BORAL

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28 October 2021

The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

AGM Addresses including 1Q Trading

We attach copies of the prepared AGM Addresses by the Chairman, the CEO & Managing Director and the Chairman of the Remuneration & Nomination Committee and Lead Independent Director, which will be delivered at the Company's Annual General Meeting which commences at 10:30 am today.

Authorised for release by the Board of Directors.

Dominic Millgate
Company Secretary

Boral 2021 Annual General Meeting

Thursday 28 October 2021

Chairman's Address

by Ryan Stokes

Chairman’s Address

Good morning.

I am Ryan Stokes and it’s a pleasure to address you today for the first time as Chairman of Boral Limited.

I joined the Board in September 2020.

At that time, Seven Group Holdings or SGH, of which I am Managing Director and CEO, had an ownership interest in Boral of 19.9%.

As a diversified operating and investment group, SGH is all about investing in organisations with great assets and outstanding market positions, organisations with a clear strategy and a clear purpose, and with opportunities to create value.

And that is exactly why we were attracted to Boral in the first place.

This is a great company, with a proud heritage, strong leadership team, a committed workforce, and a leading competitive position in building and construction materials in Australia.

The global pandemic presented challenges for all companies, including Boral, but we knew that through periods of challenge, opportunities often emerge.

Boral presented such an opportunity for SGH, and in early 2020 we began acquiring shares in the Company.

With confidence in Boral’s new leadership, as the strategy unfolded, SGH’s support and belief in Boral strengthened.

On the 10th of May this year, SGH announced a takeover offer for Boral, at which time I recused myself from Boral’s Board until the offer period closed.

Following the close of the offer on 29 July, SGH had increased its holding to 69.6%, which is where our ownership is today.

This strong position in Boral reflects our level of confidence in Boral’s ability to deliver substantial value creation. We see a real opportunity to drive business improvement, deliver an uplift in earnings and create shareholder value, not just for SGH but **for all of Boral’s shareholders.**

In recent years Boral’s Australian business has not performed to its potential. The potential we know it can achieve and the potential we are committed to realising.

You as shareholders have told us as much – the returns on investment have been unacceptably low.

That is changing.

Over the past 12 months, Boral has commenced a significant transformation program with the long-term objective of improving return on capital employed.

With a disciplined approach to operational performance and capital, I am confident that Boral can deliver improved returns on funds employed exceeding its cost of capital throughout the cycle, as well as industry competitive EBIT and EBITDA margins.

So, as Boral’s Chairman, let me talk you through the progress to date and our key priorities before handing over to Zlatko Todorcevski for his CEO address.

The four topics I will cover are:

1. Boral’s results for FY2021, including safety performance
2. Our divestment program and returning surplus capital to shareholders
3. Boral’s strategy and priorities, which Zlatko will expand on, and
4. Board renewal and governance, including the importance I place on having a majority of Independent Directors on the Board.

FY2021 RESULTS

Turning first to safety.

In FY2021, Boral broadened its safety metrics to include two additional indicators – actual serious harm incident frequency rate, and potential serious harm incident frequency rate. This reflects a focus on critical controls as well as identifying and preventing incidents that cause serious harm.

Pleasingly, both of these measures improved, demonstrating our success in further preventing serious harm through standardisation and critical controls. However, there is more we need to do.

While Boral’s serious harm indicators improved, recordable injury frequency rate (RIFR) for employees and contractors was slightly higher than in FY2020.

We have substantial opportunity for improvement, and I would like to see Boral’s safety performance strengthen further.

The company’s strong commitment and focus on safety is a great base on which to build.

Turning to financial results.

FY2021 was an extraordinary year in many ways.

Against the backdrop of the continuing COVID-19 pandemic and the mixed and uncertain market conditions, significant progress was made by Boral’s Board and management to reposition the Company back to the core construction materials business in Australia. Early improvements in the underlying performance of the business were also delivered.

In Australia, the total value of construction work done was down around 3% in FY2021 relative to FY2020. In NSW, where Boral has a significant geographical footprint and earnings exposure, we saw the biggest impact with value of construction work done down 9%.

For Boral's continuing operations, revenue declined 6%, reflecting lower volumes and pricing. However, EBIT (excluding Property) increased 11% to $157 million, with Transformation initiatives helping to improve underlying earnings.

The Transformation program unveiled almost a year ago has already delivered $75 million in benefits, including $69 million for continuing operations in FY2021.

By the end of FY2021, these initiatives were delivering an annualised run rate benefit after inflation of ~$94 million against the $200 million to $250 million five-year target.

The reported statutory net profit after tax (NPAT) of $640 million for the year included a post-tax gain of $389 million for significant items. Net profit after tax (NPAT) before significant items was $251 million, which was up 44% on the prior year.

Net debt reduced to $899 million as at 30 June 2021, which was down from $2.58 billion at 30 June 2020.

At $899 million, net debt was in line with our targeted net debt levels as articulated in our Financial Framework.

Hence, there was no surplus capital available to return to shareholders at year end and as you are aware, no final dividend was paid.

RETURNING CAPITAL TO SHAREHOLDERS

Importantly, following receipt of proceeds from the divestments of Boral North America Building Products, the Meridian Brick joint venture and the Australian Timber business, the Company now has a significant surplus.

Let me remind you of the divestment program and our approach to returning capital to shareholders.

Completion of the sale of Boral's 50% interest in USG Boral was announced on 1 April 2021, delivering US$1.015 billion or around A$1.33 billion, which was a compelling price for shareholders.

Some of these proceeds were used to reduce debt, with surplus capital returned to shareholders through a $859 million share buy-back of 10% of Boral's issued capital.

The buy-back completed in July 2021 for an average price of $7.01 per share. Following completion of the buy-back, proforma net debt was around $1.3 billion, back to the higher end of our target net debt range.

Earlier this month we announced the completion of our divestments of the North American Building Products business, the Meridian Brick joint venture and the Australian Timber business.

Combined, we have now received proceeds of almost $3.2 billion from these divestments. The sale of the North American Building Products business to Westlake for US$2.15 billion or around A$2.9 billion exceeded expectations.

Of the $3.2 billion in proceeds received, we will use some to reduce debt back to the lower end of the target range at around $900 million, which means **we have significant surplus capital available to return to shareholders.**

For this reason, at today's meeting we are seeking shareholder approval to return up to $3 billion of surplus capital to shareholders.

The Board has determined that this is the most effective method to distribute surplus capital.

This return of surplus capital by way of an equal capital reduction, remains subject to the Australian Taxation Office confirming that any such payment will not be treated as a dividend for Australian income tax purposes. On this basis the capital return provides all shareholders a benefit with the surplus capital being directly paid back to shareholders. The capital will reduce your cost base for your Boral shares and so long as your cost base is higher than the amount of the return it should not be taxed at this time.

We have also announced the intended divestment of our North America Fly ash business, which on completion, will generate further capital.

When that transaction completes, we will make a decision on the quantum and form of returning surplus capital to shareholders.

Before making any capital return, we will consider Boral's requirements in light of all the circumstances that exist at the time.

BORAL'S STRATEGY

Turning to Boral's strategy.

The divestment program as part of Boral's portfolio realignment has been undertaken in a disciplined and considered way. It has **created value for Boral shareholders, resulted in a substantially strengthened balance sheet, and positioned Boral for future success**.

In FY2021, Boral's continuing operations in Australia delivered a return on funds employed of 7.2% excluding property earnings and 8.3%, including property. These returns are below Boral's cost of capital.

The Transformation program, which targets $200 million to $250 million of EBIT uplift, is essential to delivering acceptable returns throughout the cycle.

The Transformation program is supported by a new operating model that has transitioned Boral Australia from a regional model to an integrated operating company organised along national product lines.

Other Transformation initiatives include cost reductions, network and supply chain optimisation, and opportunities for profitable growth related to sustainability and the circular economy.

Importantly, it is not just about cutting costs, but about becoming a more efficient and more responsive organisation.

A case in point is our strategy to pursue opportunities to realise latent value within the existing property portfolio, which is in development.

We expect to provide an update on our property strategy during FY2022.

A SUSTAINABLE FUTURE

An element of our strategy is to redefine the company through decarbonisation and adjacent growth strategies.

Zlatko will talk further about Boral's sector-leading science-based carbon emissions reduction targets[1], which are aligned with limiting global warming to 1.5°C.

I am extremely encouraged by the work that has been undertaken in this area and the direction that Boral is heading. This plays to some of Boral's market leading products including the proprietary, world-class low carbon concrete ENVISIA®.

BOARD RENEWAL AND GOVERNANCE

Before handing to Zlatko, let me comment on Board composition and governance.

On the 30th of July, a number of Board changes were announced following the close of the SGH offer period. It was at that point I took over as Chairman, and Kathryn Fagg retired from the Board.

On behalf of my fellow directors and shareholders, I thank Kathryn for her contribution to Boral. She served as a Director and Chairman over multiple terms, overseeing significant changes and challenges in that time. She left Boral in a strong position, with an actionable transformation strategy, including a well-progressed divestment program.

At the same time as I returned to the Board and was appointed Chairman, Richard Richards also returned to the Board as an SGH nominated Director. Richard will seek election from shareholders at today's meeting.

Deborah O'Toole and Peter Alexander will retire at the conclusion of today's meeting. I thank both Deborah and Peter for their contributions to the Board.

[1] Based on construction materials, including cement, companies taking action through Science Based Targets initiative.

Peter, who has been on the Board for the past three years, has played an important role in providing local experience and knowledge of the US building products market, which has been helpful during the divestment process particularly as it was not possible for other Directors, including Zlatko, to travel to the US.

Deborah joined the Board in September 2020 and has been a valued contributor over the past 12 months including on the Audit and Risk Committee.

I thank both Peter and Deborah for their service to Boral.

We are currently focused on recruiting two new independent Directors and looking in particular to ensure we maintain Australian industry experience among Board members.

As majority shareholder, we have made a public commitment to have a majority of independent Directors and an appropriate governance framework.

We are convinced that this is in the best interest of all shareholders.

As part of this framework, I am pleased to confirm that Rob Sindel will chair the Independent and Related Party Committee and has taken on the role of Lead Independent Director.

As SGH nominee directors, Richard and I acknowledge the importance of maintaining an Independent and Related Party Committee of the Board. We recognise there may be some circumstances where decisions are best referred to that Committee to avoid any potential conflicts.

All of your Directors are committed to best practice governance and determined to ensure Boral continues to thrive – for the benefit of all shareholders.

CLOSING

On behalf of the Board, I would like to thank you – Boral's shareholders – for your ongoing support.

I also would like to congratulate Zlatko, Boral's leadership team, and Boral's people for what has already been achieved, especially in such challenging global circumstances.

I look forward to working with the Board and Management to further drive the Company's renewed strategy and maximise value for all shareholders.

I now welcome Zlatko Todorcevski to provide his address as CEO of Boral.

Ryan Stokes, AO

Boral 2021 Annual General Meeting

Thursday 28 October 2021

CEO & Managing Director's Address

by Zlatko Todorcevski

CEO's Address

Thank you, Ryan.

Good morning everyone.

It's a privilege to speak to you about the past year and our vision for Boral's future.

INTRODUCTION – A NEW STRATEGY IN BORAL'S 75TH YEAR

The challenges of responding to the global pandemic continued during FY2021. But despite those challenges, the past year was one of substantial progress for us at Boral.

At a time when we celebrate Boral's proud 75th anniversary, we have reinvigorated our purpose, recalibrated our strategy, and set out in clear terms, our future direction.

It is no accident that our core business and direction reflects the foundations on which Boral's first leaders built this great Australian company.

Out of the bitumen that Boral started producing in the 1940s came roadmaking, around which Boral's asphalt and quarries business was built. The cement and concrete businesses were a natural early extension.

Today, our strategy is focused on these core Australian construction materials businesses – where we are a leader in quarries, cement, concrete, and asphalt.

We are also taking advantage of opportunities created by decarbonisation and growth in recycling.

With outstanding asset positions, built over many decades, we are ensuring our network is optimised and positioned for today and the future.

We are the only Australian-owned major construction materials company supplying the market with cement, concrete, aggregates and asphalt. And we are proud of that fact.

In refocusing Boral's portfolio, we have undertaken a **value-creating divestment program**.

As Ryan noted, we announced completion of the US$1.015 billion divestment of our 50% share of USG Boral in April. And earlier this month we completed the divestment of our North American Building Products business for US$2.15 billion. In both cases, the sale price exceeded expectations.

We have also completed the smaller divestments of the Meridian Brick joint venture in North America as well as the Timber business, and we are completing the sale of our Roofing & Masonry businesses in Australia.

In addition, we have announced plans to divest our North American Fly ash business, and we are at advanced stages of that process.

Ryan has talked about how the proceeds from these divestments have been used to reduce net debt and substantially improve Boral's balance sheet, with surplus capital being returned to shareholders, including the already completed 10% share buy-back for $859 million, and the intended capital return of up to $3 billion.

Returning capital in this way is aligned with **our Financial Framework**, which we articulated in February 2021. Our framework defines Boral's optimal capital structure, including a targeted level of net debt.

FOUR STRATEGIC PILLARS

Our strategy is defined under four pillars – focus, position, redefine and extend.

The **first pillar** – ***focus*** – captures the portfolio realignment as well as our Financial Framework.

The **second pillar** of the strategy is ***position***. We are working hard to position Boral's core business in Australia for improved profitability and to strengthen Boral's competitive advantage.

We have implemented a new operating model, with a new leadership team.

Since 1 July, our Australian business has been operating as an integrated business organised along national product lines rather than autonomous regional businesses. We have elevated sales and marketing, and major projects, to ensure our customers are given the right focus, and to make it easier for our customers to work with us.

Boral's new leadership team has a focused and renewed Executive Committee including our Chief Finance & Strategy Officer – Tino La Spina, Chief People & Culture Officer – Rebelle Moriarty, our Chief Legal Officer – Amy Jackson, Company Secretary – Dominic Millgate, and the new role of Chief Operating Officer. Wayne Manners is currently in the role of COO on an interim basis. In the coming weeks, Darren Schulz, who has led Boral North America since June 2020, will return to Australia and become Boral's COO in a permanent capacity.

Boral's leadership team is energised and excited about the future.

To achieve our objective of delivering returns that exceed the cost of capital throughout the cycle, we need to grow EBIT from our Australian business by $200 million to $250 million from FY2020 levels.

We have started to do this through our Transformation program.

In FY2021, we delivered $75 million of Transformation benefits after inflation, and we are targeting a further $60 million to $75 million this financial year.

We are also developing a strategy to realise value within Boral's existing property portfolio. With surplus property representing a market value of at least $850 million, this part of the strategy is currently under development and we expect to finalise plans this financial year.

The **third pillar** of our strategy aims to ***redefine*** Boral, reshaping our businesses through adjacent growth opportunities and creating a leading position through decarbonisation.

We are working to grow our Recycling business and strengthen Boral's role in the circular economy. In FY2021, we processed more than two million tonnes of construction and demolition materials, selling those recycled products directly to customers or using them instead of quarried products in our downstream concrete and asphalt businesses.

We are also advancing the use of crushed waste glass and plastics in asphalt and pavement applications.

Boral's ability to broaden our offering through the value chain by growing our Recycling business is an attractive opportunity for Boral and our customers. Other adjacent growth opportunities are also being explored including landfill opportunities and waste to energy.

We are proud to be the first company in the cement sector to set science-based targets[1] aligned with limiting global warming to 1.5°C and reaching net-zero emissions by 2050[2].

We are targeting to reduce our absolute Scope 1 and 2 emissions by 46%, and to reduce our relevant[3] Scope 3 emissions by 22% per tonne of cementitious materials produced by FY2030, from a FY2019 baseline.

These are ambitious targets, but we are confident we can meet them. We have a clear line of sight to deliver on our FY2030 targets, and beyond FY2030, we are working on new and emerging technologies.

The near-term opportunities are being actioned. They include transitioning to 100 per cent renewable electricity, increasing alternative fuels at our Berrima Cement kiln and improving energy efficiency.

We are reducing the cement intensity of our materials including by accelerating adoption of our proprietary lower carbon, higher performing concrete solutions of ENVISIA®, Envirocrete® and Envirocrete®Plus.

Our medium-term decarbonisation opportunities, which we are maturing, include optimising our supply chain logistics, and low-carbon and no-carbon alternative fuel options for our transport fleet.

We are exploring and prioritising lower carbon intensity suppliers and sourcing options, and we are proving up longer-term carbon capture use and storage (CCUS) technologies to capture and reuse carbon from our cement operations.

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[1] Based on construction materials, including cement, companies taking action through Science Based Targets initiative (SBTi).
[2] While SBTi's methodology permits the use of carbon offsets to achieve net-zero emission post-2030, our decarbonisation pathway post-2030 is focused on achieving absolute emissions reductions for Scope 1, 2 and 3. This pathway remains dependent on further development and commercial viability of new and emerging technologies.
[3] Refers to 68% of our Scope 3 emissions included in our Scope 3 target, consistent with SBTi's methodology.

As a grant recipient from the Australian Government's CCUS Development Fund, we will receive up to $2.4 million towards a pilot-scale carbon capture and storage project. The project will capture carbon from our Berrima Cement plant and permanently store it in recycled concrete, masonry, and steel slag aggregates, improving the quality of recycled materials.

We are investing in R&D and partnering with others – including academia, government and through collaborative industry innovation hubs – to secure access to leading technologies.

We are collaborating with customers and supporting them to make more sustainable choices, including offering Climate Active–certified net carbon neutral concrete. Relative to conventional concrete, our premium product, ENVISIA®, delivers superior performance including in high strength engineering applications, while delivering a reduction in embodied carbon of more than 40%[4] through a cement replacement of 50% or more.

Sustainability, including decarbonisation, is not something we are doing around the edges. It is an integral part of Boral's strategy. It makes good business sense. It gives us a clear competitive advantage, and it is the right thing to do.

The **fourth pillar** of our strategy is to ***extend*** the business by exploring opportunities to commercialise innovations and is likely be realised over a longer time period.

FY2021 – SOLID RESULTS IN A CHALLENGING BUSINESS ENVIRONMENT

Let me comment on the performance of the business in FY2021, starting with safety.

SAFETY PERFORMANCE

In FY2021, Boral Australia reported a 67% reduction in its actual serious harm incident frequency rate and a 53% reduction in potential serious harm incident frequency rate. This reflects a focus on critical controls as well as identifying and preventing incidents that cause serious harm.

While these important indicators showed improvement, Boral Australia's recordable injury frequency rate was 11.9, which compares with 10.0 in FY2020.

We are determined to reduce the incidence of all injuries in Boral.

We maintained our record of not having any reportable employee or contractor fatalities in operations under our operational control in FY2021.

However, you might recall that this time last year I talked about the tragic event in July 2020 when an employee driver of a Boral cement tanker was involved in a devastating accident that caused the death of a young girl and serious harm to several others.

[4] Compared to Infrastructure Sustainability Council reference case.

Later in the year, there were two further separate fatalities on public roads in regional NSW. In each case, a member of the public sadly lost their life when they lost control of their vehicle causing them to collide with a Boral heavy vehicle.

We manage around 3,500 heavy vehicles in Australia – a reminder each and every day, of the importance of upholding the highest safety standards, and prioritising driver training, vehicle safety and awareness campaigns to improve road safety for all road users.

COVID-19

This most global of pandemics has had a devastating impact on millions of people, including, sadly, some of our own people. In North America, six of our employees lost their lives in the past year.

These tragic losses are horrendous ordeals for family members and our local teams, but the sadness and loss reverberate across geographic boundaries.

In Australia, we have had a small number of confirmed cases of COVID-19 amongst employees. The situations have been well-managed, and the affected employees have returned to work.

It is fair to say that managing through the pandemic and responding to government requirements and restrictions has been a resource-intensive, major coordination exercise. We have been determined to maintain best practice when it comes to providing a safe workplace and looking after the wellbeing of our people, our customers – and the public.

In FY2021, our people were affected by shifts in demand due to COVID-19, working from home, particularly during lockdown periods, and changes to work patterns and processes. Despite this, we continued to operate and supply customers with the construction industry deemed an essential industry.

As we started FY2022, however, we have seen lockdowns of large parts of the construction industry in New South Wales, South Australia, and Victoria. This has had an impact on our customers, our people and on Boral's performance.

In some areas we had to stand our people down due to the industry shutdowns. In July, we stood down 633 employees in greater Sydney for several weeks. Just as we were seeing many of those employees vaccinated and returning to work, we had to stand down another 250 employees in Victoria during September.

We have encouraged employees to take annual leave, allowing up to 10 days to be taken in advance, and have offered five days of pandemic leave to supplement this.

We have been working closely with employees, contractors, governments, customers and industry associations to help keep the construction industry safely open for business. We are complying with the requirements of government and our customers, and we are encouraging our people to be vaccinated.

The latest waves of the pandemic have indeed added to ongoing market uncertainty and adversely impacted our September FY2022 quarter results.

Before I talk about the first quarter of FY2022, let me first remind you of the results in FY2021.

SOLID FULL YEAR RESULTS IN CHALLENGING CONDITIONS

Our FY2021 result was delivered against mixed market conditions. For continuing operations in Australia, revenue was down 6% to $2.9 billion, reflecting lower volumes and softer prices.

The value of total construction work done in FY2021 declined compared with the prior year, including in multi-residential, non-residential and infrastructure construction.

Several major projects were completed during the period with others delayed before new projects come online.

While a lift in detached housing provided a boost to activity, Boral's earnings are more exposed to construction activity outside of residential.

Despite this, EBIT for the continuing Australian business, excluding earnings from Property, grew 11% to $157 million. Our Transformation initiatives helped to offset the impacts of lower volumes and lower prices.

Property earnings of $24 million were lower than the prior year.

Statutory NPAT of $640 million for total operations includes a post-tax gain of $389 million for significant items which primarily relates to the profit on sale of Boral's 50% interest in USG Boral as well as the Midland Brick business. This compares with a loss of $1.145 billion in FY2020.

FIRST QUARTER (JUL-SEP 2021) TRADING UPDATE

As we ended FY2021, we saw signs of improved demand and a better start to FY2022. Unfortunately, the pandemic-related lockdowns and restrictions changed that. In the first quarter we saw mixed results from month to month.

In New South Wales, where we derive more than 40% of our Australian revenue, there was a sudden and dramatic impact in the second half of July due to COVID related construction lockdowns in Greater Sydney.

The construction closures continued in multiple Local Government Areas across Greater Sydney in August. September saw a return to work, with good signs of activity rebounding. Relative to last year, Boral's concrete volumes in Sydney were 26% lower in the September quarter, with July and August volumes 36% lower than the prior year, but September volumes only 8% lower as activity returned.

Cement and quarry volumes were also substantially lower in New South Wales in the first quarter, and concrete placing work in Greater Sydney was heavily impacted.

In Victoria, our second largest geographic exposure, we experienced encouraging volumes for most of the period until mid-September when a snap shutdown of construction occurred.

September concrete volumes in Melbourne were down 23% year on year, following a strong July and August where Melbourne concrete volumes were 11% higher than the prior year.

Activity in Queensland and Western Australia was largely unaffected by COVID impacts. Concrete volumes in Queensland were up 15% on the prior year, while WA volumes were broadly steady.

In South Australia, there was a significant impact from COVID lockdowns in late July but a strong rebound in the second half of August resulted in overall steady volumes for the quarter.

Overall, our total concrete volumes nationally for the quarter were 2% lower than the prior year, with a 14% decline in New South Wales offsetting an increase in most other states.

In August, we said the EBIT impact of higher costs and lower volumes due to COVID disruptions and lockdowns in the first quarter may be in the order of around $50 million, including a $16 million impact in July.

We now know that the actual EBIT impact of COVID related costs and lower volumes in the first quarter was around $33 million, which is better news than we originally thought. In addition to the $16 million impact in July, there was a $12 million impact in August and $4 million in September.

We are likely to see some trailing impacts from COVID restrictions in the remainder of FY2022, including some further volume impacts in October, particularly in Victoria. At this stage though we don’t expect the adverse EBIT cumulative impact for the year to exceed $50 million, which was the original amount foreshadowed for the first quarter only.

While Concrete volumes were down around 2% in the September quarter, Quarry volumes were up around 3% relative to the prior year. This was driven by revenue in our Asphalt business, which also pulls through quarry products, which increased 3% in the first quarter relative to the same period last year. While this reflected stronger activity in Queensland and Southern Region offsetting lower activity in New South Wales and Western Australia, asphalt margins were softer than the prior September quarter primarily due to the completion of higher margin project work.

In the first quarter, revenue from continuing operations was down around 1% on the prior year. EBIT was down more reflecting the impacts of COVID restrictions particularly in New South Wales where Boral has higher fully integrated margins. The benefits of our Transformation program only partially helped to offset lower EBIT due to COVID lockdowns.

Looking now at the remainder of FY2022.

While the swings in activity levels and COVID impacts continue to create uncertainty and challenges in FY2022, it is pleasing to see the rebound in activity as we are coming out of lockdown.

We continue to bid for infrastructure projects but major project work moving into the execution phase remains slow. However, a return to construction work in all states may see improvement in infrastructure activity in the second half of FY2022, particularly road construction.

Non-residential activity is expected to be broadly steady in FY2022. And while multi-residential activity had been expected to remain weak due to the lack of immigration, there were some positive signs of a future lift in activity as August approvals increased.

Growth in detached housing has been supported by government stimulus measures, and we expect to see continued benefits. While approvals for detached housing also lifted in August, other indicators suggest we could see a softening of demand as stimulus benefits roll off.

In this environment, we remain focused on what we can control in our business, including delivering a further $60 million to $75 million of net Transformation benefits in FY2022.

As communicated in August, we are not expecting any significant Property earnings in FY2022.

RENEWED PURPOSE AND VALUES

As I said at the start of my address, we are not letting the pandemic slow down progress to position Boral for a strong future. There has been a substantial amount of work done to refocus and restructure the business.

I thank those employees who have left or are leaving the business due to divestments and restructuring. I also thank our employees and contractors in our continuing businesses in Australia for their contribution and hard work as we build a stronger Boral.

We are excited by our new Purpose and Values, which we have collectively defined with input from our people.

Our Purpose is to *create a world that future generations will be proud of*.

To reinforce the change, we have refreshed the way we present the Boral brand.

We are not undertaking an expensive rebrand, but have shifted to a more contemporary appearance, while not diluting the well-loved Australian brand that is Boral – especially the green and gold. It's about reinforcing Boral's 75 years of being here for Australia. And being here for generations to come.

Boral is a great company, and I am excited about its future.

Let me close by sharing a short, animated video celebrating our new Purpose and Values.

Thank you.

Zlatko Todorcevski

Boral 2021 Annual General Meeting

Thursday 28 October 2021

Address from the Chairman of the Remuneration & Nomination Committee and Lead Independent Director

Rob Sindel

Rob Sindel's Address

Thankyou Chairman, and good morning everyone.

My name is Rob Sindel and I am Boral's Lead Independent Director, Chairman of the Independent & Related Party Committee, and Chairman of the Remuneration & Nominations Committee.

Before I talk about Board independence and governance matters, let me cover some key remuneration matters that I think are important to shareholders. Specifically,

- the significant changes and challenges faced by the Company during FY2021,
- the refinements to our remuneration framework in FY22, and
- changes to the CEO remuneration arrangements from the first of July this year.

FY2021 CHANGES AND CHALLENGES

It is an understatement to say that this was a year of significant change at Boral, coupled with unprecedented external pressures faced by the team.

Our new CEO and Chief Finance & Strategy Officer (CFSO) both joined Boral during the year and have successfully re-focused our portfolio, reorganised the operating model of the Company, as well as implemented changes in leadership roles and appointed new executives.

Boral's FY21 results were delivered against mixed market conditions, and great uncertainty from the ongoing impacts of COVID-19. Many of the remuneration decisions taken in response to COVID-19 last year, were maintained in FY21. These actions included:

- a salary freeze for executives and salaried employees
- a freeze on Non-executive Director fees, and
- suspension of the Short-Term Incentive (STI) plan for senior executives and participating employees.

On a positive note, we continued to support our employees through the pandemic with flexible working arrangements, and for those employees unable to work due to lockdowns and mandated restrictions, we offered five days of pandemic leave.

REFINEMENTS TO REMUNERATION IN FY2022

This year, the Remuneration Committee completed a detailed review of executive remuneration. This included a refreshed incentive framework to better support the strategic and cultural change being driven throughout Boral, as well as to acknowledge the need to continually rebalance our short-term priorities and long-term goals.

For our Short-Term Incentive plan, we are adopting a **balanced scorecard approach,** having an equal weighting of financial and non-financial performance.

Our FY22 focus areas include strategy, customers, sustainability, safety and employee engagement. We have also increased the STI deferral proportion from 20% to 50% for senior executives, to help re-balance short- and long-term focus.

Another refinement to our remuneration framework includes the expansion of the minimum shareholding requirements to apply to all executives. We are now requiring executives to build a minimum shareholding equivalent to 50% of their fixed annual remuneration within five years.

We also undertook an analysis of Boral's Board and Committee fees against relevant market benchmarks. The Board determined that base fees would remain at current levels, however Committee fees would be increased to align with the market. These changes are noted in the Remuneration Report.

Ryan Stokes and Richard Richards – as nominees of Seven Group Holdings – have made the decision not to receive any remuneration for their roles on the Board.

In addition, during the most recent construction lockdowns the CEO and CFSO, together with a number of Executive Committee members, voluntarily reduced their salary by up to 20% during August and September 2021. Non-executive Directors also resolved to reduce their fees by 20% during the same period.

CHANGES TO CEO REMUNERATION

As announced on 28 September, the CEO's fixed annual remuneration for FY2022 remains unchanged. However, certain remuneration arrangements for the CEO have been updated to reflect the link between short-term priorities and long-term goals, and importantly align with the objectives of the wider Boral leadership team.

From 1 July 2021, the CEO's fixed annual remuneration (FAR) no longer includes a fixed equity component. This recognises that Zlatko has, through on market self-funded purchases, built up a significant shareholding in Boral, on track with the requirement for the CEO to accumulate a minimum shareholding equivalent to 100% of FAR within five years.

Reinforcing the need to balance short- and long-term objectives, the CEO's incentive opportunity has both a short-term and a long-term component. The long-term component is 120% of FAR. The short-term component is 90% of FAR at Target and 120% of FAR at Maximum.

Any future STI that is awarded will have 50% delivered as deferred equity after two years, effectively connecting the STI to longer term performance.

Importantly, both the short- and long-term incentives remain subject to well defined performance hurdles, strongly aligned with the interests of all shareholders.

As announced in June this year, Boral's independent directors agreed to strengthen the employment arrangements for Boral's CEO and the CFSO. These changes reflect the importance of completing key initiatives under Boral's Transformation program, including the sale of Boral's North American Building Products business which is now completed.

Boral agreed it would not terminate their employment without cause before 1 July 2022 and would treat their existing LTI awards (those awards granted in 2020) as being on foot and capable of vesting, subject to the performance conditions being satisfied at the end of the performance period (that is, 1 July 2023).

Again, it is important to recognise that the incentives remain fully performance tested under the long-term incentive award, which strongly aligns them with the interests of shareholders.

Let me now comment on Board renewal and governance matters.

BOARD RENEWAL

Last year was a period of substantial Board renewal, which is continuing into this year.

Deborah O'Toole, Ryan Stokes and I were appointed to the Board in September 2020, while Eileen Doyle and John Marlay retired following the 2020 AGM.

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 re-joined the Board as an SGH-nominee director.

Peter Alexander and Deborah O'Toole will step down from the Board at the end of today's meeting, as previously announced.

We are in the process of recruiting two new Independent Directors. The intention is for the Board to consist of a majority of independent Directors, with an appropriate governance framework consistent with promoting the best interests of all shareholders.

As part of this framework, I have taken on the role of Lead Independent Director and Chair of the Independent & Related Party Committee.

All independent Directors are members of this Committee.

The Committee is responsible for reviewing related party transactions, and for considering relevant matters that arise under the Information Sharing and Conflict Protocol. It also provides an opportunity for the independent Directors to meet without Non-independent Directors being present.

We see this as an important part of our governance framework to ensure the interests of all shareholders, including minority shareholders, are considered and protected.

CLOSING REMARKS

In closing, I would like to reinforce that all directors have a duty to protect the interests of all shareholders. We are committed to good governance and remuneration practices that take into account the expectations of our stakeholders, and align with good practice and community expectations in Australia.

Thank you for your attention.

I will now hand back to the Chairman.