Prior period restatement ¹	–	–	54.1	–	54.1
Revised balance at the beginning of the year	24.4	54.9	188.4	2.0	269.7
Provisions made during the year	12.1	17.2	3.2	1.4	33.9
Unwind of discount	–	–	3.0	–	3.0
Payments made during the year	(16.3)	(17.1)	(7.2)	(1.1)	(41.7)
Transferred to liabilities held for sale	(4.6)	(34.0)	(32.5)	(0.3)	(71.4)
Net foreign currency exchange differences	(0.1)	(3.3)	(2.9)	–	(6.3)
Balance at the end of the year	15.5	17.7	152.0	2.0	187.2
Current	15.5	10.7	4.3	2.0	32.5
Non-current	–	7.0	147.7	–	154.7
Total	15.5	17.7	152.0	2.0	187.2

1. Refer to Note 1c for further details.

3.7 Contract liabilities

In the case of certain contracts, the Group receives payments in advance of the services being rendered, which is recognised as a Contract Liability within Trade Creditors. The Contract Liability balance as at 30 June 2022 is \$20.1 million (2021: \$16 million) with the majority expected to be recognised as revenue in the next financial year given the nature of the projects.

Section 4: Capital and financial structure

This section provides information relating to the Group's capital structure and its exposure to financial risks, how they affect the Group's financial position and performance, and how the risks are managed.

The capital structure of the Group consists of debt and equity. The Directors determine the appropriate capital structure of Boral, specifically how much is raised from shareholders (equity) and how much is borrowed from financial institutions (debt) in order to finance the current and future activities of the Group. The Directors review the Group's capital structure and dividend policy regularly and do so in the context of the Group's ability to continue as a going concern, to invest in opportunities that grow the business and enhance shareholder value.

This section also provides information around the Group's risk management policies and how Boral uses derivatives to hedge the underlying exposure to changes in interest rates, foreign exchange rate fluctuations and commodity prices.

4.1 Interest bearing liabilities

Interest bearing liabilities include loans, borrowings and lease liabilities. Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequently, loans and borrowings are stated at amortised cost, with any difference between amortised cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest rate basis. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Subsequently, lease liabilities are stated at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate; if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; if the Group changes its assessment of whether it will exercise a purchase, extension or termination option; or if there is a revised in-substance fixed lease payment.

	2022	2021
	\$m	\$m
Current		
Loans – unsecured ¹	614.1	–
Other loans	–	1.8
Lease liabilities	25.6	31.4
	639.7	33.2
Non-current		
Loans – unsecured	849.7	1,672.1
Other loans	–	0.1
Lease liabilities	94.1	97.5
	943.8	1,769.7
Total	1,583.5	1,802.9

1. This relates to US senior notes – 144A notional amount of US\$126.9 million that matures in November 2022, and US\$300 million of May 2028 US senior notes repaid in July 2022 following completion of the Group's tender offer.

Boral Limited and Controlled Entities

Section 4: Capital and financial structure (continued)

4.1 Interest bearing liabilities (continued)

Term and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Effective interest rate 2022	Calendar year of maturity	30 June 2022		30 June 2021	
				Carrying amount	Fair value	Carrying amount	Fair value
				\$m	\$m	\$m	\$m
Current							
US senior notes – 144A/Reg S – unsecured ¹	USD	3.53%	2022	614.1	641.3	-	-
Other loans	USD	-	-	-	-	1.8	1.8
				614.1	641.3	1.8	1.8
Non-current							
US senior notes – private placement – unsecured	USD	4.21%	2026–2030	563.2	593.4	830.6	964.1
US senior notes – 144A/Reg S – unsecured	USD	3.75%	2028	286.5	301.3	841.5	973.7
Other loans	USD	-	-	-	-	0.1	0.1
				849.7	894.7	1,672.2	1,937.9
Total				1,463.8	1,536.0	1,674.0	1,939.7

US SENIOR NOTES – PRIVATE PLACEMENT – UNSECURED

	Notional amount	Issue date	Interest rate	Maturity date	AUD equivalent
Borrower	US\$m				\$m
Boral Limited	41.0	05/2015	4.16%	05/2027	58.9
Boral Limited	24.0	03/2015	4.31%	03/2030	34.4
Boral Finance Pty Ltd ²	225.0	04/2018	4.05%	04/2026	326.0
Boral Finance Pty Ltd ²	100.0	05/2020	4.58%	05/2027	143.9
Total	390.0				563.2

1. US\$300 million of May 2028 US senior notes repaid in July 2022 following completion of the Group's tender offer.

2. In February 2022, Boral Industries Inc. has transferred the ownership of the US senior notes to Boral Finance Pty Ltd.

4.1 Interest bearing liabilities (continued)

US SENIOR NOTES – 144A/REG S – UNSECURED

	Notional amount	Issue date	Interest rate	Maturity date	AUD equivalent
Borrower	US\$m				\$m
Boral Finance Pty Ltd	126.9	11/2017	3.00%	11/2022	184.3
Boral Finance Pty Ltd ¹	500.0	11/2017	3.75%	05/2028	716.3
Total	626.9				900.6

1. US\$300 million of May 2028 US senior notes repaid in July 2022 following completion of the Group's tender offer.

BANK FACILITIES

US senior notes – private placement

The Group repaid US\$235 million of US senior notes that were due to mature in May 2025. As a result of these transactions, the Group has incurred \$8.1 million of make-whole costs.

US senior notes – 144A/Reg S

Subsequent to 30 June 2022, US\$300 million of May 2028 US senior notes repaid in July 2022 following completion of the Group's tender offer.

Bank overdraft and other

The Group operates unsecured bank overdraft facility arrangements in Australia with a limit of A\$6 million (2021: A\$19.3 million). The facilities within Australia are conducted on a set-off basis. All facilities are subject to annual review where repayment can occur on demand by the lending bank.

The Group has complied with the borrowing covenants for all interest bearing liabilities and bank facilities throughout the year ended 30 June 2022.

Boral Limited and Controlled Entities**Section 4: Capital and financial structure (continued)****4.2 Financial risk management**

Boral's Treasury function provides funding, risk management and specialist Treasury advice to the Group with the objective of ensuring Boral's strategic and operational objectives are met. The Group's business activities are exposed to a variety of financial risks, including credit, liquidity, foreign currency, interest rate and commodity price risks.

Derivative instruments are used to manage these financial risks. The Group does not use derivative or financial instruments for trading or speculative purposes. The use of financial derivatives is controlled by policies approved by Boral's Board of Directors. The Group documents the relationship between hedging instruments and hedged items, including the risk management objective and strategy for undertaking each transaction.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. Any gains or losses arising from changes in fair value of derivatives, except those that qualify as effective hedges, are immediately recognised in the Income Statement.

Fair value hedge

Fair value hedges are used to hedge exposure to changes in the fair value of recognised assets, liabilities or firm commitments. Changes in the fair value of derivatives, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk, are immediately recognised in the Income Statement.

Cash flow hedge

Cash flow hedges are used to hedge risks associated with highly probable forecast transactions. For cash flow hedges, changes in the fair value of the derivative are recognised in equity in the hedging reserve for the effective portion of the hedge. The gain or loss relating to the ineffective portion of the hedge is recognised immediately in the Income Statement.

Amounts deferred in equity are transferred to the Income Statement in the periods the hedged item is recognised in profit or loss. When the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred to form part of the initial cost and carrying amount of the asset or liability.

If a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is immediately recognised in the Income Statement. If the hedging instrument expires or is sold, terminated, or no longer qualifies for hedge accounting, any gain deferred in equity remains in equity until the forecast transaction occurs.

Hedge of net investment in a foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. The ineffective portion is recognised immediately in the Income Statement.

Derivatives disclosed on a gross basis

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. The ISDA agreements do not meet the criteria for offsetting in the Balance Sheet. Accordingly, derivatives have been disclosed on a gross basis on the Balance Sheet.

4.2 Financial risk management (continued)

Hedge accounting

The London Interbank Offer Rate (LIBOR) plays a critical role in the global financial markets as a reference rate to price financial products such as corporate loans, derivative hedging transactions and various securities.

As a result of the regulatory reform on benchmark rates, USD LIBOR 1-week and 2-month were discontinued and replaced by an alternative benchmark rate at the end of December 2021 while all the other tenors are expected to be discontinued and replaced by an alternative benchmark rate by the end of June 2023.

The Group holds interest rate swaps and cross currency swaps for risk management purposes. These are designated in fair value hedge and cash flow hedge relationships against the loans exposed directly or indirectly to USD LIBOR.

As at 30 June 2022, the notional value of the Group's derivative hedging transactions exposed to USD LIBOR is US\$100 million (2021: US\$100 million).

The Interbank Offered Rates (IBOR) reform creates uncertainty as to when the replacement will occur and how replacement will impact the cash flows of the relevant hedged items and hedging instruments. Such uncertainty may impact hedge accounting relationships, such as the effectiveness assessment and the highly probable criteria.

In the prior year, the Group has elected to early adopt AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* issued by the AASB in September 2020. Phase 2 amendments enable the Group to reflect the effects of transitioning IBORs to the new Risk-Free Rates (RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

The Group's derivative hedging instruments are governed by the ISDA's Master Agreement. The Group is monitoring the recent developments of ISDA and international regulators to assess the impact of the new benchmark RFRs on loans and derivative hedging transactions and is actively engaging with lenders and derivative counterparties on application of relevant fall-back provisions. There is no change in Boral's risk management activities due to this reform and Boral is working with Treasury management system vendor to ensure the system has capability to manage the transition to RFRs.

CREDIT RISK

Credit risk is the risk of loss if a counterparty fails to fulfil their obligations under a financial instrument contract. The Group is exposed to credit risk arising from financing activities including cash at bank, trade and other receivables and other financial instruments.

Management has a counterparty credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis.

Exposure to credit risk

Credit risk relating to cash at bank and derivative contracts is minimised by using financial counterparties that have a long-term credit rating equal to or greater than A-/A3, although allowance is given for credit exposures up to A\$50 million with financial counterparties with a rating below A-/A3.

No more than 40% of Boral's total credit exposure is to be with any individual eligible counterparty, subject to A\$150 million total credit exposure.

For information on the management of credit risk relating to trade and other receivables, see Note 3.1.

Boral Limited and Controlled Entities

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

CREDIT RISK (continued)

The following table indicates the Group's maximum credit exposure from non-derivative financial assets.

	Carrying amount	Carrying amount
	2022	2021
	\$m	\$m
Non-derivative financial assets		
Loans to and receivables from associates	23.6	23.3
Trade and other receivables	513.4	473.6
Cash at bank, on hand and bank short-term deposits	1,107.1	903.8
Equity securities	5.7	–
	1,649.8	1,400.7

The following table indicates the Group's maximum credit exposure for derivative financial assets, the periods in which the cash flows associated with derivative financial assets are expected to occur and the impact on profit or loss:

	Carrying amount	Fair value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2022	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Derivative financial assets								
Forward exchange contracts ³	8.2	8.2	8.2	8.2	–	–	–	–
Commodity options ¹	2.0	2.0	2.0	2.0	–	–	–	–
Commodity swaps ¹	16.9	16.9	16.9	14.4	2.5	–	–	–
	27.1	27.1	27.1	24.6	2.5	–	–	–

	Carrying amount	Fair value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2021	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Derivative financial assets								
Forward exchange contracts ¹	0.2	0.2	0.2	0.2	–	–	–	–
Interest rate swaps ²	10.2	10.2	11.2	1.0	1.4	2.6	4.5	1.7
Commodity swaps ¹	9.5	9.5	9.5	4.6	4.4	–	0.5	–
	19.9	19.9	20.9	5.8	5.8	2.6	5.0	1.7

1. Designated as cash flow hedges.

2. Designated as fair value hedges.

3. \$0.6 million designated as cash flow hedge.

4.2 Financial risk management (continued)

LIQUIDITY RISK

Liquidity risk is the risk that the Group has insufficient funds to meet its financial obligations when they fall due. It is also associated with planning for unforeseen events or business disruptions that may cause pressure on liquidity.

The Group manages liquidity risk by ensuring that:

- Boral has a well-spread debt facility maturity profile, with a target of exceeding 3.5 years;
- short-term debt (< 1 year) less cash deposits, is not to exceed 20% of the sum of total debt + committed undrawn facilities (> 1 year) at all times; and
- committed undrawn facilities plus cash (liquidity sources) exceeds liquidity uses at all times.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2022	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Non-derivative financial liabilities							
US senior notes – private placement – unsecured	563.2	(676.5)	(11.9)	(11.9)	(23.8)	(589.6)	(39.3)
US senior notes – 144A/Reg S – unsecured	900.6	(1,089.8)	(200.7)	(13.6)	(27.2)	(81.7)	(766.6)
Lease liabilities	119.7	(176.6)	(14.8)	(14.7)	(22.0)	(39.4)	(85.7)
Trade creditors	497.2	(497.2)	(497.2)	–	–	–	–
	2,080.7	(2,440.1)	(724.6)	(40.2)	(73.0)	(710.7)	(891.6)
Derivative financial liabilities							
Cross currency swaps ¹	5.9	(17.5)	(0.1)	(0.4)	(1.9)	(6.7)	(8.4)
Interest rate swaps ²	5.3	(5.5)	0.2	(0.9)	(1.4)	(2.5)	(0.9)
	11.2	(23.0)	0.1	(1.3)	(3.3)	(9.2)	(9.3)
	2,091.9	(2,463.1)	(724.5)	(41.5)	(76.3)	(719.9)	(900.9)

1. Designated as cash flow hedges.

2. Designated as fair value hedges.

Boral Limited and Controlled Entities

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
30 June 2021	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Non-derivative financial liabilities							
US senior notes – private placement – unsecured	830.6	(1,009.5)	(17.5)	(17.5)	(35.1)	(525.3)	(414.1)
US senior notes – 144A/Reg S – unsecured	841.5	(1,006.3)	(15.0)	(15.0)	(196.9)	(75.0)	(704.4)
Other loans	1.9	(1.9)	(0.6)	(1.2)	(0.1)	–	–
Lease liabilities	128.9	(173.2)	(18.0)	(18.0)	(21.8)	(39.0)	(76.4)
Trade creditors	484.1	(484.1)	(484.1)	–	–	–	–
	2,287.0	(2,675.0)	(535.2)	(51.7)	(253.9)	(639.3)	(1,194.9)
Derivative financial liabilities							
Forward exchange contracts ¹	21.1	(21.1)	(21.1)	–	–	–	–
Commodity swaps ¹	0.4	(0.4)	(0.2)	(0.2)	–	–	–
Cross currency swaps ¹	20.0	(25.2)	(0.4)	(0.4)	(0.8)	(3.3)	(20.3)
	41.5	(46.7)	(21.7)	(0.6)	(0.8)	(3.3)	(20.3)
	2,328.5	(2,721.7)	(556.9)	(52.3)	(254.7)	(642.6)	(1,215.2)

1. Designated as cash flow hedges.

FOREIGN CURRENCY RISK

The Group is exposed to fluctuations in foreign currency as a result of the purchase of raw materials, interest expenses related to non-Australian dollar borrowings, imported plant and equipment, some export-related receivables and the translation of its investments in overseas assets.

The Group manages this risk by adopting the following policies:

- All global operational foreign exchange exposures are regarded as being within hedging parameters. If hedging is elected, then maximum hedging levels of 75% for Year 1 (months 1 to 12) and 50% for Year 2 (months 13 to 24) apply. The maximum hedging term permitted is two years.
- Capital expenditure-related foreign currency exposures greater than A\$0.5 million must be 100% hedged at the time of capital expenditure approval.
- Net investments, including net intercompany loans, in overseas domiciled investments are hedged, where regulatory conditions and available hedge instruments permit.

The Group uses forward exchange contracts to hedge foreign exchange risk. Most of the forward exchange contracts have maturities of less than one year. Where necessary and in accordance with policy compliance, forward exchange contracts can be rolled over at maturity.

4.2 Financial risk management (continued)

FOREIGN CURRENCY RISK (continued)

(i) Translation risk

Foreign currency translation risk is the risk that upon consolidation for financial reporting the value of the Group's investment in foreign domiciled entities will fluctuate due to changes in foreign currency rates.

The Group uses foreign currency denominated borrowings and cross currency swaps to hedge the Group's net investment in overseas domiciled assets. The related exchange gains/losses on foreign currency movements are taken to the Foreign Currency Translation Reserve.

The table below shows the Group's net exposure to translation risk. The Group's investment in foreign operations is partially offset against foreign currency borrowings, reducing the Group's overall exposure to translation risk. Amounts below are calculated based on notional amounts:

	USD	CAD	Euro	GBP
Currency	Notional A\$ equivalent (\$m)¹			
30 June 2022				
Balance sheet				
Net investment in overseas domiciled entities	659.0	0.1	(1.1)	0.2
Foreign currency borrowings	(736.0)	–	–	–
	(77.0)	0.1	(1.1)	0.2

	USD	CAD	Euro	GBP
Currency	Notional A\$ equivalent (\$m)¹			
30 June 2021				
Balance sheet				
Net investment in overseas domiciled entities	2,212.4	49.5	2.0	7.2
Foreign currency borrowings	(697.1)	–	–	–
	1,515.3	49.5	2.0	7.2

1. The notional amount shows the principal face value for each instrument.

Boral Limited and Controlled Entities

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

(ii) Transaction risk

Foreign currency transaction risk is the risk that the value of financial commitments, recognised monetary assets or liabilities or cash flows will fluctuate due to changes in foreign currency rates.

The Group's foreign currency transaction risk is managed through the use of forward exchange contract derivatives. A forward exchange contract is an agreement between two parties to exchange two currencies at a given exchange rate at some point in the future, with the aim of mitigating foreign currency transaction risk.

Based on notional amounts, the forward exchange contracts taken out to hedge foreign exchange transactional risk at balance date were as follows:

	Notional amount AUD ¹		Average exchange rate	
	2022	2021	2022	2021
	\$m	\$m		
US dollars				
Buy USD/sell AUD – one year or less	394.7	63.6	0.7037	0.7599
Sell USD/buy AUD – one year or less ²	–	(2,387.6)	–	0.7568
Euros				
Buy EUR/sell AUD – one year or less	–	5.9	–	0.6261

1. The notional amount shows the principal face value for each instrument.

2. US\$1.75 billion foreign exchange contracts which we sell USD/buy AUD was entered for the sale of North American Building Products business.

The forward exchange contracts are considered to be highly effective hedges as they are matched against underlying foreign currency cash flows such as future interest payments, purchases and sales. There was no significant cash flow hedge ineffectiveness in the current or prior year.

As at balance date, the unhedged foreign currency payables were \$1.4 million at 30 June 2022 (2021: \$5.9 million). The related exchange gains/losses on foreign currency movements are taken to the Income Statement.

Sensitivity

At 30 June 2022, had the Australian dollar weakened/strengthened by 10% against the respective foreign currencies where all other variables remain constant, the Group's pre-tax change to earnings would have increase/decreased by \$37.3 million in 2022 (2021: \$0.2 million) and equity would have increased/decreased respectively by around equivalent \$5.1 million (2021: equivalent \$76.4 million).

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2022	2021	2022	2021
USD	0.7258	0.7472	0.6889	0.7497
EUR	0.6442	0.6257	0.6589	0.6326
GBP	0.5455	0.5514	0.5671	0.5432
CAD	0.9183	0.9554	0.8885	0.9302

INTEREST RATE RISK

Interest rate risk is the risk that the Group is impacted by significant changes in interest rates. Borrowings issued at or swapped to floating rates expose the Group to interest rate risk.

Interest rate swaps and cross currency swaps have been transacted to assist with achieving an appropriate mix of fixed and floating interest rate borrowings. All interest rate derivative instruments mature progressively over the next seven years, with the duration applicable to the interest rate and cross currency swaps consistent with maturities applicable to the underlying borrowings.

4.2 Financial risk management (continued)

INTEREST RATE RISK (continued)

The Group adopts a policy that ensures a maximum of 75% of its borrowings are fixed interest rates borrowings. The use of interest rate derivative instruments provides the Group with the flexibility to raise term borrowings at fixed or variable interest rate and subsequently convert these borrowings to variable or fixed rates of interest.

At the reporting date, following the repayment of borrowings in May 2021, all term funding for the Group was sourced from fixed rate instruments. The maximum percentage of fixed interest rate borrowings under the policy was temporarily increased to a maximum of 100% fixed rate borrowings. At the reporting date, the Group had US\$100 million of derivatives to convert borrowings to floating interest rates.

Borrowings are held at amortised cost, meaning that the borrowing's effective rate of interest is charged as a finance cost to the Income Statement (not the interest paid in cash) and changes in market rates of interest are ignored. While generally close, the carrying value at amortised cost may be different to the principal face value.

At the reporting date, the interest rate profile of the Group's interest bearing financial instruments was:

	2022	2022	2021	2021
	Carrying amount	Notional amount ³	Carrying amount	Notional amount ³
	\$m	\$m	\$m	\$m
Fixed rate instruments				
US senior notes – private placement – unsecured	563.2	566.1	830.6	833.7
US senior notes – 144A/Reg S – unsecured	900.6	910.0	841.5	836.3
Other loans	–	–	1.9	1.9
Lease liabilities	119.7	119.7	128.9	128.9
	1,583.5	1,595.8	1,802.9	1,800.8
Pay variable interest rate derivatives				
Interest rate swap pay floating US\$ LIBOR ¹	5.3	145.2	(10.2)	133.4
Cross currency swap pay floating A\$ BBSW ²	5.9	150.7	20.0	150.7
	11.2	295.9	9.8	284.1

1. US\$100 million (equivalent A\$145.2 million) fixed rate notes due May 2028 have been swapped to USD floating rate via interest rate swaps in October 2017.

2. US\$100 million fixed rate notes due May 2028, which were previously swapped to USD floating rate via interest rate swaps, have been swapped to AUD floating rate (equivalent A\$150.7 million) via cross currency swaps in May 2020.

3. The notional amount shows the principal face value for each instrument.

The ineffective portion of the hedges transferred to the Income Statement was a \$0.1 million gain in 2022 due to the unwind of credit and execution charge cost of hedge on the interest rate swaps and cross currency swaps (2021: \$0.3 million gain).

Sensitivity

At 30 June 2022, if interest rates had changed by +/- 1% pa from the year-end rates with all other variables held constant, the Group's pre-tax profit for the year would have been \$0.3 million higher or lower (2021: \$0.4 million) and the change in equity would have been nil (2021: \$0.4 million) mainly as a result of a higher or lower interest cost applying to interest rate derivatives.

Boral Limited and Controlled Entities

Section 4: Capital and financial structure (continued)**4.2 Financial risk management (continued)****COMMODITY PRICE RISK**

Commodity price risk is the risk that the Group is exposed to fluctuations in commodity prices. The Group's primary exposures to commodity price risk are the purchase of diesel, natural gas, electricity and coal under variable price contract arrangements.

The Group uses commodity swaps and options to hedge a component of these exposures. If hedging is elected, then the maximum hedging levels are:

- 75% for Year 1 (months 1 to 12); and
- 50% for Year 2 (months 13 to 24).

The maximum permitted term for a hedge transaction is two years.

Commodities hedging activities

The notional and fair value of commodity derivative instruments at year end is as follows:

	2022	2022	2021	2021
	Notional ¹	Fair value/ carrying amount	Notional ¹	Fair value/ carrying amount
	\$m	\$m	\$m	\$m
Singapore gasoil	–	–	15.0	7.6
Electricity	9.7	18.9	14.2	1.5

1. The notional amount shows the principal face value for each instrument, and the amounts have been presented in Australian dollars.

The commodity swaps and options are considered to be highly effective hedges as they are matched against forward commodity purchases. There was no ineffective portion of the hedges transferred to the Income Statement in 2022 and 2021.

Sensitivity

At 30 June 2022, if the commodity price had changed by +/- 10% from the year-end prices with all other variables held constant, the Group's pre-tax earnings for the year would have been unchanged (2021: unchanged) and the change in equity would have been \$2.9 million (2021: \$3.6 million).

4.2 Financial risk management (continued)

FAIR VALUE

The fair value of all financial instruments approximates their carrying value. The following describes the methodology adopted to derive fair values:

Financial instrument	Valuation method	Carried at fair value?
Commodity swaps and options	The fair value is calculated using closing commodity market prices and implied volatility data and includes bilateral credit value adjustments.	Yes
Forward exchange contracts and cross currency swaps	The fair value is calculated based on market-derived spot and forward prices, relevant currency interest rate curves, foreign currency basis spreads applicable to the relevant currency and includes bilateral credit value adjustments.	Yes
Interest rate swaps	The fair value is calculated from the present value of expected future cash flows for each instrument and includes the bilateral credit adjustment. The expected future cash flows are derived from yield curves constructed from market sources reflecting their term to maturity.	Yes
Cash, deposits, loans and receivables, payables and short-term borrowings	The carrying value approximates fair value due to the short-term nature of these assets and liabilities.	No
Long-term borrowings	Loans and borrowings are recognised initially at fair value less attributable transaction costs. Fair value on inception reflects the present value of expected cash flows using interest rates derived from market sources reflecting their term to maturity. Subsequently, loans and borrowings are stated at amortised cost, with any difference between amortised cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest rate basis.	No
Equity securities	The fair value represents the market value of the underlying securities.	Yes

Boral Limited and Controlled Entities

Section 4: Capital and financial structure (continued)**4.2 Financial risk management (continued)****INTEREST RATES USED FOR DETERMINING FAIR VALUE**

Where appropriate, the Group uses BBSW, LIBOR and Treasury Bond yield curves as of 30 June 2022 plus an adequate credit spread to discount financial instruments. The interest rates used are as follows:

	2022	2021
	% pa	% pa
Derivatives	1.29 – 3.75	1.19 – 3.11
Loans and borrowings	3.00 – 4.58	3.00 – 4.58
Leases	0.80 – 5.87	1.60 – 6.89

THE FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at Level 2 fair value:

	Level 2	
	2022	2021
	\$m	\$m
Assets		
Derivative financial assets	27.1	19.9
Liabilities		
Derivative financial liabilities	11.2	41.5

The Group has equity securities of \$5.7 million that have been valued at Level 1, and does not have financial instruments that have been valued at Level 3.

4.2 Financial risk management (continued)

HEDGE ACCOUNTING

Boral has applied the ratio of 1:1 to all hedge relationships.

	Nominal Amount of Hedging Instrument and hedged Item	Hedge Rates	Carrying Amount of the Hedging Instrument (AUD)		Change in Value of the Hedging Instrument Used for Calculating Hedge Ineffectiveness	Change in Value of the Hedged Item Used for Calculating Hedge Ineffectiveness	Change in Value of the Hedging Instrument Recognised in Reserve	Hedge Ineffectiveness Recognised in Profit/(Loss) ³	Amount Reclassified from the Cash Flow Hedge Reserve to Profit and Loss and Asset Carrying Values
			Financial Assets	Financial Liabilities					
			\$m	\$m					
30 June 2022			\$m	\$m	\$m	\$m	\$m	\$m	
Cash flow hedges									
USD diesel costs – Commodity Swaps	Barrels	USD/Barrel	-	-	-	-	-	-	7.6
AUD electricity costs – Commodity Swaps (up to 1 year)	MWh	AUD/MWh	16.9	-	15.4	(15.4)	15.4	-	1.5
		34.75 – 48.50							
AUD electricity costs – Commodity Options (up to 1 year)	MWh	AUD/MWh	2.0	-	-	-	-	-	-
		90 – 390							
Capital expenditures – Foreign Exchange Contracts	AUD	AUD/EUR	-	-	-	-	-	-	0.1
		-							
Operation expenditures – Foreign Exchange Contracts (up to 1 year)	AUD	AUD/USD	0.6	-	0.6	(0.6)	0.6	-	(0.2)
		0.7037							
Cross Currency Swaps (up to 6 years) ¹	AUD	Floating	-	(5.9)	14.1	(14.1)	14.1	-	-
		n/a							
Foreign currency borrowings – 144A/Reg S senior notes	USD	Fixed	-	-	-	-	(11.8)	-	-
		3.75%							
			19.5	(5.9)	30.1	(30.1)	18.3	-	9.0
Fair value hedges									
Interest – Interest Rate Swaps (up to 6 years) ²	USD	Floating	-	(5.3)	(15.5)	15.7	-	(0.2)	-
		n/a							
			-	(5.3)	(15.5)	15.7	-	(0.2)	-
			19.5	(11.2)	14.6	(14.4)	18.3	(0.2)	9.0

1. USDAUD cross currency swaps designated in cash flow hedge, which is due to mature in May 2028.

2. USD interest rate swaps designated in fair value hedge. Accumulated fair adjustment on hedged item carrying amount is \$5.3 million.

3. Recognised in Other Income/Other expenses in the Income Statement.

Boral Limited and Controlled Entities

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

HEDGE ACCOUNTING (continued)

Boral has applied the ratio of 1:1 to all hedge relationships.

30 June 2021	Nominal Amount of Hedging Instrument and hedged item	Hedge Rates	Carrying Amount of the Hedging Instrument (AUD)		Change in Value of the Hedging Instrument Used for Calculating Hedge Ineffectiveness		Change in Value of the Hedged Item Used for Calculating Hedge Ineffectiveness	Change in Value of the Hedging Instrument Recognised in Reserve	Hedge Ineffectiveness Recognised in Profit/(Loss) ³	Amount Reclassified from the Cash Flow Hedge Reserve to Profit and Loss and Asset Carrying Values
			Financial Assets	Financial Liabilities	\$m	\$m				
Cash flow hedges										
USD diesel costs – Commodity Swaps (up to 1 year)	Barrels	USD/Barrel	7.7	-	7.1	(7.1)	7.1	7.1	-	8.4
		50.2								
AUD electricity costs – Commodity Swaps (up to 2 years)	MWh	AUD/MWh	1.8	(0.3)	3.2	(3.2)	3.2	3.2	-	3.5
		34.75 – 81.25								
USD coal costs – Commodity Swaps	MT	USD/MT	-	-	-	-	-	-	-	0.4
		-								
Capital expenditures – Foreign Exchange Contracts (up to 1 year)	AUD	AUD/EUR	-	(0.1)	(0.3)	0.3	(0.3)	(0.3)	-	0.3
		0.5979 – 0.6448								
Capital expenditure – Foreign Exchange Contracts	AUD	AUD/USD	-	-	0.2	(0.2)	0.2	0.2	-	-
		-								
Operation expenditures – Foreign Exchange Contracts (up to 1 year)	AUD	AUD/USD	0.2	-	0.3	(0.3)	0.3	0.3	-	0.1
		0.7574 – 0.7778								
Asset sale proceeds – Foreign Exchange Contracts (up to 1 year)	AUD	AUD/USD	-	(21.1)	(1.5)	1.5	(1.5)	(1.5)	-	-
		0.7518 – 0.7592								
Cross Currency Swaps (up to 7 years) ¹	AUD	Floating	-	(20.0)	(12.6)	12.6	(12.6)	(12.6)	-	-
		n/a								
Foreign currency borrowings – 144A/Reg S senior notes	USD	Fixed	-	-	-	-	11.6	11.6	-	-
		3.75%								
Fair value hedges			9.7	(41.5)	(3.6)	3.6	8.0	8.0	-	12.7
Interest – Interest Rate Swaps (up to 7 years) ²	USD	Floating	10.2	-	(9.7)	10.2	-	-	0.5	-
		n/a								
			10.2	-	(9.7)	10.2	-	-	0.5	-
			19.9	(41.5)	(13.3)	13.8	8.0	8.0	0.5	12.7

1. USDAUD cross currency swaps designated in cash flow hedge.

2. USD interest rate swaps designated in fair value hedge. Accumulated fair adjustment on hedged item carrying amount is \$10.7 million.

3. Recognised in Other Income/Other expenses in the Income Statement.

4.3 Issued capital

Ordinary shares issued are classified as equity and are fully paid, have no par value and carry one vote per share and the right to dividends. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax effects.

Where the Group purchases the Company's own equity instruments, as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. The amount of the consideration paid, including directly attributable costs, is recognised as a deduction from contributed equity, net of any related income tax effects.

During the year, the Company completed the buy-back of 43,646,245 shares, at an average price of \$7.39 per share, as part of the Company's on-market share buy-back program to acquire up to 10% of the Company's issued capital or approximately 122 million ordinary shares, that commenced on 19 April 2021. The total consideration for shares bought back on market is \$859.5 million, at an average price of \$7.01 per share. The consideration paid was allocated to share capital.

On 14 February 2022, the Company has returned \$3 billion of surplus capital to shareholders. The cash distribution of \$2.72 per share is in the form of a \$2.65 per share capital reduction, totalling \$2,923.2 million and an unfranked dividend of 7 cents per share, totalling \$77.2 million.

In the event of a winding up of Boral Limited, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

	2022	2021
	\$m	\$m
Issued and paid up capital		
1,103,088,419 (2021: 1,146,734,664) ordinary shares, fully paid ¹	593.7	3,839.5
Movements in ordinary issued capital		
Balance at the beginning of the year	3,839.5	4,376.4
43,646,245 (2021: 78,919,134) on-market share buy-back ²	(322.6)	(536.9)
Capital return	(2,923.2)	–
Balance at the end of the year	593.7	3,839.5

1. The number of ordinary shares as at 30 June 2021 includes 5,505,800 shares bought back on market prior to 30 June 2021 that were cancelled on 2 July 2021.

2. \$30.3 million of the prior year share buy-back was paid in the current year.

Boral Limited and Controlled Entities

Section 4: Capital and financial structure (continued)

4.4 Reserves

Foreign currency translation reserve (FCTR)

Exchange differences arising on translation of foreign operations are recognised in FCTR, together with foreign exchange differences from the translation of liabilities that hedge the Group's net investment in a foreign operation. Gains or losses accumulated in equity are recognised in the Income Statement when a foreign operation is disposed.

	2022	2021
	\$m	\$m
Balance at the beginning of the year	79.5	327.8
Net gain/(loss) on translation of assets and liabilities of overseas entities	109.4	(256.2)
Translation of share of equity accounted other comprehensive income	-	6.0
Foreign currency translation reserve transferred to net profit on disposal of controlled entities and equity accounted investment	(150.0)	(56.8)
Net gain/(loss) on translation of long-term borrowings and foreign currency forward contracts net of tax benefit \$16.7 million (2021: \$25.2 million tax expense)	(38.9)	58.7
Balance at the end of the year	-	79.5

Hedging reserve

The hedging reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge relationship.

Balance at the beginning of the year	3.6	(12.0)
Transferred to the Income Statement	8.9	12.4
Transferred to initial carrying amount of hedged item	0.1	0.3
Gain taken directly to equity	2.7	9.6
Tax expense	(3.5)	(6.7)
Balance at the end of the year	11.8	3.6

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options and rights recognised as an expense.

Balance at the beginning of the year	39.7	41.1
Option/rights expense/(benefit)	0.1	(0.1)
Share acquisition rights vested	(3.7)	(1.3)
Balance at the end of the year	36.1	39.7

Total reserves	47.9	122.8
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Section 5: Taxation

This section provides the information that is most relevant to understanding the taxation treatment by the Group during the financial year.

Boral Limited and its wholly owned Australian controlled entities are part of a tax consolidated group. As a consequence, all members of the tax consolidated group are taxed as a single entity. The head entity within the tax consolidated group is Boral Limited.

5.1 Income tax expense

Income tax expense includes current and deferred tax. Current and deferred tax are recognised in the Income Statement except to the extent that they relate to items recognised directly in other comprehensive income or equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Significant accounting judgements, estimates and assumptions

The Group is primarily subject to income taxes in Australia and United States of America. In determining the amounts of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. Changes in circumstances will alter expectations, which may impact the amount recognised on the Balance Sheet and the amounts of other tax losses and temporary differences not yet recognised.

Boral Limited and Controlled Entities

Section 5: Taxation (continued)

5.1 Income tax expense (continued)

		2022	2021
For the year ended 30 June	Note	\$m	\$m
(i) Income tax expense			
Current income tax expense		202.0	6.1
Deferred income tax expense		58.3	24.4
Changes in estimate from prior years		(10.0)	1.3
Income tax expense attributable to profit		250.3	31.8
(ii) Reconciliation of income tax expense to prima facie tax			
Income tax expense on profit:			
- at Australian tax rate 30%		363.3	201.5
- adjustment for difference between Australian and overseas tax rates		(42.5)	(5.4)
Income tax expense on pre-tax profit at standard rates		320.8	196.1
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
Capital losses and exempt income on disposal of business		(41.7)	(118.4)
Capital and income tax losses realised		(10.1)	(28.7)
Share of associates' net profit		(4.2)	(16.6)
Other items		(4.5)	(1.9)
Income tax expense on profit		260.3	30.5
Changes in estimate from prior years		(10.0)	1.3
Income tax expense attributable to profit		250.3	31.8
Income tax expense/(benefit) from continuing operations			
Income tax expense/(benefit) excluding significant items		(1.6)	10.4
Income tax benefit relating to significant items	2.1	(22.4)	(12.4)
		(24.0)	(2.0)
Income tax expense/(benefit) from discontinued operations			
Income tax expense excluding significant items		31.9	52.9
Income tax expense/(benefit) relating to significant items	2.1	242.4	(19.1)
	6.1	274.3	33.8
		250.3	31.8
(iii) Tax amounts recognised directly in equity			
The following deferred tax amounts were charged/(credited) directly to equity during the year in respect of:			
Net exchange differences taken to equity		(16.7)	25.2
Fair value adjustment on cash flow hedges		3.5	6.7
Recognised in comprehensive income		(13.2)	31.9

5.1 Income tax expense (continued)

	Continuing operations	Discontinued operations	Total
For the period ended 30 June 2022	\$m	\$m	\$m
(iv) Reconciliation of current year income tax expense for continuing and discontinued operations			
Income tax expense on profit/(loss):			
- at Australian tax rate 30%	(12.4)	375.7	363.3
- adjustment for difference between Australian and overseas tax rates	0.8	(43.3)	(42.5)
Income tax expense/(benefit) on pre-tax profit at standard rates	(11.6)	332.4	320.8
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
Capital losses and exempt income on disposal of business	-	(41.7)	(41.7)
Capital and income tax losses realised	(2.3)	(7.8)	(10.1)
Share of associates' net profit	(3.8)	(0.4)	(4.2)
Other items	(0.2)	(4.3)	(4.5)
Income tax expense/(benefit) on profit	(17.9)	278.2	260.3
Changes in estimate from prior years	(6.1)	(3.9)	(10.0)
Income tax expense/(benefit) attributable to profit	(24.0)	274.3	250.3

5.2 Deferred tax assets and liabilities

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting and taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced if it is no longer probable that the related tax benefit will be realised.

	2022	2021
	\$m	\$m
Recognised deferred tax balances		
Deferred tax asset	166.6	145.6
Deferred tax liability	(35.1)	(39.9)
	131.5	105.7
Unrecognised deferred tax assets		
The potential deferred tax asset has not been taken into account in respect of tax losses where recovery is not probable	128.3	116.2

The gross amount of capital and revenue tax losses carried forward that have not been recognised and the range of expiry dates for recovery by tax jurisdiction are as follows:

Tax jurisdiction	Expiry date	2022	2021
		\$m	\$m
Australia ¹	No restriction	268.0	207.7
Germany	No restriction	45.0	46.8
United Kingdom ¹	No restriction	41.0	42.8
United States of America ²	30 June 2023 – 30 June 2035	824.5	628.1

1. Unrecognised capital losses.

2. Relates to various state level tax losses in the United States of America at an average tax rate of 3% (2021: 5%).

Boral Limited and Controlled Entities

Section 5: Taxation (continued)**5.2 Deferred tax assets and liabilities (continued)**

Movement in temporary differences during the year

	Balance at the beginning of the year	Recognised in income	Recognised in equity	Balances disposed	Foreign currency exchange differences	Balance at the end of the year
As at 30 June 2022	\$m	\$m	\$m	\$m	\$m	\$m
Receivables	1.5	0.7	-	(0.1)	-	2.1
Inventories	6.9	(6.4)	-	(1.4)	-	(0.9)
Other financial instruments	4.9	(8.7)	(3.5)	-	-	(7.3)
Property, plant and equipment	(46.4)	49.8	-	(21.4)	(1.2)	(19.2)
Intangible assets	(165.0)	0.6	-	169.8	(5.4)	-
Payables	4.4	(1.1)	-	-	-	3.3
Interest bearing liabilities	42.6	(4.8)	-	(2.0)	-	35.8
Provisions	106.1	(5.1)	-	(3.6)	0.5	97.9
Other	(14.1)	22.1	-	(67.7)	(1.4)	(61.1)
Unrealised foreign exchange	(2.8)	34.0	16.7	-	-	47.9
Tax losses carried forward	167.6	(139.4)	-	-	4.8	33.0
	105.7	(58.3)	13.2	73.6	(2.7)	131.5

Section 5: Taxation (continued)

5.2 Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year (continued)

	Balance at the beginning of the year	Prior period restatement ¹	Restated balance at the beginning of the year	Recognised in income	Recognised in equity	Foreign currency exchange differences	Balance at the end of the year
As at 30 June 2021	\$m		\$m	\$m	\$m	\$m	\$m
Receivables	1.2	-	1.2	0.3	-	-	1.5
Inventories	0.9	-	0.9	6.0	-	-	6.9
Other financial instruments	5.4	-	5.4	6.2	(6.7)	-	4.9
Property, plant and equipment	(55.9)	(3.7)	(59.6)	10.0	-	3.2	(46.4)
Intangible assets	(180.2)	-	(180.2)	0.7	-	14.5	(165.0)
Payables	3.4	-	3.4	1.0	-	-	4.4
Interest bearing liabilities	39.4	-	39.4	3.2	-	-	42.6
Provisions	80.7	16.2	96.9	10.5	-	(1.3)	106.1
Other	(14.9)	-	(14.9)	1.0	-	(0.2)	(14.1)
Unrealised foreign exchange	47.7	-	47.7	(25.3)	(25.2)	-	(2.8)
Tax losses carried forward	220.7	-	220.7	(38.0)	-	(15.1)	167.6
	148.4	12.5	160.9	(24.4)	(31.9)	1.1	105.7

¹. Refer to Note 1c for further details.

Boral Limited and Controlled Entities**Section 6: Group structure**

This section explains significant aspects of Boral's group structure, including equity accounted investments that the Group has an interest in, its controlled entities and how changes have affected the Group structure. When applicable, it also provides information on business acquisitions and disposals made during the financial year.

6.1 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. An operation would be classified as held for sale if the carrying value of the assets of the operation will be principally recovered through a sale transaction rather than continuing use. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as discontinued, the comparative Income Statement is restated as if the operation had been discontinued from the start of the comparative period.

During the current period, the Group has completed divestments on North American Building Products, North American Fly Ash, Meridian Brick and Australian Building Products businesses. Please refer to Note 2.1 for further details.

The earnings up to date of disposal, in the current and comparative periods for these businesses, including the gain on sale in North American Building Products, North American Fly Ash, Meridian Brick and Australian Building Products businesses, have been classified to 'Discontinued Operations' in the Income Statement, and are summarised in the following table.

6.1 Discontinued operations (continued)

Note	Boral North America		Australian Building Products		USG Boral		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Results of discontinued operations								
Revenue	878.7	2,162.4	73.6	259.2	-	-	952.3	2,421.6
Expenses	(744.6)	(1,969.6)	(63.8)	(241.1)	(0.5)	-	(808.9)	(2,210.7)
Share of equity accounted income	7.4	16.0	-	-	-	36.5	7.4	52.5
Profit/(loss) before significant items, net interest expense and income tax	141.5	208.8	9.8	18.1	(0.5)	36.5	150.8	263.4
Significant items	1,110.9	(26.4)	(9.7)	(17.6)	4.4	442.9	1,105.6	398.9
Profit before net interest expense and income tax	1,252.4	182.4	0.1	0.5	3.9	479.4	1,256.4	662.3
Net interest expense	(4.4)	(7.4)	(0.1)	(0.3)	-	-	(4.5)	(7.7)
Profit before income tax	1,248.0	175.0	-	0.2	3.9	479.4	1,251.9	654.6
Income tax (expense)/benefit	(245.5)	(40.7)	(28.9)	6.9	0.1	-	(274.3)	(33.8)
Net profit/(loss)	1,002.5	134.3	(28.9)	7.1	4.0	479.4	977.6	620.8
Cash flows from discontinued operations								
Net cash provided by operating activities	36.6	293.6	7.5	40.9	-	62.6	44.1	397.1
Net cash provided by/(used in) investing activities	3,874.6	(89.1)	61.9	65.4	4.4	1,337.9	3,940.9	1,314.2
Net cash used in financing activities	(24.2)	(51.7)	(0.9)	(3.9)	-	-	(25.1)	(55.6)
Net cash provided by discontinued operations	3,887.0	152.8	68.5	102.4	4.4	1,400.5	3,959.9	1,655.7

Boral Limited and Controlled Entities

Section 6: Group structure (continued)

6.1 Discontinued operations (continued)

The following profit impacts on disposal were recorded in the current period. The Group's net gain on disposal of its North American Fly Ash business is subject to finalisation of working capital adjustments, which is expected by December 2022.

Amount (\$m)	Note	Boral North American businesses	Meridian Brick	Australian Building Products	Total
Proceeds		3,803.3	167.0	75.2	4,045.5
Deferred consideration		26.7	–	–	26.7
Working capital adjustment		(7.1)	–	–	(7.1)
Less: cash disposed		(6.7)	–	(4.7)	(11.4)
Consideration		3,816.2	167.0	70.5	4,053.7
Receivables		(251.4)	–	(37.3)	(288.7)
Inventories		(233.3)	–	(70.6)	(303.9)
Investments accounted for using the equity method		–	(174.2)	–	(174.2)
Property, plant and equipment		(967.5)	–	(18.8)	(986.3)
Intangible assets		(1,964.6)	–	–	(1,964.6)
Other assets		(48.1)	–	(1.3)	(49.4)
Trade creditors		239.5	–	24.7	264.2
Interest bearing liabilities		195.6	–	6.4	202.0
Employee benefit liabilities		27.1	–	10.5	37.6
Provisions		42.2	–	12.6	54.8
Net taxes		213.4	–	–	213.4
Net assets disposed		(2,747.1)	(174.2)	(73.8)	(2,995.1)
Foreign currency translation reserve transferred to net profit on disposal		130.0	20.0	–	150.0
Costs incurred		(68.7)	–	(6.4)	(75.1)
Gain/(loss) on disposal before income tax	2.1	1,130.4	12.8	(9.7)	1,133.5

6.2 Equity accounted investments

The Group's investment in its equity accounted investments is initially recorded at cost and subsequently accounted for using the equity method. The carrying amount of the investment is adjusted to recognise changes in the Group's interest in the net assets of the investees. Dividends received from the investees are recognised as a reduction in the carrying amount of the investment. Goodwill relating to the investees is included in the carrying amount of the investment and is not tested for impairment individually. However, the carrying value of the investment is tested for impairment when there are indicators that the investment is potentially impaired.

The Group's share of the results of the investees is reported in the Income Statement and its share of movements in other comprehensive income is recognised in other comprehensive income.

When the Group's share of losses from an equity accounted investment exceed the Group's investment in the relevant equity accounted investment, the losses are taken against any long-term receivables relating to the equity accounted investment and if the Group's obligation for losses exceeds this amount, they are recorded as a provision in the Group's financial statements to the extent that the Group has an obligation to fund the liability.

Name	Principal activity	Country of incorporation	Balance date	Ownership Interest		Investment carrying amount	
				2022	2021	2022	2021
				%	%	\$m	\$m
Details of equity accounted investments							
Bitumen Importers Australia Pty Ltd	Bitumen importer	Australia	30-Jun	50	50	12.4	5.2
ConnectSydney Pty Ltd	Road maintenance	Australia	30-Jun	38.5	38.5	4.0	-
Flyash Australia Pty Ltd	Fly ash collection	Australia	31-Dec	50	50	1.6	1.7
Highland Pine Products Pty Ltd ¹	Timber	Australia	30-Jun	-	50	-	-
Meridian Brick ¹	Bricks	USA/Canada	30-Jun	-	50	-	-
Penrith Lakes Development Corporation Ltd	Property development	Australia	30-Jun	40	40	-	-
South Australian Road Services Pty Ltd	Road maintenance	Australia	30-Jun	50	50	-	-
South East Asphalt Pty Ltd	Asphalt	Australia	30-Jun	50	50	1.5	1.4
Sunstate Cement Ltd	Cement manufacturer	Australia	30-Jun	50	50	11.7	6.7
TOTAL						31.2	15.0

1. In October 2021, the Group divested its interests in the Highland Pine Products Pty Ltd joint venture, the Meridian Brick LLC joint venture in the USA and the Meridian Brick Canada Ltd joint venture in Canada.

Boral Limited and Controlled Entities

Section 6: Group structure (continued)

6.2 Equity accounted investments (continued)

	2022	2021
	\$m	\$m
Movements in carrying value of equity accounted investments		
Balance at the beginning of the year	15.0	1,209.7
Additions during the year	2.8	–
Disposed during the year	–	(948.4)
Share of equity accounted income	19.9	71.6
Dividends received	(6.6)	(84.0)
Results recognised against losses previously taken to non-current receivables	0.1	(3.4)
Share of movement in currency reserve	–	6.0
Transferred to assets held for sale	–	(163.0)
Net foreign currency exchange differences	–	(73.5)
Balance at the end of the year	31.2	15.0

6.3 Controlled entities

The consolidated financial statements include Boral Limited (parent entity) and the following wholly owned subsidiaries, unless stated otherwise, in the table below.

	Country of incorporation	Beneficial ownership by	
		Group 2022 %	Group 2021 %
Boral Limited	Australia		
Boral Cement Limited >*	Australia	100	100
Barnu Pty Ltd *	Australia	100	100
Boral Building Materials Pty Ltd >*	Australia	100	100
Boral International Pty Ltd >*	Australia	100	100
Boral Concrete (1992) Limited	Thailand	100	100
Eldorado Stone Philippines, Inc. ***	Philippines	–	100
Piedras Headwaters, S. de R.L. de C.V. **	Mexico	–	100
Boral Holdings Inc.	USA	100	100
Boral USA <	USA	100	100
Boral Industries Inc.	USA	100	100
Boral Construction Materials LLC ***	USA	–	100
BCM Oklahoma LLC ***	USA	–	100
Boral Meridian Holdings Inc.	USA	100	100
Boral IP Holdings LLC	USA	100	100
Boral Windows LLC **	USA	–	100
Boral Building Products Inc. **	USA	–	100
Headwaters Building Products Inc. ***	USA	–	100
Headwaters Stone LLC ***	USA	–	100
Boral Stone Products LLC **	USA	–	100
Boral CM Holdings LLC **	USA	–	100
Boral Resources LLC **	USA	–	100
Boral Plant Services LLC **	USA	–	100
Boral Transportation Services LLC **	USA	–	100
Synthetic Materials, LLC **	USA	–	100
Boral Materials LLC **	USA	–	100
Headwaters Energy Services Corp.	USA	100	100
American Lignite Energy, LLC ***	USA	–	67
CovoI Fuels Chinook, LLC ***	USA	–	100
CovoI Fuels Rock Crusher, LLC ***	USA	–	100
CovoI Engineered Fuels, LLC	USA	100	100
CovoI Fuels No.2, LLC	USA	100	100
CovoI Fuels No.4, LLC ***	USA	–	100
Boral Lifetile Inc. **	USA	–	100
Boral Roofing LLC **	USA	–	100
Gerard Roof Products, LLC **	USA	–	100
Metrotile Manufacturing, LLC **	USA	–	100
Boral Concrete Tile Inc. **	USA	–	100
Tile Service Company LLC	USA	100	100
E.U.M. Tejas De Concreto Servicios, S. de R.L. de C.V.	Mexico	100	100
Boral Roofing de Mexico, S. de R.L. de C.V.	Mexico	100	100

Boral Limited and Controlled Entities

Section 6: Group structure (continued)

6.3 Controlled entities (continued)

	Country of incorporation	Beneficial ownership by	
		Group 2022 %	Group 2021 %
Boral (UK) Ltd	UK	100	100
Tapco Europe Limited **	UK	–	100
Boral Investments BV	Netherlands	100	100
Boral Industrie GmbH	Germany	100	100
Boral Klinker GmbH	Germany	100	100
Boral Mecklenburger Ziegel GmbH	Germany	100	100
Boral Canada Ltd	Canada	100	100
Boral Investments Pty Ltd >*	Australia	100	100
Boral Construction Materials Ltd >*	Australia	100	100
Boral Resources (WA) Ltd >*	Australia	100	100
Boral Contracting Pty Ltd *	Australia	100	100
Boral Construction Related Businesses Pty Ltd >*	Australia	100	100
Boral Resources (Vic) Pty Ltd >*	Australia	100	100
Bayview Quarries Pty Ltd*	Australia	100	100
Davegale Pty Ltd *	Australia	100	–
Boral Resources (Qld) Pty Ltd >*	Australia	100	100
Allen's Asphalt Pty Ltd >*	Australia	100	100
Q-Crete Premix Pty Ltd >*	Australia	100	100
Boral Resources (NSW) Pty Ltd >*	Australia	100	100
Dunmore Sand & Soil Pty Ltd *	Australia	100	100
Boral Recycling Pty Ltd >*	Australia	100	100
De Martin & Gasparini Pty Ltd >*	Australia	100	100
Pro Concrete Group Pty Limited *	Australia	100	100
De Martin & Gasparini Pumping Pty Ltd *	Australia	100	100
De Martin & Gasparini Contractors Pty Ltd *	Australia	100	100
Boral Precast Holdings Pty Ltd >*	Australia	100	100
Boral Construction Materials Group Ltd >*	Australia	100	100
Concrete Pty Ltd >*	Australia	100	100
Boral Resources (SA) Ltd >*	Australia	100	100
Bitumax Pty Ltd >*	Australia	100	100
Road Surfaces Group Pty Ltd >*	Australia	100	100
Alsafe Premix Concrete Pty Ltd >*	Australia	100	100

6.3 Controlled entities (continued)

	Country of incorporation	Beneficial ownership by	
		Group 2022 %	Group 2021 %
Boral Transport Ltd ^{>*}	Australia	100	100
Boral Corporate Services Pty Ltd	Australia	100	100
Bitupave Ltd ^{>*}	Australia	100	100
Boral Resources (Country) Pty Ltd ^{>*}	Australia	100	100
Found Concrete Pty Ltd ^{>*}	Australia	100	100
Bayview Pty Ltd [*]	Australia	100	100
Dandenong Quarries Pty Ltd [*]	Australia	100	100
Boral Insurance Pty Ltd	Australia	100	100
Allen Taylor & Company Ltd ^{**}	Australia	–	100
Oberon Softwood Holdings Pty Ltd ^{**}	Australia	–	100
Duncan's Holdings Ltd ^{**}	Australia	–	100
Boral Bricks Pty Ltd ^{>*}	Australia	100	100
Boral Masonry Pty Ltd ^{>*}	Australia	100	100
Boral Hollostone Masonry (South Aust) Pty Ltd ^{**}	Australia	–	100
Boral Montoro Pty Ltd ^{**}	Australia	–	100
Boral Timber Fibre Exports Pty Ltd ^{>*}	Australia	100	100
Boral Shared Business Services Pty Ltd ^{>*}	Australia	100	100
Boral Building Products Ltd ^{>*}	Australia	100	100
Boral Bricks Western Australia Pty Ltd ^{>*}	Australia	100	100
Boral IP Holdings (Australia) Pty Ltd	Australia	100	100
Boral Finance Pty Ltd ^{>*}	Australia	100	100

> Granted relief by the Australian Securities and Investments Commission (ASIC) from specified accounting requirements in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 (refer to Note 8.7).

* Entered into cross guarantee with Boral Limited (refer to Note 8.7).

** Disposed of during the year.

*** Deregistered during the year.

+ Acquired during the year.

< A Delaware general partnership.

All the shares held by Boral Limited in controlled entities are ordinary shares.

Boral Limited and Controlled Entities

Section 6: Group structure (continued)

6.3 Controlled entities (continued)

The following controlled entities were disposed of or deregistered during the financial year ended 30 June 2022:

Entities disposed:	Date of disposal
Allen Taylor & Company Ltd	Oct 2021
Oberon Softwood Holdings Pty Ltd	Oct 2021
Duncan's Holdings Ltd	Oct 2021
Piedras Headwaters, S. de R.L. de C.V.	Oct 2021
Boral Windows LLC	Oct 2021
Boral Building Products Inc.	Oct 2021
Boral Stone Products LLC	Oct 2021
Boral Lifestile Inc.	Oct 2021
Boral Roofing LLC	Oct 2021
Gerard Roof Products, LLC	Oct 2021
Metrotile Manufacturing, LLC	Oct 2021
Boral Concrete Tile Inc.	Oct 2021
Tapco Europe Limited	Oct 2021
Boral Hollostone Masonry (South Aust) Pty Ltd	Nov 2021
Boral Montoro Pty Ltd	Nov 2021
Boral CM Holdings LLC	Feb 2022
Boral Resources LLC	Feb 2022
Boral Plant Services LLC	Feb 2022
Boral Transportation Services LLC	Feb 2022
Synthetic Materials, LLC	Feb 2022
Boral Materials LLC	Feb 2022
Entities deregistered:	Date of deregistration
Eldorado Stone Philippines, Inc.	Nov 2021
American Lignite Energy, LLC	Apr 2022
Headwaters Building Products Inc.	Jun 2022
Headwaters Stone LLC	Jun 2022
Covol Fuels Chinook, LLC	Jun 2022
Covol Fuels Rock Crusher, LLC	Jun 2022
Covol Fuels No.4, LLC	Jun 2022
Boral Construction Materials LLC	Jun 2022
BCM Oklahoma LLC	Jun 2022

Section 7: Employee benefits

This section provides a breakdown of the various programs Boral uses to reward and recognise employees and key executives, including Key Management Personnel (KMP). Boral believes that these programs reinforce the value of ownership and incentives and drive performance both individually and collectively to deliver better returns to shareholders.

7.1 Employee liabilities

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date, are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for long service leave are measured as the present value of estimated future payments for the services provided by employees up to the reporting date. Liabilities that are not expected to be settled within 12 months are discounted at the reporting date using market yields of high-quality corporate bonds or government bonds for countries where there is no deep market for corporate bonds. The rates used reflect the terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

	2022	2021
	\$m	\$m
Employee liabilities		
Current	103.6	93.2
Non-current	7.2	10.1
	110.8	103.3

7.2 Employee benefits expense

Employee benefits expense includes salaries and wages, defined contribution expenses, share-based payments and other entitlements.

	2022	2021
	\$m	\$m
Employee benefits expense ¹	810.8	1,148.6

1. Employee benefits expense includes figures relating to continuing and discontinued operations. Decrease in current year is driven by the sale of discontinued businesses. Total defined contribution expense for the period was \$48.4 million (2021: \$49.4 million).

7.3 Share-based payments

The Group provides benefits to senior executives in the form of share-based payment transactions, whereby senior executives render services in exchange for options and/or rights over shares.

The cost of the share-based payments with employees is measured by reference to the fair value at the date at which they are granted, and amortised over the expected vesting period with a corresponding increase in equity. The amount recognised is adjusted to reflect the actual number of rights that vest, except for those that fail to vest due to market conditions not being achieved.

Significant accounting judgements, estimates and assumptions

The fair value at grant date is independently determined using a pricing model that takes into account the exercise price, the terms of the share-based payment, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the payment, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the share-based payment.

Boral Limited and Controlled Entities

Section 7: Employee benefits (continued)

7.3 Share-based payments (continued)

Share Acquisition Rights (SAR)

During the current year, SARs were issued under the Boral Equity Plan Rules. SARs issued with a Total Shareholder Return (TSR) hurdle were valued at \$2.84 per right.

The following represents the inputs to the pricing model used in estimating fair value:

	2022	2021
Grant date share price	\$6.02	\$3.73
Risk-free rate	0.22%	0.27%
Dividend yield	2.54%	2.40%
Volatility factor	25%	35%

Further details of the terms and conditions of the issue of rights are contained in the Remuneration Report.

Set out below are summaries of share acquisition rights granted under the plans.

Rights	Grant date	Vesting date	Exercise price	Balance at beginning of the year	Issued during the year	Cancelled during the year	Vested and exercised during the year	Balance at end of the year
				Number	Number	Number	Number	Number
Consolidated – 2022								
TSR	1/9/2018	1/9/2021	\$0.00	992,486	–	(494,545)	(497,941)	–
ROFE	1/9/2018	1/9/2021	\$0.00	496,239	–	(496,239)	–	–
TSR	1/9/2019	1/9/2022	\$0.00	1,952,553	–	(640,835)	–	1,311,718
ROFE	1/9/2019	1/9/2022	\$0.00	976,272	–	(320,416)	–	655,856
TSR ²	30/6/2022	1/9/2022	\$0.00	–	955,201	–	–	955,201
ROFE ²	30/6/2022	1/9/2022	\$0.00	–	477,580	–	–	477,580
Deferred STI	1/9/2019	1/9/2021	\$0.00	25,120	–	–	(25,120)	–
TSR	1/9/2020	1/9/2023	\$0.00	3,524,722	–	(1,313,109)	–	2,211,613
ROFE	1/9/2020	1/9/2023	\$0.00	1,762,362	–	(656,558)	–	1,105,804
TSR ²	30/6/2022	1/9/2023	\$0.00	–	1,610,485	–	–	1,610,485
ROFE ²	30/6/2022	1/9/2023	\$0.00	–	805,253	–	–	805,253
Fixed equity ¹	1/7/2020	30/6/2021	\$0.00	39,464	–	–	(39,464)	–
TSR	1/9/2021	1/9/2024	\$0.00	–	377,553	–	–	377,553
TSR ²	30/6/2022	1/9/2024	\$0.00	–	274,927	–	–	274,927
Deferred equity	1/1/2022	1/1/2024	\$0.00	–	28,496	–	–	28,496
Deferred equity ²	30/6/2022	1/1/2024	\$0.00	–	20,750	–	–	20,750
				9,769,218	4,550,245	(3,921,702)	(562,525)	9,835,236

1. Fixed performance rights are fully vested as at 30 June 2021.

2. Following the capital return of \$2.72 per share on 14 February 2022, additional share acquisition rights were issued for rights that were issued prior to this date and remain unvested. This ensured that employees were not impacted by the reduction in the share price following the capital return. The rights are subject to the same vesting conditions as those previously issued.

7.3 Share-based payments (continued)

Share Acquisition Rights (SAR) (continued)

Rights	Grant date	Vesting date	Exercise price	Balance at beginning of the year	Issued during the year	Cancelled during the year	Vested and exercised during the year	Balance at end of the year
				Number	Number	Number	Number	Number
Consolidated – 2021								
TSR	1/9/2017	1/9/2020	\$0.00	1,555,955	–	(1,555,955)	–	–
ROFE	1/9/2017	1/9/2020	\$0.00	777,972	–	(777,972)	–	–
TSR	1/9/2018	1/9/2021	\$0.00	1,466,082	–	(473,596)	–	992,486
ROFE	1/9/2018	1/9/2021	\$0.00	733,036	–	(236,797)	–	496,239
Deferred STI	1/9/2018	1/9/2020	\$0.00	363,997	–	(303)	(363,694)	–
TSR	1/9/2019	1/9/2022	\$0.00	2,700,314	–	(747,761)	–	1,952,553
ROFE	1/9/2019	1/9/2022	\$0.00	1,350,153	–	(373,881)	–	976,272
Deferred STI	1/9/2019	1/9/2021	\$0.00	26,005	–	(885)	–	25,120
TSR	1/9/2020	1/9/2023	\$0.00	–	3,743,195	(218,473)	–	3,524,722
ROFE	1/9/2020	1/9/2023	\$0.00	–	1,871,599	(109,237)	–	1,762,362
Fixed equity ¹	1/7/2020	30/6/2021	\$0.00	–	39,464	–	–	39,464
				8,973,514	5,654,258	(4,494,860)	(363,694)	9,769,218

1. Fixed performance rights are fully vested as at 30 June 2021.

During the year ended 30 June 2022, the Group recognised an expense of \$0.1 million (2021: \$0.1 million reversal of expense) in relation to share-based payments.

7.4 Key management personnel disclosures

Key management personnel compensation is set out below. Detailed remuneration disclosures are provided in the audited Remuneration Report section in the Directors' Report.

	2022	2021
	\$'000	\$'000
Short-term employee benefits	4,990.4	5,993.7
Post-employment benefits	218.7	248.9
Termination benefits	2,362.1	1,000.0
Share-based payments	3,497.4	1,446.2
Long-term employee benefits	58.9	61.1
	11,127.5	8,749.9

Boral Limited and Controlled Entities**Section 8: Other notes**

This section provides details on other required disclosures relating to the Group to comply with the accounting standards and other pronouncements.

8.1 Contingent liabilities

A contingent liability is a possible obligation arising from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability may also be a present obligation arising from past events that is not recognised on the basis that an outflow of economic resources to settle the obligation is not viewed as probable, or the amount of the obligation cannot be reliably measured.

When the Group has a present obligation, an outflow of economic resources is assessed as probable and the Group can reliably measure the obligation, a provision is recognised.

The Group presently has litigation, tax and other claims, for which the timing of resolution and the potential economic outflow are uncertain.

Bank guarantees

The Group has granted indemnities to banks to cover bank guarantees given on behalf of controlled entities to a maximum exposure of \$41 million (2021: \$41.6 million).

Environmental contingent liabilities

The Group's activities involve the extraction of resources as well as the processing and subsequent handling of materials that could contaminate the environment. As a consequence of these activities, the Group has incurred and may continue to incur costs associated with closure, remediation, aftercare and monitoring. Provisions have been recognised for sites where obligations are known to exist and the cost can be reliably measured. However, additional costs may be incurred due to factors outside the Group's current knowledge or control, such as changes in the laws and regulations that govern land use and environmental protection across the various jurisdictions in which we operate.

Shareholder class action

Boral Limited continues to defend two shareholder class action proceedings filed against it in the Federal Court of Australia by Maurice Blackburn and Phi Finney McDonald. The proceedings allege disclosure breaches in relation to financial irregularities in Boral's North American Windows business. In August 2021, the Federal Court determined the multiplicity of claims by: (i) allowing the Maurice Blackburn filed class action to continue on an 'open class' basis and the Phi Finney McDonald filed class action to continue on a 'closed class' basis; and (ii) managing these proceedings together. Boral has filed its defence to these proceedings. It is not possible to determine the ultimate impact, if any, of the proceedings on Boral. Boral continues to vigorously defend the proceedings.

8.2 Subsequent events

On 12 July 2022, the Group has repurchased for cash US\$300 million of its outstanding US\$500 million principal 3.75% Guaranteed Senior Notes due 2028 under a tender offer to holders. The consideration paid to accepting holders was US\$966.47 per US\$1,000 principal amount of Notes accepted.

8.3 Commitments

	2022	2021
	\$m	\$m
Capital expenditure commitments		
Contracted but not provided for are payable as follows:		
Not later than one year	14.7	26.8

The capital expenditure commitments are in respect of the purchase of plant and equipment.

8.4 Auditors' remuneration

During the year, the Group has appointed Deloitte Touche Tohmatsu as its auditor.

	2022	2021
	\$'000	\$'000
Audit and review services:		
Deloitte Touche Tohmatsu (2021: KPMG)		
Audit and review of financial statements – Group	890	2,301
Audit and review of financial statements – controlled entities ¹	–	1,520
	890	3,821
Other assurance related services:		
Deloitte Touche Tohmatsu (2021: KPMG)		
Other assurance services	50	49
Non-audit services²:		
Deloitte Touche Tohmatsu (2021: KPMG)		
Taxation services ³	3,359	426
Due diligence	–	166
Advisory	1,183	85
	4,542	677
	5,482	4,547

1. This relates to the audit and review of financial statements on the disposal of North American operations in 2021.

2. All non-audit services provided in 2022 were arranged prior to Deloitte's appointment as auditors.

3. Taxation services relate to compliance and advice provided in respect of discontinued operations.

Boral Limited and Controlled Entities

Section 8: Other notes (continued)

8.5 Related party disclosures

Controlled entities

Interests held in controlled entities are set out in Note 6.3.

Associated entities

Interests held in associated entities are set out in Note 6.2. The business activities of a number of these entities are conducted under joint venture arrangements. Associated entities conduct business transactions with various controlled entities. Such transactions include purchases and sales of certain products, dividends, interest and loans. All such transactions are conducted on the basis of normal commercial terms and conditions.

	2022	2021
	\$m	\$m
Sale of goods and services		
Associates	42.2	51.0
Purchase of goods and services		
Associates	120.6	104.4
Other entities	16.4	–
Others		
Associates		
Loan receivable	23.6	23.3
Payables	1.6	2.7

Director transactions with the Group

Transactions entered into during the year with Directors of Boral Limited and the Group are within normal employee, customer or supplier relationships on terms and conditions no more favourable than dealings in the same circumstances on an arm's length basis and include:

- the receipt of dividends from Boral Limited;
- participation in the Boral Long Term Incentive Plan;
- terms and conditions of employment;
- reimbursement of expenses; and
- purchases of goods and services.

A number of Directors of the Company hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions no more favourable than those available on an arm's length basis.

8.6 Parent entity disclosures

	BORAL LIMITED	
	2022	2021
For the year ended 30 June	\$m	\$m
RESULT OF THE PARENT ENTITY		
Profit after tax	673.6	33.3
Total comprehensive income for the period	673.6	33.3
SUMMARISED BALANCE SHEET		
Current assets	1,557.7	3,699.7
Non-current assets	1,376.3	1,347.8
Total assets	2,934.0	5,047.5
Current liabilities	1,459.1	748.2
Non-current liabilities	103.2	276.1
Total liabilities	1,562.3	1,024.3
Net assets	1,371.7	4,023.2
Issued capital	593.7	3,839.5
Reserves	37.6	39.7
Retained earnings	740.4	144.0
Total equity	1,371.7	4,023.2

Parent entity contingencies

Bank guarantees

The Company has granted indemnities to banks to cover bank guarantees given on behalf of controlled entities to a maximum exposure of \$22.3 million (2021: \$17.1 million).

Boral Limited and Controlled Entities

Section 8: Other notes (continued)

8.7 Deed of cross guarantee

Under the terms of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, certain wholly owned controlled entities have been granted relief from the requirement to prepare audited financial reports. Boral Limited has entered into an approved deed of indemnity for the cross guarantee of liabilities with those controlled entities identified in Note 6.3.

The following consolidated Statement of Comprehensive Income and Balance Sheet comprises Boral Limited and its controlled entities, which are party to the Deed of Cross Guarantee, after eliminating all transactions between parties to the Deed.

During the current financial year, the Group completed the following divestments:

- the sale of the Timber products business, which generated a loss before tax of \$5.9 million; and
- the sale of the Roofing and masonry business, which generated a loss before tax of \$3.8 million.

The earnings in the current and comparative periods for these businesses have been reclassified to 'Discontinued Operations' in the Statement of Comprehensive Income below.

	2022	2021
	\$m	\$m
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	2,955.9	2,924.1
Profit before income tax expense	576.2	592.5
Income tax (expense)/benefit	52.8	(33.5)
Profit from continuing operations	629.0	559.0
Discontinued operations		
Profit/(loss) from discontinued operations (net of income tax)	(24.9)	43.7
Net profit	604.1	602.7
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Exchange differences from translation of foreign operations taken to equity	–	(17.5)
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	30.8	–
Fair value adjustment on cash flow hedges	11.7	22.3
Income tax on items that may be reclassified subsequently to Income Statement	(3.5)	(6.7)
Total comprehensive income	643.1	600.8
Reconciliation of movements in retained earnings		
Balance at the beginning of the year	658.7	85.2
Prior period restatement ¹	–	(29.2)
Net profit	604.1	602.7
Dividends paid	(77.2)	–
Balance at the end of the year	1,185.6	658.7

1. Refer to Note 1c for further details.

8.7 Deed of cross guarantee (continued)

	2022	2021 ¹
	\$m	\$m
BALANCE SHEET		
CURRENT ASSETS		
Cash and cash equivalents	409.2	873.5
Receivables	525.7	616.5
Inventories	222.5	213.6
Financial assets	27.0	11.6
Current tax assets	23.9	13.4
Other assets	36.2	28.7
Assets classified as held for sale	–	112.0
TOTAL CURRENT ASSETS	1,244.5	1,869.3
NON-CURRENT ASSETS		
Receivables	22.1	24.1
Inventories	12.9	4.8
Investments accounted for using the equity method	31.2	15.1
Financial assets	671.4	2,715.7
Property, plant and equipment	2,078.6	2,044.1
Intangible assets	71.5	72.4
Deferred tax assets	166.6	145.4
Other assets	24.1	25.0
TOTAL NON-CURRENT ASSETS	3,078.4	5,046.6
TOTAL ASSETS	4,322.9	6,915.9
CURRENT LIABILITIES		
Payables	564.3	826.9
Interest bearing liabilities	654.2	46.3
Financial liabilities	1.4	22.1
Employee benefit liabilities	91.9	93.2
Provisions	35.8	29.9
Liabilities classified as held for sale	–	43.0
TOTAL CURRENT LIABILITIES	1,347.6	1,061.4
NON-CURRENT LIABILITIES		
Interest bearing liabilities	943.9	1,202.6
Financial liabilities	9.8	19.4
Employee benefit liabilities	7.2	10.1
Provisions	187.2	154.6
Other liabilities	0.1	0.4
TOTAL NON-CURRENT LIABILITIES	1,148.2	1,387.1
TOTAL LIABILITIES	2,495.8	2,448.5
NET ASSETS	1,827.1	4,467.4
EQUITY		
Issued capital	593.7	3,839.5
Reserves	47.8	(30.8)
Retained earnings	1,185.6	658.7
TOTAL EQUITY	1,827.1	4,467.4

1. Restated, refer to Note 1c for further details.

Statutory Statements

Boral Limited and Controlled Entities

Directors' Declaration

1. In the opinion of the Directors of Boral Limited:
 - (a) the consolidated financial statements and notes set out on pages 87 to 157 and the Remuneration Report in the Directors' Report, set out on pages 65 to 86, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that Boral Limited and the controlled entities identified in Note 6.3 will be able to meet any obligations or liabilities to which they are or may become subject by virtue of the Deed of Cross Guarantee between Boral Limited and those controlled entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.
4. The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Ryan Stokes AO
Chairman



Zlatko Todorcevski
CEO & Managing Director

Sydney, 23 August 2022



Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of Boral Limited

Report on the Audit of the Financial Report

Opinion

We have audited the Financial Report of Boral Limited (the "Company") and its subsidiaries (the "Group") which comprises the Balance Sheet as at 30 June 2022, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the Notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report for the current period. These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Accounting for revenue (refer to Note 2.2(a) of the financial statements)</p> <p>Boral has recorded revenue from continuing operations of \$2,955.9m for the year ended 30 June 2022.</p> <p>We considered the accounting for revenue from continuing operations as it relates to the risk of cut-off to be a Key Audit Matter due to:</p> <ul style="list-style-type: none"> • The significance of revenue to the Financial Report; • The judgement involved in the determination of the stage of completion and measurement of progress towards satisfaction of performance obligations for certain products and services such as contracting revenue (particularly in the Asphalt business within the Construction Materials segment); • Certain products and services revenue being recognised through an unbilled revenue accrual, which represents the estimated value of construction materials supplied to customers between the date of the last billing cycles and the end of the reporting period, as well as the estimated value of construction materials supplied under long term contracts from the last progress claims to the financial year end date of 30 June 2022. 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the process flows and relevant controls that management has in place in respect -of the recognition of revenue, in particular around cut-off; • Assessing the appropriateness of the Group’s accounting policies regarding revenue recognition against the requirements of Australian Accounting Standards; • Testing a sample, by revenue stream, to customer acceptance documentation to evidence the occurrence of revenue; • Testing a sample of contracting revenue by: <ul style="list-style-type: none"> ○ Agreeing to supporting documentation to validate the relevant performance obligations; ○ Comparing revenue, actual costs and forecast costs to underlying agreed terms and conditions, variations with customers, information provided by third parties and internal forecast cost estimates; and ○ Testing the mathematical accuracy of revenue calculations. • On a sample basis, understanding and challenging management’s assumptions relating to volume and customer pricing used in determining unbilled revenue; • Testing a sample of revenue transactions recorded in June 2022 and July 2022 to customer acceptance documentation, to determine whether revenue has been recognised in the relevant financial period; and • Assessing the disclosures in the Group financial statements in respect of the provisions recorded against the requirements of Australian Accounting Standards.
<p>Accounting for discontinued operations (refer to Note 6.1 of the financial statements)</p> <p>Boral has completed the divestments of a number of businesses in the financial year, including North American Building Products, North American Fly Ash, Meridian Brick and Australian Building Products. This has led to the recognition of profit after tax from discontinued operations of \$963.0m for the year ended 30 June 2022.</p> <p>We considered the accounting for discontinued operations to be a Key Audit Matter due to:</p>	<p>Our procedures included, amongst others, for each completed disposal transaction:</p> <ul style="list-style-type: none"> • Reading the relevant transaction or other documents, including minutes of relevant Board meetings, to understand the terms and conditions of each disposal; • Checking the assessment of proceeds by comparing amounts to relevant transaction or other documents; • Comparing the carrying value of each disposal group to the proceeds receivable in assessing the accuracy of the profit (or loss) on sale for each transaction; • Evaluating the substance of the disposals, using the terms and conditions of the transaction or other documents, against the criteria for discontinued operations within Australian Accounting Standards;

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<ul style="list-style-type: none"> • The significance in quantum and scale of the businesses to the Group's income statement and balance sheet; and • Judgements applied by the Group in assessing events occurring after disposal date but before the financial statements are issued. 	<ul style="list-style-type: none"> • Assessing the completeness and validity of relevant provisions and other liabilities recorded in respect of the disposals against transaction and other documents; and • Assessing the disclosures in the Group financial statements in respect of the provisions recorded against the requirements of Australian Accounting Standards.
<p>Estimation of rehabilitation cost provisions (refer to Notes 1C and 3.6 of the financial statements)</p> <p>Rehabilitation cost provisions associated with quarries have been recognised by the Group as at 30 June 2022. During the year, the Group re-assessed its application of its accounting policy for rehabilitation cost provisions and recognised a prior year restatement to the related provisions of \$54.1m (with corresponding adjustments to property, plant and equipment of \$12.4m, deferred tax assets of \$12.5m and retained earnings of \$29.2m) as at 1 July 2020.</p> <p>The rehabilitation cost provisions comprise an estimate of make-good costs and costs associated with environmental obligations pertaining to quarries for which the Group has a legal or constructive obligation.</p> <p>Expected costs are assessed annually and are based on estimates of current costs to rehabilitate relevant quarries. The expected current costs are adjusted for inflation over the useful life of each site and are discounted to present value, using a pre-tax discount rate appropriate to the risks inherent in the liability. Other key assumptions applied in estimating the provisions include assessing the nature and likelihood of expected decommissioning plans, instructions issued by regulators and opportunities to partially or fully mitigate rehabilitation costs through alternate use outcomes.</p> <p>We considered the accounting for rehabilitation provisions to be a Key Audit Matter due to:</p> <ul style="list-style-type: none"> • The significance of the total balance; • The complexity and judgement included in determining rehabilitation cost provisions primarily due to the long forecast period associated with many of the sites; and 	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Assessing and evaluating the appropriateness and integrity of the model prepared by the Group ("the model"), particularly whether the assumptions within the model meet the measurement requirements of Australian Accounting Standards, whether judgements have been applied consistently and testing the mathematical accuracy of the model; • Testing the completeness of the sites included in calculating the rehabilitation cost provision; • For a sample of locations: <ul style="list-style-type: none"> ○ Obtaining an understanding of the legal or constructive obligation that presently exists; ○ Assessing the nature, timing and extent of future rehabilitation work to be performed, with reference to rehabilitation plans; ○ Comparing the current cost estimate to rehabilitate each site within the model to external cost benchmarks; ○ Performing enquiries of management to understand whether there were any significant changes during the period that would impact the estimates made; and ○ Where relevant, assessed the reasonability of any alternate use outcomes. • In conjunction with our internal valuation specialists, assessing the appropriateness of inflation and discount rates applied by management; • Evaluating whether judgements made in selecting the re-assessed methodology, significant assumptions and data for developing the estimate give rise to indicators of possible bias by the Group; and • Assessing the disclosures in the Group financial statements in respect of the provisions recorded against the requirements of Australian Accounting Standards.

Boral Limited and Controlled Entities

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| <ul style="list-style-type: none"> The fact that management has reflected a prior year restatement, following a re-assessment of its application of its accounting policy as it relates to rehabilitation cost provisions. | |
|---|--|

Other Information

The Directors are responsible for the Other Information. The Other Information comprises the information included in the Group's Annual Report for the year ended 30 June 2022 but does not include the Financial Report and our Auditor's Report thereon.

Our opinion on the Financial Report does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Financial Report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Deloitte

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Financial Report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Financial Report of the current period and are therefore the Key Audit Matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 65 to 86 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Boral Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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DELOITTE TOUCHE TOHMATSU



J A Leotta
Partner
Chartered Accountants
Sydney, 23 August 2022

Shareholder information

Boral Limited and Controlled Entities

Shareholder communications

Enquiries or notifications by shareholders regarding their shareholdings or dividends should be directed to Boral's share registry:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

Hand deliveries to:
Level 12, 680 George Street
Sydney NSW 2000 Australia
Telephone +61 1300 730 644
Facsimile +61 2 9287 0303

Online services

Shareholders can access and update information about their Boral shareholdings via the internet by visiting Link Market Services' website at www.linkmarketservices.com.au or Boral's website at www.boral.com.

Some of the services available online include: checking current and previous holding balances, choosing a preferred Annual Report option, updating address and bank details, confirming that a tax file number (TFN), Australian business number (ABN) or proof of exemption has been lodged, checking the share prices and graphs, and downloading a variety of forms.

Dividends

The Board has determined not to pay a final dividend for FY2022.

Dividend Reinvestment Plan

Boral's Dividend Reinvestment Plan (DRP) was reactivated in February 2020. However it did not apply in respect of the return of capital or the unfranked dividend in February 2022. For additional information on the DRP please visit Boral's website.

Dividend payments

Boral uses direct credit as the preferred method for paying cash dividends.

For those shareholders with a registered address in Australia or New Zealand, dividend payments will only be made by direct credit to a nominated bank account (rather than by cheque posted to a registered address). To provide or update bank account details, please contact the share registry or visit its website at www.linkmarketservices.com.au.

Shareholders who don't have a registered address in Australia or New Zealand and who wish their dividends to be paid directly to a bank, building society or credit union account in Australia or New Zealand should contact the share registry or visit its website at www.linkmarketservices.com.au for an application form. Payments are electronically credited on the dividend payment date and confirmed by a payment advice mailed to the shareholder's registered address. All instructions received remain in force until amended or cancelled in writing.

Shareholders are also reminded to bank dividend cheques as soon as possible. Dividend cheques that are not banked are required to be handed over to the Chief Commissioner of State Revenue under the *Unclaimed Money Act 1995* (NSW).

Tax or exemption

Shareholders are strongly advised to lodge their TFN, ABN or exemption. If these details are not lodged with the share registry, Boral Limited is obliged to deduct tax at the highest marginal rate (plus the Medicare levy) from the unfranked portion of any dividend payment. Certain pensioners are exempt from supplying a TFN. Shareholders can confirm whether they have lodged a TFN, ABN or exemption via the internet at www.linkmarketservices.com.au.

Uncertificated forms of shareholding

Two forms of uncertificated holdings are available to Boral shareholders:

Issuer-sponsored holdings: this type of holding is sponsored by Boral and provides shareholders with the advantages of uncertificated holdings without the need to be sponsored by any particular stockbroker.

Broker-sponsored holdings (CHESS): shareholders may arrange to be sponsored by a stockbroker (or certain other financial institutions) and are required to sign a sponsorship agreement appointing the sponsor as their 'controlling participant' for the purposes of CHESS. This type of holding is likely to attract regular stock market traders or those shareholders who have their share portfolio managed by a stockbroker.

Holding statements are issued to shareholders not later than five business days after the end of any month in which transactions alter the balance of a holding. Shareholders requiring replacement holding statements should request them from their controlling participant.

Shareholders communicating with the share registry should have to hand their Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as it appears on the Issuer Sponsored/CHESS holding statements or dividend statements. For security reasons, shareholders should keep their Securityholder Reference Numbers confidential.

Annual report mailing list

Shareholders are able to update their preferences for receiving the annual report via the Link Market Services or Boral websites, and can nominate to receive email notification of the release of the Annual Report and then access it via a link.

Change of address

Issuer-sponsored shareholders should notify any change of address to the share registry promptly. This can be done via the Link Market Services website or in writing quoting their Securityholder Reference Number, previous address and new address. Change of Address application forms are also available for download via the Link Market Services or Boral websites. Broker-sponsored (CHESS) holders must advise their sponsoring broker of the change.

Information on Boral

Boral has a comprehensive website featuring news items, announcements, corporate information and a wide range of product and service information. Boral's internet address is www.boral.com.

The Annual Report is the main source of information for shareholders. Other sources of information include:

- February – the interim results announcement for the December half year
- August – the annual results announcement for the year ended 30 June, and
- October/November – the Annual General Meeting.

Requests for publications and other enquiries about Boral's affairs should be addressed to:

Group Communications & Investor Relations
Boral Limited
PO Box 6041
North Ryde NSW 2113

Enquiries can also be made via email:
info@boral.com.au.

Or visit Boral's website at www.boral.com.

Share trading and price

Boral shares are traded on the Australian Securities Exchange Limited (ASX).

The stock code under which they are traded is 'BLD' and the details of trading activity are available on the internet and published in most daily newspapers under that abbreviation.

Share sale facility

Issuer-sponsored shareholders, particularly small shareholders, can sell their entire Boral shareholding using the share registry's sale facility.

To do so, contact Link Market Services' Share Sale Centre on +61 1300 730 644.

American depositary receipts (ADRs)

In the USA, Boral shares are traded in the over-the-counter market in the form of ADRs issued by the depositary, The Bank of New York Mellon (BNY Mellon). Each ADR represents four ordinary Boral shares.

Holders of Boral's ADRs should contact BNY Mellon on all matters relating to their ADR holdings.

By mail:
BNY Mellon Shareowner Services
PO Box 30170
College Station, TX 77842-3170
USA

By telephone:
To speak directly to a BNY Mellon representative, please call 1-888-BNY-ADRS (1-888-269-2377) if calling from within the United States. If calling from outside the United States, please call 201-680-6825.

By email:
Send email enquiries to shrrelations@bnymellon.com or visit the website at www.bnymellon.com/shareowner.

Share information as at 15 August 2022

Substantial shareholders

Seven Group Holdings Limited, by notice of change of interest of substantial holder dated 30 July 2021, advised that it and its associates were entitled to 767,751,883 ordinary shares (69.60% of voting power).

Macquarie Group Limited, by notice of change of interest of initial substantial holder dated 9 August 2022, advised that it and its associates were entitled to 68,874,322 ordinary shares (6.24% of voting power).

Rights granted under the Equity Incentive Plan

As at 15 August 2022, Boral Limited had 9,835,236 unquoted rights under its Equity Incentive Plan for which the number of holders was 62.

Rights do not give the holder an entitlement to be issued Boral Limited shares, and do not confer any voting rights on the holder, unless and until those rights vest (subject to performance hurdles) and are converted into shares.

Boral Limited and Controlled Entities

Share information as at 15 August 2022 (continued)

Distribution schedule of shareholders as at 15 August 2022

Size of shareholding	Number of shareholders	% of ordinary shares
(a) in the categories –		
1 to 1,000	25,400	1.09
1,001 to 5,000	23,345	5.06
5,001 to 10,000	4,884	3.20
10,001 to 100,000	3,133	6.02
100,001 and over	119	84.64
	56,881	100.00
(b) holding less than a marketable parcel (170 shares)	4,507	0.04

Voting rights – ordinary shares

On a show of hands, every person present, who is a member or proxy, attorney or representative of a member, shall have one vote and on a poll every member who is present in person or by proxy, attorney or representative shall have one vote for each share held by him or her.

On-market share buy-back

On 19 April 2021 Boral commenced an on-market share buy-back to acquire up to 10% of the issued ordinary shares of the Company. Boral announced completion of the share buy-back on 14 July 2021, having acquired 122,565,379 ordinary shares on-market for the total consideration of \$859,466,693, being approximately \$7.01 per share.

On-market acquisitions for employee incentive schemes during the financial year ended 30 June 2022

356,024 Boral Limited ordinary shares were purchased on market in December 2021 to satisfy entitlements under Boral's employee incentive schemes at an average price per share of \$6.0794.

Twenty largest shareholders as at 15 August 2022

	Ordinary shares	% of ordinary shares
1 NETWORK INVESTMENT HOLDING PTY LIMITED	699,816,265	63.44
2 J P MORGAN NOMINEES AUSTRALIA LIMITED	62,606,915	5.68
3 CITICORP NOMINEES PTY LIMITED	59,163,843	5.36
4 HSBC CUSTODY NOMINEES LIMITED	54,850,426	4.97
5 NATIONAL NOMINEES LIMITED	12,497,906	1.13
6 BNP PARIBAS NOMS PTY LTD	9,034,045	0.82
7 BROADGATE INVESTMENTS PTY LTD	2,823,484	0.26
8 WOODROSS NOMINEES PTY LTD	2,275,195	0.21
9 PACIFIC CUSTODIANS PTY LIMITED	2,100,032	0.19
10 PRUDENTIAL NOMINEES PTY LTD	1,900,000	0.17
11 MR RODNEY TAUNTON PEARSE	1,842,265	0.17
12 NETWEALTH INVESTMENTS LIMITED	1,447,103	0.13
13 HSBC CUSTODY NOMINEES (AUS) LIMITED <EUROCLEAR A/C>	1,400,100	0.13
14 NATIONAL EXCHANGE PTY LTD	1,200,000	0.11
15 PORTMAN TRADING PTY LIMITED	1,013,830	0.09
16 INVIA CUSTODIAN PTY LIMITED	907,472	0.08
17 BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERVICES>	905,311	0.08
18 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	883,357	0.08
19 AUSTRALIAN PIONEER PTY LTD	713,631	0.06
20 CARLTON HOTEL LIMITED	617,784	0.06

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Boral Limited and Controlled Entities

30 June	2022	2021 ⁵	2020	2019	2018	2017	2016	2015	2014	2013
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Revenue	3,908	5,346	5,728	5,861	5,869	4,388	4,311	4,415	5,204	5,286
Earnings before interest, tax, depreciation and amortisation (EBITDA) ¹	481	882	807	1,010	1,051	720	645	605	556	519
Depreciation and amortisation	218	437	483	378	368	260	247	249	261	291
Earnings before interest and tax (EBIT) ¹	263	445	324	632	684	460	398	357	294	228
Net interest expense ¹	(83)	(131)	(126)	(103)	(104)	(51)	(63)	(64)	(83)	(97)
Profit before tax ¹	180	314	197	529	580	409	335	293	211	130
Income tax expense ¹	(30)	(63)	(24)	(110)	(110)	(67)	(67)	(44)	(37)	(20)
Non-controlling interests	-	-	-	-	-	-	-	-	(3)	(6)
Profit after tax ¹	150	251	174	419	469	343	268	249	171	104
Significant items – net of tax	811	389	(1,318)	(168)	(32)	(46)	(12)	8	2	(316)
Net profit/(loss) attributable to members of Boral Limited	961	640	(1,145)	251	437	297	256	257	173	(212)
Total assets	4,401	7,609	9,162	9,520	9,507	9,381	5,801	5,865	5,559	6,316
Total liabilities	2,503	3,274	4,667	3,688	3,781	3,940	2,294	2,341	2,211	2,923
Net assets	1,898	4,335	4,495	5,832	5,726	5,441	3,506	3,524	3,348	3,394
Net debt	476	899	2,580	2,193	2,453	2,333	893	817	718	1,446
Funds employed	2,203	5,120	6,918	8,019	8,168	7,833	4,199	4,192	4,002	4,783
Dividends paid or declared	77	-	111	311	311	281	167	139	117	85
Statistics										
Dividend per ordinary share	7.0c	-	9.5c	26.5c	26.5c	24.0c	22.5c	18.0c	15.0c	11.0c
Dividend payout ratio ¹	51%	-	64%	74%	66%	82%	62%	56%	68%	81%
Dividend cover ¹	1.9	-	1.6	1.3	1.5	1.2	1.6	1.8	1.5	1.2
Earnings per ordinary share ¹	13.6c	20.6c	14.5c	35.7c	40.0c	33.7c	35.8c	31.9c	22.0c	13.6c
Earnings per ordinary share ^{1,2}	13.6c	20.6c	14.5c	35.7c	40.0c	33.7c	33.3c	29.7c	20.5c	12.7c
Return on equity ¹	7.9%	5.8%	3.9%	7.2%	8.2%	6.3%	7.6%	7.1%	5.1%	3.2%
EBIT to sales ¹	6.7%	8.3%	5.7%	10.8%	11.7%	10.5%	9.2%	8.1%	5.7%	4.3%
ROFE ^{3,4} (EBIT to average funds employed ¹)	7.2%	7.4%	4.3%	7.8%	8.5%	7.6%	9.5%	8.7%	6.7%	4.6%
Net interest cover (times) ¹	3.2	3.4	2.6	6.1	6.6	9.1	6.3	5.6	3.5	2.3
Gearing (net debt to equity)	25%	21%	57%	38%	43%	43%	25%	23%	21%	43%
Gearing (net debt to net debt plus equity)	20%	17%	36%	27%	30%	30%	20%	19%	18%	30%
Net tangible asset backing per share	\$1.66	\$2.04	\$1.85	\$2.10	\$1.99	\$1.79	\$4.40	\$4.31	\$4.03	\$3.17

1. Excludes significant items.

2. Adjusted to reflect the bonus element in the renounceable entitlement offer that occurred during November and December 2016.

3. Return on funds employed (ROFE) is calculated as EBIT before significant items on funds employed (average of opening and closing funds employed for the year).

4. Refer to the Remuneration Report for a discussion of how ROFE is used as an additional performance hurdle under the Company's Long Term Incentive Plan.

5. Certain financial figures have been restated. Refer to Note 1c for further details.

Results have been prepared under Australian equivalents to International Financial Reporting Standards (A-IFRS).

Figures may not add due to rounding.

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Share registry

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Sydney NSW 2000

Locked Bag A14,
Sydney South NSW 1235

t: +61 1300 730 644
w: www.linkmarketservices.com.au
e: boral@linkmarketservices.com.au

AGM details

The Annual General Meeting
of Boral Limited will be held on
Thursday, 3 November 2022
at 10.30am (Sydney time).