Build something great™

Boral Limited

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22 September 2020

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

Dear Sir

2020 Annual Report

We attach the Company's 2020 Annual Report.

The 2020 Annual Report is being sent to shareholders in accordance with the communication choices made by them.

The Annual Report and the Boral Review & Sustainability Report will also be posted on Boral's website www.boral.com.

Authorised for release by:

Dominic Millgate
Company Secretary

2020

Annual Report

Contents

USG Boral decorative ceiling product AO-Gami™ and ASONA Triton acoustic ceiling tiles at Fairmont Group's office in South Australia

Find Boral's reporting suite at www.boral.com

Annual Report

Boral Review & Sustainability Report

Online sustainability data and further information

www

Performance measures used in this report

Earnings before interest and tax before significant items and net profit after tax before significant items are alternative measures to those prescribed under International Financial Reporting Standards (IFRS) that Boral uses 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 income and expenses that are associated with significant business restructuring, impairment or individual transactions.

Commentary throughout this report, unless otherwise stated, is based on earnings from continuing operations excluding the impact of the new IFRS leasing standard (AASB 16) to provide a more comparable basis for analysis with the prior year. In addition, FY2019 comparative figures have been restated. Further details of restatements are contained in note 1d of the financial statements. The sections of this report from pages 6–27, titled Chairman's review, Message from Zlatko Todorcevski, Performance overview, Our response to COVID-19, and Our risks and responses comprise our operating and financial review (OFR) and form part of the Directors' Report.

Financial calendar

Annual General Meeting	27 October 2020
Half year end	31 December 2020
Half year results announcement	18 February 2021
Year end	30 June 2021
Full year results announcement	24 August 2021

Please note, dates are subject to review.

BORAL LIMITED
ABN 13 008 421 761

Year at a glance

Boral Limited's (Boral) FY2020 results reflect challenging conditions, including a housing downturn in Australia and COVID-19 impacts. In light of the high level of uncertainty, efforts were focused on preserving cash, including by reducing capital expenditure and discretionary spend, and curtailing production where inventories were available to maintain supply.

ASX announcements

23 August 2019

Boral agreed to sell its Midland Brick business for $86 million in line with strategy.

26 August 2019

Boral reported a net profit after tax before significant items of $440 million for the year ended 30 June 2019.

27 October 2019

At the Annual General Meeting, Eileen Doyle and Karen Moses were re-elected as Directors. The resolution to adopt the Remuneration Report was supported, with 81.3% of shareholders voting in favour.

5 December 2019

Boral advised that it had identified financial irregularities in its North American Windows business, involving misreporting in relation to inventory levels and raw material and labour costs at the Windows plants.

10 February 2020

The Board announced that after more than seven years as Boral's Chief Executive Officer (CEO) & Managing Director, Mike Kane would be retiring in 2020.

Boral issued an update on the Company's results for the six months ended 31 December 2019 and its FY2020 earnings guidance.

Boral announced the findings of the investigation into financial irregularities at its North American Windows business. The financial irregularities resulted in the overstatement of pre-tax earnings by US$24.4 million between March 2018 and October 2019.

20 February 2020

Boral reported a net profit after tax before significant items of $159 million for the six months to 31 December 2019.

19 March 2020

Boral withdrew its FY2020 earnings guidance due to COVID-19 and provided an update on a plasterboard transaction with Knauf.

30 March 2020

S&P Global Ratings affirmed its issuer ratings of 'BBB' for Boral. The rating outlook was revised from stable to negative.

8 April 2020

Moody's Investors Service affirmed its issuer rating of 'Baa2' for Boral. The rating outlook was revised from stable to negative.

14 April 2020

Boral announced that regulatory approvals required to allow the USG Boral transaction with Knauf were not achievable by the 30 June 2020 sunset date. Boral and Knauf entered into preliminary discussions to consider other potential options, with Boral's objective being to target a cash-neutral transaction.

20 May 2020

Boral received a favourable judgment from the Queensland Supreme Court in relation to a legal case brought against Boral Resources (Qld) Pty Ltd by Wagners Cement Pty Ltd.

15 June 2020

Zlatko Todorcevski was appointed as Boral's CEO & Managing Director, effective 1 July 2020.

24 August 2020

Boral announced that it expected to recognise a non-cash, pre-tax impairment charge of A$1,346 million in its FY2020 results.

Who we are

Our purpose

At Boral, we help our customers *build something great* by supplying them with high-quality, sustainable construction materials and building products.

Our strategy

In operating our three divisions, our key strategic objective is to deliver shareholder returns that exceed the cost of capital through the cycle, while creating value for our stakeholders.

How we strive to create value for our stakeholders, including our customers, employees, suppliers and the communities in which we operate, is outlined on pages 28–29.

Boral Australia is the largest integrated construction materials company in Australia, with a leading position underpinned by strategically located quarry reserves and a network of 379 operating sites. We also manufacture and supply a focused range of building products. We serve customers nationally in the infrastructure, commercial and residential construction markets.

Boral North America has industry-leading positions in fly ash processing and distribution. We also manufacture and supply stone veneer, roof tiles, windows and light building products, including trim, siding and shutters, for residential and commercial markets, and have a 50% share of the Meridian Brick joint venture.

USG Boral, a 50:50 joint venture with Knauf/USG Corporation, is a leading manufacturer and supplier of wall and ceiling solutions. With a presence in 14 countries across Asia Pacific and the Middle East, USG Boral produces plasterboard-based wall and ceiling lining systems, mineral fibre ceiling systems, metal framing, joint compounds, high-performance panels and accessories.

1. Full-time equivalent (FTE), including in joint ventures.

646
operating sites

17
countries

137
distribution sites

Current priorities

Across all our businesses, we are focused on continuing to safely supply and flex production in response to COVID-19 and maximise cash flows.

In **Boral Australia**

- Maintain a strong market position in a declining market, including securing supply to major projects
- Deliver benefits from quarry, cement and network investments
- Enhance the customer experience by delivering innovative materials solutions
- Reduce costs, including by rightsizing, operational improvements and reducing fixed costs to reflect market declines.

In **Boral North America**

- Grow fly ash volumes through network optimisation, harvesting and import opportunities
- Improve building products margins through targeted share recovery programs in Stone, Roofing and Meridian Brick, structured procurement programs and price increases
- In Roofing, increase available product through plant operational improvements.

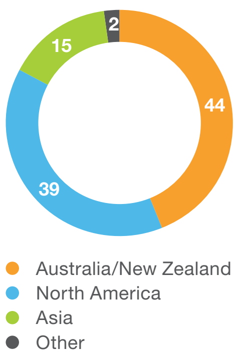
In **USG Boral**

- Maintain market position by continuing to differentiate our offer with improved products and services
- Optimise the customer and product mix through customer segmentation to improve margins
- Drive cost efficiencies, including by targeted procurement and operating efficiencies to offset variable cost inflation, and strong cost control across fixed costs, including sales, general and administrative costs.

16,169
employees[1]

~7,600
contractors[1]

Employees by location (%)



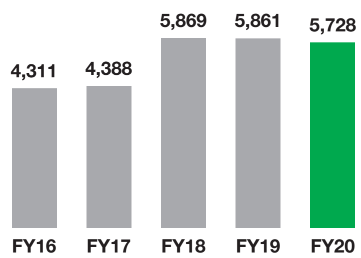
Results at a glance

Our results

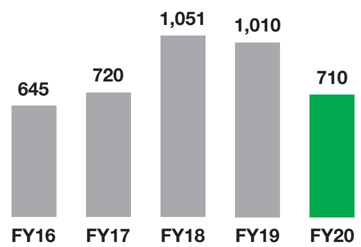
A$ million unless stated	FY2020 reported	FY2020 pre-AASB 16	FY2019 restated
Revenue – total operations basis	5,728	5,728	5,861
– continuing operations basis	5,671	5,671	5,738
EBITDA[1] – total operations basis	**821**	**710**	**1,010**
– continuing operations basis	825	715	1,005
EBIT[1]	**329**	**317**	**632**
Net interest	(126)	(109)	(103)
Profit before tax[1]	203	207	529
Tax[1]	(25)	(26)	(110)
Net profit after tax[1]	**177**	**181**	**419**
Net significant items	(1,316)	(1,316)	(168)
Statutory net profit/(loss) after tax	**(1,139)**	**(1,135)**	**251**
Net profit after tax and before amortisation[1]	224	228	464
Cash flow from operating activities	631	537	762
Gross assets	9,202	8,829	9,520
Funds employed	7,115	6,741	8,026
Liabilities	4,667	4,284	3,688
Net debt	2,580	2,197	2,193
Stay-in-business capital expenditure	228	232	340
Growth capital expenditure	118	118	113
Acquisition capital expenditure	-	-	11
Depreciation and amortisation (D&A)	492	393	378
D&A excluding acquired amortisation	429	330	316
Boral employees	11,073	11,073	11,916
Total employees including in joint ventures	16,169	16,169	17,104
Revenue per Boral employee, $ million	0.516	0.516	0.492
Net tangible asset backing, $ per share	1.89	1.89	2.10
EBITDA margin on revenue[1], %	14.3	12.4	17.2
EBIT margin on revenue[1], %	5.7	5.5	10.8
EBIT return on funds employed[2], %	4.6	4.7	7.9
EBIT return on average funds employed[3], %	4.3	4.3	7.8
Return on equity[1], %	3.9	4.0	7.2
Gearing			
Net debt/equity, %	57	48	38
Net debt/net debt + equity, %	36	33	27
Interest cover[1], times	2.6	2.9	6.1
Earnings per share[1], ¢	14.8	15.2	35.7
Dividend per share, ¢	9.5	9.5	26.5
Safety[4]: (per million hours worked)			
Lost time injury frequency rate	1.6	1.6	1.3
Recordable injury frequency rate	7.6	7.6	7.5

Financial highlights

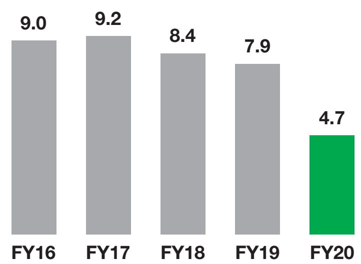
Revenue (A$m)



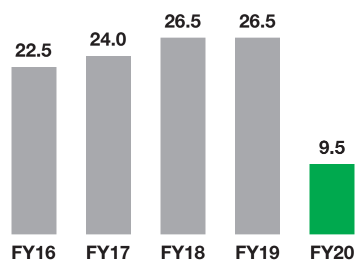
EBITDA (A$m)[1]
(pre-AASB 16)



Return on funds employed (%)[2]
(pre-AASB 16)



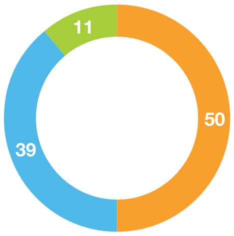
Dividends per share (¢)



Three focused operating divisions

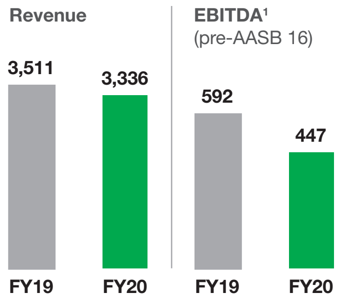
Health, safety and environment

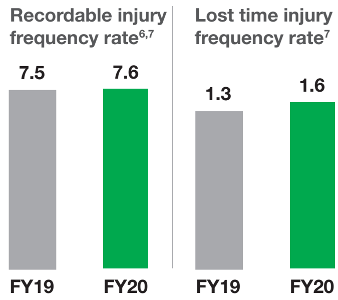
Revenue by division (%)[5]



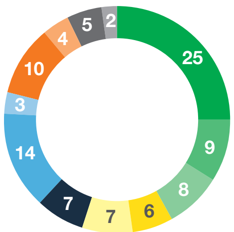
- Boral Australia
- Boral North America
- USG Boral

Boral Australia (A$m)



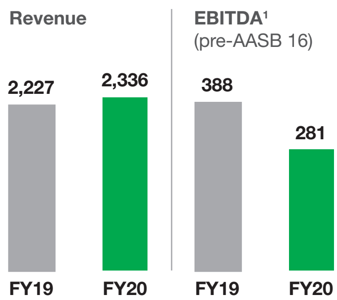


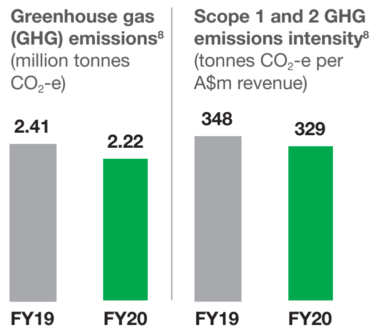
Revenue by market (%)[5]



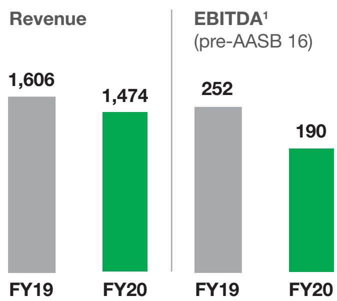
- Australian roads, highways, subdivisions & bridges, and other engineering
- Australian non-residential
- Australian detached housing
- Australian multi-residential
- Australian alterations and additions
- Asia and Middle East
- USA single-family residential
- USA multi-family residential
- USA repair and remodel
- USA non-residential
- USA infrastructure
- Other

Boral North America (A$m)





USG Boral (A$m) underlying business result



1. Excluding significant items.
2. Return on funds employed (ROFE) is based on EBIT before significant items on funds employed at period end.
3. Calculated as EBIT before significant items on the average of opening and closing funds employed for the year.
4. Includes employees and contractors in all businesses and all joint venture operations regardless of equity interest.
5. Includes Boral's 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are equity accounted.
6. Recordable injury frequency rate is the combined lost time injury frequency rate and medical treatment injury frequency rate.
7. Per million hours worked for employees and contractors in 100% owned businesses and all joint ventures businesses.
8. GHG emissions data excludes some joint ventures, which in aggregate are not deemed to have material emissions. Emissions intensity is based on Group-reported revenue adjusted to include a 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are equity accounted.

Chairman's review

I could not have predicted the extent of the challenges Boral faced in FY2020, my second year as Chairman. In addition to Boral-specific, internal challenges, we were faced with the global COVID-19 pandemic, which closely followed the devastating Australian bushfires.

A very challenging year

The COVID-19 crisis has affected our daily lives, changing the way we interact, and manage health and hygiene. In most areas across Boral, we have continued to operate as an essential industry, with appropriate social distancing and hygiene measures. However, we have experienced widespread disruption, production curtailments and higher costs, substantially impacting Boral's FY2020 earnings, and creating significant uncertainty.

In response to COVID-19, Boral's Crisis Management Team was activated and there was strong board involvement, focusing on health and safety, maintaining deliveries to customers and ensuring strong liquidity. We strengthened our debt facilities and implemented cash preservation measures.

The disruptions and slowdowns caused by the pandemic added to the impacts of the cyclical decline in residential markets in Australia, and in our core USG Boral market of South Korea.

In addition to the challenges presented by the external environment, our North America business, including the Headwaters acquisition, has not yet met our expectations, reflecting shortcomings in operational execution and a softer than expected US housing market. We also announced financial irregularities in the North American Windows business on 5 December 2019.

We took a range of actions in response to these internal challenges. In Boral North America, we bolstered business leadership resources, expanded the scope of external audits, made organisational and systems changes in Windows, and conducted post-acquisition reviews of the Headwaters acquisition.

Ultimately, CEO succession was brought forward, recognising the need to refresh our approach. The Board also initiated a review of Boral's portfolio, which our new CEO is now completing.

FY2020 results

Boral's sales revenue from continuing operations of $5.67 billion was down 1%. However, EBITDA[1] of $715 million was down 29%, reflecting lower EBITDA from all three divisions due to the challenges in FY2020.

On a reported basis, Boral's FY2020 net profit after tax (NPAT) was $177 million excluding significant items. Comparable NPAT[2] was 55% lower than in FY2019.

Boral Australia's performance reflected a 19% decline in housing starts together with bushfire and flood disruptions. Revenue was down 5% and EBITDA[1] of $447 million was 25% lower reflecting lower pricing outcomes, higher costs, lower production, and an adverse geographic and product mix shift.

Boral North America revenue declined 2% to US$1.57 billion and EBITDA[1] was down 32% to US$188 million with lower sales volumes, higher costs and ~80% of plants experiencing COVID-19 related volume impacts and disruptions in the second half of the year.

For the USG Boral joint venture, underlying revenue was down 8% and EBITDA[1] was down 25% to $190 million. This reflected housing downturns in South Korea and Australia, price declines in South Korea, and a significant impact from COVID-19 related plant closures and production slowdowns. Boral's equity accounted post-tax earnings from USG Boral were down by 56% to $25 million due to lower underlying earnings and a higher effective tax rate.

Boral paid an interim dividend of 9.5 cents per share on 15 April 2020. The Board determined not to pay a final dividend for FY2020 given the significant uncertainty and on the basis that Boral's interim dividend represents about 63% of full year earnings. This payout ratio is in line with Boral's dividend policy to pay 50% to 70% of earnings before significant items, subject to the Company's financial position.

We recognised $1.316 billion of net significant items, primarily relating to non-cash impairment charges. This reflects revised carrying value assessments for Boral North America, Boral's investment in Meridian Brick and Boral Australia's construction materials business in Western Australia and Northern Territory, and the Timber and Roofing businesses.

1. Earnings before interest, tax, depreciation and amortisation before significant items. Excludes the impact of AASB 16 leasing standard.
2. NPAT for continuing operations, excluding significant items and excluding the impact of AASB 16 was $187 million and compares with $419 million in FY2019.

After significant items, Boral reported a statutory net loss after tax of $1.139 billion.

The substantial impairment acknowledges the recent under-performance of Boral's businesses, and recognises the current market uncertainty and lower forward volumes than prior expectations.

Acknowledging the under-performance, we have reviewed the Headwaters acquisition in very close detail. The review concluded there was a strong strategic fit between Boral and Headwaters, however we recognise we paid a value that left little room for error. Unfortunately, there were some disappointing aspects of operational execution.

There is no doubt that the acquisition has failed to meet our expectations and those of our shareholders.

The Board and I are disappointed with Boral's performance and the need to take such a large impairment. However, we are focused on making the right decisions for the Company and for shareholders.

CEO succession

Our CEO transition has progressed very well with the appointment of Zlatko Todorcevski as Boral's new CEO. We are fortunate that Zlatko was able to start on 1 July 2020, which was earlier than expected.

Zlatko has a strong track record as a senior executive in a number of large industrial and energy companies with international operations. His experience in leading major transformations, including business turnarounds, as well as in capital allocation and strategic portfolio management, are critically important for Boral.

His mandate is at the outset to finalise the portfolio review and reset the business to strengthen Boral's financial performance and improve returns for our shareholders.

On behalf of the Board, I thank Mike for his commitment and dedicated effort. We wish him a healthy and happy retirement.

Board renewal

We are also in the process of renewal of independent directors. We are currently recruiting two new directors, one with deep operational experience in the sector and the other with strong finance experience. These new directors will be based in Australia and we expect to make these appointments this calendar year.

Of our longer-serving directors, John Marlay will retire at the end of this year, Eileen Doyle will retire in 2021 and Paul Rayner, who is standing for re-election this year, will retire following the successful transition of the chairmanship of the Board Audit & Risk Committee.

Engaging in a COVID-19 environment

In the first half of FY2020, the Board spent three days with the Boral North America executive team and customers in California. In addition to visiting the Napa Stone plant and spending time with customers, the Board reviewed the Headwaters integration progress, performance improvement plans and the Fly Ash strategy.

The Board's Health, Safety & Environment Committee was also able to visit our Lysterfield and Montrose quarries in Victoria in late 2019, reviewing safety and environmental programs, including dust management and occupational hygiene programs in our quarry operations.

While COVID-19 travel restrictions and lockdowns have meant many of us have been working remotely, the Board has stayed connected with the organisation and our shareholders through video and web-based technologies. Online engagement and connection was also critically important during the CEO recruitment process.

I appreciate the patience, support and candour of our investors and their representatives who have remained closely connected with us and engaged on the topics of performance, strategy, governance, climate-related risks and opportunities, and remuneration.

I also thank Boral's people for their dedication and hard work in what has been an extraordinary year. I particularly recognise the work done to comprehensively adopt social distancing, hygiene and other safety practices to ensure we have been able to operate and continue to supply customers through extraordinary circumstances.

While considerable uncertainty remains around the near-term market conditions and longer-term recoveries, we are focused on the things we can control and positioning Boral for a much stronger future for the benefit of our shareholders and all of Boral's people.

Kathryn Fagg
Chairman

Board of Directors


Zlatko Todorcevski


Peter Alexander


Dr Eileen Doyle


John Marlay


Karen Moses


Paul Rayner

Message from Zlatko Todorcevski
CEO & Managing Director

I joined Boral as CEO & Managing Director on 1 July 2020. I am excited by the potential of our Company to perform at a higher level and to be recognised as a great business. Boral's FY2020 results however, serve as a reminder that these are tough times for businesses globally, and Boral is no exception.

FY2020 – a challenging year

Boral's FY2020 NPAT before significant items was down 55% on the prior year on a comparable basis[1], reflecting the impacts of a global pandemic, and Australian bushfires and floods on Boral's operations. At the same time, Boral's underlying business performance was not where we wanted it to be.

Boral's reported NPAT before significant items was $177 million and significant items after tax totalled $1.316 billion. This resulted in a statutory net loss after tax of $1.139 billion.

Significant items include a non-cash impairment charge of $1.346 billion, with $1.223 billion relating to assets within Boral North America including goodwill, intangible assets and our investment in the Meridian Brick joint venture. The lower carrying value for these assets was determined after taking into account:

- increased demand uncertainty caused by the COVID-19 pandemic and potential longer-term impacts of prevailing economic and operating conditions, and
- recent operating performance of our businesses.

The remaining $123 million of the impairment relates to construction materials assets in Western Australia and the Northern Territory as well as roofing and timber assets in Australia.

COVID-19 impacts

Boral took decisive steps to mitigate the disruption and uncertainty resulting from the COVID-19 pandemic.

In most jurisdictions we were allowed to operate, but in some areas we experienced mandated temporary closures and substantial disruption. Where demand was slowing and stock was available, we cut production to reduce cash costs and manage inventories.

In the US in particular, we were required to temporarily shut plants and slow production, with around 80% of our building products plants impacted. It was a similar story in Asia.

While plant closures, production slowdowns and disruptions adversely impacted our earnings through lower fixed-cost recoveries, cash generation was strong.

In FY2020, operating cash flow of $537 million, compared to $762 million in FY2019, included $108 million of cash released through inventory reductions.

These efforts to preserve cash through working capital actions, combined with suspending non-essential capital expenditure, helped maintain Boral's net debt steady on the prior year, at $2.2 billion.

Health and safety

I am determined to ensure safety remains our first priority, building on Boral's strong culture of targeting Zero Harm Today.

In FY2020, Boral's recordable injury frequency rate[2] of 7.6 was steady compared with FY2019. Our attention is focused on further improving our safety and delivering the next step change.

There has been urgent and thorough implementation of measures to help manage the risk of COVID-19. Strict hygiene, social distancing, cleaning and quarantine protocols are now part of how we operate.

At the time of our full year results announcement, there had been 288 COVID-19 cases among Boral employees, mainly in the USA and in geographies where community transmission is higher. Pleasingly, most affected employees had fully recovered but sadly two of our employees in the USA passed away due to COVID-19 complications. Our thoughts remain with their families and team mates.

While we did not have any reportable fatalities in FY2020, in recent months we have been involved in two tragic heavy vehicle incidents on public roads. In June 2020, a contractor driver was involved in a serious incident in Brisbane, sadly resulting in the fatality of a cyclist. A month later, an employee cement tanker driver was involved in a devastating crash that resulted in the death of a young girl and serious harm to several others.

We were deeply saddened by these tragic events, and our heartfelt sympathy remains with those affected. These tragic events reinforce the need to stay vigilant and to continue to improve road safety for all road users.

First impressions

During my initial period at Boral, in addition to getting across our FY2020

1. For continuing operations, excluding significant items, and excluding the impact of AASB 16 leasing standard, NPAT of $187 million was 55% below the prior year.
2. Per million hours worked for employees and contractors in 100% owned businesses and all joint ventures, regardless of equity interest.

results and assessing the carrying values of our assets, I was involved in completing a detailed review of the Headwaters acquisition to understand the learning opportunities, and to assist the Board with their review process.

I also tried to meet as many of Boral's leaders and people as possible, visiting operations where I could travel, starting to meet with customers, and hearing from external stakeholders, including Boral's largest shareholders and joint venture partners.

Together with the divisional teams, I led a number of internal budget and portfolio review sessions. These gave me the opportunity to review our businesses and work with key individuals and teams to better understand our current position and potential opportunities.

My overarching first impression is that Boral is an opportunity-rich environment, which is incredibly exciting and provides a basis for optimism.

I have been impressed by the quality of our assets, the hard work and commitment of our people, and the determination to make this a great business again.

We have excellent brands, strong market positions, and solid underlying business fundamentals. But we can improve the way we operate and organise ourselves, and we can better leverage our assets and businesses.

Recently, the company has not performed in line with expectations. We have let our shareholders down and, in the process, we have let our own people down. I am determined to rectify that.

Review of Boral's portfolio

We are currently completing a comprehensive portfolio review, looking at all of Boral's businesses and assets. We are analysing the market outlook, our competitive positioning and the potential to improve earnings and growth in the near term and into the future.

We are also looking at the future operating model for Boral and how we organise ourselves, as well as the right capital structure.

Boral's balance sheet needs to support our future portfolio. It needs to reflect the cyclical nature of segments in which we operate, ensuring we maintain sufficient capacity and flexibility to operate in challenging conditions while also being able to take advantage of opportunities as they arise.

We have very good liquidity headroom, having extended our debt facilities and added new ones during FY2020.

FY2021

Our immediate focus in FY2021 is to maintain a safe and careful response to ongoing COVID-19 developments, including flexing production to align with demand and avoid unintended inventory builds.

We are focused on recovering and strengthening margins, maintaining strong cash flows, and delivering benefits from improvement initiatives.

Given the uncertainty and lack of visibility around market outlook, we are not providing guidance for the year but we will provide a further trading update at the Annual General Meeting at the end of October.

At the end of October, I will also present Boral's future portfolio direction and operating model, at which time we will commence execution with urgency.

Boral is a good company but we can be much better. Better for our people, our customers, our shareholders, and our broader stakeholders who all deserve to be proud of the company. The potential is really evident to me, which is why I'm so excited to be part of resetting Boral for the future.

Zlatko Todorcevski
CEO & Managing Director

Executive Committee

Rosaline Ng
Group President Ventures & CFO

Wayne Manners
President & CEO, Boral Australia

Darren Schulz
Acting President & Chief Executive, Boral North America

Frederic de Rougemont
CEO, USG Boral

Ross Harper
Group President, HSE, Sustainability, Innovation & Operations Excellence

Linda Coates
Group Human Resources Director

Kylie FitzGerald
Group Communications & Investor Relations Director

Dominic Millgate
Company Secretary

Damien Sullivan
Group General Counsel

Performance overview

Commentary in this performance overview, unless otherwise stated, is based on earnings from continuing operations excluding the impact of the new IFRS leasing standard (AASB 16) to provide a more comparable basis for analysis with the prior year. In addition, FY2019 comparative figures have been restated – see note 1d for further details.

Group performance

This year, Boral's results were impacted by challenging conditions, including a housing downturn in Australia, coupled with extreme weather events, and COVID-19 related impacts across each of our three divisions.

Group earnings before interest, tax, depreciation and amortisation (EBITDA)[1] of $710 million declined by 30% on revenue of $5.73 billion, down 2% on the prior year. This reflects adverse impacts from COVID-19 related costs and production impacts totalling $76 million, a $26 million impact from the bushfires and floods in Australia, as well as an adverse mix shift and higher costs.

Depreciation and amortisation of $393 million increased by $15 million, largely reflecting completion of capital investments in prior periods.

Net interest of $109 million was modestly higher than the prior year, reflecting an effective cost of debt of 4.5%, up from 4.3% in FY2019.

Tax expense of $26 million declined by $84 million compared to the prior year due to lower earnings and an effective tax rate of 12.5% compared to 21% in FY2019. Boral's effective tax rate in FY2020 reflects the utilisation of previously unrecognised US tax losses and Australian capital losses. Excluding these, the effective tax rate was 19.5%.

Underlying Group profit after tax[1] of $181 million was down 57% on the prior year. The Group recorded a net loss of $1.316 billion for significant items that were excluded from the underlying result, including $1.27 billion relating to asset impairments. Further explanation of our significant items can be found in note 2.1 of the financial statements.

Income statement	FY2020		FY2020 pre-AASB 16		FY2019	
$m	Group	Continuing operations	Group	Continuing operations	Group	Continuing operations
Sales	**5,728**	**5,671**	**5,728**	**5,671**	5,861	5,738
EBITDA[1]	**821**	**825**	**710**	**715**	1,010	1,005
Depreciation and amortisation	**(492)**	**(488)**	**(393)**	**(391)**	(378)	(371)
EBIT[1]	**329**	**337**	**317**	**325**	632	634
Net interest	**(126)**	**(126)**	**(109)**	**(109)**	(103)	(103)
Tax expense[1]	**(25)**	**(28)**	**(26)**	**(28)**	(110)	(111)
Underlying profit after tax[1]	**177**	**183**	**181**	**187**	419	419
Net significant items	**(1,316)**	**(1,316)**	**(1,316)**	**(1,316)**	(168)	(225)
Statutory net profit/(loss)	**(1,139)**	**(1,133)**	**(1,135)**	**(1,129)**	251	194

Reconciliation of underlying results to reported results for FY2020

$m	Profit/(loss) before tax	Tax	Profit/(loss) after tax
Underlying Group result[1] pre-AASB 16	**207**	**(26)**	**181**
Significant items			
Asset impairments			
Boral North America – goodwill and intangibles assets	(1,146)	20	(1,126)
Boral North America – investment in Meridian Brick joint venture	(77)	19	(58)
Boral Australia – WA and NT construction materials businesses, and Timber and Roofing businesses	(123)	37	(86)
Restructuring costs	(36)	10	(26)
Joint venture matters	(13)	-	(13)
Integration costs	(9)	2	(7)
Total significant items	**(1,404)**	**88**	**(1,316)**
Reported results	**(1,197)**	**62**	**(1,135)**

Cash flow

$m	FY2020	FY2020 pre-AASB 16	FY2019
EBITDA[1]	821	710	1,010
Change in working capital and other	41	41	(19)
Property development receivable	(30)	(30)	-
Share acquisition rights vested	(2)	(2)	(8)
Interest and tax (includes lease interest)	(152)	(135)	(149)
Equity earnings less dividends	(13)	(13)	(18)
Restructuring, transaction and integration costs	(34)	(34)	(54)
Operating cash flow	631	537	**762**
Repayment of lease principal	(98)	-	-
Capital expenditure	(346)	(350)[2]	(453)
Investments	-	-	(11)
Proceeds on disposal of assets	40	40	414
Free cash flow	227	227	**712**
Dividends paid	(158)	(158)	(317)
Other items	-	-	8
Cash flow	69	69	**403**

Operating cash flow

Operating cash flow of $537 million was strong but declined 30%, reflecting lower earnings partially offset by improvements in working capital including a reduction in inventory levels. Free cash flow generated was $227 million, compared to $712 million in the prior year, with the prior year benefiting from proceeds from the disposal of businesses.

Capital expenditure of $346 million was $107 million lower than the prior year. Growth capital expenditure of $118 million compared to $113 million in the prior year and included investments in the new Port of Geelong clinker import terminal in Victoria and the new Windows plant in Houston.

Stay-in-business capital expenditure of $228 million was 33% below the prior year, as non-essential expenditure was curtailed to preserve cash in response to COVID-19 demand uncertainties.

Debt and gearing

$m	FY2020	FY2020 pre-AASB 16	FY2019
Total debt	(3,484)	(3,101)	(2,400)
Total cash and deposits	904	904	207
Net debt	(2,580)	(2,197)	(2,193)
Total shareholders equity	4,535	4,545	5,832
Gearing ratios			
Net debt/equity (%)	57	48	38
Net debt/equity plus net debt (%)	36	33	27
Interest cover (times)[3]	2.6	2.9	6.1

Boral's principal debt gearing covenant with its financiers, measured as gross debt to gross debt plus equity, increased to 41% from 30% at June 2019 due to cash drawn and asset impairments. Boral remains comfortably within the less than 60% covenant threshold.

With a weighted average debt maturity of 4.7 years, Boral does not have any debt maturities until May 2022.

Boral has considerable liquidity and undrawn committed facilities of $1.66 billion, including $904 million in cash at 30 June 2020. Boral does not have any earnings-based debt covenants.

1. Excluding significant items.
2. Capital expenditure includes assets acquired through lease purchase options.
3. EBIT before significant items/net interest expense.

Performance overview (continued)

Divisional performance

Boral Australia

$m	FY2020	FY2019	
Revenue	**3,336**	3,511	▼ 5%
EBITDA[1]	**486**	592	▼ 18%
EBITDA[1] *pre-AASB 16*	**447**	592	▼ 25%
EBIT[1]	**229**	385	▼ 41%
EBIT[1] *pre-AASB 16*	**225**	385	▼ 42%
EBITDA[1] margin *pre-AASB 16*	**13.4%**	16.9%	
EBITDA[1] *(excluding property) pre-AASB 16*	**392**	559	▼ 30%
Net assets *pre-AASB 16*	**2,363**	2,457	
ROFE[1,2] *pre-AASB 16*	**9.5%**	15.7%	

Revenue declined 5% to $3,336 million, reflecting a 19% decline in housing starts, completion of key projects, bushfire disruptions and softer prices.

EBITDA of $447 million was 25% lower, reflecting an adverse geographic and product mix shift, higher costs and lower production. Cost savings of $99 million from improvement programs were delivered and Property made a strong earnings contribution of $55 million.

Boral North America

$m	FY2020	FY2019	
Revenue	**2,336**	2,227	▲ 5%
EBITDA[1]	**350**	388	▼ 10%
EBITDA[1] *pre-AASB 16*	**281**	388	▼ 28%
EBIT[1]	**121**	225	▼ 46%
EBIT[1] *pre-AASB 16*	**113**	225	▼ 50%
EBITDA[1] margin *pre-AASB 16*	**12.0%**	17.5%	
Net assets *pre-AASB 16*	**3,189**	4,500	
US$m	**FY2020**	**FY2019**	
Revenue	**1,566**	1,592	▼ 2%
EBITDA[1]	**235**	278	▼ 15%
EBITDA[1] *pre-AASB 16*	**188**	278	▼ 32%
ROFE[1,2] *pre-AASB 16*	**3.4%**	5.1%	

Revenue increased 5% to $2,336 million, reflecting favourable foreign exchange translation. Revenue in local US currency declined 2% to US$1.57 billion with lower volumes partially offset by a 10% increase in fly ash prices.

EBITDA declined 28% to $281 million due to increased costs, and COVID-19 related production and cost impacts, with around 80% of building products plants impacted by closures, production curtailments or other disruptions.

USG Boral

Boral's reported result ($m)	FY2020	FY2019	
Equity income[1,3]	**25**	57	▼ 56%

USG Boral underlying result ($m)	FY2020	FY2019	
Revenue	**1,474**	1,606	▼ 8%
EBITDA[1]	**217**	252	
EBITDA[1] *pre-AASB 16*	**190**	252	▼ 25%
EBIT[1]	**107**	168	▼ 36%
EBITDA[1] margin *pre-AASB 16*	**12.9%**	15.7%	
Net assets *pre-AASB 16*	**2,070**	2,082	
ROFE[1,2] *pre-AASB 16*	**5.2%**	8.1%	

Boral's equity accounted post-tax earnings decreased 56% to $25 million due to lower underlying earnings and a higher effective tax rate.

Underlying revenue decreased 8% to $1,474 million and EBITDA declined 25% to $190 million, reflecting housing downturns in Australia and South Korea, price declines in South Korea, and a significant impact from COVID-19 related sales and production volume declines in the second half FY2020.

1. Excluding significant items.
2. Divisional ROFE is annual EBIT before significant items on divisional funds employed.
3. Post-tax equity income from Boral's 50% share of the USG Boral joint venture.

COVID-19 operating environment

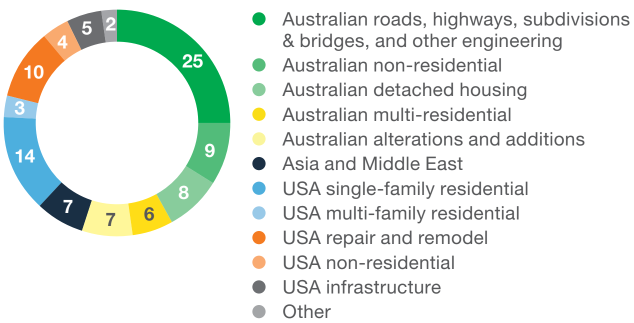
In most jurisdictions, Boral's operations are considered to be within the critical construction sectors permitted to operate as essential businesses through the duration of the COVID-19 pandemic. We have adopted extensive hygiene, safety and quarantine practices and protocols, and in some cases plant reconfigurations have been undertaken to allow for social distancing.

In some jurisdictions, stricter mandates and measures have resulted in temporary closures, and substantial disruptions and complexity to manage. In Boral North America alone, the business has had over 225 state and government health orders to comply with.

In general, Boral has not met eligibility to access government incentives and concessions. In FY2020, Boral received no wage subsidies for 100% owned businesses in Australia or the USA. Boral's share of wage subsidies through joint venture businesses (received in New Zealand, Canada and Australia), together with a small direct wage subsidy received in the UK, totalled ~$800,000 in FY2020.

Market conditions

Boral's FY2020 external revenue[1] by market (%)



Australia

Boral Australia's largest exposure is to roads, highways, subdivisions & bridges (RHS&B).[2]

FY2020 RHS&B value of work declined by an estimated 2%. While the value of work in New South Wales (NSW) and Western Australia (WA) grew 2%, in Queensland (Qld), South Australia (SA) and Victoria (Vic) it declined 11%, 6% and 3% respectively. Other engineering activity[2] declined by ~9% with lower levels of activity in SA, Qld, Vic, NSW and WA.

FY2020 Australian housing starts[3] were down around 19% to an estimated 160,000 annualised starts. Detached housing starts were estimated to be down 15%, with multi-residential starts down 24%. On a state-by-state basis, housing starts declined 27% in NSW, 24% in Qld, 13% in Vic and 13% in WA. SA starts increased 4%.

Australian alterations and additions (A&A) activity[4] declined by ~6%. Non-residential activity[4] grew by an estimated 5% with higher demand in NSW, Vic, Qld and WA. Activity in SA was steady.

Selection of Australian project work and potential pipeline (as at July 2020)

	Estimated completion
Barangaroo 1B – Tower 1, NSW	FY2021
Norfolk Island Airport	
Melbourne Metro Rail Project (Precast), Vic	
Pacific Motorway, Varsity Lakes to Tugun Upgrade, Qld	
RAAF – East Sale, Vic	
Karratha Tom Price Road, WA	
Queens Wharf – resort development, Qld	FY2022
Mordialloc Bypass, Vic	
West Gate Tunnel, Vic	FY2023
Snowy Hydro 2.0, NSW (precast)	
Sydney Metro (Martin Place Station), NSW	
WestConnex 3B (above ground), NSW	FY2024
Road Asset Management Contracts, Qld	
DPTI Road Work Network maintenance, Zone 4, SA	
Bruce Highway upgrade (various), SE Qld	Tendering
Cross River Rail, Qld	
Gold Coast Light Rail, 3A, Qld	
Golden Plains Wind Farm, Vic	
Kidston Hydro Project, Qld	
M6 – Kogarah, NSW	
Monash Freeway Upgrade – Stage 2, Vic	
North East Link, Melbourne, Vic	
Pacific Motorway M1 (various), SE Qld	
RAAF Williamtown, NSW	
Snowy Hydro 2.0, NSW	
Sydney Gateway Project, NSW	
Sydney Road Asset Performance Contract, NSW	
Sydney Metro (various stations), NSW	
Tonkin Highway extension, WA	
Western Sydney Airport, NSW	
Bunbury Outer Ring Road, WA	Pre-tendering
Coffs Harbour Bypass, NSW	
Inland Rail Project, Qld, NSW & Vic	
New M12 Motorway, NSW	
Sydney Metro, West extension, NSW	
Warragamba Dam raising, NSW	

1. Includes Boral's 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are not included in Group reported revenue.
2. Average of BIS Oxford Economics and Macromonitor forecasts.
3. Australian Bureau of Statistics (ABS) original housing starts to March 2020. Average of BIS Oxford Economics, Macromonitor and HIA for June 2020 quarter.
4. Original series from ABS to March 2020 quarter. Average of BIS Oxford Economics and Macromonitor forecast for June 2020 quarter.

Performance overview (continued)

Boral North America

US housing starts[5] increased ~8%, with a significant lift in December, to an annualised 1.31 million starts. Single-family starts were up ~5% and multi-family starts up ~14%.

Activity in the US repair and remodel[6] and infrastructure[7] sectors grew by ~4% and ~2% respectively.

Non-residential[8] construction markets were lower by an estimated 2%.

Asia[9]

South Korean residential and non-residential construction declined further following the onset of COVID-19.

In China, the country was mostly in lockdown from late January to early March due to COVID-19. Growth slowed due to lower exports, ongoing trade tensions and global economic uncertainty.

In Indonesia, economic growth has slowed further as the impacts from COVID-19 are being fully realised.

Thailand construction activity was stable as the sector was permitted to operate as an essential business.

Activity in India was constrained by closure orders. Conditions in Vietnam are mixed, with retail market growth being driven by better household disposal income and urbanisation, which is helping to offset weakness elsewhere.

In most of its building product markets Boral faces competition from a range of large and small players. Many of Boral's large competitors in Australia, Asia and North America have global leadership positions.

Some of Boral's businesses experience competition as a result of imports, including Boral's Timber business in Australia and the USG Boral joint venture in Asia.

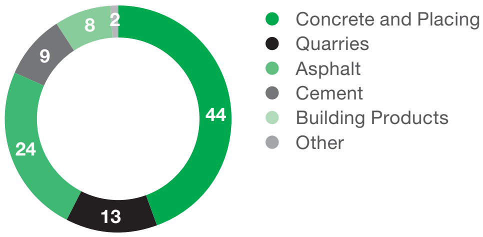
For the concrete and asphalt markets in Australia, barriers to entry are low, and new entrants are attracted to markets when demand is strong.

Boral aims to differentiate itself through service excellence and product innovation. Specific challenges and responses relating to competition are highlighted on pages 24 and 25.

5. US Census seasonally adjusted annualised housing starts (August 2020). Based on data up to June 2020.
6. Moody's retail sales of building products, July 2020.
7. Management estimate of ready mix demand utilising Dodge Data & Analytics June 2020 report and other industry sources.
8. Management estimate of square feet area utilising Dodge Data & Analytics June 2020 report.
9. Based on various indicators of building and construction activity.
10. Excluding significant items.

Boral Australia

FY2020 revenue by business (%)



Revenue

FY2020 underlying revenue declined 5% to $3,336 million, reflecting:

- Higher revenue from Asphalt and Concrete Placing was offset by lower revenue from Concrete, Cement and Building Products.
- Concrete volumes declined 10% on the prior corresponding period (pcp), with second half FY2020 (2H) down 12%, due to the housing market decline, bushfires and floods in January and February.
- Average selling prices and like-for-like prices were broadly steady in Aggregates and Cement, and down 2% in Concrete.

EBITDA

FY2020 EBITDA[10] declined 25% to $447 million which reflects the following:

- a negative mix shift with a substantial decline in NSW concrete / cement volumes, and a higher share of revenue from lower margin Asphalt and Concrete Placing work. Asphalt as a share of total external revenue increased from 22% in FY2019 to 25% in FY2020.
- one-off costs of $23 million, including costs associated with first half FY2020 (1H) outages at Peppertree Quarry and Berrima Cement, and direct costs associated with bushfires and COVID-19.
- inflationary cost pressures, largely offset by cost savings from improvement programs of ~$99 million.
- COVID-19 related production slowdowns and temporary plant shuts resulted in under-recovery of fixed costs impacting EBITDA by $36 million, and
- Property earnings contribution up $22 million to $55 million, with earnings from Scoresby in 1H and Donnybrook in 2H.

2H EBITDA margins were negatively impacted by ~2% due to lower price and adverse product (concrete versus asphalt) and geographic mix (NSW versus other states); and ~4% due to extraordinary events (bushfires and COVID-19).

As a result of the lower production, including targeted inventory deleveraging to maximise cash, inventory reduced by $47 million from 31 December to $378 million at 30 June.

Major projects contributed ~13% of Boral Australia revenue. During FY2020, Boral supplied concrete to Sydney Metro Rail in NSW and precast concrete to Vic Metro Rail projects; asphalt for roadwork including the Logan Enhancement project (primarily in 1H) and the Mudgeeraba to Varsity Lakes upgrade in Qld. Asphalt was also supplied to the Pacific Highway and Northern Road in NSW. Work on the Norfolk Island Airport ramped up in 2H, and Boral commenced supply of asphalt to the West Gate Tunnel in Vic, however, this project has been delayed.

Concrete reported 10% lower volumes and 2% price declines, partially offset by strong **Concrete Placing** revenue growth and higher earnings. Concrete volumes and pull-through margins were adversely impacted by lower residential activity, particularly multi-residential declines. Major project completions such as NorthConnex and Sydney Metro Rail in NSW added to the Sydney metro volume declines.

Concrete Placing completed a number of majors pours at the Crown Sydney project at Barangaroo, Wynyard Place, Parramatta Square and Greenland Centre project in NSW.

Quarries delivered modest growth in external volumes in NSW, Vic and WA, which helped offset lower internal pull-through volumes due to lower concrete demand. Earnings declined due to significantly lower aggregate volumes, an adverse product mix, soft pricing and higher costs associated with unplanned disruptions and one-off costs.

As reported in 1H, an unplanned disruption at Peppertree and subsequent remediation works resulted in a one-off cost of ~$5 million. Higher direct costs of ~$4 million were incurred in December and January as a result of bushfires including for purchasing water.

Cement earnings declined due to lower volumes (particularly in NSW), unscheduled downtime at the Berrima kiln in 1H, costing $7 million, and a three-week kiln shutdown in June to manage inventory levels; an adverse product mix shift, higher clinker costs and a lower contribution from the Sunstate joint venture.

Asphalt posted solid revenue and earnings primarily due to the commencement of major projects such as Norfolk Island and Emerald Airport in Qld and the RAAF East Sale project in Vic. Other projects that contributed to revenue and earnings in the full year included the Pacific Highway upgrade in NSW and various WA projects such as Murdoch Drive, Kwinana Highway and Port Hedland.

Building Products (Timber and Roofing) reported lower volumes and higher costs, which offset the benefit of cost improvement initiatives and higher price outcomes in Roofing. The Timber business was substantially disrupted by bushfires and continues to be impacted by wood supply issues. Building Products was also affected by actions taken in response to COVID-19. A number of timber plants and the Wyee clay roof tile plant were temporarily shut, resulting in lower fixed-cost recoveries and contributing to lower margins.

Responding to challenges

Boral Australia remained focused on responding to the impacts of COVID-19 and maintaining a safe and reliable supply to its customers, with enhanced safety and hygiene measures in place. As the cyclical decline in housing markets gathered pace and was exacerbated by bushfire impacts in 2H, our key priority was to focus on maximising cash generation and lowering costs.

Boral Australia has been lowering overhead costs through our Organisational Effectiveness (OE) program and rightsizing the business to align resources with reduced demand. Overall, through OE and rightsizing, 544 positions were taken out of the business in FY2019/FY2020.
Boral Australia delivered $99 million in benefits from structured improvement programs in FY2020 (which includes $38 million of savings from headcount reductions).

In addition to continuing to safely supply customers in a COVID-19 environment while flexing production to match demand, in FY2021 Boral Australia is focused on a range of initiatives to address the current cyclical market challenges and margin pressures. These include:

- salary freezes, organisational rightsizing and operational improvement plans, including the recently announced 250 headcount reduction.
- targeting a reduction in fixed costs and sales, general and administration costs to reflect market declines.
- deliver benefits from quarry, cement and plant network investments, and
- build supply chain capabilities to improve customer service and lower costs.

Capital projects and transactions

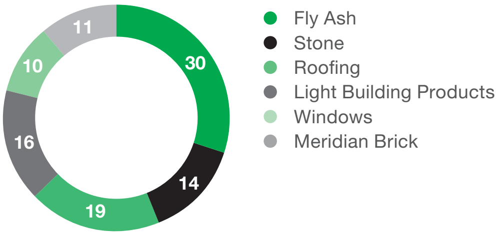
A total of $246 million of capital was invested, down from $290 million in the prior year.

- **Concrete network**: Essential works and upgrades at West Melbourne (Vic), Bringelly (NSW) and Nowra (NSW) Concrete plants now complete.
- **Quarry reinvestment program**: The generational capital expenditure program finished with the upgrade of Ormeau Quarry in Qld, completed in early FY2020. Work at Bacchus Marsh sand operations (Vic) was also completed.
- **Cement Geelong storage and grinding facility**: Construction of the 1.3 million tonne clinker and slag grinding plant and cementitious storage facility at the Port of Geelong in Vic remains a key priority. However, there have been some delays in delivery of key components from overseas. The facility is now expected to be operational by the end of FY2021.
- **Sale of Midland Brick**: In August 2019, Boral entered into an agreement with a WA consortium to sell its Midland Brick business, including associated landholdings. Net proceeds are expected to be ~$82 million following working capital and other completion adjustments. Boral has received $9 million with ~$73 million due at financial close. Together with the consortium, Boral continues to work through a number of pre-closing conditions (including third-party consents) with an objective to complete the transaction in FY2021.

Performance overview (continued)

Boral North America

FY2020 revenue[1] by business (%)



Revenue

FY2020 underlying USD revenue declined 2% to US$1,566 million, reflecting:

- steady revenues from Fly Ash and Light Building Products, offset by lower revenues from Stone and Roofing, and
- strong price gains in Fly Ash, which helped offset a decline in Fly Ash site services work and substantial volume declines in building products businesses, particularly in 2H.

EBITDA

FY2020 underlying USD EBITDA[2] declined 32% to US$188 million, which reflects the following:

- EBITDA[2] declined by 17% in 1H, followed by a 47% decline in 2H due to substantially lower volumes and higher costs, including one-off costs.
- several mandated plant closures, restrictions and business interruptions associated with COVID-19 as well as production curtailments to reduce inventory substantially lowered fixed cost recoveries. COVID-19 related direct costs, production slowdowns and disruptions adversely impacted earnings by US$19 million.
- Sales volumes were down 11% in Stone and 6% in Roofing with a more severe decline in production volumes of 24% and 10% respectively, compared to the pcp.
- EBITDA[2] was also impacted by lower fly ash supply with sales volumes down 2% for the year and completion of major fly ash site services contracts and projects, which lowered site services earnings by US$13 million.
- One-off costs of US$24 million included Windows legal and investigation costs and provisions, a provision associated with the BCI light building product reported in 1H (US$6 million), and one-off gains in the pcp.
- Synergies of US$7 million were delivered in 1H, taking the cumulative total to US$78 million (versus target of US$115 million).

2H EBITDA margins were negatively impacted by ~3% due to lower price and net cost increases, partially offset by improvement from Meridian Brick; and ~4.5% due to extraordinary events and one-offs.

As a result of the lower production, including inventory deleveraging to maximise cash, inventory reduced by US$48 million to US$139 million. Inventory as a ratio of revenue improved from 11.7% to 8.8%.

Fly Ash revenue growth of 1% was underpinned by a 10% price gain, which strengthened in 2H. Fly ash volumes declined 100,000 tons or 2% to 6.8 million tons primarily due to lower available ash supply in 2H as power plants were impacted by COVID-related slowdowns and intermittent shutdowns. Lost volumes associated with the previously advised closure of the Navajo plant in Arizona were offset by volumes from new contracts and additional volumes associated with storage and logistics optimisation.

Lower fly ash site services revenue reflects the completion of two major projects which contributed in FY2019. Site services represented 17% of total fly ash revenue (compared to 22% in FY2019 and 28% in FY2018).

Earnings were lower with EBITDA margins of ~19% compared to ~22% in FY2019 primarily due to the completion of site services construction projects, site closures and higher costs.

Roofing revenue was down 10% for FY2020 with a 1H decline of 3% and a 2H significantly impacted by COVID-related disruptions. While prices in 1H were up 3%, 2H prices were weaker on a geographic mix basis, resulting in overall steady prices for the year. Earnings were lower in FY2020, particularly in 2H, due to:

- lower re-roofing activity in Florida and Colorado following completion of prior period hurricane and hailstorm work, and heightened competition
- an adverse mix shift with higher sales of lower-margin product from Arizona and California
- unplanned maintenance and downtime at Lake Wales and Okeechobee plants in Florida, and
- COVID-19 related disruptions, temporary shutdowns and inventory reduction and lower production in 2H including extended closures at six plants.

Stone revenue declined 9% due to a housing slowdown in Canada; higher volumes in the prior period when a competitor's plant was shut; and lower sales volumes in the USA including lower volumes associated with COVID-related slowdowns.

A considerable earnings decline, particularly in 2H, reflects disruptions, temporary plant shutdowns, inventory reduction and lower production in 2H, as well as higher operational and inflationary costs (raw materials and labour), and COVID-related cleaning and other costs.

In the Stone business, mandated and partial closures impacted the Mexico and Napa stone plants, and there was an extended three-month closure of the Washington molds plant.

Light Building Products revenue increased 1% as strong revenue growth between July and February was offset by a decline in revenue from March to June due to COVID-19 impacts. TruExterior and Versetta achieved good average selling price outcomes for the year. Following solid 1H earnings growth, 2H weakness resulted in slightly softer earnings for FY2020.

1. Based on external revenue, including Boral's 50% share of Meridian Brick joint venture's revenue, which is not included in reported revenue.
2. Excluding significant items.

As reported in 1H, the result was negatively impacted by a ~US$6 million provision adjustment for BCI associated with a poor quality product discontinued in the prior period. In 2H, COVID-19 related production disruptions coupled with costs associated with cleaning and the provision of personal protective equipment (PPE) had an adverse impact. The Metamora plant was closed for approximately two months due to local government mandated COVID-19 shutdowns. Shorter disruptions occurred elsewhere as plants were reconfigured to accommodate social distancing and new safety practices.

Windows revenue increased 18% as sales volumes increased through to the end of February, reflecting improved housing activity in Texas relative to the weather-affected prior period. From March, sales were broadly steady as COVID-19 slowed industry activity and sales.

Earnings declined due to higher legal costs associated with the Windows investigation and provisions, as well as COVID-19 related production impacts and costs associated with cleaning, providing PPE and inefficiencies related to social distancing in 2H.

While construction of the new manufacturing plant in Houston was completed, its ramp up has been delayed pending assessment of COVID-19 impacts on demand in FY2021.

Meridian Brick joint venture delivered post-tax equity earnings of US$1 million, compared with a loss of US$7 million in the prior period, underpinned by cost reduction and a targeted share recovery program. Meridian Brick generated underlying revenue of US$401 million, up 7% on the prior year, and EBIT of US$2 million, up from a loss of US$15 million in FY2019.

A solid lift in underlying performance reflected higher US brick and resale revenues, lower production costs and lower SG&A costs. Brick volumes were up 7% on pcp with strong volume growth in the west and central USA. After a soft first half, Canada recorded a strong finish.

Responding to challenges

While Boral North America continued to operate in line with strict hygiene measures, more stringent mandates and restrictions resulted in temporary closures of several operations. Boral's US Fly Ash business, which provides an essential service to the energy sector, continued to operate but was impacted by lower available fly ash as demand on power utilities reduced as a result of COVID-19 slowdowns.

While the ongoing COVID-19 impacts on the US housing and other end markets remain uncertain, we are focused on continuing to generate strong cash flows while also lowering costs and addressing operational challenges.

In FY2020, total synergies of US$7 million were achieved, all in 1H, to bring the cumulative Headwaters synergies to US$78 million against a target of US$115 million. While opportunities remain to deliver further synergy benefits, the immediate priorities for the business are to safely supply in a COVID-impacted environment while addressing the specific issues of declining volumes and higher costs.

In FY2021, the priorities are to focus on safely operating and maintaining customer supply in a COVID-19 environment, while flexing production to match demand to avoid inventory builds.

The business is focusing efforts on growing volumes and margins with targeted overall equipment effectiveness and quality improvement programs in place in all businesses, together with targeted price increase strategies. The following specific initiatives are also underway:

- In Stone, new products are planned to be launched in Q2 and Q3; a targeted premium segment share recovery program is in place; the sales organisation and incentives have been restructured; and there is a renewed focus on brand strategy.

  We are optimising the sales mix in Stone to maximise margins, plus we expect enhanced Stonecraft margins in FY2021 as a result of improvements delivered in the Stonecraft plant at the end of FY2020.
- In Roofing, improved product availability is expected through production and operational improvements in the Florida plants.
- In Fly Ash, the strategy to grow volumes is continuing. We are working to minimise volume loss through current channels, including via network optimisation; harvesting and import opportunities; and, the Kirkland natural pozzolan source, which is due to come on line in June 2021. New contracts secured in FY2020 representing 1.3 million tons per annum will progressively deliver benefits from FY2021. This is partially offset by lower volumes associated with contracts lost in FY2020 representing ~230,000 tons per annum. We continue to target new sources of fly ash to grow supply and offset expected utility closures over time and potential contract losses.
- The reorganised Windows business is now operating within Light Building Products with stronger financial and operational oversight. The margin growth program in Windows is focused on plant network optimisation and manufacturing operations to reduce waste and lower labour and materials costs.

  Other Light Building Products businesses remain focused on optimising margins including through production and targeted sales strategies.
- In Meridian Brick, the targeted share recovery program is expected to continue to deliver gains in FY2021.

Capital projects

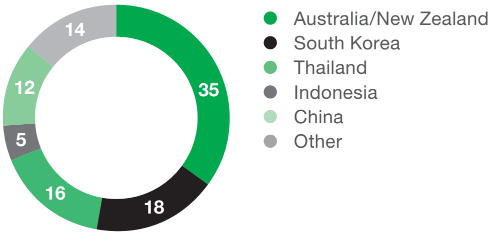
A total of US$69 million of capital was invested, down from US$113 million in the prior year.

- **Fly Ash**: Development of the Kirkland natural pozzolan deposit in Arizona is on track (after a two-month pause) and material is expected to be available for sale in Q4 of FY2021
- **Windows**: Construction of the Houston manufacturing plant is complete. However, ramp up has been delayed pending assessment of COVID-19 impacts on demand in FY2021.

Performance overview (continued)

USG Boral

FY2020 external revenue (%)



Boral's equity income of $25 million, down 56% on the prior year, represents Boral's 50% share of USG Boral's underlying post-tax earnings. The decline in equity income reflects:

- lower underlying profitability of the joint venture, predominately due to COVID-19 impacts and actions, and
- a higher effective tax rate of 44% compared to 30% in FY2019, due to various tax audits and tax loss benefits written off or not recognised in certain jurisdictions due to recoverability uncertainty.

Revenue

FY2020 underlying revenue declined 8% to $1,474 million due to:

- total board sales down 6% on pcp and down 15% in 2H, due to declining housing markets in South Korea and Australia, coupled with COVID-19 restrictions and slowdowns.
- non-board sales (42% of total revenue) down 5% pcp and 14% in 2H.
- average selling price (ASP) outcomes in Australia (+3%) offset by lower ASP in South Korea (-8%).

EBITDA

FY2020 underlying EBITDA declined 25% to $190 million, reflecting:

- cost savings of $53 million, including $13 million from Project Horizon, more than offset by lower volumes, lower prices and higher costs.
- 2H COVID-19 disruptions resulting in $32 million of direct volume impacts and under-recovery of fixed costs as production slowed in China, Korea and Thailand, and shutdowns impacted sales in most markets including India, Malaysia, the Philippines, Singapore and New Zealand.

2H EBITDA margins were negatively impacted by ~3% due to lower price and the impact of lower recovery of fixed and sales, general and administration costs because of lower sales volumes: and 2% due to COVID production slows and disruptions, and other one-offs.

Australia and New Zealand

Revenue of $523 million declined 9% on pcp and declined 9% in 2H. Board sales volumes declined in FY2020, reflecting the cyclical downturn in the Australian housing market. Volume declines were evident in NSW and Qld, while Vic volumes were steady.

Sales of other manufactured product categories (including ceiling tile and metal stud) were lower in FY2020.

Cost savings helped to offset inflationary cost increases; however, earnings primarily declined due to lower volumes, and higher transport costs associated with the transfer of product to support growth in commercial projects in Melbourne, Vic.

Asia

Revenue of $951 million from Asia declined 8% on pcp and declined 18% in 2H. Board sales volumes declined 6% on pcp and by a more substantial 17% in 2H, primarily due to COVID-19 interruptions and slowdowns.

Other manufactured product sales were lower and recorded double-digit declines in 2H, with the exception of China, which recorded higher metal stud volumes in FY2020.

Higher earnings in China and Thailand were offset by declines across other Asian markets.

South Korea reported lower revenue as plasterboard volumes declined 9% on pcp and 23% in 2H; and non-board volumes were lower in 2H. While average selling prices were significantly lower in the first half, reflecting intense competition, pricing improved in 2H but remained soft (down ~6%). Earnings declined as prices, lower volumes and COVID-19 shutdowns offset cost savings.

China reported lower revenue. While technical board and metal stud product grew, standard board declined. Even though our operations were temporarily shut from late January and until mid to late February, sales were quick to recover with Q4 FY2020 revenue exceeding Q4 FY2019. Earnings were higher than in the prior year as lower costs (including lower raw material and energy prices) and sales excellence initiatives offset volumes declines.

Thailand reported lower revenue. While board volumes grew 10% as USG Boral's market share position continued to strengthen; non-board sales and inter-company sales to India were lower. The Boonya mine, which temporarily ceased operations in April 2019 also led to lower volumes and revenues. Earnings improved, as cost savings (including lower raw material prices) helped to offset lower prices, softer non-board volumes and COVID-19 impacts.

Indonesia revenue was lower as plasterboard volumes declined 5% on pcp and 3% in 2H. Average selling prices were soft and reflected a highly competitive market driven by excess market capacity. Earnings were steady as cost savings (including lower raw material prices) helped to offset lower selling prices, lower volumes and COVID-19 impacts.

Vietnam revenue was lower as plasterboard volumes declined 9% on pcp and 29% in 2H; and non-board sales were significantly weaker over the year and in 2H. Average selling prices were soft due to heighted competitive pressure, especially in 2H. Earnings declined as cost savings were offset by lower volumes and COVID-19 impacts. Lower levels of activity also coincided with expansion of our Ho Chi Minh City plant.

India reported lower revenue and earnings as our operations were subject to closure orders for six weeks which coincided with the ramp up of the newly completed Chennai plant.

Responding to challenges

In response to cyclical market declines in South Korea and Australia, USG Boral implemented cost excellence programs. In FY2020, total cost savings of $53 million were delivered, including cost benefits of ~$13 million, from Project Horizon.

In FY2021, USG Boral will continue to manage manufacturing to match demand in the short term with some businesses having shifted to a shorter working week. The business is targeting around ~$13 million of savings through further headcount reductions, with 133 positions taken out in late FY2020 and first quarter FY2021.

USG Boral is maintaining a strong focus on keeping variable costs flat, with targeted procurement and operating efficiencies to offset variable cost inflation. A customer-focused program is also in place, intended to deliver improved market share and margins with a better customer and product mix.

Capital projects

A total of $82 million of capital invested, down from $111 million in the prior year.

- **Plants**: Construction of the cornice plant in Australia has been postponed by six months. The new plasterboard plant in Chennai (India) and a new plasterboard line at the Ho Chi Minh plant (Vietnam) were both completed and commissioned in late calendar year 2019.
- **USG Boral transaction**: Discussions with Knauf around potential transactions are continuing. Options for USG Boral are being considered in the context of Boral's broader portfolio review.

FY2021 outlook, trading and priorities

FY2021 outlook

The business environment remains challenging with continued disruptions and risks due to COVID-19, declining demand in key housing markets and mixed views on market recovery.

At this point in time, we are unable to provide guidance on FY2021 due to insufficient market visibility and uncertainty.

Early FY2021 trading

In early FY2021 trading, we are experiencing fewer disruptions in most businesses, providing an opportunity for improved outcomes. However, there is potential for further disruptions and uncertainty remains.

In July, lower revenues were delivered but only slightly lower earnings relative to pcp.

Overall, July EBITDA margins recovered relative to 2H FY2020 and they were broadly in line with 1H FY2020 margins.

From a divisional perspective:

- Boral Australia: July concrete volumes were down ~12%. Melbourne Stage 4 lockdown, which started in August, is impacting our business with Melbourne metro concrete volumes down ~20% on pcp. It is unclear how long the Stage 4 lockdowns will continue.
- Boral North America: there are positive signs of demand lifting, but labour constraints and absenteeism are resulting in industry lead times increasing. July sales volumes improved relative to recent months but were still below pcp; Stone volumes were down ~1%, Roofing was down ~9%, and Fly Ash was down ~10% in July relative to pcp.
- USG Boral: July plasterboard volumes were down ~6% in Australia and ~11% in Asia versus pcp.

FY2021 priorities

Our immediate priorities are:

- delivering divisional improvement initiatives to recover margins/reduce costs
- safely operating with continuity of supply in a COVID-19 environment, while maintaining strong cash conversion, and
- completing our portfolio review, including operating model and capital structure, by the end of October.

Our response to COVID-19

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

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

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

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

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

Key facts

- 48 current cases among employees and 240 recovered[1], mainly in the USA and in geographies where community transmission is higher; sadly two employee deaths due to COVID-19 complications
- More than 225 public health/government orders to comply with. In total ~80% of plants in the USA impacted by closures, production curtailments, re-tooling, cleaning and/or absenteeism
- No government subsidies received in the USA in FY2020; Boral's share of wage subsidies from other governments totaled ~$800,000[2]
- $11 million in direct costs (e.g. cleaning, PPE, legal, and additional leave) plus significant adverse impact on earnings due to lower production/fixed cost recoveries in FY2020.

1. As at 24 August 2020.
2. Includes Australia, Canada, New Zealand and the United Kingdom, primarily through joint ventures. No wage subsidies received for 100% owned businesses in Australia.

1 Strong safety culture and engaged workforce

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

Key actions included:

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

2 Effective crisis management and governance

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

Key governance activities included:

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

COVID-19 Pulse Survey

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

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

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

Our response to COVID-19 (continued)

3 Leading network and integrated supply chain

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

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

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

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

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

4 Financial strength and liquidity

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

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

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

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

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

13 January First case of COVID-19 outside of China

21 January First US COVID-19 case confirmed

25 January First case reported in Australia

11 March WHO classifies COVID-19 as a pandemic

19 March Australia closes international borders

23 March Australia shuts down non-essential services and social gatherings

JANUARY | FEBRUARY | MARCH | APRIL

Restrictions impacting some parts of Asia

More widespread COVID-19

Australian bushfire impacts

29 January Boral introduces travel restrictions & quarantine protocols

24 February USG Boral's four China plants approved to re-start; starting up from March after ~3–4-weeks shutdown

1 March Boral's crisis response activated

15 March Boral suspends international travel

19 March Boral's ASX COVID-19 update including withdrawal of guidance

30 March S&P affirms Boral's credit rating with -ve outlook

8 April Moody's affirms Boral's credit rating with -ve outlook

14 April Boral's ASX update on COVID-19 impacts

Leveraging technology to adapt

Using drones to facilitate stocktakes at our quarries

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

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

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

Enhanced health, safety and hygiene protocols

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

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

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

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

MAY | JUNE

restrictions impacting Boral's markets

15 May
USPP program priced, raising US$200 million

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

Our risks and responses

Risks	Health, safety and environment (HSE)		Market and industry	
Description	There is a risk of incidents occurring that may cause injury to Boral's staff or contractors, or damage to the environment. Boral operates a fleet of more than 3,000 on-road heavy vehicles, exposing us to a risk of traffic accidents. Any such incidents may impact our people and communities, result in costs and fines, cause business interruption and adversely affect Boral's reputation. The risks of community and global health issues and responses to Boral's markets and operations have been demonstrated in FY2020.		Our business performance is closely tied to demand in the end-markets in which we operate, across our countries of operation. These markets are cyclical and affected by various macroeconomic, geopolitical, demographic and regulatory factors, and the allocation and timing of government funding for public infrastructure and other building programs. For major projects, particularly infrastructure in Australia, our business is impacted by delays in delivery schedules or changes to scopes of work.	
Boral Group response	• Group-wide **commitment to Zero Harm Today**	28	• **Diverse business portfolio** may reduce cyclical impacts of individual geographies and markets	
	• Focus on continuing to achieve better safety outcomes as part of broader **strategy to deliver world-class safety performance**		• Continued **monitoring** and reporting **of government policies, regulatory changes** and industry trends, and engagement with regulators	
	• **Strict minimum operating standards**, policies, procedures and training to ensure compliance with all applicable HSE laws	28–30	• **Review of Boral's portfolio is underway including market outlook**, competitive positioning and **potential for each of Boral's businesses** to deliver improved earnings and growth	9
	• **Group-standardised response to COVID-19**, including strict hygiene, social distancing and quarantine requirements and **weekly site self-assessment** of COVID-19 related controls	16–19		
	• Global **HSEQ management system**	29		
	• **HSE performance monitoring**, reporting and accountability	27, 28–30		
	• Established reserves for known **environmental liabilities**, including quarry remediation	47		
Examples of divisional initiatives/responses — BORAL AUSTRALIA	• **Heavy vehicle safety** management to comply with (at a minimum) heavy vehicle laws	30	• Leveraging demand shift to major infrastructure through **investments in quarries, asphalt and concrete** operations and **strengthened project capability**	
	• **Leading Safe Work Program** training	29, 50	• **Diversified base of major projects** across our regional businesses	
	• **Comprehensive approach to dust management**, including respirable dust, focused on best practice	30	• **Dedicated Project Management Office** to maintain best-practice project management processes and respond to changes in programs of work	
			• **Strengthened import capability**; Boral Cement Geelong clinker import terminal under construction in Victoria	11
BORAL NORTH AMERICA	• **Safety improvement initiatives** focused on standardisation, new lead indicators and leveraging technology	33	• **Prioritisation of capital investment** aligned with product and market growth, with focus on increasing fly ash supply	
	• **Reduced manual handling and ambient dust** in Stone business due to manufacturing improvements		• **Operations appropriately scaled to respond** to regional demand changes resulting from COVID-19	13
USG BORAL	• **HSE standards** applied consistently across Asia, Australasia and the Middle East		• Exposure to **diverse geographies, with strong economic growth potential** across Asian developing countries	
	• Use of **closed-circuit television (CCTV) to aid incident investigations** and improvements			
	• New program **reducing isolation incidents**	32		

Rigorous and effective risk management is critical in helping us respond to a complex environment that is changing at an accelerating pace, and to deliver on our strategic priorities.

Boral's future prospects may be adversely impacted by a number of risks, some of which are beyond our control. An overview of our material business risks and our approach to managing those risks is set out below. Page references indicate where the topics are covered in the 2020 Boral Review & Sustainability Report.

Group Risk manages Boral's risk identification and management process, which includes an annual bottom-up assessment and review. Information about risk identification and management at Boral can be found in the Corporate Governance Statement. Boral's Risk Management Policy is also available on our website.

Competition and customer

Boral operates in competitive markets, against domestic suppliers and, in some cases, imported product suppliers.

These competitive environments can be significantly affected by local market forces, such as new entrants, production capacity utilisation, economic conditions and disruptive product innovation, as well as customer strategies and preferences, and changes in construction methods and materials. This impacts prices and demand for our products.

- **Investment in future technology** innovation to diversify our product range and develop new products in our core markets 52
- **Leveraging technology** for more targeted sales and marketing 53
- **Group-led, global Innovation team** restructured to foster new ways to make and sell new and existing products, with regionally based dedicated innovation teams 52
- **New University of Technology Sydney (UTS) and Boral partnership** to strengthen materials-based product innovation 52
- **Commercial Excellence and Customer Experience** initiatives to improve customer-centricity, enhance service and grow margins 53
- Customer surveys and **Net Promoter Score tracking** 53
- **Digital initiatives**, including Boral's online concrete customer portal, Boral Connects 53
- Regionally focused **product price** analytics and sales strategies
- **National R&D centre** to bring new technologies and products to market
- **Customer segmentation driving further differentiation** based on product and systems innovation, and improved service 53

Weather and climate-related impacts

Extreme weather is an inherent risk for the construction materials and building products industries. Periods of extreme weather can 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 lower productivity and loss of fixed cost recovery.

Our short- and long-term physical and transition risks associated with climate change and key mitigation measures are outlined on pages 38–39 in the 2020 Boral Review & Sustainability Report.

- **Large operating footprint** supports continuity of supply, by using broad portfolio of operating sites and capabilities
- Ability to **flex production schedules** to reduce cost impacts
- **Flood, bushfire and hurricane mitigation** plans 37
- **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-related risk scenario analysis** underway to assess longer term weather risks and assess controls and mitigation strategies in place 36, 42–44
- **Review of longer term carbon emissions reduction targets** consistent with Science-based Targets initiative methodology 35
- Monitoring and **preparedness for weather-related disruption,** including flexible workforces and additional equipment
- **Boral Cement decarbonising** projects and initiatives, including increasing use of low-carbon fuels 35–36
- **New product development** focused on lower carbon products to support customer needs 52
- **Safety management** and **recovery plans** for major weather events
- **Fly Ash strategies to grow supply**, supporting lower supply chain carbon emissions
- **Safety management and recovery plans** for major weather events
- Ability to **leverage network of plants**

Our risks and responses (continued)

Risks	Operations and technology	License to operate

Operations and technology

Description

The Group's manufacturing processes and related services depend on critical plant, which may occasionally be unavailable as a result of unanticipated failures, outages or force majeure events.

Boral's operations, operational efficiency, and its 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 address customer needs.

A cybersecurity breach could lead to the loss of sensitive data, breach of customer data privacy, business interruption and reputational damage.

Boral Group response

- **Plant maintenance strategies** and programs
- **Business continuity** and **emergency response plans**, with regular simulated crisis response training
- **Global Crisis Management** and governance supported by external crisis experts, activated in **response to COVID-19** from 2 March 2020 with expert advice and support — 17
- **Comprehensive Group insurance program** that covers damage to facilities, associated business interruption and product performance — 38
- **Disaster recovery plans** for critical IT systems and operational equipment
- Centrally managed **data breach monitoring** and response
- **Cybersecurity plans** coordinated across divisions and aligned with National Institute of Standards and Technology Cybersecurity Framework — 59
- **IT system upgrades in key regions** including a new ERP in Australia and ERP integration across North America
- Information security awareness training and targeted 'phishing' email tests for all employees
- Investments in **market-leading firewall defence** and enhanced external monitoring and reporting capabilities

Examples of divisional initiatives/responses (USG BORAL | BORAL NORTH AMERICA | BORAL AUSTRALIA)

- Boral Digital Services using **effective project management and agile processes**
- **Targeted technology enhancements** to improve operational and core financial systems and customer solutions
- Streamlining and **upgrading IT systems** and investment in cybersecurity controls and tools
- **IT implementation in key regions**, including ERP solution in Australia
- **Increased use of outsourced cybersecurity** services and service providers, to enhance controls and monitoring

License to operate

Description

Failure to meet the increasing expectations of Boral's stakeholders, could impact our future plans, reputation and ability to operate.

Attracting and retaining talented employees and engaging our workforce underpins the delivery of Boral's strategic initiatives and business plans.

Boral is subject to a broad range of laws, regulations and standards in the jurisdictions in which we operate. Non-compliance due to inadequate processes, systems, people or conduct could lead to losses and liabilities, reputational damage and business interruption.

Boral Group response

- Succession planning, **leadership development** and **workforce capability** building activities — 50
- Group-led **diversity and inclusion** program — 49
- **Organisational culture** work to reinforce governance and accountability – including measuring and monitoring workplace culture — 50
- Third-party managed **whistleblower hotline**, monitoring and reporting in all jurisdictions — 59
- Centralised **Code of Business Conduct** and associated policies — 58
- Centralised **competition law training**
- **Governance structure** that monitors performance of third-party agreements and joint ventures — 58
- Monitoring **regulatory changes** and engaging with regulators, including modifying procedures and protocols to meet regulations in the jurisdictions in which we operate
- **Modern slavery risk framework**, and revised Human Rights Policy and Supplier Code of Conduct — 55

Examples of divisional initiatives/responses (USG BORAL | BORAL NORTH AMERICA | BORAL AUSTRALIA)

- **Community consultation programs** and initiatives to minimise impacts of operations — 56
- **Flexible work policy and guidelines** — 49
- **Reconciliation Action Plan** initiatives to support Aboriginal and Torres Strait Islander peoples and communities — 50, 56
- **Execution of Code of Business Conduct** based on clear accountability, policies, training and audits
- Annual **anti-trust and competition law training**
- **Annual training on anti-bribery and corruption** for all employees of 100% owned businesses — 58

Supply chain and cost management

Our business performance is exposed to inflationary impacts from rising input costs and the availability of labour.

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

Failure to secure access to long-term reserves or future resource supply constraints could adversely impact our long-term growth.

- **Effective response to supply chain disruptions** due to COVID-19 led by Crisis Management Team 18
- **Reduced costs and discretionary expenditure** across the business, including organisational restructuring in response to COVID-19 impacts 18
- Key initiatives to **improve operating efficiencies** 3
- Short-term fluctuations in **fuel and energy costs** managed through **hedging** and electricity demand management
- **Reserves planning**
- Reducing costs through **Operational Excellence** and **Organisational Effectiveness** programs
- **Supply Chain Optimisation program** enhancing supply logistics and reducing costs 54
- Largely integrated and locally sourced supply chain
- **Operational improvement** projects 3
- Divisional **procurement initiatives** to enhance our supply chain, including logistics and continuity of supply, and reduce costs 54
- **Long-term availability of fly ash** monitored and future sources identified, including reclamation of landfill ash 13
- **Cost reduction program** to right-size operations **in response to market declines** and COVID-19, and cost excellence programs 3
- **Securing gypsum supply** through acquisition of reserves and stable supply agreements
- Long-term **raw material supply contracts** (for paper, for example)

Financial and capital management

Maintaining an appropriate capital structure is key to delivering investor returns and access to equity and debt funding.

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

Boral is exposed to movements in foreign exchange rates through its international operations, and to a lesser degree through imported products and supply of plant and equipment.

- **Maintain a prudent capital structure** targeting BBB/Baa2 credit rating metrics through the cycle
- Maintain prudent debt profile with **staged and long-dated debt maturities** from diverse funding sources in global capital markets 18
- **Disciplined capital expenditure** and investment decision making with post-implementation reviews
- **Immediate and decisive actions to manage COVID-19 impacts** and to maintain a strong liquidity position, including rigorously managing cash flow and working capital, and strengthening Boral's debt facilities 18
- **Excess liquidity** via committed undrawn facilities and cash on hand
- US dollar net assets partially hedged with US dollar-denominated debt to **limit impact of foreign exchange rate movements**, including on funding covenants
- **Cross-currency swaps** used to hedge US dollar-denominated debt
- **Forward exchange contracts** used for material product and equipment supply, to hedge currency movements
- Interest rates swapped to **reduce cyclical impacts**
- **Counterparty credit risk** distributed across a number of highly-rated global financial institutions

Sustainability highlights

We recognise that delivering sustainable outcomes is a business imperative and critical for us to thrive over the long term. We strive to deliver value and positive change for all our stakeholders, our communities and the environment.

Our sustainability priorities

Safety

World-class health and safety outcomes for our people – **Zero Harm Today**

Nil

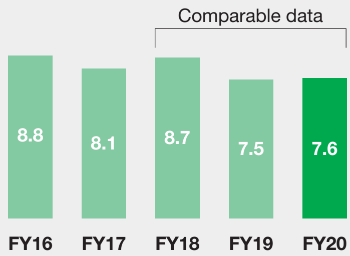
employee and contractor reportable fatalities

>130,000

hazards reported

7.6

recordable injury frequency rate[1]

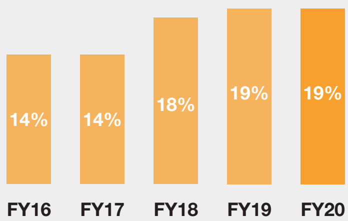


Our people

Diverse, capable and engaged workforce, enabling them to deliver their best

19%

women at Boral



1:1

female to male base salary pay equity in Boral Australia

~700

employees completed Leading Safe Work program

Environment

Minimise our environmental footprint and build resilience to climate change

2.2 million tonnes CO_2-e

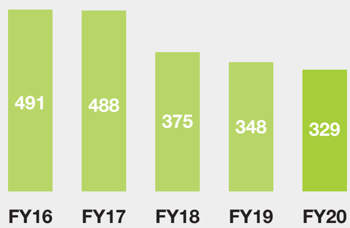
↓8%

Scope 1 and 2 GHG emissions

Completed stage 1 of climate-related physical risks scenario analysis

↓6%

Scope 1 and 2 GHG emissions intensity[2]



1. Per million hours worked for employees and contractors in all businesses and all joint ventures from FY2018. Prior years excludes less than 50%-owned joint ventures and Headwaters.
2. Tonnes CO_2-e emissions per A$million revenue.

External recognition

MEMBER OF Dow Jones Sustainability Indices In collaboration with SAM

FTSE4Good Constituent of FTSE4Good Index Series

MSCI ESG RATINGS AA

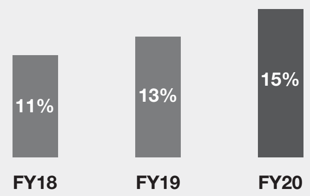
As of 2020, Boral received an MSCI ESG Rating of AA

Customers

Deliver innovative and **sustainable products** and **superior customer experience**

15%

revenue from lower carbon, high-recycled-content products[3]



~$30m

invested in R&D, in line with prior year

>50%

of our concrete customers using Boral Connects digital portal

Suppliers

More **efficient and sustainable supply chain** delivering better customer outcomes

>$4b

procurement spend

Multi-year supply chain optimisation program focused on improving our customers' experience

>$4m

spend with Indigenous-owned and social enterprises[4]

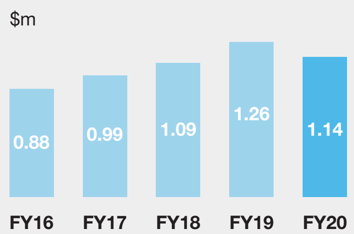
Strengthened approach to modern slavery risk

Communities

Make a positive contribution to our **local communities**

$1.14m

to community partnerships, causes and projects



Delivered 2019–2020 Reflect Reconciliation Action Plan commitments

Cement Concrete & Aggregate Association NSW/ACT Innovation Award for community leadership and engagement

3. Defined as having a minimum 40% recycled content, and based on share of Group-reported revenue adjusted to include Boral's 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are equity accounted.
4. Excludes indirect spend with Indigenous-owned businesses.

Sustainability overview

Our comprehensive disclosure on our sustainability outcomes for FY2020 and how we manage sustainability issues is included in our 2020 Boral Review & Sustainability Report. Further information is also available at boral.com/sustainability.

In FY2020, we:

- broadened disclosure and metrics to align where possible with the Sustainability Accounting Standard Board (SASB) Construction Materials standard, and we are committed to strengthening our processes, and to progress further alignment
- made further progress towards full alignment with the recommendations of the Task Force on Climate-related Financial Disclosures, including improving Scope 3 emissions data collection and methodologies, and completing the first stage of our physical risks scenario analysis, and
- broadened supplementary information on our website, including providing a Global Reporting Initiative (GRI) content index.

We are also publishing our first modern slavery statement in conjunction with this annual report.

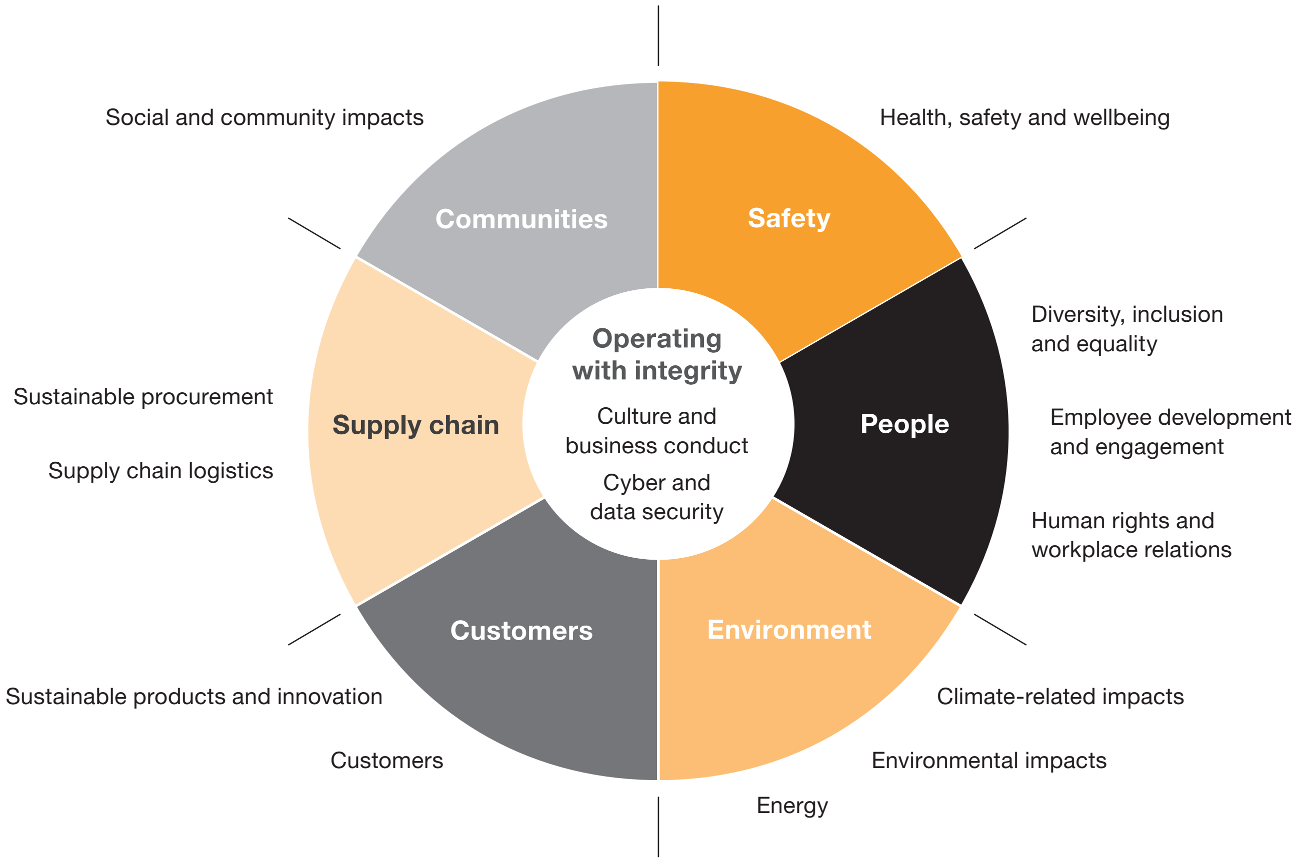
Our approach to sustainability is underpinned by:

- effective governance structure and risk management
- open and constructive engagement with our stakeholders, and
- monitoring and transparent reporting of our material issues.

Boral's material sustainability issues

We consider sustainability issues to be material if they represent significant issues to Boral and to our stakeholders. We assess sustainability issues with reference to the GRI definition of materiality.

We conduct a materiality assessment every two years to identify our material sustainability issues. The content of our 2020 Sustainability Report is defined by our FY2019 materiality assessment, which identified 14 material issues.



Prioritised United Nations Sustainable Development Goals

HSE management and safety outcomes

Nil employee and contractor reportable fatalities

7.6 recordable injury frequency rate[1,2]

65% reduction in Serious Harm Incident Frequency Rate[1] in Boral Australia to 2.7 in FY2020, from 7.7 in FY2016

Leading Safe Work program

being rolled out across Boral Australia – focused on coaching and educating frontline leaders and workers in how to make better decisions on the job

Focus on effective controls for high risk activities

Continued to increase our use of inspections that focus on verifying we have effective controls in place for high-risk activities

Zero Harm Today

Our leading priority is the health, safety and wellbeing of our people, and those we interact with through our activities. We also strive to eliminate or minimise our adverse environmental impacts.

HSE strategy

We are committed to continually improve our processes and eliminate health, safety and environment (HSE) risks to achieve our goal of Zero Harm Today. We work to maintain a safety-driven culture focused on trust, transparency and learning.

Our priorities and approach to managing our key HSE risks are guided by our Group-wide strategic objectives and supporting programs. These objectives are to have:

- capable and confident leaders
- an engaged, empowered and competent workforce
- fit-for-purpose health, safety, environment, quality (HSEQ) systems and processes, and
- maintain our privilege to operate and grow.

Boral's Group-wide Health, Safety, Environment and Quality Management System (HSEQ MS) provides the standards, guidelines and tools that enable us to improve our performance. Our HSEQ MS enables us to certify operations against external standards.

Our approach focuses on identifying and eliminating conditions and behaviours that have the potential to injure people or harm the environment. This includes thoroughly assessing risks, following effective systems and processes, and continually investing in equipment and other improvements.

Outperforming Australian industry safety benchmarks

According to Safe Work Australia's latest injury statistics reports[3], the broader industries in which Boral Australia operates have an extended duration lost time injury rate (eLTIFR[4]) four to five times that of Boral.

Boral Australia's operations pour concrete and lay asphalt across major projects and construction sites; have around 70 quarries and 300 operating sites producing cement, concrete, asphalt, bricks, roof tiles and timber products; and manage a fleet of more than 3,000 heavy vehicles.

Boral Australia's eLTIFR (five or more days lost) for employees was 1.8 in FY2020, compared to industry averages ranging from 7.7 to 8.1 for manufacturing and transport, postal and warehousing.

1. Per million hours worked for employees and contractors in 100% owned businesses and all joint ventures.
2. Recordable injury frequency rate is the combined lost time injury frequency rate and medical treatment injury frequency rate.
3. Statistics on workers in Australia published by Safe Work Australia, Table 21 – number, frequency rate and incidence rate of serious claims by industry (2017-18). Based on Safe Work Australia's definition of lost time injury frequency rate, which is based on workers' compensation claims for work-related injuries that resulted in five or more days of lost time from work.
4. Per million hours worked.

Climate-related impacts

We are progressing strategies to leverage the opportunities of a lower carbon economy and to further mitigate our climate change risks.

We are committed to playing our role in addressing climate change. We support the 2015 Paris Agreement objective of limiting global warming to well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase even further, to 1.5°C.

As a construction materials and building products company with a footprint in 17 countries, Boral's clinker manufacturing operations in Australia accounted for 45% of our total Scope 1 and 2 greenhouse gas (GHG) emissions in FY2020.

FY2020 GHG emissions
tonnes CO_2-e

Scope 1 and 2

↓8% to 2.2m

Scope 3

3.1m

Strategy

Our approach to addressing climate change is focused on three interrelated priorities:

- reduce the carbon footprint of our operations and value chain
- grow revenue from lower carbon construction materials and building products
- strengthen resilience by mitigating our climate change risks.

In FY2020, we undertook a review of longer term carbon emissions reduction targets consistent with the Science-based Targets initiative (SBTi) methodology, including early development of possible emissions reduction pathways. In FY2021, we will conduct further analysis of possible pathways to strengthen our confidence in meeting science-based targets.

Importantly, in FY2021, we will complete the necessary work to adopt science-based targets and carbon emissions reduction pathways, taking into account the outcomes of the portfolio review that is currently underway, and to ensure alignment with Boral's broader sustainability and business strategy.

We will also consider the ongoing appropriateness of our existing carbon emissions intensity and fly ash based supply chain targets in light of the reset business strategy.

Performance against targets

1. Reduce GHG emissions intensity by 10–20% on FY2018 by FY2023[1]

   ↓ 12% on FY2018

2. Deliver annual growth in share of revenue from lower carbon, high-recycled-content products[2]

   ↑2% to 15%

3. Reduce CO_2-e in supply chain by 1.1–1.5 million tonnes by increasing fly ash supply by FY2022

   ↑0.2 million tonnes CO_2-e

Our low-carbon solid waste-derived fuels facility at Berrima (NSW) reduced our coal-related GHG emissions by 25,000 tonnes CO_2-e in FY2020.

Physical climate-related scenario analysis

The **first stage** of our physical climate-related scenario analysis, which was completed in FY2020, identified the geographic regions where Boral operates that are most vulnerable to the impacts of physical climate-related risks under various warming scenarios in the mid-century and end-of-century periods.

The **second stage**, which will be completed in FY2021, will quantify the potential operational and financial impacts on Boral of an increase in climate hazards at a site and/or business level, considering existing mitigation measures and controls.

1. Tonnes CO_2-e per A$million underlying revenue, which is Group-reported revenue adjusted to include Boral's 50% share of underlying revenue from the USG Boral and Meridian Brick joint ventures, which are equity accounted.
2. Based on Group-reported revenue adjusted to include Boral's 50% share of underlying revenue from the USG Boral and Meridian Brick joint ventures, which are equity accounted.

Environmental impacts

We are committed to minimising our environmental impacts so that our business is sustainable for the long term.

We work to mitigate adverse environmental impacts from our operations, and wherever possible, eliminate them altogether.

In addition to reviewing science-based emissions targets, we are advancing a range of new business-level plans and targets. These focus on improving water efficiency, reducing waste generation and increasing use of recycled materials in our products.

During the year, we received 11 infringement penalties across the Group, totalling $53,576. Eight related to non-compliance in administrative arrangements, rather than causing environmental impacts.

Water

Many of our operations use recycled water in their production processes, including for concrete, plasterboard, quarry, asphalt and some building products. While the proportion of recycled water used at our operations varies, it can be as high as 100%.

Waste

We re-use materials in our production processes, including concrete washout, recycled asphalt pavement, plasterboard waste, process water from our production facilities and quarry by-products.

We are exploring additional opportunities to further reduce waste in our operations and build capacity in the recycled products space, including through re-using production by-products and waste materials.

4 gigalitres of municipal water used, in line with prior year

Water stress review resulted in 22 quarry sites, out of 67, being categorised at high risk of water stress

84 internal environmental compliance audits

Our people

We strive to attract and retain a diverse and talented workforce; build a culture of safety, respect and trust; and improve our employees' experiences. We also invest in developing our employees to provide them with the skills and capabilities to deliver their best.

Since March 2020 our people have been significantly impacted by the COVID-19 pandemic.

We have supported and continue to support our employees who have been impacted by temporary closures, providing paid leave, unpaid leave, flexible and remote working arrangements where possible, and assistance accessing relevant government support.

Diversity, inclusion and equality

We are committed to driving greater diversity and inclusion in our workplace.

Increasing the representation of women at Boral, particularly in leadership roles, is a key priority. During the year, Boral Australia completed a comprehensive review of issues impacting the retention of women. We have identified a number of initiatives we will implement in FY2021.

Culture and engagement

In FY2020, we piloted a survey of 2,000 employees across our Australian and North American businesses to gain insight into our organisational culture. The results of this survey will be available in FY2021.

Training and development

In Boral Australia, 2,954 employees completed learning through Learning@ Boral in FY2020, including more than 1,800 employees who completed training through our registered training organisation. In Boral North America, our employees completed training across a range of skill areas.

16,169 FTE employees

~7,600 FTE contractors

35% of professional positions held by women

24% employees covered by industrial or enterprise agreements

Customers and sustainable products

Our commitment is to always put our customers first. We strive to offer our customers innovative and sustainable construction materials and building product solutions, and to deliver a superior customer experience.

Across our international operations, our customers range from people renovating their homes to large-scale builders, commercial developers and infrastructure contractors.

Sustainable products

Our key priorities include reducing our carbon footprint and working towards a circular economy by using more recycled materials and products.

In FY2020, our lower carbon, high-recycled-content products[1] accounted for 15% of our underlying revenue[2], up from 13% in FY2019. These products and businesses include: Fly Ash, Boral Recycling, lower carbon concretes, TrueExterior® Siding & Trim and plasterboard in South Korea and China manufactured using synthetic gypsum, a by-product of coal-fired plants.

Lower carbon concretes

Developed by Boral's innovation centre in Australia, ENVISIA® is a lower carbon concrete that achieves a cement replacement of more than 50% without impacting performance.

ENVISIA® meets the requirements of the Infrastructure Sustainability Council of Australia and helps the construction industry achieve higher Green Star ratings on projects assessed by the Green Building Council of Australia.

Aspire® is an advanced lower carbon concrete solution specifically developed to maximise floor space, by incorporating thinner vertical elements in commercial and high-rise buildings, and having a lower overall Portland cement content than equivalent high-strength concrete.

To deepen our research, development and innovation efforts in lower carbon concrete, we entered into a five-year partnership with the University of Technology Sydney (UTS), harnessing the combined capabilities of industry and academia.

Artist impression of Suncorp headquarters being built using Boral's ENVISIA® and Aspire® lower carbon concretes. Photo courtesy of Mirvac.

Customer experience

In Boral Australia, we monitor customer feedback through customer surveys and by reporting on three types of Net Promoter Score (NPS): an Interaction, Episode and Strategic score.

Since FY2019, we have been monitoring our Interaction NPS daily across a number of product lines, gathering feedback on individual customer interactions. This feedback enables our frontline team to respond to any negative feedback quickly and rectify any concerns. Our business leadership teams also discuss this NPS each month and use it to inform systematic improvement initiatives.

>50% of our concrete customers using Boral Connects digital portal

~$30m invested in R&D, in line with prior year

New UTS Boral Centre for Sustainable Building partnership with University of Technology Sydney

Boral Connects

In Boral Australia, our Boral Connects customer portal is revolutionising our concrete experience. The streamlined platform allows our customers to place, modify, confirm, cancel and track orders online. Customers can also use Boral Connects to access electronic dockets, enabling paperless delivery.

In FY2020, we continued to work with customers to further enhance and develop this online portal, including capturing customer feedback. To date, more than 50% of our concrete customers have registered with Boral Connects.

1. Defined as having a minimum of 40% recycled content.
2. Group-reported revenue adjusted to include a 50% share of underlying revenue from the USG Boral and Meridian Brick joint ventures, which are equity accounted.

Supply chain

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

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

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

Sustainable procurement

We strive to create positive change by making responsible and sustainable purchasing decisions. Our approach to sustainable procurement seeks to achieve industry best practice.

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

- ensuring suppliers are aware of and comply with our Supplier Code of Conduct
- maintaining an industry-leading supplier pre-qualification questionnaire, and evaluation processes and tools, for assessing each supplier's performance and ability to meet our expectations
- promoting diversity and inclusion in our supply chain, including through social and Aboriginal and Torres Strait Islander-owned enterprises, and
- assessing and managing the risk of modern slavery in our supply chain. See our 2020 Joint Modern Slavery Statement.

Promoting diversity and inclusion in our supply chain

During the year, we developed a partnership with WV Technologies (WV), a certified Social Trader and member of Supply Nation.

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

Communities

We are committed to managing our operations responsibly and building positive long-term relationships with the communities in which we operate. We do this by listening to our stakeholders, and understanding and managing the impact of our activities.

We recognise that our activities – which include extracting and processing raw materials, and manufacturing and transporting products and materials – can attract community interest and concerns.

As part of our engagement, we hold regular community liaison meetings across our key sites in Boral Australia to inform local communities about our operations, including site-specific health, safety and environmental aspects.

We also keep local communities informed through more informal channels, including online information resources, newsletters, local advertising and site tours.

Aboriginal and Torres Strait Islander communities

We are committed to strengthening our relationships with and the opportunities we provide for Aboriginal and Torres Strait Islander peoples and communities.

In FY2020, we achieved the deliverables and planned actions set out in our 2019–2020 Reflect Reconciliation Action Plan. In FY2021, we intend to launch our second Reconciliation Action Plan, an Innovate plan, to advance our contribution to reconciliation.

Community investment

Through our community investment program, we aim to make a positive and sustainable contribution to the communities in which we operate.

This program focuses on long-term capacity-building projects that will have a lasting impact. We also support projects and organisations that provide support and care during emergencies.

$1,140,000 contributed to our community partnerships and local community causes and projects

7 key community partnerships, including new partnership with Black Dog Institute

Executive Committee

Zlatko Todorcevski |
Chief Executive Officer (CEO) & Managing Director

Zlatko Todorcevski was appointed as CEO & Managing Director effective 1 July 2020, replacing former CEO & Managing Director Mike Kane. Biography details of Zlatko Todorcevski are available on page 37.

Rosaline (Ros) Ng | Group President Ventures & CFO

Rosaline Ng joined Boral in 1995 and held senior finance roles in Boral's Building Products division. Ros left in 2001 to join Phoneware/Sirius Telecommunications as Finance Director before returning to Boral in late 2002. In 2009, she was appointed Chief Financial Officer (CFO) of Boral Industries Inc in the USA and since 2013 she has been CFO of Boral Limited. Ros took on the expanded role of Group President Ventures & CFO in March 2019, with additional responsibility for delivering the results and strategies of Boral's joint ventures. She holds a Bachelor of Commerce from the University of NSW and is a member of Chartered Accountants Australia and New Zealand.

Wayne Manners | President & CEO, Boral Australia

Wayne Manners joined Boral in 2012 as Regional General Manager WA Construction Materials after a 20-year career in industrial companies, including as CEO of Gemco Rail and Fleetwood Pty Ltd.

He became Boral's Executive General Manager WA/NT and led Boral's Building Products in Australia and Boral's Major Projects Office with overlay responsibility for Boral Australia's Transformation & Innovation group and Value Improvement Program (VIP). In March 2019 Wayne was appointed President & CEO Boral Australia. He holds a diploma in Civil Engineering and a Master of Business Administration from Deakin University, and is a Graduate of the Australian Institute of Company Directors.

Darren Schulz | Acting President & CEO, Boral Industries Inc

Darren joined Boral in 2002 and was appointed Acting President & CEO, Boral Industries Inc effective 1 June 2020. He has built a career in building products that includes senior leadership roles in multi-national operations across the Americas, South East Asia, Africa, Middle East, Europe and Australia. He spent two years in Boral's Australian operations as Vice President, Performance and Executive General Manager, Building Products. In 2015 he joined Fletcher Building Limited as President & General Manager, Roof Tile Group, before returning to Boral in 2017 to take up the role of President, Roofing North America. Darren holds a Master of Business Administration from The Wharton School, a Bachelor of Business (Accounting) Honours and is a Chartered Accountant.

Frederic de Rougemont | CEO, USG Boral

Frederic de Rougemont joined in 2011 and was previously CEO of Lafarge Boral Gypsum Asia (LBGA). Prior to joining Boral, Frederic held senior roles with Lafarge in South Africa and South Korea, as well as research roles in France and the USA. He has a PhD in Physical Sciences from the University of Orsay. Since the formation of USG Boral in February 2014, Frederic has been employed by the USG Boral Building Products joint venture.

Ross Harper | Group President HSE, Innovation, Sustainability & Operations Excellence

Ross Harper joined Boral in 2006 and held senior roles in Boral's Cement division, including as Executive General Manager Boral Cement from 2012. In March 2019, Ross was appointed Group President Operations, with responsibility for Boral Australia, Boral North America and Group HSE. From 1 April 2020, he transitioned to a more focused role as Group President HSE, Sustainability, Innovation & Operations Excellence. He has more than 40 years' experience in industrial process industries, including the energy, pulp and paper, and building material sectors. He holds a Doctorate in Chemistry and completed the Executive Management Programme at the University of Michigan, Ann Arbor.

Linda Coates | Group Human Resources Director

Linda Coates joined Boral in 2000 and previously held Group and divisional human resources (HR) roles, including in Construction Related Businesses and Clay & Concrete Products. Linda was appointed Group Human Resources Director for Boral Limited in 2013. Prior to joining Boral, Linda was with Pioneer International in HR roles covering Australia and Asia. She holds a Master of Business Administration and a Bachelor of Arts with Honours majoring in Economics and Political Science from the University of NSW.

Kylie FitzGerald |
Group Communications & Investor Relations Director

Kylie FitzGerald first joined Boral in 1995 and was appointed Manager, Investor Relations & Corporate Affairs in 2001, a role she continued in until August 2010. In January 2011, Kylie joined the GPT Group as Group Communications Manager, before returning to Boral in July 2012 to again lead Boral's Group Communications and Investor Relations. Kylie's early roles were in production management in Roofing. She holds an honours degree in Ceramic Engineering from the University of NSW and an MBA from the Australian Graduate School of Management.

Dominic Millgate | Company Secretary

Dominic Millgate joined Boral in 2010 and was appointed Company Secretary of Boral Limited in July 2013. Dom 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 Chartered Secretary and Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors. He is admitted to practise as a solicitor in NSW. Dom holds a finance degree from the University of New England, a law degree from the University of Sydney and a Master of Laws from the University of NSW.

Damien Sullivan | Group General Counsel

Damien Sullivan joined Boral in 2009 and was most recently General Counsel, Australia before being appointed Group General Counsel in 2013. Damien has worked as a lawyer in private practice and various in-house legal roles across a number of industries for more than 20 years in Sydney, New York and Los Angeles. Damien holds Law and Applied Science degrees from the University of Newcastle and is admitted as a solicitor in New South Wales, and as an attorney in New York.

Board of Directors

Kathryn Fagg AO | Non-executive Chairman | age 59

Kathryn Fagg joined the Boral Board in September 2014 and became Chairman effective 1 July 2018. Ms Fagg is a Director of National Australia Bank Limited, Djerriwarrh Investments Limited and a Board Member of the CSIRO. She is also a Director of the Myer Foundation, Chair of the Breast Cancer Network Australia, a board member of the Grattan Institute and Male Champions of Change. She was previously Director of Incitec Pivot Limited, a Board member of the Reserve Bank of Australia, immediate past President of Chief Executive Women and former Chair of the Melbourne Recital Centre and Parks Victoria.

Ms Fagg is an experienced senior executive, having worked across a range of industries in Australia and Asia, including logistics, manufacturing, resources, banking and professional services. She was previously President of Corporate Development with the Linfox Logistics Group and prior to that she held executive roles at BlueScope Steel and ANZ and consulted for McKinsey & Co. She holds an Honorary Doctor of Business and a Master of Commerce in Organisation Behaviour from University of NSW, and an Honorary Doctor in Chemical Engineering and a chemical engineering degree from the University of Queensland.

Ms Fagg is Chairman of the Board and a Member of the Remuneration & Nomination Committee.

Zlatko Todorcevski | CEO & Managing Director | age 52

Zlatko Todorcevski joined the Boral Board on 1 July 2020, when he was appointed CEO & Managing Director. His 30-year executive career spans the oil and gas, logistics and steel building products sectors. Zlatko 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 Limited as CFO with responsibilities for all finance activities, strategy and planning, legal, IT and company secretarial functions. He was also previously the CFO of Brambles Limited, where he led the $3 billion demerger of Recall Holdings as well as multiple global acquisitions and divestments and a major cross-company transformation program. He ceases as a non-executive Director of The Star Entertainment Group Limited on 31 August 2020 and he will transition off the board of Coles Group Limited in the coming months. Zlatko was previously on the Board of Adelaide Brighton Limited, where he served as both Chairman, and Deputy Chairman and Lead Independent Director. He holds a Bachelor of Commerce and Masters of Business Administration from the University of Wollongong. He is also a Fellow of CPA Australia, FINSIA and the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

Peter Alexander | Non-executive Director | age 63

Peter Alexander joined the Boral Board in September 2018. He is a seasoned former chief executive with more than 28 years of senior executive experience in US building materials and distribution, technology products and services. In 2010, Mr Alexander became CEO of Building Materials Holding Corporation and led the efforts to successfully combine Building Materials Holding Corporation with BMC Stock Holdings Inc (BMC). He continued as President and CEO of the newly merged NASDAQ listed group BMC through to early 2018.

In addition to his eight years as CEO of BMC, Mr Alexander was President and CEO of ORCO Construction Distribution from 2005 to 2009, serving large residential, commercial and concrete construction builders. He previously served as President and CEO or in executive positions for several other companies in the technology, retail, distribution and service industries, including GE Capital, ComputerLand/Vanstar, Premiere Global Services and Coast to Coast Hardware. Mr Alexander holds a BA from The Ohio State University and an MBA from The Pennsylvania State University.

Mr Alexander is a member of the Remuneration & Nomination Committee.

Eileen Doyle | Non-executive Director | age 65

Dr Eileen Doyle joined the Boral Board in March 2010. Dr Doyle is a Director of Oil Search Limited and NEXTDC Limited. She was previously the Deputy Chairman of CSIRO, a Director of GPT Group, Bradken Limited, OneSteel Limited and Ross Human Directions Limited, and Chairman of Port Waratah Coal Services Limited.

Her extensive executive and non-executive experience includes manufacturing and marketing in building and industrial materials throughout Australasia, Asia and North America. She holds a PhD in Applied Statistics from the University of Newcastle, is a Fulbright Scholar and has an Executive MBA from Columbia University Business School. She is a Fellow of the Australian Institute of Company Directors.

Dr Doyle is Chairman of the Health, Safety & Environment Committee and a member of the Audit & Risk Committee.

John Marlay | Non-executive Director | age 71

John Marlay joined the Boral Board in December 2009. Mr Marlay is Independent Chairman of Flinders Ports Holdings Pty Limited. He was previously Chairman of Cardno Limited, a Director of Incitec Pivot Limited and has senior executive experience in the global materials and cement industries as well as non-executive director experience in companies with significant North American business operations. Mr Marlay was the Chief Executive Officer and Managing Director of Alumina Limited from December 2002 until his retirement from that position in 2008. He has also held senior executive positions and directorships with Esso Australia Limited, James Hardie Industries Limited, Pioneer International Group Holdings and Hanson plc. He holds a science degree from the University of Queensland and a Graduate Diploma from the Australian Institute of Company Directors. He is a Fellow of the Australian Institute of Company Directors.

Mr Marlay is Chairman of the Remuneration & Nomination Committee and a member of the Health, Safety & Environment Committee.

Karen Moses | Non-executive Director | age 62

Karen Moses joined the Boral Board in March 2016. Ms Moses is a Director of Orica Limited, Charter Hall Group, Snowy Hydro and Sydney Symphony Limited, and a Fellow of the Senate of Sydney University. Ms Moses was previously a Director of SAS Trustee Corporation, Australia Pacific LNG Pty Limited, Origin Energy Limited, Contact Energy Limited, Energia Andina S.A., Australian Energy Market Operator Ltd, VENCorp and Energy, Water Ombudsman (Victoria) Limited and Sydney Dance Company. Ms Moses has over 30 years' experience in the energy industry spanning oil, gas, electricity and coal commodities and upstream production, 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.

Ms Moses is a member of the Audit & Risk Committee and a member of the Health, Safety & Environment Committee.

Paul Rayner | Non-executive Director | age 66

Paul Rayner joined the Boral Board in September 2008. Mr Rayner is the Chairman of Treasury Wine Estates Limited, a Director of Qantas Airways Limited and a Director of the Murdoch Children's Research Institute. He was previously a Director of Centrica plc, a UK listed company. He brings to the Board extensive international experience in markets relevant to Boral including North America, Asia and Australia. He has worked in the fields of Finance, Corporate Transactions and General Management in consumer goods, manufacturing and resources industries. His last role as an Executive was Finance Director of British American Tobacco plc, based in London from January 2002 to 2008. He holds an Economics Degree from the University of Tasmania and a Masters of Administration from Monash University.

Mr Rayner is Chairman of the Audit & Risk Committee.

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 the Boral Values:

- **Integrity** – open, honest, respectful and authentic in all our dealings
- **Excellence** – ambitious and disciplined in pursuit of the highest standards of performance
- **Collaboration** – working across businesses and developing partnerships, and
- **Endurance** – operating for the long term rather than the quick fix, and ever improving.

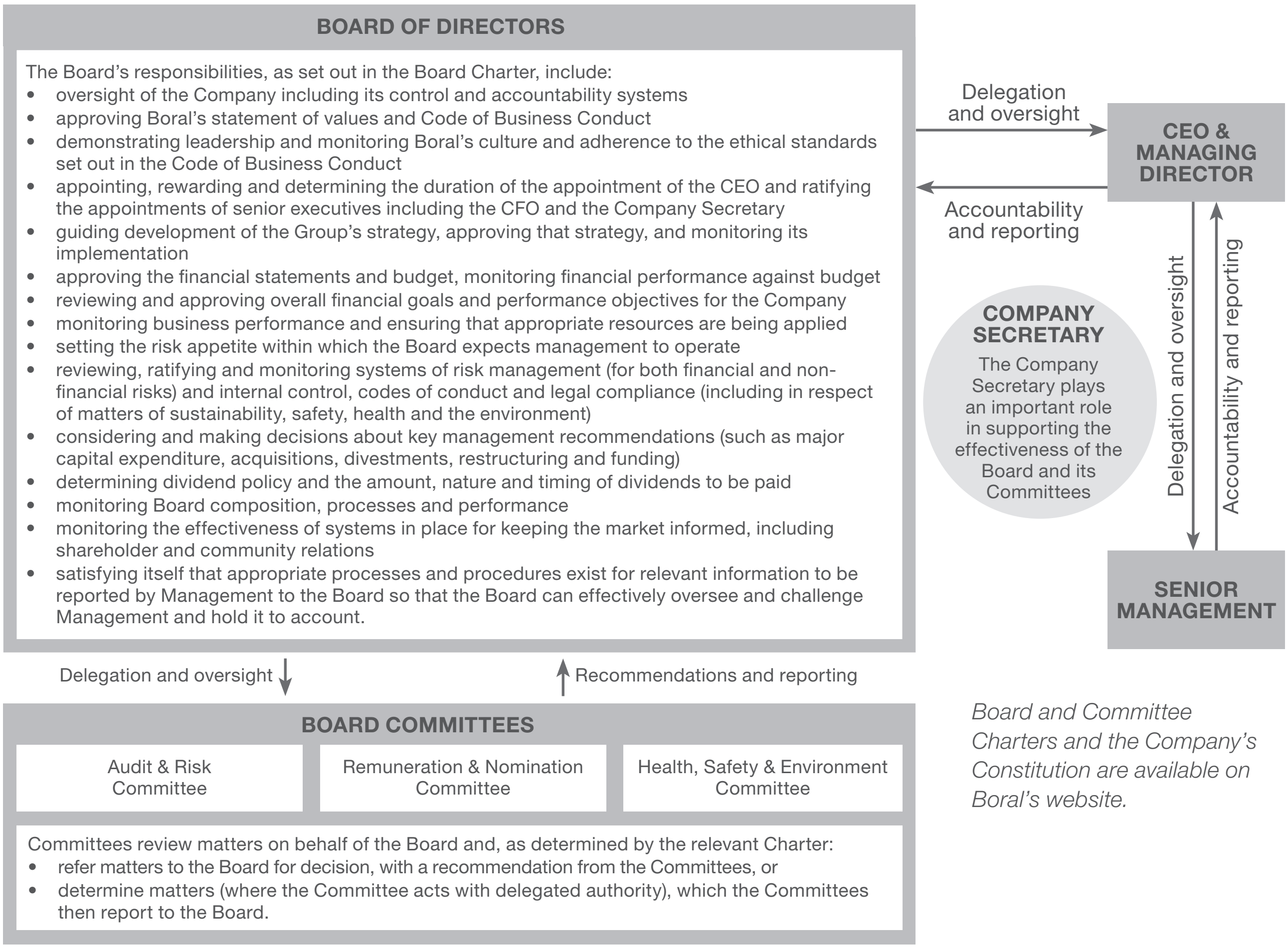
These values are expected to inform all our decisions, from the top down. The values are supported by our governance framework and underpin our corporate culture.

Throughout FY2020, Boral's governance arrangements were consistent with the Corporate Governance Principles and Recommendations (3rd 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. Boral is pleased to report that its governance arrangements as outlined in this Corporate Governance Statement already address a number of the new issues raised in the 4th edition of the ASX Principles and Recommendations, which will come into effect for Boral in FY2021.

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 2020 and has been approved by the Board of Boral Limited.



Board and Committee Charters and the Company's Constitution are available on Boral's website.

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, as set out in Boral's management guidelines.

The diagram on page 38 summarises Boral's governance framework and the functions reserved for the Board in accordance with the Board Charter.

Non-executive Directors spend at least 35 days each year (considerably more in the case of the Chairman) on Board business and activities, including 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

The accompanying diagram illustrates the composition of the Board at 30 June 2020.

As announced on 15 June 2020, Zlatko Todorcevski was appointed as CEO & Managing Director of Boral Limited, effective 1 July 2020, replacing former CEO & Managing Director Mike Kane.

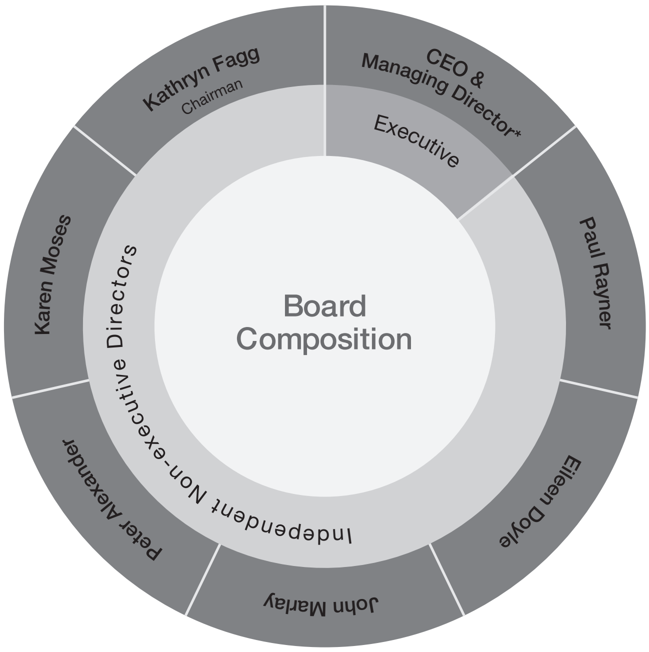
Boral's Constitution provides that there will be a minimum of three Directors and a maximum of 12 Directors on the Board.

The Board of Directors comprises six non-executive Directors (including the Chairman) and one executive Director, being the CEO & Managing Director.

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 independent Directors. The Chairman leads the Board and is responsible for the efficient organisation and effective functioning of the Board, ensuring that Directors have the opportunity to contribute to Board deliberations. 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.



* Zlatko Todorcevski was appointed CEO & Managing Director of Boral Limited effective 1 July 2020, replacing former CEO & Managing Director Mike Kane.

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 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.

For example, the Board progressed the search process towards appointing an Asia-based non-executive Director to build on the Board's existing experience in Asia, however this process was put on hold early this year due to the impacts of COVID-19.

The Board renewal plan is currently focused on recruiting two new directors, one with deep operational experience in the sector and the other with strong finance experience. These new directors will be based in Australia and we expect to make these appointments this year. Of our longer-serving directors, John Marlay will retire at the end of this year, Eileen Doyle will retire in 2021 and Paul Rayner, who is standing for re-election this year, will retire following the successful transition of the chairmanship of the Audit & Risk Committee.

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
	Information technology
People	Organisational sustainability
	Remuneration and rewards
Governance	Governance and regulation
	Board experience

Each of these 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 skills, experience and expertise of each Director are set out on page 37 of this Annual Report.

Director independence

The Board has assessed the independence of each of the non-executive Directors (including the Chairman) in light of their interests, positions, associations and relationships, and considers each of them to be independent. The criteria considered in assessing the independence of non-executive Directors include that the Director:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, 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

- has not within the last three years been a partner, director or senior employee of a provider of material professional services to a Boral company
- has not been within the last three years in a material business relationship (that is, as a supplier 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 family 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 his or her independence may have been compromised.

It is considered that none of the interests of 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 being 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 (including the Chairman) are considered independent.

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 page 37 of this Annual Report, and while the Board has been well served with an appropriate and diverse mix of tenure over time, the Board is actively progressing its plan for Board renewal, as outlined on the previous page.

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 that 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 continue 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 policy 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 the Board to carry out its responsibilities most effectively.

The Board is also committed to maintaining gender diversity in its membership. Currently, three of the six non-executive Directors on the Boral Board are women. 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	• 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	• 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	• At the time of appointment of 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	• 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 whether to elect or re-elect the candidate.

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.

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 page 37 of this Annual Report. Details of the number of Committee meetings Directors attended during the reporting period are set out on page 56 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 the effective operation of the Board. The Audit & Risk Committee comprises only independent non-executive Directors. Its members are:

Paul Rayner (Chairman)
Eileen Doyle
Karen Moses

The Committee met four times during FY2020.

The Audit & Risk Committee has a formal Charter which 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 the Board and management have established to identify and manage areas of significant financial and non-financial risk, and the effectiveness of Boral's risk management framework
- risk management 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 divisional management are reviewed by the Committee half yearly.

Both 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, in 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 KPMG. At least annually, as occurred in FY2020, 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.

If circumstances arise where it becomes necessary to replace the external auditor, the Audit & Risk Committee will formalise a process for the selection and appointment of a new auditor, and recommend to the Board the external auditor to be appointed to fill the vacancy.

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 type of services of the external auditor which are prohibited because they have the potential, or appear, to impair 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 58. The Committee's role in relation to the internal audit function is discussed on page 46.

Remuneration & Nomination Committee

Composition and role

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

The members of the Committee are:

John Marlay (Chairman)
Peter Alexander
Kathryn Fagg

The Committee met six times during FY2020.

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, are aligned with the Company's performance and the shareholder experience, and demonstrate alignment between executive reward and shareholder value
- identification and recommendation of 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 FY2020 is set out in the Remuneration Report from page 59.

Health, Safety & Environment Committee

Composition and role

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

The members of the Committee are:

Eileen Doyle (Chairman)
John Marlay
Karen Moses

The Committee met four times during FY2020.

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

- 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 the 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 page 36 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, in order 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
The Board undertakes an evaluation of the performance of the Board, its Committees, individual Directors and the Chairman. 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. 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 other Director.	On an annual basis, the Remuneration & Nomination Committee and subsequently the Board formally review the performance of the CEO & Managing Director. 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. 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.	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. 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 the setting of objectives and the annual assessment of performance against objectives and workplace style and effectiveness. 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.
An external evaluation of the performance of the Board, its Committees and individual Directors took place in FY2020 in accordance with the process described above.	An evaluation of the performance of the CEO & Managing Director took place in FY2020 in accordance with the process described above.	An evaluation of the performance of senior executives of Boral took place in FY2020 in accordance with the process described above.

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 59.

Boral policies and risk framework

Risk identification and management

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

The managers of Boral's businesses are responsible for identifying and managing risks. Under 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 comprises:

- the identification of core strategic, operational, financial and compliance risks
- the identification and monitoring of emerging business risks, and
- assessment, monitoring and mitigation of identified risks.

On at least an annual basis, the Group Audit & Risk Manager facilitates a formal bottom-up, organisation-wide risk management process with the business. Outcomes are shared with the Audit & Risk Committee and Management, who also receive presentations by senior divisional management on a regular basis following division-specific risk reviews.

The process is governed centrally through Boral's risk management framework and directed by policies and procedures within functional areas such as Treasury, Health, Safety and Environment, Human Resources and Learning, Group Legal and Finance.

Boral's senior 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 FY2020. The Audit & Risk Committee has reviewed the risk management framework and is satisfied that it continues to be sound.

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

Internal audit

The internal audit function is carried out by Group Audit & Risk, which provides independent and objective assurance to Management and the Board on the effectiveness of Boral's internal control, risk management and governance systems and processes. The function is led by the Group Audit & Risk Manager, who oversees the execution of the internal audit plan as approved by the Audit & Risk Committee. The Group Audit & Risk Manager has a reporting line to the Chief Financial Officer as well as to the Audit & Risk Committee.

The function comprises a dedicated in-house team of qualified professionals based in Australia, Asia and the USA, with targeted support as required from external specialists. The 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.

Business and sustainability risks

Details regarding our approach to managing business and sustainability risks are contained in the OFR (pages 6-27), including in this year's expanded Risks and Responses section (pages 24–27), as well as in the Sustainability highlights and overview section (pages 28–35) of this Annual Report. These explain the Company's exposure to economic, environmental and social sustainability 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 2020 and the half year ended 31 December 2019.

Compliance with laws and policies

The Company has adopted policies to monitor compliance with occupational health, safety, environment, anti-corruption and bribery, 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. The Company believes that whistleblowing can be an appropriate means to protect Boral and individuals, and ensure operations are conducted within the law.

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.

Boral has a dedicated Compliance Council, tasked with achieving compliance within Boral through collaboration across functional areas including Legal, Risk, Internal Audit, HSE, Property Group, Product Councils, Insurance, Finance, Tax, HR/IR, IT security and other areas of expertise. Given the multi-disciplinary nature of the compliance effort within Boral, regular, open communication facilitating collaboration across those groups is critical.

The Compliance Council provides a regular forum, connecting the relevant expertise to foster and improve communication and collaboration, and to ensure that the right functional experts are engaged and working together to achieve business-wide regulatory compliance.

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 Business Conduct and other guidelines and policies that set out legal and ethical standards for employees. As part of performance management, employees are assessed against the Boral Values of Integrity, Excellence, Collaboration and Endurance.

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 regular training sessions about expected standards of behaviour, the Boral Values and compliance with the Code of Business 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 next review to occur in FY2021.

Boral's Code of Business 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 Business Conduct and other Boral policies including the anti-corruption and bribery policy (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 at Boral

Diversity at Boral is led by the CEO & Managing Director, with the support of the Board overseeing the strategy and plan initiatives and progress on diversity objectives.

Management, supported and assisted by the Boral Diversity Council, is responsible for implementing initiatives throughout the businesses to achieve the Group's diversity objectives, and more generally to reinforce Boral's commitment to fostering an inclusive and supportive workplace in accordance with the principles outlined in the Diversity Policy.

Boral is committed to fostering an inclusive workplace that embraces diversity and recognises that a diverse workplace can:

- produce better business outcomes by leveraging the unique experiences of people with diverse backgrounds, and
- improve employee engagement and retention by fostering a culture that promotes personal achievement, and is based on fair and equitable treatment of all employees, irrespective of their individual backgrounds.

We believe that a diverse workforce is fundamental to the success of the business.

Diversity at Boral is underpinned by the following principles:

- recruiting and promoting on merit
- remunerating on a non-discriminatory basis
- ensuring that development activities are available to all on a non-discriminatory basis, and
- striving to increase the proportion of women in the organisation, particularly in executive and senior management roles.

Diversity – Measurable objectives for FY2020

Boral's diversity plan has six strategic elements against which the Board has set measurable objectives for FY2020, as outlined below:

Strategic Element and Objective		Status	Key Outcomes
1	**Leadership**		
1.1	Leadership engagement: engage senior leaders to take carriage of deploying diversity communication and education	Completed	• Unconscious bias learning integrated into zero|one|ten Leader Foundations and Leading Safe Work programs for front line leaders. • Unconscious bias programs available to all employees through Boral's learning management system. • Online platform for unconscious bias leadership learning.
		In progress	• Approach, structure and content of zero|one|ten Build Leadership program to include the next stage of learning on inclusion and the impact of unconscious bias on leadership behaviour.
2	**Communication and Education**		
2.1	Communication: develop communications engagement framework and packages to raise knowledge and understanding of diversity	Completed	• 'Diversity Conversations' program completed, planning an updated approach for FY2021.
		In progress	• Communication on the 'Why' of diversity and inclusion refreshed to increase awareness and desire for an inclusive workplace culture; materials being developed to communicate the message more broadly. • 'Listening Groups' to commence in FY2021 to build networks and capabilities, share experiences and increase connections and inclusion.
2.2	Education: develop diversity educational framework to provide management with capability to lead and manage diversity and diverse teams	Completed	• Deployed unconscious bias training through Cognicity and LinkedIn Learning, made available to employees in FY2020.
		Ongoing	• 116 leaders participated in zero|one|ten Leader Foundations and Coaching programs, including modules on diversity, inclusion and unconscious bias. • Participation of women in leadership development programs in FY2020 was 13% of participants, down from 21% in FY2019.
2.3	Networking: establish networks, alumni and support groups across Boral to educate, support and engage employees	Completed	• Of the 37 participants who attended a Diversity in Leadership Forum in FY2020, 43% were women in leadership roles. Forums provide opportunities for women leaders to develop networks and consult with key leaders on issues of gender and diversity in their businesses. • Since FY2014, 197 employees have participated in a forum and 73% of participants were women in leadership roles. This group forms the Diversity in Leadership Alumni, providing feedback on initiatives.

Strategic Element and Objective	Status	Key Outcomes
2.3 Networking: establish networks, alumni and support groups across Boral to educate, support and engage employees *(continued)*	In progress	• Development, coordination and promotion of networks, alumni and support groups to provide networking and development opportunities. • Mentoring Circles for women was piloted, providing development and networking opportunities for women. • Boral Women in Science & Engineering (WISE) was formed by women in Boral wanting to connect with other women with STEM backgrounds.
	Ongoing	• Diversity in Leadership Alumni meets quarterly to progress discussion on diversity and inclusion, and provides support and information on diversity initiatives. • Veterans Alumni meets at least quarterly to progress initiatives and engage veterans. Initiatives include Anzac and Remembrance Day memorial services, membership award ceremonies, and promotion of veteran's employment through promotional advertising on Boral vehicles.
2.4 Track and report: develop key performance indicators to measure, track and report on change and progress	Completed	• Boral Australia's Diversity & Inclusion Council reviewed objectives for FY2020 to assess impacts on progression of diversity and inclusion and the representation of women in leadership roles.
	Ongoing	• Ongoing reporting and analysis by gender, pay levels, selection, retention and promotion, with results provided through the Diversity Dashboard to the Diversity Council for further planning and program development.
2.5 Benchmark: adopt external metric to measure and benchmark effectiveness of diversity strategy	Ongoing	• Long-term partnership with the Diversity Council of Australia continuing to identify best practice and benchmark the effectiveness of Boral's diversity strategy and plan against external organisations. • Boral is a member of the Australian Veterans Employment Coalition, working to support and progress defence force personnel in transition to civilian employment.
3 System and Process Design		
3.1 Search and selection: embed diversity principles in standardised recruitment	Completed	• Implemented Work180, a global advocate for working women, providing job applicants with a transparent directory of endorsed employers who support diversity, inclusion and equality. • More than 700 employees were surveyed and interviewed, with a comprehensive examination of issues affecting retention of women and recommendations to increase awareness and design of an inclusive workplace culture to improve diversity and inclusion; and established support groups to improve retention, equipping leaders to build more inclusive culture through listening, and leveraging talent management and flexible working to improve retention.
	Ongoing	• Against a target of 50%, in FY2020, 60% of our graduate intake were women in professional and engineering disciplines. • 23% of all new hires were women, and 18% of recruitment into management roles were women.
	In progress	• Targets for Boral Australia for FY2020 to improve recruitment and retention of women include: 30% of candidates for manager; 40% for professional; and 10% for machinery operator/driver/technician/trade roles; and an increase in the conversion rate of female candidates to placement by 5%. Against placement targets Boral achieved a 7% improvement into manager, 9% improvement into professional and 17% improvement into machinery operator/driver/technician/trade roles. • Review of recruitment and engagement processes to support defence force personnel joining Boral.

Strategic Element and Objective		Status	Key Outcomes
3.2	Flexibility and flexible work practices: develop and implement policy, guidelines and education program to improve flexibility and flexible work outcomes	Completed	• Online learning module released to support deployment of Workplace Flexibility Guidebook in FY2020.
		Ongoing	• Tracking and reporting of arrangements for working flexibly, to measure effectiveness of policy and Workplace Flexibility Guidebook.
		In progress	• Workplace Flexibility Policy and Guidebook to be reviewed in FY2021 to incorporate learnings and improvements in flexible work practices from approaches being taken in response to the COVID-19 pandemic.
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	Ongoing	• Female-to-male average base salary ratio is 1.00:1.00, with Boral continuing to focus on pay equity outcomes on a total compensation basis. • Completed annual external industry benchmarking of pay equity and comprehensive gender remuneration gap analysis.
5	Generational Diversity		
5.1	Investigate: work/life needs of different generations to understand need to develop programs to lift capability of managers to effectively lead multi-generational teams	In progress	• Transition to retirement program piloted in FY2020, with feedback from the pilot to be used in reviewing our approach in FY2021.
6	Indigenous Relations		
6.1	Indigenous Employment: through Indigenous Employment strategy, increase the representation of Indigenous employees in Boral's workforce	Ongoing	• Retention of Indigenous employees employed through Indigenous employment initiatives such as the FY2011 Indigenous Relations and Employment Plan continues to be a focus.
6.2	Reflect Reconciliation Action Plan: progress the actionable commitments set out in the Plan	Completed	• Boral's first Respect Reconciliation Action Plan (RAP) fully implemented. • Working group established to review progress to plan on a quarterly basis.
		In progress	• The first RAP was a Reflect RAP. The second stage is an Innovate RAP, including a roadmap and plan to deliver outcomes. • Development of the Innovate RAP has been deferred until FY2021 because of the COVID-19 pandemic. The Innovate RAP will cover a two-year period.

Proportion of female and male employees

The table below is a detailed representation of women and men working in Boral[1] as at 30 June 2020:

	Female		Male	
Role	**Number**	**Percentage**	**Number**	**Percentage**
Board	3	43	4	57
Executive management[2]	23	15	127	85
Middle management[3]	104	15	576	85
Other roles[4]	2,090	20	8,151	80
Total	2,217	20	8,854	80

1. Includes all full-time, part-time and casual employees of Boral and its wholly owned subsidiaries, but excludes employees in joint ventures and contractors.
2. Executive management includes leadership positions four reporting levels from the CEO & Managing Director.
3. Middle management includes management and leadership positions five and more reporting levels from the CEO & Managing Director, excluding supervisor and team leader positions.
4. Other roles includes key functional support roles such as finance, legal, human resources, technical, support services and frontline employees.

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 and on Boral's website.

For more information regarding people and diversity, see from page 28 in the Sustainability highlights and overview.

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

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 Annual General Meeting, 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 later of 1 July 2014 or 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.

Progress is monitored on an ongoing basis, and while at different points in time through FY2020 Boral's non-executive Directors met and exceeded these guidelines, if reviewed based on a closing share price at 30 June 2020 some holdings were slightly below the guideline due to the lower share price.

Details of Directors' shareholdings in the Company are set out on page 56 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, Boral Review 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 team that facilitates ongoing engagement with institutional shareholders, retail investor groups, analysts and proxy advisors. To encourage two-way communication, the Company's investor relations team and share registry can be contacted directly by shareholders by telephone or electronically via 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.
General meetings	Boral encourages shareholders to participate in all general meetings including annual general meetings. Given the current restrictions on gatherings and travel imposed by governments as a consequence of the COVID-19 virus, this year the Annual General Meeting will be held virtually (online) via a virtual platform. 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.

Directors’ Report

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 2020.

(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 6–27 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 $177 million excluding significant items for the year ended 30 June 2020. Significant items, as detailed in note 2.1 to the financial statements, totalled $1,316 million, resulting in a statutory net loss after tax of $1,139 million.

(3) Principal activities and changes

Boral’s principal activities are the manufacture and supply of building and construction materials in Australia, the USA and Asia. There were no significant changes in the nature of those activities during the year.

(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:

(a) Boral’s operations in future financial years
(b) the results of those operations in future financial years, or
(c) Boral’s 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 risks, some of which are beyond our control. The material business risks and climate-related risks facing the Group and our approach to managing those risks are set out in the OFR (pages 6-27), including in this year’s expanded Risks and Responses section (pages 24–27), as well as in the Sustainability highlights and overview section (pages 28–35) of this Annual Report. The Group’s broader risk identification and management framework is also set out in the Corporate Governance Statement on pages 38–47 of this Annual Report. Those sections address the material business risks, including:

- health, safety and environment
- market and industry
- customer and competition
- sustainability – weather and climate-related impacts
- business interruption– operations and technology
- licence to operate
- supply chain and cost management
- financial and capital management.

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 pages 30–35 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:

(a) the operations of Boral
(b) the financial position of Boral, and
(c) Boral’s business strategies and its prospects for future financial years.

(8) Dividends paid or resolved to be paid

Dividends paid to shareholders during the year were:

	Total dividend ($m)
the final dividend of 13.5 cents per ordinary share (50% franked at the 30% corporate tax rate) for the year ended 30 June 2019 was paid on 1 October 2019	158.4
the interim dividend of 9.5 cents per ordinary share (50% franked at the 30% corporate tax rate) for the year ended 30 June 2020 was paid on 15 April 2020	111.3

The Board has resolved not to pay a final dividend for FY2020 given the significant uncertainty in the economic outlook and on the basis that Boral's interim dividend of 9.5 cents per share paid on 15 April 2020 represents ~63% of full year earnings. This payout ratio is in line with Boral's dividend policy to pay 50% to 70% of earnings before significant items, subject to the Company's financial position.

(9) Names of Directors

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

Kathryn Fagg
Zlatko Todorcevski (CEO & Managing Director, 1 July 2020)
Mike Kane (ceased as CEO & Managing Director, 30 June 2020)
Peter Alexander
Eileen Doyle
John Marlay
Karen Moses
Paul Rayner

With the exception of Zlatko Todorcevski, who was appointed effective 1 July 2020, and Mike Kane who ceased on 30 June 2020, all Directors have 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. The last outstanding options expired 6 November 2014.

(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 2020 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 2021. 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 qualifications, experience and special responsibilities are set out on page 37 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:

Kathryn Fagg

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

Zlatko Todorcevski

Coles Group Limited from November 2018 (current)
Star Entertainment Group Limited from May 2018 (current)
Adelaide Brighton Ltd from March 2017 to June 2020

Mike Kane

Sims Metal Management Limited from March 2019 to November 2019

Peter Alexander

No other directorships to be disclosed

Eileen Doyle

Oil Search Limited from February 2016 (current)
NEXTDC Limited from August 2020 (current)
GPT Group from March 2010 to May 2019

John Marlay

Incitec Pivot Limited from December 2006 to December 2016

Karen Moses

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

Paul Rayner

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

(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
Peter Alexander	26	26	–	–	6	6	–	–
Eileen Doyle	26	26	4	4	–	–	4	4
Kathryn Fagg	26	26	–	–	6	6	1	1
Mike Kane	26	26	–	–	–	–	–	–
John Marlay	26	26	–	–	6	6	4	4
Karen Moses	26	26	4	4	–	–	4	4
Paul Rayner	26	26	4	4	–	–	–	–

The Chairman and the CEO & Managing Director attend all Board and Committee meetings. There were an additional four Board meetings held during the year for the purposes of CEO succession, where only the non-executive Directors were in attendance.

(14) Company Secretary

Dominic Millgate was appointed Company Secretary of the Company 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]
Peter Alexander	73,871	–
Eileen Doyle	47,313	–
Kathryn Fagg	107,345	–
Mike Kane[b]	1,298,697	–
John Marlay	39,310	–
Karen Moses	45,582	–
Paul Rayner	169,835	2,597
Zlatko Todorcevski	50,000	–

The shares are held in the name of the Director except in the case of:

- Peter Alexander: 72,871 shares are held by Peter C Alexander & Aarati A Alexander as trustees for The Peter C Alexander Revocable Trust
- Eileen Doyle: 45,316 shares are held by Mr SE Doyle and Dr EJ Doyle for the S&E Doyle Super Fund A/C
- Kathryn Fagg: 105,783 shares are held by Kathryn Fagg and Kevin Altermatt on behalf of the K2 Super Fund
- John Marlay: 33,461 shares are held by Bond Street Custodians Limited on behalf of The Marlay Superannuation Fund
- Karen Moses: 44,582 shares are held by Aventeos Investments Limited on behalf of KRN Pty Limited as trustee for the KRN Family Discretionary Trust
- Paul Rayner: 39,135 shares are held by Yarradale Investments Pty Limited and 128,749 shares are held by Invia Custodian Pty Limited for and on behalf of Bigpar Pty Ltd (the trustee of the PaulJul Super Fund), and
- Zlatko Todorcevski: 50,000 shares are held by TenTwentyFive Pty Ltd as trustee for Zaneis A/C.

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 FY2020.

b Mike Kane holds Share Acquisition Rights (SARs) 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, KPMG, for non-audit services provided during the year by KPMG totalled $1,236,000. These services consisted of:

Taxation compliance services in Australia	$367,000
Advisory and assurance-related services in Australia (including matters relating to USG Boral and Midland Brick)	$839,000
Taxation compliance services in jurisdictions other than Australia	$30,000

In accordance with advice from the Company's Audit & Risk Committee, 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*.

Also in accordance with advice from the Audit & Risk Committee, Directors are satisfied that the provision of those non-audit services during the year by the auditor did not compromise the auditor independence requirements of the *Corporations Act* 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 58 of the Annual Report and forms part of this report.

(19) Remuneration Report

The Remuneration Report is set out on pages 59–83 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.

K J Fagg

Kathryn Fagg
Director

Zlatko Todorcevski
Director
Sydney, 28 August 2020

Lead Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001

To: the Directors of Boral Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Boral Limited for the financial year ended 30 June 2020 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Kenneth Reid
Partner
Sydney, 28 August 2020

2020 Remuneration Report

Message from the Chairman of the Remuneration & Nomination Committee

Dear shareholders,

On behalf of the Remuneration & Nomination Committee (Committee) and the Board, I am pleased to present Boral's 2020 Remuneration Report (the Report).

Priorities for the Committee over the past year have been driven by extraordinary and changing business circumstances. Most notably the unprecedented situation that the COVID-19 pandemic has presented, as well as the devastating bushfires in Australia, which peaked in January 2020. Other challenges have been more company-specific, including the discovery and subsequent investigation into financial irregularities in Boral's North American Windows business.

Recognising these events and the current challenging environment and earnings pressure, the Committee, Board and Management made some firm decisions around remuneration and incentives, including:

- foregoing FY2020 short-term incentives (STIs) at the start of the COVID-19 crisis and implementing salary freezes for the remainder of FY2020, except in the case of role or responsibility changes
- implementing salary freezes for FY2021, except in the case of role or responsibility changes
- zero increases to non-executive Director (NED) fees in FY2021
- suspending the existing STI plan for executives for FY2021, with short-term performance being managed through agreed objectives; the approach may be reassessed if conditions and performance improve through the year
- using a volume weighted average price (VWAP) over a 12 month period to 30 June 2020 in place of the five-day VWAP to 1 September, for calculating the number of rights for the FY2021 long-term incentive (LTI) grant, to reduce the impact of share price volatility
- exercising Board discretion to lapse unvested rights from the FY2018 deferred STIs awarded to executives, being those unvested rights that correspond with the overstatement of Windows earnings
- exercising Board discretion to lapse the former CEO's LTI awards in full after the reporting period ended, and
- in the context of the significant non-cash impairment announced on 24 August 2020, the Board considered the impact of the impairment on executive remuneration outcomes, and the Board's decisions are outlined on page 66.

The appointment of a new CEO and effectively managing succession is one of the most important roles of the Committee and the Board. In February 2020, we announced that Mike Kane was expected to finish in 2020 as CEO & Managing Director of Boral after more than seven years in the role. This was brought forward earlier than previously intended, and Mike's separation payments, as outlined in Section 2 of the Report, are consistent with the disclosed terms of his employment contract and Boral's equity plan rules.

On 15 June 2020, the Board announced the appointment of Zlatko Todorcevski as CEO & Managing Director, effective 1 July 2020. We are fortunate that Zlatko was able to start earlier than we had originally expected, and his appointment has been well received by Boral's shareholders and our people. The mandate for our new CEO is to 'reset' the business, including finalising a review of Boral's portfolio. The portfolio review, which is expected to be finalised by the end of October, will define Boral's future portfolio and operating model to unlock value and deliver improved business performance.

The remuneration structure for the new CEO includes a Fixed Annual Remuneration (FAR) component, of which a portion is provided as a fixed grant of equity, and an LTI with performance hurdles based on a combination of measures around Total Shareholder Returns (TSR) and Return on Funds Employed (ROFE). While there is no STI award opportunity for the CEO, with the remuneration structure aligned to rewarding longer-term performance of Boral, short term objectives will be set with the Board to maximise short-term opportunities while focusing on long-term value creation. The agreed short-term objectives and performance outcomes will be disclosed in the FY2021 Remuneration Report.

It is important to us and our shareholders that there is good alignment between executive pay and shareholder value. We continue to actively engage with our shareholders and their proxy advisors to maintain an understanding of shareholder views and priorities, and to improve our remuneration practices and reporting. We are committed to remuneration arrangements that take into account the expectations of our stakeholders and align with good practices in Australia.

Yours sincerely

John Marlay

Chairman, Remuneration & Nomination Committee

Contents

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 2020 (FY2020). 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 FY2020.

Name	Position
Senior Executives	
Mike Kane	Chief Executive Officer & Managing Director (CEO)
Wayne Manners	President & CEO, Boral Australia
Rosaline Ng	Group President Ventures & Chief Financial Officer (CFO)
Darren Schulz	Acting President & CEO, Boral North America (commenced as a KMP on 1 June 2020)
Former Senior Executives	
Ross Harper	Group President, Operations (ceased as a KMP on 31 May 2020 and transitioned to a revised executive role)
David Mariner	President & CEO, Boral North America (ceased as a KMP on 31 May 2020)
Non-executive Directors	
Kathryn Fagg	Chairman and non-executive Director
Peter Alexander	Non-executive Director
Eileen Doyle	Non-executive Director
John Marlay	Non-executive Director
Karen Moses	Non-executive Director
Paul Rayner	Non-executive Director

Section 2: Our remuneration approach

Priorities in FY2020

Our remuneration priorities in FY2020 were driven by our changing business circumstances, including responding effectively to the impact of the COVID-19 pandemic on our people and operations. Our senior executives focused on:

- delivering Zero Harm Today everyday
- delivering strong cash flows, and maintaining liquidity and a prudent balance sheet
- leveraging our foundations of a strong safety culture; effective crisis management and governance controls; leading network of operations and integrated supply chain; and financial strength and liquidity
- optimising ROFE through the cycle, never losing sight of our goal of delivering returns above the cost of capital, and
- driving performance excellence and business improvement initiatives in a challenging operating environment.

Reshaping the executive team

We have reshaped our executive team:

Zlatko Todorcevski	On 15 June 2020, announced as incoming CEO & Managing Director from 1 July 2020. See page 66 for further details on his remuneration arrangements.
Mike Kane	Ceased as CEO & Managing Director on 30 June 2020. See page 63 for further details on his leaving arrangements.
Ross Harper	Moved to a more focused role as Group President, HSE, Sustainability, Innovation & Operations Excellence on 1 June 2020, ceasing as a KMP at the end of May 2020.
Wayne Manners	Moved reporting line to the CEO & Managing Director on 1 June 2020, taking on primary accountability and responsibility for the performance of the Australian operation.
Darren Schulz	Stepped up as Acting President & CEO, Boral North America on 1 June 2020 from his previous role as President, Boral Roofing North America.
David Mariner	Stepped down as President & CEO, Boral North America at the end of May 2020 and departed Boral on 30 June 2020.

Section 2: Our remuneration approach (continued)

Responding to the COVID-19 pandemic

The health and safety of our people, customers and communities is the number one priority in our response to the COVID-19 pandemic. We also focused on the financial health of our businesses including maintaining strong liquidity and cash flows.

The remuneration actions taken in response to the economic impacts of the pandemic include the following.

Salaries and non-executive Director fees	Short- and long-term incentives
• Executive and employee salaries frozen for the remainder of FY2020 • Salary freeze in FY2021 for executives and employees, with the next review of salaries to be in September 2021 • A freeze on non-executive Director fees in FY2021	• STI award opportunities forgone in FY2020 • The FY2021 STI award plan for Senior Executives and other executives was suspended, and may be reassessed if conditions and performance improve through the year

For businesses more directly affected by slowdown or temporary closures, in consultation with our people, we amended roster patterns, temporarily reduced working hours and temporarily stood down employees (also known as furloughing in North America).

The support and assistance provided to our people included the following.

Leave	Flexible work arrangements
• Pandemic leave to provide one week of paid leave to employees working on sites that are closed with minimum notice through government mandate • Access to accrued but untaken annual leave where employees are working reduced hours or days	• Remote and flexible work options available, particularly for vulnerable workers e.g. those with compromised immune systems or family members with serious health issues • Remote work protocols and guidelines to help our people work safely and effectively
Benefits and support	**Information and assistance**
• Continued medical and health coverage for our furloughed employees in North America • Monitoring JobKeeper in Australia and other government grant opportunities in the event that any parts of the business met the threshold for assistance	• Information on access to government support services, mental health and employee assistance services • Information and wellbeing intranet sites to provide reference material and to connect people working remotely

Boral's share of wage subsidies through our joint ventures, together with minimal direct subsidies to our wholly owned operations, was around $800,000 in FY2020.

For more information on our response to COVID-19, see pages 20-23 of the Annual Report.

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 FY2020 by:

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

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

- aligning executive remuneration rewards and outcomes with the experiences and expectations of shareholders
- continuing to improve the clarity and transparency of remuneration disclosures, and
- using an approach to STI and 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 FY2020.

Issues and decision	Comments	
FY2020 in review		
COVID-19 pandemic	We took a range of remuneration actions in response to the COVID-19 pandemic that addressed operational challenges and focused on the financial health of our businesses including maintaining strong liquidity and cash flows. Refer to page 62 for information on actions taken.	
CEO retirement Leaving arrangements were consistent with disclosed terms of the employment contract and equity plan rules disclosures. After the reporting period ended, the Board exercised its discretion to lapse the retiring CEO's remaining unvested LTI awards in full.	Boral announced on 15 June 2020 that Mike Kane would stand down as CEO on 30 June 2020. His leaving arrangements were consistent with the disclosed terms of his employment agreement and equity plan rules disclosures. The Board has made one subsequent change that affects the retiring CEO's LTI awards. Without the exercise of Board discretion, the 2018 and 2019 LTI awards would ordinarily be pro-rated, with one-third of the 2018 award and two-thirds of the 2019 award lapsed. Reporting tables have been prepared on this basis, consistent with the requirements of the accounting standards. After the reporting period ended, however, the Board decided to lapse the retiring CEO's LTI awards in full. The finalised arrangements for the retiring CEO are shown below.	
	STI	No STI for FY2020
	Unvested LTI grants	After the reporting period ended, the Board decided to lapse the retiring CEO's remaining LTI awards in full
	Separation payment	Equivalent to 12 month Base Cash Salary (BCS) in line with his employment agreement.
Reshaped Executive Team	We reshaped the executive team with changes to people and positions:	
	Ross Harper	Moved to a revised role of Group President, HSE, Sustainability, Innovation & Operations Excellence, to focus on improving performance in those areas. His remuneration was adjusted down by 17.6%, reflecting that his prior role as Group President, Operations was a KMP role with broader responsibilities. He ceased as a KMP on 31 May 2020.
	Wayne Manners	President & CEO, Boral Australia took on primary accountability and responsibility for the performance of the Australian operation, with the change in his reporting line from Group President, Operations to the CEO & Managing Director.
	Darren Schulz	Appointed Acting President & CEO, Boral North America on 1 June 2020, stepping up from his previous role as President, Boral Roofing.
	David Mariner	Finished employment on 30 June 2020 after stepping down from his role as President & CEO, Boral North America on 31 May 2020. His remuneration on departure was consistent with prior contract disclosures, with all unvested deferred STI and LTI grants lapsed in full.

Section 2: Our remuneration approach (continued)

Issues and decision	Comments
FY2020 in review	
Lapsing of unvested deferred STI Lapsing of a portion of unvested equity to align with restated underlying earnings for FY2018, to ensure no unfair or inappropriate benefit to executives	In December 2019, Boral announced certain financial irregularities had been identified in the North American Windows business, involving misreporting, including in relation to inventory levels and costs associated with raw materials and labour at the Windows plants. Boral responded with a comprehensive program of immediate and ongoing actions including: • a privileged and confidential investigation by lawyers and forensic accountants was completed in February 2020 • additional external audit and internal reviews, which provided confidence that the accounting manipulations were limited to the Windows business only, and • enacting organisational changes in Windows and Boral North America: – terminating the employment of Windows finance managers involved in the coordination and cover up of financial wrong-doing, with unvested deferred STI and LTI grants lapsed in full – strengthening finance leadership in Boral North America with a new CFO appointed in March 2020, and – moving the President, Windows to a role focused on customer relationships and sales with all unvested deferred STI and LTI grants lapsed in full. Under Boral's equity incentive plan rules, the Board exercised discretion to lapse the component of unvested deferred STI rights that correspond with the overstatement of Windows earnings in the relevant period, to ensure no unfair or inappropriate benefit is provided.
Retiring CEO remuneration set in USD The retiring CEO's BCS is paid in US dollars. He does not benefit from any A$/US$ currency fluctuations. To satisfy reporting requirements, the Remuneration Report shows the CEO's remuneration in AUD.	The retiring CEO's Base Cash Salary (BCS) is provided in US dollars, converted to Australian dollars for reporting and accounting purposes, based on the Reserve Bank of Australia's A$/US$ exchange rate, averaged over the 12 months to 30 June for the reporting period. The effect of the change in A$/US$ exchange rates since 1 July 2017 on reporting of the CEO's remuneration is shown in the table below. (see table below)

	Actual BCS (USD)		Reportable accounting value (AUD)	
	% increase	US$	Exchange rate*	A$
1 July 2017	**N/A**	**1,299,674**	**0.7735**	**1,680,251**
1 September 2018**	**3.0%**	**1,338,664**	**0.7145**	**1,873,568**
1 September 2019**	**2.0%**	**1,365,437**	**0.6703**	**2,037,054**

* The A$/US$ exchange rate averaged over the 12 months for the reporting period to 30 June for 2018, 2019 and 2020 respectively.
**1 September 2018 and 1 September 2019 were the effective dates of the salary increases.

In September 2019, the retiring CEO was awarded a 2.0% increase to his US$ BCS to US$1,365,437. The exchange rate used to convert the CEO's US$ BCS to A$ is 6.2% less than the A$/US$ exchange rate used to convert his US$ BCS in FY2019.

The effect of this change in foreign exchange translation between the Australian dollar and the US dollar is that it appears the retiring CEO's BCS has increased by more than 2.0%. This is not the case. The retiring CEO was paid in US dollars in the United States and receives no benefit from changes in A$/US$ foreign exchange variations.

Issues and decision	Comments
FY2020 in review	
LTI performance hurdles ROFE relative to WACC came into effect from the FY2019 grant onwards	The Board previously reviewed whether ROFE relative to WACC (where WACC is the level of return required to add investor value taking into account the risk associated with the investment) remained an appropriate LTI performance hurdle. The Board concluded that ROFE relative to WACC with the broader vesting range, continued to incentivise executives to deliver returns exceeding WACC through market cycles, and remained an appropriate measure aligned to the future needs of the business. From FY2019, ROFE targets have been set relative to the weighted average cost of capital (WACC) with the target vesting range broadened. Share of EBIT (before significant items) from our JVs (rather than post-tax JV earnings) is included in the pre-tax ROFE calculation. See Section 4 for further details.
Culture, governance and remuneration	To better understand the aspects of our culture that reinforce strong governance and accountability, Boral conducted a Culture Survey in Australia and North America to assess culture (values and beliefs), leadership, safety, governance and remuneration. The results, to be available in FY2021, will provide a baseline for our businesses and the Board against which to assess and measure culture.
Safety and remuneration Managing safety well is a fundamental part of everyone's role at Boral.	The Board recognises that in some organisations it is very important to have safety as a component of remuneration. At Boral, safety is considered fundamentally important. Further, there is a strong belief that safety should not be financially rewarded and therefore should not be a component of remuneration incentives. This is an important and powerful aspect of Boral's culture, and after considering the cultural aspects and performance outcomes, the Board remains of the view that this is the right approach for Boral. Managing safety well is considered a fundamental part of everyone's role and is taken into consideration in performance reviews and performance management. The Board continues to examine Boral's track record in taking appropriate responsive action including terminating employment for poor safety management and safety breaches. In FY2020, 22 employees in Australia and North America had their employment terminated because of a breach of safety standards and protocols, which included poor management of safety. The combination of strengthened safety culture and performance management is considered the right approach for Boral.

Section 2: Our remuneration approach (continued)

<table>
<tr><th>Issues and decision</th><th>Comments</th></tr>
<tr><td colspan="2">Looking ahead to FY2021</td></tr>
<tr><td>CEO appointment

Zlatko Todorcevski was appointed as CEO, effective 1 July 2020.</td><td>Zlatko Todorcevski was appointed CEO on 1 July 2020, and his early start date was well received. His skills and experience align with the priority to reset our business and unlock value for shareholders.

The CEO's fixed remuneration with a portion provided as fixed equity, as well as his enhanced LTIs, work together to recognise and reward the decisions and actions that need to be taken to reset and reshape our business over the short and long term. The incoming CEO's remuneration will be provided as:

<table><tr><th>FAR</th><th>LTI (% of FAR under face value approach)</th></tr><tr><td>A$1,900,000</td><td>230%</td></tr></table>
FAR is delivered as 92% in cash (A$1,750,000) and 8% (A$150,000) in the form of Boral equity.

The equity component of FAR is subject to a holding lock or equivalent until the incoming CEO exceeds the minimum shareholding requirement (except where the sale of shares is required to meet taxation obligations). See page 76 for information on Boral's minimum shareholding requirements.

Overall, 70% of the incoming CEO's remuneration is provided as 'at risk' remuneration, with the approach to the LTI grant for FY2021 explained in the "LTI erformance hurdles" section below.

The focus of the CEO in FY2021 will be to set a clear operational plan through the current challenging conditions, complete the portfolio review, deliver an improved operating model and capital structure, and set priorities for longer term value creation.

The Board will agree key performance objectives with the CEO for FY2021 against which short-term performance will be managed and evaluated, with objectives and performance outcomes disclosed in the FY2021 Remuneration Report.</td></tr>
<tr><td>Impact of impairment on executive remuneration outcomes</td><td>Boral's typical approach has been to exclude the value of significant items (including impairments), when determining performance. The Board retains its discretion to consider different treatment on a case-by-case basis.

In the context of the non-cash impairment for FY2020, the Board determined the following:
• For the LTI awards "on foot", being those granted in September 2017, 2018 and 2019, when determining the Company's ROFE performance, the calculation will be based on pre-impairment funds employed.
• The Board considers this an appropriate approach for impairments. This approach means that Management does not benefit from impairments that occur during an LTI performance period, recognising their role as stewards of the business.
• Looking forward, new LTI awards are expected to be calculated on the basis of funds employed after impairment.
• In determining the Company's ROFE performance, the Board retains its discretion to make adjustments where it considers it necessary or appropriate in order to accurately reflect the ROFE outcomes and reward performance in a manner that is consistent with shareholder expectations and the intent and purpose of the relevant ROFE target.</td></tr>
<tr><td>Allocation methodology for FY2021 LTI grant

The VWAP period changed from a five day period to 1 September, to a 12 month period to 30 June 2020.</td><td>The allocation methodology for the FY2021 LTI grant was changed to a volume weighted average price (VWAP) over a 12 month period to 30 June 2020, in place of the 5-day VWAP to 1 September, to reduce the impact of share price volatility.

The allocation methodology for the fixed equity grant to the CEO will be on the same basis.

For the FY2021 grants, the VWAP of Boral shares on the ASX during the 12 month trading period to 30 June 2020 is $3.8010.</td></tr>
</table>

Issues and decision	Comments
Looking ahead to FY2021	
LTI performance hurdles Performance metrics retained one-third ROFE (relative to WACC) and two-thirds relative TSR for the CEO and executives for the FY2021 grant. The proposal for a strategic transformation metric for the CEO was held over until FY2022.	On 15 June 2020, Boral announced the incoming CEO's performance hurdles for the FY2021 LTI grant were expected to be a combination of measures based on shareholder returns, return on funds employed and strategic transformation. The strategic transformation metric was to provide an opportunity for the CEO to receive long-term rewards for strengthening the portfolio and unlocking value over the performance period. As the strategic transformation metric should be firmly anchored in the strategy, it was considered appropriate to hold over the strategic transformation metric until the planned portfolio review is completed. The performance hurdles for the CEO for the FY2021 LTI grant will focus on delivering improved returns to shareholders, as a combination of ROFE (relative to WACC) and relative Total Shareholder Returns (TSR). The weighting of one-third ROFE (relative to WACC) and two-thirds relative TSR will be retained for the CEO and executives for the FY2021 LTI grant. This continues to recognise the importance of delivering an appropriate return on capital and improving shareholder returns over the performance period. The LTI is subject to a single performance test after three years, with any vested equity for the CEO subject to a further 12 month holding lock or equivalent, except where the sale of shares is required to meet tax obligations.
ROFE LTI performance hurdle Decision to adjust the ROFE vesting schedule for vesting when ROFE exceeds WACC.	The ROFE performance hurdle is intended to reward achievement linked to improving the Company's ROFE performance through the cycle. In general, any ROFE performance that exceeds the WACC over the long-term performance period is considered to be aligned to our aim of creating sustained shareholder value. On review of the existing vesting schedule, the Board determined that the 'cliff' of allowing 50% vesting at threshold could be better aligned with the overall aim of rewarding incremental performance above WACC. A new vesting schedule has been adopted for the FY2021 LTI grant as follows.

If the Company's ROFE performance for FY2023 is:	Proportion vesting:
At or below WACC	Nil
Between WACC and WACC plus 1.0%	Vesting on a straight line basis
At WACC plus 1.0% (target)	75%
Between WACC plus 1.0% and WACC plus 2.0%	Vesting on a straight line basis
At or above WACC plus 2.0% (stretch)	100%

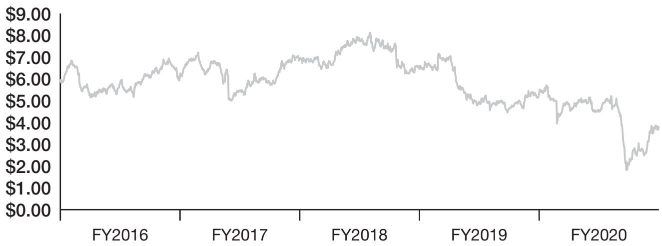
Issues and decision	Comments
Property earnings Going forward, the STI plan will exclude property earnings when assessing short-term performance. The LTI plan will reference average property outcomes over a 3-year period to reduce volatility.	The Property business unit was established in 2001 to optimise returns from property transactions. Since that time, the Property business has on average contributed ~$35 million EBIT per annum. Following feedback from shareholders, the Board reviewed the appropriateness of continuing to include property earnings in incentive plan calculations. The Board recognises that property earnings can be lumpy from year to year. However property earnings are ongoing and management has to work hard to deliver those earnings for our shareholders. On the basis of this review, the Board has amended the approach to property earnings in incentives. From FY2021, property earnings will be excluded from earnings calculations for STIs for executives. For LTI purposes, it was considered appropriate to continue including property earnings in the longer-term ROFE metric, with property earnings averaged over the 3-year performance period.

Section 3: FY2020 performance and actual pay received

Boral's FY2020 results reflect a particularly challenging year. Boral Australia was impacted by a 19% decline in housing starts and bushfire and flood-related events, resulting in significantly lower volumes and higher costs. This was quickly followed by COVID-19 disruptions across all businesses, particularly in Boral North America and USG Boral. Boral took decisive action by slowing production to reduce cash costs and manage inventories. This was in addition to a number of mandated temporary closures. This adversely impacted earnings but cash generation was strong. While FY2020 STI opportunities were foregone at the start of the COVID-19 crisis in an effort to reduce expenditure, no STIs would have been received as FY2020 results were well below budget.

Financial performance	FY2016	FY2017[2]	FY2018	FY2019	FY2020
Earnings per share[1,3] (cents)	33.3	33.7	40.4	35.7	14.8
Dividends per share (cents)	22.5	24.0	26.5	26.5	9.5
Return on equity[1] (%)	7.6	6.3	8.3	7.2	3.7

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 FY2020, Boral reported EBIT[1] of $177 million, which was $242 million or 58% lower than the prior year. This reduction in EBIT reflects lower earnings across the Group.

There were no STI awards made in FY2020.

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 (FY2010 to FY2020), Boral's STI has paid out at an average 60.7% of target. This includes four years where no STI was paid to the CEO: FY2012, FY2013, FY2019 and FY2020.

Senior Executive historical STI as percentage of target outcomes[4]

Year	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018[4]	FY2019	FY2020	Average
(% of target)	36.4%	14.0%	6.9%	100.4%	126.7%	136.5%	103.7%	81.0%	1.1%	0.0%	60.7%

1. Excludes significant items.
2. In FY2017, earnings per share and return on equity reflect additional shares on issue following the capital raising in December 2016 but only eight weeks of Headwaters post-acquisition earnings contribution.
3. Earnings per share is adjusted to reflect the bonus element in the renounceable entitlement offer that occurred during November and December 2016.
4. FY2018 STI outcomes have been adjusted downwards retrospectively in FY2020. This is to account for lapsing of the component of deferred STI awards relating to the Windows matter, as outlined in the section 'Lapsing of unvested deferred STI' on page 64.

Boral's performance and LTI awards

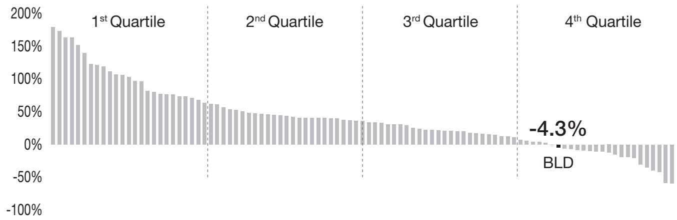
Total Shareholder Returns performance in FY2020

Boral's relative TSR performance declined in FY2020. Taking into account share price and dividends paid, Boral delivered a TSR of negative 25.2% for shareholders between 1 July 2019 and 30 June 2020. This TSR ranked Boral at the 22nd percentile of ASX 100 companies for FY2020.

Total Shareholder Returns performance over three years

Over the three year period from September 2016 to September 2019, Boral's TSR of negative 4.3% was at the 18th percentile of the Company's TSR comparator group, resulting in the 2016 LTI grant lapsing in full.

TSR for Boral vs ASX 100 companies: Sept 2016 to Sept 2019



Return on Funds Employed performance

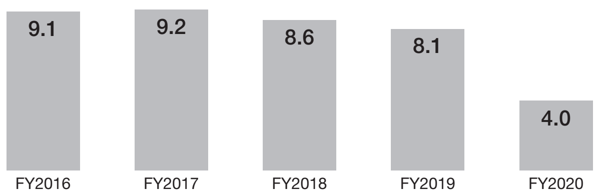
The use of ROFE is designed to test the efficiency and profitability of the Company's capital investments. It links executive rewards to the achievement of improved ROFE performance and a long-term goal of ROFE exceeding the cost of capital through the cycle.

Boral's 8.1% ROFE in FY2019 was below the 12.0% to 12.5% vesting range for the 2016 LTI grant and none of the ROFE tranche vested.

Boral's ROFE performance was 4.0% in FY2020, as measured by EBIT[1] return on average funds employed on a pre-impairment basis. ROFE performance in FY2020 would be 4.3% on a post-impairment basis. The decline in ROFE from previous years reflects lower earnings across the Group.

For the LTI awards "on foot" being those granted in September 2017, 2018 and 2019, when determining the Company's ROFE performance, the calculation will be based on pre-impairment funds employed. Looking forward, new LTI awards are expected to be calculated on the basis of funds employed after impairment.

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



LTI	**2016 LTI**
Further details in Section 4	Vesting for the 2016 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 was at the 18th percentile of the ASX 100 comparator group, below the vesting target. The ROFE target was not met. Based on these outcomes, all awards lapsed.
	2017 LTI
	The FY2017 LTI grant will undergo a first and final test on 1 September 2020, with the grant unlikely to vest.

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, except for FY2017, which was calculated on a monthly average funds employed basis, recognising the impact of the Headwaters acquisition part way through the year.

Section 3: FY2020 performance and actual pay received (continued)

Fixed annual remuneration (FAR) outcomes

The key remuneration outcomes for Boral's Senior Executives in FY2020 are outlined below.

Component	Outcomes
FAR (or BCS for US employees) *Further details in Section 4*	Increases in FAR/BCS were considered by the Board with reference to role responsibilities, including expanded responsibilities and accountabilities, experience of individuals, and positioning remuneration against the market. In FY2020, the Board approved the following adjustments to Senior Executive FAR/BCS. Increases reflect changes in our organisation, responsibilities and accountabilities and market benchmarking undertaken against Boral comparators. **Changes effective from 1 September 2019:** • Mike Kane received an increase equivalent to 2.0% of BCS. • David Mariner, President & CEO, Boral North America received a 3.0% increase to his BCS. • Ros Ng, Group President Ventures & CFO did not receive a pay increase because she received an in-year adjustment following a restructure of the executive team in FY2019. **Changes effective from 1 June 2020:** • Ross Harper's FAR was adjusted down by 17.6% effective from 1 June 2020, to reflect the change in accountability, scope and span of control arising from taking on a more focused position as Group President, HSE, Sustainability, Innovation & Operations Excellence. • Wayne Manners, President & CEO, Boral Australia, received no adjustment to his FAR on 1 September 2019. His FAR was adjusted by 17.1%, effective from 1 June 2020, to more closely align his remuneration with the median of comparator company roles and to reflect the substantive change in accountability, scope and span of control arising from changes in the senior executive team. • Darren Schulz, Acting President & CEO, North America, was provided with an increase of 24.0% to his BCS to reflect the substantive change in accountability and responsibility in his new role.

Actual remuneration for FY2020

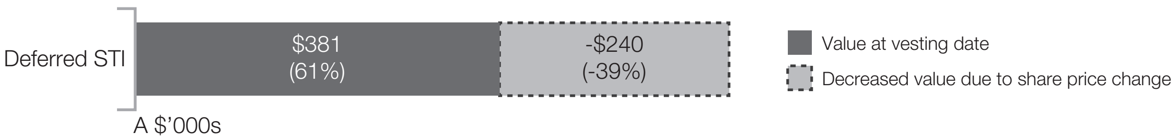
The remuneration outcomes table below has been prepared to provide shareholders with a view of remuneration that was actually paid to Senior Executives for FY2020 and is unaudited. The Board believes that presenting information this way provides shareholders with increased clarity and transparency. Remuneration details prepared in accordance with statutory obligations and accounting standards are contained in Section 7 of this Report.

FY2020 remuneration cash outcomes table

	Cash payments and other benefits received								Vesting of prior year "at risk" equity awards	
A$'000s	**Fixed rem[a]**	**STI (cash)[b]**	**Super/ pension payments**	**Other cash allowances & benefits[c]**	**Other non-cash[d]**	**Contractual separation payment[e]**	**FBT**	**Total payments**	**Vesting of STI deferral earned in 2017[f]**	**Vesting of 2016 LTI grant[g]**
Mike Kane[a]	2,008.5	–	204.5	–	128.8	–	–	2,341.8	243.3	–
Ross Harper[1]	755.9	–	25.0	–	9.7	–	2.8	793.4	30.6	–
Wayne Manners	684.5	–	25.5	23.8	4.1	–	4.4	742.3	18.5	–
David Mariner[a&2]	767.1	–	180.2	–	85.4	855.9	–	1,888.6	25.2	–
Ros Ng	971.8	–	28.2	–	43.2	–	14.4	1,057.6	63.9	–
Darren Schulz[3]	51.2	–	8.6	2.5	1.0	–	–	63.3	–	–
US-Based Senior Executives[h]										
US$'000										
Mike Kane	1,346.3	–	137.1	–	86.4	–	–	1,569.8	163.1	–
David Mariner	514.2	–	120.8	–	57.2	573.7	–	1,265.9	16.9	–
Darren Schulz	34.3	–	5.8	1.7	0.7	–	–	42.5	–	–

A portion of actual remuneration received in FY2020 relates to the vesting of deferred STI. By providing these awards as equity, outcomes for Senior Executives were aligned to the outcomes for shareholders over the vesting period.

Boral's share price changed by negative 39% from September 2017 to September 2019. The following graph shows the difference between grant and vesting value of the deferred STI award.



Ref	Item	Notes relating to the FY2020 remuneration cash outcomes table
a.	Fixed remuneration	Fixed remuneration is cash salary paid to the Senior Executive for their period as a KMP. For Mike Kane, the total BCS for FY2020 is A$2,029,373 (US$1,360,288) being the sum of fixed remuneration of A$2,008,486 (US$1,346,288), and employee pension contributions of A$20,866 (US$14,000) reported in the Super/pension payments column. Fixed remuneration for David Mariner is for the 11 month period to 31 May 2020.
b.	STI (cash)	There was no STI earned by Senior Executives in FY2020.
c.	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 executive's STI or LTI opportunity.
d.	Other non-cash	Other non-cash is comprised of non-monetary benefits, including medical cover, life and disability insurance, vehicle costs and parking. These amounts are not taken into account for the purposes of calculating an executive's STI or LTI opportunity.
e.	Contractual separation payment	Payment made on separation of employment, provided in accordance with terms of the employment contract.
f.	STI deferral	The value for earned deferred STI granted in September 2017 that vested on 1 September 2019, calculated using the VWAP of Boral ordinary shares in the five trading days up to 1 September 2019, being $4.1416, multiplied by the number of rights that vested.
g.	LTI	LTI performance targets were not met for the 2016 LTI grant, which resulted in this award lapsing in full.
h	US-based Senior Executives	Remuneration for US-based Senior Executives is converted from US dollars to Australian dollars for reporting and accounting purposes based on the A$/US$ exchange rate, averaged over the 12 months to 30 June for the reporting period.

1. Ross Harper ceased as a KMP on 31 May 2020. Fixed remuneration is for 11 months to 31 May 2020.
2. David Mariner ceased as a KMP on 31 May 2020, ceasing employment on 30 June 2020. FAR is for the 11 months to 31 May 2020.
3. Darren Schulz commenced as a KMP on 1 June 2020.

Section 4: Remuneration framework for FY2020

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 FY2020, 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	MARKET COMPETITIVE	LINKED TO BUSINESS CONDITIONS
Short- and long-term incentives are based on performance measures designed to drive sustainable value creation for shareholders	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	At risk reward outcomes reflect financial performance objectives

The strategy has guided the way remuneration has been set for FY2020, as outlined in the following pages.

Remuneration framework components

Component	Delivery	Year 1 – 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 80% of the STI is delivered in cash and 20% 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	Two-thirds of the LTI vests after 3 years based on TSR performance compared to a selected group of comparator companies One-third of the LTI vests after 3 years based on achieving ROFE targets set by the Board

Remuneration framework details

Remuneration strategy	Description
FAR/BCS	
Attract and retain high-calibre employees with a market competitive and flexible reward. 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.	Considerations in setting FAR/BCS are • position responsibilities and financial impact • individual's knowledge, skills and experience, and • market practice for companies of similar size and complexity to Boral.

2020 outcomes

Based on benchmarking outcomes, increases were provided to two senior executives effective from 1 September 2019. The CEO received a 2.0% adjustment to his BCS and the President & CEO, Boral North America received a 3.0% increase to his BCS. No adjustment was made to the FAR of the Group President, Ventures & CFO.

On 1 June 2020, the FAR for the Group President, Operations was adjusted down by 17.6% to reflect the change in role to Group President HSE, Sustainability, Innovation & Operations Excellence. The President & CEO, Boral Australia received no adjustment to his FAR on 1 September 2019. However on 1 June 2020, his FAR was adjusted by 17.1% to align his remuneration closer to the median of comparator companies and to reflect substantive change in accountability and responsibilities arising from senior executive changes.

STI

STI rewards for achievement of financial performance over one year.

STI hurdles

Performance at the end of the financial year is measured against pre-determined EBIT targets established as part of the Group's annual budget process. STI awards have threshold, target and maximum opportunities that are differentiated based on Group and/or divisional results. No STI awards are made if relevant EBIT performance hurdles are not met.

EBIT targets are considered to be commercial-in-confidence and are therefore not disclosed in the interests of shareholders.

Single financial measure

Boral utilises a single performance hurdle to create a clear line of sight for Senior Executives and transparency for shareholders as to how STI awards are determined.

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.

STI deferral

Deferring 20% of the awarded STI over two years is considered necessary by the Board to promote sustainability of annual performance over the medium term, provide executives with additional share price exposure and facilitate the Board's ability to exercise malus or clawback provisions, should this be required.

Target and maximum STI opportunities as a percentage of BCS for the retiring CEO and President & CEO, Boral North America and FAR for other Senior Executives are outlined below.

Position	Target	Maximum
Retiring CEO	110%	154%
Senior Executives	60%	100%

Boral used a single financial hurdle for STI awards in FY2020, being EBIT (excluding significant items):

- CEO, Group President Ventures & CFO and Group President, Operations: 100% Group EBIT, and
- Other Senior Executives: 50% Group EBIT and 50% Divisional or Business EBIT.

The use of EBIT effectively aligns rewards for Senior Executives with Boral's focus on delivering strong earnings through the business cycle.

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.

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.

2020 outcomes

The CEO and all other Senior Executives received no STI payments for FY2020.

Section 4: Remuneration framework for FY2020 (continued)

Remuneration strategy	Description

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.

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.

ROFE

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).

The ROFE performance hurdle is intended to reward achievement linked to improving the Company's ROFE performance through the cycle. ROFE targets are set relative to the weighted average cost of capital (WACC).

WACC is calculated by Boral on a pre-tax basis, providing a direct comparison with the pre-tax ROFE measure, using the average annual WACC over a three year performance period.

Since FY2019, the share of EBIT (before significant items) from our joint ventures (JVs) (rather than post-tax JV earnings) has been included in the pre-tax ROFE calculation, consistent with the treatment for Boral's wholly owned businesses.

The WACC and ROFE calculations are overseen by the Audit & Risk Committee, supporting the Remuneration & Nomination Committee and the Board. It is also reviewed and validated by an independent external advisor. The calculated WACC for each year and the Company's ROFE performance will be disclosed retrospectively in Boral's Remuneration Report.

For FY2020, the retiring CEO and Senior Executives were eligible to participate in the LTI at the following opportunity levels.

Position	Maximum opportunity (face value)
Retiring CEO	220% of Base Cash Salary
Senior Executives	100% of FAR/BCS

The FY2020 LTI awards have two performance hurdles:

	Relative TSR	ROFE
Hurdle	Relative TSR measured against the S&P/ASX 100 Index	EBIT in year of testing as a percentage of average funds employed
Portion	Two-thirds	One-third
Period	1 September 2019 to 1 September 2022	Year ending 30 June 2022

The TSR vesting schedule to be applied for the FY2020 LTI grant is:

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

The ROFE vesting schedule to be applied for the FY2020 LTI grant is:

If the Company's ROFE performance for FY2022 is:	Proportion vesting
Below WACC	0%
At WACC (target)	50%
Between WACC and WACC plus 2.0%	Vesting on a straight line basis
At or above WACC plus 2.0% (stretch)	100%

2020 outcomes

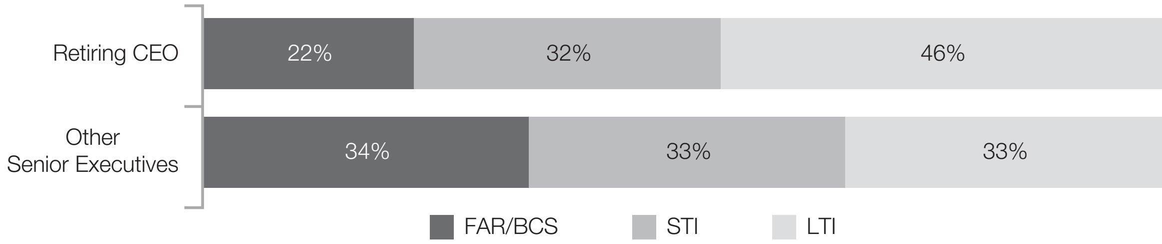
In September 2019, the 2016 LTI did not vest. TSR was at the 18th percentile, which was short of the minimum required for vesting (50th percentile). Actual ROFE of 8.1% for FY2019 was below the 2016 LTI ROFE target for FY2019 of 12.0%.

LTI grants vesting in FY2022 onwards will be assessed using ROFE relative to WACC, adjusting for JV equity earnings. Boral's FY2020 WACC was ~8.9% when measured on a ROFE equivalent basis. This figure will be incorporated into the three year average pre-tax WACC values that will be used to test the LTI grants in FY2022 and FY2023.

Boral's ROFE performance adjusting for JV equity earnings for FY2020 was 4.5% on a pre-impairment basis, noting that the ROFE component for the LTI's "on foot" will be calculated on a pre-impairment basis.

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 FY2020 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
• Approving remuneration arrangements for the CEO, other Senior Executives and non-executive Directors • Monitoring the performance of Senior Executives	• Recommending remuneration and incentive policies and practices • Recommending remuneration arrangements for the CEO • Recommending remuneration arrangements for KMP (excl. CEO)	• 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 FY2020 the Committee was supported by the:

- Audit & Risk Committee in reviewing the calculation of ROFE relative to WACC, and reviewing financial results, and
- HSE Committee in reviewing safety, as discussed earlier in the Report.

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 at 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 FY2020
STI	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. 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. 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.	As noted in Boral's ASX announcement on 10 February 2020, a thorough investigation into financial irregularities identified in the North American Windows business found that finance personnel within the Windows business manipulated accounts and financial statements. Based on these findings, Boral terminated the employment of a number of finance employees for misconduct, with all their unvested equity lapsing on termination. The Board also exercised its discretion to lapse: • all unvested equity held by the President, Windows, including unvested LTI rights and Deferred STI rights • for all participating executives, the component of unvested deferred STI rights from FY2018 that relates to the Windows earnings overstatement. As outlined earlier in this Report, after the reporting period ended, the Board exercised its discretion to lapse the former CEO's remaining unvested LTI awards in full.
LTI	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. 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.	

Minimum shareholding requirements

To further align the interests of the Company's Senior Executives with the interests of shareholders, the Board established minimum shareholding requirements, effective from 1 July 2013, 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 July 2013 or their date of appointment as a KMP.

Position	Minimum shareholding	Status
CEO	100% of FAR/BCS	As at 30 June 2020, Mike Kane exceeded the requirement
Senior Executives	50% of FAR/BCS	As at 30 June 2020, all Senior Executives were 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 52 of this Annual Report.

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 FY2020, 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.

External advice on remuneration (continued)

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	Other Senior Executives
Contract type	Permanent	Permanent
Notice period by Boral	12 months	6 months
Notice period by employee	6 months	6 months
Termination without cause		
Termination payment	Up to 12 months' FAR/BCS	Up to 12 months' FAR/BCS
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: • 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.	

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 Board Chairman, while attending all Board and Committee meetings, does not receive any Committee fees in addition to their Board Chairman fees.

Non-executive Director fee levels for FY2020 were as follows.

	2020		2019	
Fees (A$)	**Chair**	**Member**	**Chair**	**Member**
Board	**474,900**	**158,100**	465,600	155,000
Audit & Risk Committee	**43,100**	**22,000**	42,300	21,600
Remuneration & Nomination Committee	**32,400**	**16,200**	31,800	15,900
HSE Committee	**32,400**	**16,200**	31,800	15,900

The total annual non-executive Director remuneration for the current Board of six non-executive Directors for FY2020 was $1,495,900 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.

A comprehensive review of the level of fees paid to Boral's non-executive Directors was undertaken during the year and included a review of market benchmarking information prepared by EY, Boral's external remuneration consultant. The review considered the elements of size and complexity of the business, time commitments and fees paid for non-executive Directors of companies of a comparable size. As a result of the market review and considering the COVID-19 pandemic, the Board decided not to increase non-executive Director fees from 1 July 2020.

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. Additional information has been included for Mike Kane, David Mariner and Darren Schulz, who are paid in US dollars. The impact of currency movements in FY2020 when their US dollar remuneration was converted to Australian dollars may create the impression of significant increases in cash salary, which was not the case.

Senior Executive remuneration table

		Short-term				Post-employment	Separation payments	Share-based payments[a]		Other	Total	At risk remuneration	
A$'000s	Year	Cash salary[b]	Short-term incentive[c]	Non-monetary benefits[d]	Other cash allowance & benefits[e]	Super / Pension	Contractual separation payment[f]	Rights	Deferred equity	Long service leave accrual	Total	% of remuneration related to performance	% of target STI paid
Senior Executives													
Mike Kane	2020	2,008.5[b]	–	128.8	–	204.5	2,037.1	1,674.7	38.5	59.4	6,151.5	27.9%	0.0%
	2019	1,842.8	–	100.5	–	308.9	0.0	1,315.5	224.5	49.8	3,842.0	40.1%	0.0%
Ross Harper[1]	2020	621.2	–	12.5	–	25.0	0.0	206.8	22.8	10.7	899.0	25.5%	0.0%
	2019	693.2	26.8	11.7	–	27.3	0.0	153.1	47.2	63.6	1,022.9	22.2%	6.6%
Wayne Manners	2020	687.3	–	32.3	–	25.5	0.0	174.9	12.9	27.6	960.5	19.6%	0.0%
	2019	243.5	–	14.8	–	8.3	0.0	32.7	9.1	15.1	323.5	12.9%	0.0%
David Mariner[2]	2020	767.1	–	85.4	59.5	180.2	866.0	(358.4)	(7.9)	–	1,591.9	0.0%	0.0%
	2019	755.4	–	57.0	–	155.8	0.0	242.7	24.2	–	1,235.1	21.6%	0.0%
Rosaline Ng	2020	975.7	–	57.6	–	28.2	0.0	335.8	11.4	16.1	1,424.8	24.4%	0.0%
	2019	929.6	–	61.8	–	27.8	0.0	318.4	62.0	38.5	1,438.1	26.5%	0.0%
Darren Schulz[3]	2020	51.2	–	3.5	–	8.6	0.0	8.8	0.4	–	72.5	12.7%	0.0%
	2019	–	–	–	–	–	0.0	–	–	–	–	0.0%	0.0%
Total	2020	5,111.0	–	320.1	59.5	472.0	2,903.1	2,042.6	78.1	113.8	11,100.2	19.1%	0.0%
	2019	4,464.5	26.8	245.8	–	528.1	–	2,062.4	367.0	167.0	7,861.6	31.2%	1.3%
US-Based Senior Executives[4]													
US$'000s													
Mike Kane	2020	1,346.3	–	86.4	–	137.1	1,365.4	1,122.6	25.8	39.8	4,123.4	27.9%	0.0%
	2019	1,316.7	–	71.8	–	220.7	–	939.9	160.4	35.5	2,745.0	40.1%	0.0%
David Mariner	2020	514.2	–	57.2	39.9	120.8	580.5	(240.3)	(5.3)	–	1,067.0	0.0%	0.0%
	2019	539.7	–	40.8	–	111.3	–	173.4	17.3	–	882.5	21.6%	0.0%
Darren Schulz	2020	34.3	–	2.4	–	5.8	–	5.9	0.2	–	48.6	12.7%	0.0%
	2019	–	–	–	–	–	–	–	–	–	–	0.0%	0.0%

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

1. 2020 remuneration for Ross Harper is from 1 July 2019 until he ceased as a KMP on 31 May 2020.
2. 2020 remuneration for David Mariner is from 1 July 2019 until he ceased as a KMP on 31 May 2020.
3. 2020 remuneration for Darren Schulz is from 1 June 2020 when he commenced as a KMP.
4. Remuneration is converted at the average exchange rates for the respective years, being $0.6703 for FY2020 and $0.7145 for FY2019.

Senior Executive remuneration table (continued)

Ref	Item	Notes relating to the Senior Executive remuneration table
a.	Share-based payments	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 deferred STI rights are valued at face value. The value of LTI awards are allocated evenly over the period of three years from the grant date, whereas deferred STI rights are allocated evenly over the one year performance period plus the two year vesting period. The value disclosed in the table is the portion of the fair value of the rights for each relevant reporting period. For David Mariner, his LTIs were lapsed when he ceased in his role. The negative number in the table represents the lapsing of LTI awards over a series of relevant reporting periods. For Mike Kane, the table shows the appropriate accounting treatment based on information available at 30 June 2020. It does not incorporate the Board's subsequent decision to lapse the former CEO's LTI awards in full as this decision was made after 30 June 2020. As a result of the Board's decision to lapse all of the former CEO's LTI awards, the amount of A$1,674,700 (US$1,122,600) included in the table for accounting purposes is not paid or payable. The Board's decision also extends to share based payment remuneration associated with the unvested 2018 and 2019 LTI awards disclosed in the previous remuneration reports which will also not be paid or payable. Further details on the former CEO's equity are provided in Section 2 CEO retirement, page 63.
b.	Cash salary	Cash salary includes all fixed salary and accrued annual leave. Mike Kane's total BCS for FY2020 is A$2,029,373 (US$1,360,288), being the sum of fixed remuneration of A$2,008,486 (US$1,346,288) and employee pension contributions of A$20,866 (US$14,000), which is reported in the Super/pension payments column. As noted in Section 2, the change in Mike Kane's cash salary is the result of a change in the value of the A$/US$ foreign exchange rate used to convert his US dollar BCS to Australian dollars. In FY2019, his cash salary was converted based on A$/US$ exchange rate averaged over the 12 month period to 30 June 2019 of $0.7145. For FY2020, the rate used to convert his cash salary was $0.6703, or 6.2% less than the rate applied in FY2019.
c.	Short-term incentive	STI values for KMP represent 80% of total STI paid in cash, with the remaining 20% to be deferred into equity and expensed over three years, in accordance with the Deferred STI plan introduced from FY2014. The deferred component is included in the "Deferred equity" column.
d.	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 providing these benefits.
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 executive's STI or LTI opportunity.
f.	Contractual separation payment	Contractual separation payments for Mike Kane and David Mariner were provided in accordance with their employment agreements with Mike Kane entitled to receive a separation payment equivalent to 12 months BCS. These payments comply with the limits on termination benefits under the Corporations Act 2001.

Section 7: Statutory remuneration disclosures (continued)

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 2019	Other balances[a]	Granted during the year as remuneration[b]	Value of grant[c]	Exercised/ vested during the year	Value of rights vested[d]	Lapsed/ cancelled during the year[e]	Balance as at 30 June 2020
		No.	No.	No.	$	No.	$	No.	No.
Mike Kane	LTI Rights	1,632,812	–	1,015,136	2,652,889	–	–	(1,382,015)	**1,265,933**[f]
	Deferred STI Rights	98,713	–	–	–	(58,736)	243,261	(12,786)	**27,191**
Ross Harper	LTI Rights	188,794	–	205,235	536,348	–	–	(59,490)	**334,539**
	Deferred STI Rights	19,679	–	1,617	6,697	(7,383)	30,577	(1,295)	**12,618**
Wayne Manners	LTI Rights	122,270	–	169,017	441,698	–	–	(38,544)	**252,743**
	Deferred STI Rights	11,886	–	–	–	(4,455)	18,451	(1,020)	**6,411**
David Mariner	LTI Rights	311,392	–	193,884	506,684	–	–	(505,276)	**–**
	Deferred STI Rights	10,617	–	–	–	(6,080)	25,181	(4,537)	**–**
Rosaline Ng	LTI Rights	393,975	–	241,453	630,997	–	–	(123,937)	**511,491**
	Deferred STI Rights	27,230	–	–	–	(15,420)	63,863	(3,777)	**8,033**
Darren Schulz	LTI Rights	–	108,818	–	–	–	–	–	**108,818**
	Deferred STI Rights	–	4,274	–	–	–	–	(680)	**3,594**

Notes relating to the equity grants table are outlined below.

Ref	Item	Explanation
a.	Other balances	Rights held by Darren Schulz at the time of his appointment as a KMP on 1 June 2020.
b.	Rights granted during the year as remuneration	All rights were granted to Senior Executives effective 1 September 2019.
c.	Value of grant	The fair market value of LTI Rights granted on 1 September 2019, calculated using a Monte Carlo simulation analysis, is $2.13 per right for two-thirds of the grant relating to the TSR measure and $3.58 per right for one-third of the grant relating to the ROFE hurdle. The fair market value of the Deferred STI Rights is $4.1416 per right, reflecting a face value at time of grant calculated by taking the VWAP of Boral shares on the ASX during the five day trading period up to but not including 1 September 2019.
d.	Value of vested rights	Calculated per right as the market price of Boral shares on the date of vesting. No exercise price is payable in respect of rights that vest.
e.	Lapsed rights	Rights that lapsed during the year include rights granted to Senior Executives under the 2016 LTI grant (100% lapsed). All rights held by David Mariner lapsed on cessation of employment on 30 June 2020. The lapsing of unvested 2018 deferred STI rights relate to the Windows matter, as outlined in the section 'Lapsing of unvested deferred STI' on page 64.
f.	Balance as at 30 June 2020	All remaining unvested LTI rights held by former CEO Mike Kane (being 1,265,933 rights) have been lapsed in full subsequent to 30 June 2020 as outlined in Section 2 CEO retirement, on page 63.

Senior Executive equity rights balances

The number of rights included in the balance at 30 June 2020 for the Senior Executives is set out below.

		Year of grant			
		2017	2018	2019	Balance as at 30 June 2020
Senior Executives					
Mike Kane[1]	LTI Rights	561,229	366,325	338,379	**1,265,933**[1]
	Deferred STI Rights	–	27,191	–	**27,191**
Ross Harper	LTI Rights	64,689	64,615	205,235	**334,539**
	Deferred STI Rights	–	11,001	1,617	**12,618**
Wayne Manners	LTI Rights	40,300	43,426	169,017	**252,743**
	Deferred STI Rights	–	6,411	–	**6,411**
David Mariner	LTI Rights	–	–	–	**–**
	Deferred STI Rights	–	–	–	**–**
Rosaline Ng	LTI Rights	134,767	135,271	241,453	**511,491**
	Deferred STI Rights	–	8,033	–	**8,033**
Darren Schulz	LTI Rights	–	37,975	70,843	**108,818**
	Deferred STI Rights	–	1,446	2,148	**3,594**

1. All remaining unvested LTI rights held by former CEO Mike Kane (being 1,265,933 rights) have been lapsed in full subsequent to 30 June 2020 as outlined in Section 2 CEO retirement, on page 63.

Non-executive Directors' total remuneration

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

	2020				2019[1]			
A$'000s	Short-term Board and Committee fees	Travel allowances	Post-employment superannuation	Total fees	Short-term Board and Committee fees	Travel allowances	Post-employment superannuation	Total fees
Kathryn Fagg, Chairman	**453.9**	**–**	**21.0**	**474.9**	445.1	–	20.5	465.6
Peter Alexander	**174.3**	**15.0**	**–**	**189.3**	142.4	5.0	–	147.4
Eileen Doyle	**194.1**	**–**	**18.4**	**212.5**	190.3	–	18.0	208.3
John Marlay	**197.7**	**–**	**9.0**	**206.7**	180.3	–	17.1	197.4
Karen Moses	**187.8**	**–**	**8.5**	**196.3**	175.8	–	16.6	192.4
Paul Rayner	**183.7**	**–**	**17.5**	**201.2**	180.2	–	17.0	197.2
Total	**1,391.5**	**15.0**	**74.4**	**1,480.9**	1,314.1	5.0	89.2	1,408.3

1. 2019 fees for Peter Alexander are from his appointment date as a non-executive Director, effective 1 September 2018.

Section 7: Statutory remuneration disclosures (continued)

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						
Mike Kane	**2020**	**1,239,961**	**58,736**	**–**	**–**	**1,298,697**
	2019	1,207,153	61,902	–	(29,094)	1,239,961
Ross Harper	**2020**	**65,840**	**7,383**	**–**	**25,000**	**98,223**
	2019	54,510	61,765	–	(50,435)	65,840
Wayne Manners	**2020**	**117,154**	**4,455**	**–**	**–**	**121,609**
	2019	117,154	–	–	–	117,154
David Mariner	**2020**	**95,557**	**6,080**	**–**	**–**	**101,637**
	2019	95,557	61,854	–	(61,854)	95,557
Rosaline Ng	**2020**	**120,000**	**15,420**	**–**	**–**	**135,420**
	2019	92,831	85,550	–	(58,381)	120,000
Darren Schulz	**2020**	**–**	**–**	**–**	**–**	**–**

		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					
Kathryn Fagg, Chairman	**2020**	**83,562**	**–**	**23,783**	**107,345**
	2019	38,562	–	45,000	83,562
Peter Alexander	**2020**	**59,571**	**–**	**14,300**	**73,871**
	2019	–	–	59,571	59,571
Eileen Doyle	**2020**	**45,248**	**–**	**2,065**	**47,313**
	2019	45,248	–	–	45,248
John Marlay	**2020**	**39,310**	**–**		**39,310**
	2019	39,310	–	–	39,310
Karen Moses	**2020**	**31,757**	**–**	**13,825**	**45,582**
	2019	31,757	–	–	31,757
Paul Rayner	**2020**	**123,652**	**–**	**48,780**	**172,432**
	2019	123,652	–	-	123,652

Loans

There were no loans made or outstanding to Senior Executives or non-executive Directors during FY2020.

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.

Section 8: 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: • 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 LTI performance rights is determined from the VWAP of Boral shares on the ASX during the five day trading period up to but not including 1 September. For the FY2021 LTI award, this methodology will change to a 12 month VWAP to 30 June.
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. It includes each of the non-executive Directors and the 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'.
WACC	Weighted average cost of capital (WACC) reflects the aggregate cost of the Company's debt and equity. For the purposes of Boral's LTI plans, WACC is calculated on a pre-tax basis so that it can be compared to ROFE on an equivalent basis.

Financial Statements

Boral Limited and Controlled Entities

The presentation of before significant items measures of EBITDA, EBITA, EBIT and net profit after tax are non-IFRS measures 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 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	2020 $m	Restated[1] 2019 $m
Continuing operations			
Revenue	2.2	**5,671.4**	5,738.4
Cost of sales		**(3,965.0)**	(3,818.4)
Selling and distribution expenses		**(996.5)**	(1,000.4)
Administrative expenses		**(478.8)**	(395.7)
		(5,440.3)	(5,214.5)
Other income	2.2	**66.3**	36.5
Other expenses	2.2	**(1,322.9)**	(61.5)
Results of equity accounted investments	2.3	**(42.1)**	(127.7)
Profit/(loss) before net interest expense and income tax		**(1,067.6)**	371.2
Interest income	2.2	**3.4**	2.3
Interest expense	2.2	**(129.8)**	(105.4)
Net interest expense		**(126.4)**	(103.1)
Profit/(loss) before income tax		**(1,194.0)**	268.1
Income tax (expense)/benefit	5.1	**60.9**	(74.1)
Profit/(loss) from continuing operations		**(1,133.1)**	194.0
Discontinued operations			
Profit/(loss) from discontinued operations (net of income tax)	6.1	**(5.5)**	57.0
Net profit/(loss)		**(1,138.6)**	251.0
Basic earnings per share	2.5	**(95.3c)**	21.4c
Diluted earnings per share	2.5	**(95.3c)**	21.3c
Continuing operations			
Basic earnings per share	2.5	**(94.8c)**	16.5c
Diluted earnings per share	2.5	**(94.8c)**	16.5c

1. Refer Note 1d for further details.

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	2020 $m	Restated[1] 2019 $m
Net profit/(loss)		**(1,138.6)**	251.0
Other comprehensive income			
Items that may be reclassified subsequently to Income Statement:			
Net exchange differences from translation of foreign operations taken to equity		**10.1**	166.3
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	4.4	**-**	(10.8)
Fair value adjustment on cash flow hedges		**(8.9)**	(15.9)
Income tax on items that may be reclassified subsequently to Income Statement		**20.9**	32.6
Total comprehensive income/(loss)		**(1,116.5)**	423.2

1. Refer Note 1d for further details.

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	2020 $m	Restated[1] 2019 $m
CURRENT ASSETS			
Cash and cash equivalents	2.6	**904.4**	207.2
Receivables	3.1	**798.3**	875.1
Inventories	3.2	**523.9**	662.5
Financial assets		**4.7**	3.8
Current tax assets		**12.5**	-
Other assets		**47.2**	39.6
Assets classified as held for sale		**84.2**	-
TOTAL CURRENT ASSETS		**2,375.2**	1,788.2
NON-CURRENT ASSETS			
Receivables	3.1	**24.9**	27.8
Inventories	3.2	**11.2**	11.4
Investments accounted for using the equity method	6.2	**1,209.7**	1,292.0
Financial assets		**55.7**	41.6
Property, plant and equipment	3.3	**3,117.0**	2,880.4
Intangible assets	3.4	**2,223.2**	3,372.8
Deferred tax assets	5.2	**145.5**	78.7
Other assets		**39.6**	27.2
TOTAL NON-CURRENT ASSETS		**6,826.8**	7,731.9
TOTAL ASSETS		**9,202.0**	9,520.1
CURRENT LIABILITIES			
Trade creditors		**728.8**	842.1
Interest bearing liabilities	4.1	**106.0**	339.7
Financial liabilities		**13.7**	23.8
Current tax liabilities		**4.4**	29.0
Employee benefit liabilities	7.1	**119.7**	118.7
Provisions	3.6	**63.1**	49.5
Liabilities classified as held for sale		**10.3**	-
TOTAL CURRENT LIABILITIES		**1,046.0**	1,402.8
NON-CURRENT LIABILITIES			
Interest bearing liabilities	4.1	**3,378.0**	2,060.8
Financial liabilities		**26.6**	-
Deferred tax liabilities	5.2	**14.1**	43.1
Employee benefit liabilities	7.1	**43.4**	46.1
Provisions	3.6	**152.5**	118.6
Other liabilities		**6.3**	16.3
TOTAL NON-CURRENT LIABILITIES		**3,620.9**	2,284.9
TOTAL LIABILITIES		**4,666.9**	3,687.7
NET ASSETS		**4,535.1**	5,832.4
EQUITY			
Issued capital	4.3	**4,376.4**	4,265.1
Reserves	4.4	**356.9**	331.0
Retained earnings/(Accumulated deficit)		**(198.2)**	1,236.3
TOTAL EQUITY		**4,535.1**	5,832.4

1. Refer Note 1d 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

	Issued capital $m	Restated[1] Reserves $m	Restated[1] Retained earnings $m	Restated[1] Total equity $m
Balance at 30 June 2019	**4,265.1**	**331.0**	**1,236.3**	**5,832.4**
Transition impact from implementation of AASB 16	**-**	**-**	**(26.2)**	**(26.2)**
Balance at 1 July 2019	**4,265.1**	**331.0**	**1,210.1**	**5,806.2**
Net loss	**-**	**-**	**(1,138.6)**	**(1,138.6)**
Other comprehensive income				
Translation of net assets of overseas entities	**-**	**91.4**	**-**	**91.4**
Translation of share of equity accounted other comprehensive income	**-**	**(20.5)**	**-**	**(20.5)**
Translation of long-term borrowings and foreign currency forward contracts	**-**	**(60.8)**	**-**	**(60.8)**
Fair value adjustment on cash flow hedges	**-**	**(8.9)**	**-**	**(8.9)**
Income tax relating to other comprehensive income	**-**	**20.9**	**-**	**20.9**
Total comprehensive income/(loss)	**-**	**22.1**	**(1,138.6)**	**(1,116.5)**
Transactions with owners in their capacity as owners				
Shares issued under the Dividend Reinvestment Plan	**111.3**	**-**	**-**	**111.3**
Share acquisition rights vested	**-**	**(2.0)**	**-**	**(2.0)**
Dividends paid	**-**	**-**	**(269.7)**	**(269.7)**
Share-based payments	**-**	**5.8**	**-**	**5.8**
Total transactions with owners in their capacity as owners	**111.3**	**3.8**	**(269.7)**	**(154.6)**
Balance at 30 June 2020	**4,376.4**	**356.9**	**(198.2)**	**4,535.1**

Balance at 1 July 2018	4,265.1	156.8	1,301.8	5,723.7
Net profit	-	-	251.0	251.0
Other comprehensive income				
Translation of net assets of overseas entities	-	252.5	-	252.5
Translation of share of equity accounted other comprehensive income	-	6.3	-	6.3
Translation of long-term borrowings and foreign currency forward contracts	-	(92.5)	-	(92.5)
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	-	(10.8)	-	(10.8)
Fair value adjustment on cash flow hedges	-	(15.9)	-	(15.9)
Income tax relating to other comprehensive income	-	32.6	-	32.6
Total comprehensive income	-	172.2	251.0	423.2
Transactions with owners in their capacity as owners				
Share acquisition rights vested	-	(7.5)	-	(7.5)
Dividends paid	-	-	(316.5)	(316.5)
Share-based payments	-	9.5	-	9.5
Total transactions with owners in their capacity as owners	-	2.0	(316.5)	(314.5)
Balance at 30 June 2019	4,265.1	331.0	1,236.3	5,832.4

1. Refer Note 1d 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	2020 $m	2019 $m
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**6,194.5**	6,243.3
Payments to suppliers and employees		**(5,403.6)**	(5,333.8)
		790.9	909.5
Dividends received		**26.3**	55.0
Interest received		**3.1**	1.9
Borrowing costs paid		**(124.3)**	(100.2)
Income taxes paid		**(30.7)**	(50.6)
Restructure, transaction and integration costs paid	2.6	**(34.4)**	(54.0)
Net cash provided by operating activities	2.6	**630.9**	761.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(342.1)**	(447.1)
Purchase of intangibles		**(3.7)**	(6.3)
Purchase of controlled entities and businesses		**-**	(10.9)
Repayment of loans by associates		**-**	7.6
Proceeds on disposal of non-current assets		**27.3**	38.4
Proceeds on disposal of controlled entities and associates (net of transaction costs)		**13.1**	375.8
Net cash used in investing activities		**(305.4)**	(42.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	2.4	**(158.3)**	(316.5)
Repayment of lease principal		**(98.4)**	-
Proceeds from borrowings		**2,266.3**	-
Repayment of borrowings		**(1,603.9)**	(272.6)
Net cash provided by/(used in) financing activities		**405.7**	(589.1)
NET CHANGE IN CASH AND CASH EQUIVALENTS		**731.2**	130.0
Cash and cash equivalents at the beginning of the year		**207.2**	74.3
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		**(34.0)**	2.9
Cash and cash equivalents at the end of the year	2.6	**904.4**	207.2

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 which 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 28 August 2020.

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.

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 2019, except in relation to the relevant amendments and their effects on the current period or prior periods as described in Note 1c "Changes in accounting policies".

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak had and continues to have a significant impact on global economies as well as the global equity, debt and commodity markets. As part of the Directors' assessment of adopting the going concern basis in preparing the financial report, a range of scenarios have been prepared and reviewed. The scenarios assessed the estimated potential impact of varying levels of COVID-19 restrictions and regulations and our proposed responses over the next 12-24 months. In addition to the scenario analysis, the Group has also taken proactive measures to manage liquidity and mitigate risk during these uncertain times by stopping all non-essential and non-committed capital expenditure, reducing production levels across most of our plants in North America as well as in some parts of Australia and refinanced the Group's debt that matured during the second half of the current year as well as the debt that was due to mature in July 2021.

As at 30 June 2020, the Group has:

- over $900 million of cash and cash equivalents as disclosed in Note 2.6;
- over $750 million of undrawn facilities and no significant debt maturities until November 2022 as disclosed in Note 4.1;
- positive cash inflow from operating activities of $630.9 million as disclosed in the Statement of Cash Flows; and
- current assets of $2,375 million, which exceed current liabilities of $1,046 million, by $1,329 million as disclosed in the Balance Sheet.

On the basis of these reviews and actions, the Directors consider it appropriate for the going concern basis to be adopted in preparing the financial statements.

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
Intangible assets	3.4	112
Carrying value assessment	3.5	114
Provisions	3.6	117
Income tax expense	5.1	135
Deferred tax assets	5.2	137
Equity accounted investments	6.2	140
Share-based payments	7.3	147

The most significant area of estimation and judgement for the Group is the carrying value of its assets. This area has remained a significant area of estimation and judgement throughout the period, especially given the significant uncertainty around the short- and long-term impacts of COVID-19 on our businesses as well as the economies of the jurisdictions in which we operate.

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.

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 incorporates 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 includes 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. Changes in accounting policies

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 excluding the impact of AASB 16 *Leases*, did not have a significant impact on the Group's financial statements.

The Group applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated but presented as previously reported under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not been applied to comparative information.

Transition approach

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in the accounting policy below.

On transition to AASB 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and AASB Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

Section 1: About this report (continued)

C. Changes in accounting policies (continued)

As a lessee

As a lessee, the Group leases many assets including property, production equipment and motor vehicles. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under AASB 16, the Group recognises right-of-use assets and lease liabilities for most of these leases on the Balance Sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of property the Group has elected not to separate non-lease components but to account for lease and associated non-lease components as a single lease component.

i) Leases classified as operating leases under AASB 117

Previously, the Group classified property, production equipment and motor vehicles leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of remaining lease payments, discounted at the Group's incremental borrowing rate between 2.59% to 5.10% as at 1 July 2019. Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used a number of practical expedients when applying AASB 16 to leases previously classified as operating under AASB 117. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low-value assets (IT equipment and small items of office furniture);
- excluded initial direct costs in measuring right-of-use assets at the date of initial application;
- relied on previous assessments on whether the leases are onerous as an alternative to performing an impairment review;
- used a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- used hindsight in determining the lease term.

ii) Leases classified as finance leases under AASB 117

The Group leases a number of items of production equipment. These leases were classified as finance leases under AASB 117. For these finance leases, the carrying amounts of the right-of-use asset and the lease liability at 1 July 2019 were determined at the carrying amounts of the lease asset and lease liability under AASB 117 immediately before that date.

Accounting policy applied from 1 July 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in AASB 16. This policy is applied to contracts entered into, on or after 1 July 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components but to account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is 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.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the term of lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rates as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise.

The lease liability is measured 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.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'interest bearing liabilities' in the Balance Sheet.

Short-term leases and lease of low-value assets
The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases, including IT equipment and small items of office furniture. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Accounting policy applicable prior to 1 July 2019

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to the asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's Balance Sheet. Payments made under operating leases were expensed on a straight line basis over the term of the lease. Lease incentives received were recognised as part of the total lease expense, over the term of the lease.

Financial statement impacts
Impact on transition

On transition to AASB 16, the Group recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition as at 1 July 2019 is summarised as below:

	Assets $m	Liabilities $m	Equity $m
Increase/(decrease)			
Property, plant and equipment	(2.0)		
ROU assets	386.4		
Investments accounted for using the equity method	(8.7)		
Deferred tax assets/(liabilities)	5.3	(1.8)	
Creditors		(4.3)	
Provisions		33.0	
Lease liabilities		380.3	
Retained earnings			(26.2)
	381.0	407.2	(26.2)

Section 1: About this report (continued)

C. Changes in accounting policies (continued)

Impact on transition (continued)

The reconciliation between lease commitments as at 30 June 2019 and the transition lease liability adjustment is presented as follows:

	$m
Operating lease commitments disclosed as at 30 June 2019	**463.4**
less: short-term and low-value leases not recognised as a liability	**(50.1)**
add: lease extension options reasonably expected to be exercised	**45.5**
less: effect of discounting on payments included in the calculation of the lease liability (excluding finance lease balances)	**(78.5)**
Operating lease commitments capitalised	**380.3**
add: finance lease liabilities recognised as at 30 June 2019	**6.1**
Lease liability recognised as at 1 July 2019	**386.4**

Impacts for the period

As a result of the change in policy arising from the adoption of AASB 16, the Group has recognised a right-of-use asset of $373.4 million and a lease liability of $383.1 million on the Balance Sheet as at 30 June 2020 and depreciation expense of $98.8 million and interest expense of $16.5 million instead of rent expense for the period then ended. The leases payments previously classified as operating cash outflows have been split with the principal payments of $98.4 million presented as a financing outflow and the interest payments of $16.5 million presented as an operating outflow.

D. Comparative figures

During the first half of the current fiscal year, Boral identified certain financial irregularities in its North American Windows business, involving misreporting in relation to inventory, payables and cost of sales.

Boral has restated the comparative figures to reflect the underlying results of the Group as well as the North American segment. The impact on the affected financial statement line items is as follows:

Impact on the Balance Sheet and Boral North America segment assets and liabilities – increase/(decrease)

30 June 2019	Previously reported $m	Adjustment $m	Restated[1] $m
Receivables	877.4	(2.3)	875.1
Inventories	683.8	(21.3)	662.5
Total Assets	**9,543.7**	**(23.6)**	**9,520.1**
Trade creditors	832.6	9.5	842.1
Provisions	48.4	1.1	49.5
Deferred tax liabilities	50.8	(7.7)	43.1
Total Liabilities	**3,684.8**	**2.9**	**3,687.7**
Retained earnings	1,263.8	(27.5)	1,236.3
Foreign currency translation reserve	298.5	1.0	299.5
Total Equity	**5,858.9**	**(26.5)**	**5,832.4**

1. Excludes impact of discontinued operations re-presentation.

D. Comparative figures (continued)

Impact on the Balance Sheet and Boral North America segment assets and liabilities – increase/(decrease)

1 July 2018	Previously reported $m	Adjustment $m	Restated[1] $m
Retained earnings	1,307.9	(6.1)	1,301.8
Foreign currency translation reserve	115.2	1.0	116.2
Total Equity	**5,728.8**	**(5.1)**	**5,723.7**

Impact on Income Statement and Boral North America segment results – increase/(decrease)

30 June 2019	Previously reported $m	Adjustment $m	Restated[1] $m
Revenue	5,800.6	(1.3)	5,799.3
Cost of Sales	(3,845.6)	(25.1)	(3,870.7)
Selling and distribution expenses	(1,006.5)	(1.1)	(1,007.6)
Income tax (expense)/benefit	(79.6)	6.1	(73.5)
Profit/(loss) from continuing operations	**214.6**	**(21.4)**	**193.2**

1. Excludes impact of discontinued operations re-presentation.

Impact on Total earnings per share – increase/(decrease)	
Basic earnings per share	(1.8c)
Diluted earnings per share	(1.8c)

The change did not have an impact on other comprehensive income for the period or the Group's operating, investing or financing cash flows.

Discontinued Operations

Certain comparative figures have been reclassified to discontinued operations, as a result of the expected sale of Midland Brick. The impact on the affected financial statement line items is as follows. Refer to Note 6.1 for further details.

Impact of comparative figures adjustments on Income Statement – increase/(decrease)

30 June 2019	Previously reported $m	Adjustment Boral North America $m	Discontinued operations $m	Restated[2] $m
Revenue	5,800.6	(1.3)	(60.9)	5,738.4
Cost of Sales	(3,845.6)	(25.1)	52.3	(3,818.4)
Selling and distribution expenses	(1,006.5)	(1.1)	7.2	(1,000.4)
Administrative expenses	(398.5)	-	2.8	(395.7)
Income tax (expense)/benefit	(79.6)	6.1	(0.6)	(74.1)
Profit/(loss) from continuing operations	**214.6**	**(21.4)**	**0.8**	**194.0**
Profit/(loss) from discontinued operations (net of income tax)	**57.8**	**-**	**(0.8)**	**57.0**

2. Restated after adjustment due to financial irregularities in the North American Windows business and presentation of discontinued operations.

E. New accounting standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 July 2020 with early adoption permitted. However, with the exception of AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*, the Group has not early adopted the new or amended standards in preparing these financial statements.

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 in order to effectively allocate Group resources and assess performance.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO and Managing Director in assessing performance and in determining the allocation of resources. The operating segments are identified by the Group based on consideration of the nature of the services provided as well as the geographical region. Discrete financial information about each of these operating businesses is reported to the CEO and Managing Director on a recurring basis.

The following summary describes the operations of the Group's reportable segments:

Boral Australia	Construction Materials & Cement (comprising quarries, concrete, asphalt, transport, landfill, property, cement and concrete placing) and Building Products (comprising roofing and masonry, and timber products).
USG Boral	50/50 joint venture between USG Corporation and Boral Limited, responsible for the manufacture and sale of plasterboard and associated products.
Boral North America	Fly ash, stone, roofing, light building products, windows and 50% share of the Meridian Brick joint venture.
Discontinued Operations	Midland Brick (2019: Denver construction materials and US block).
Corporate	Non-trading operations and unallocated corporate costs.

The major end-use markets for Boral's products include residential and non-residential construction and the engineering and infrastructure markets.

Inter-segment pricing is determined on an arm's length basis.

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	2020 $m	Restated[1] 2019 $m
External revenue		**5,728.4**	5,861.4
Less: Revenue from discontinued operations	6.1	**(57.0)**	(123.0)
Revenue from continuing operations		**5,671.4**	5,738.4
Profit/(loss) before tax			
Profit/(loss) before net interest expense and income tax from reportable segments		**(1,075.3)**	439.4
Less: (Profit)/loss before net interest expense and income tax from discontinued operations	6.1	**7.7**	(68.2)
Profit/(loss) before net interest expense and income tax from continuing operations		**(1,067.6)**	371.2
Net interest expense from continuing operations	2.2	**(126.4)**	(103.1)
Profit/(loss) before tax from continuing operations		**(1,194.0)**	268.1

1. Refer Note 1d for further details.

2.1 Segments (continued)

(a) Reportable segments

	Boral Australia		USG Boral		Boral North America		Discontinued Operations		Corporate		Total	
	2020 $m	Restated[1] 2019 $m	2020 $m	2019 $m	2020 $m	Restated[1] 2019 $m	2020 $m	Restated[1] 2019 $m	2020 $m	2019 $m	2020 $m	Restated[1] 2019 $m
External Revenue	**3,335.6**	3,511.0	**-**	-	**2,335.8**	2,227.4	**57.0**	123.0	**-**	-	**5,728.4**	5,861.4
Profit/(loss) before depreciation, amortisation, interest, income tax expense and significant items (EBITDA)	**486.0**	592.2	**25.0**	56.7	**350.4**	387.9	**(4.0)**	5.4	**(36.1)**	(32.3)	**821.3**	1,009.9
Depreciation and amortisation, excluding amortisation of acquired intangibles	**(256.7)**	(206.9)	**-**	-	**(166.6)**	(104.3)	**(3.7)**	(4.5)	**(2.1)**	(0.7)	**(429.1)**	(316.4)
Profit/(loss) before amortisation of acquired intangibles, interest, income tax expense and significant items (EBITA)	**229.3**	385.3	**25.0**	56.7	**183.8**	283.6	**(7.7)**	0.9	**(38.2)**	(33.0)	**392.2**	693.5
Amortisation of acquired intangibles	**-**	-	**-**	-	**(63.1)**	(59.1)	**-**	(2.3)	**-**	-	**(63.1)**	(61.4)
Profit/(loss) before interest, income tax and significant items (EBIT)	**229.3**	385.3	**25.0**	56.7	**120.7**	224.5	**(7.7)**	(1.4)	**(38.2)**	(33.0)	**329.1**	632.1
Sale of business (i)	**-**	-	**-**	-	**-**	-	**-**	69.6	**-**	-	**-**	69.6
Restructure costs (ii)	**(32.5)**	(25.7)	**-**	-	**(3.7)**	-	**-**	-	**-**	-	**(36.2)**	(25.7)
Integration costs (iii)	**-**	-	**-**	-	**(9.5)**	(32.8)	**-**	-	**-**	-	**(9.5)**	(32.8)
Joint venture matters (iv)	**-**	-	**(4.8)**	(5.2)	**-**	-	**-**	-	**(7.8)**	(3.0)	**(12.6)**	(8.2)
Asset impairment (v)	**(123.2)**	-	**-**	-	**(1,222.9)**	(195.6)	**-**	-	**-**	-	**(1,346.1)**	(195.6)
Significant items before income tax expense	**(155.7)**	(25.7)	**(4.8)**	(5.2)	**(1,236.1)**	(228.4)	**-**	69.6	**(7.8)**	(3.0)	**(1,404.4)**	(192.7)
Profit/(loss) before interest and income tax expense	**73.6**	359.6	**20.2**	51.5	**(1,115.4)**	(3.9)	**(7.7)**	68.2	**(46.0)**	(36.0)	**(1,075.3)**	439.4
Equity accounted income before significant items	**13.7**	25.8	**25.0**	56.7	**0.7**	(9.4)	**-**	-	**-**	-	**39.4**	73.1
Significant items (iv) (v)	**-**	-	**(4.8)**	(5.2)	**(76.7)**	(195.6)	**-**	-	**-**	-	**(81.5)**	(200.8)
Equity accounted income after significant items	**13.7**	25.8	**20.2**	51.5	**(76.0)**	(205.0)	**-**	-	**-**	-	**(42.1)**	(127.7)

1. Refer Note 1d for further details.

Section 2: Business performance (continued)

2.1 Segments (continued)

(a) Reportable segments

Significant items ($m)	Gross 2020	Tax 2020	Net 2020	Gross 2019	Tax 2019	Net 2019
(i) Sale of business	-	-	-	69.6	(11.8)	57.8
(ii) Restructure costs	**(36.2)**	**10.5**	**(25.7)**	(25.7)	8.0	(17.7)
(iii) Integration costs						
Integration costs	**(4.7)**	**0.9**	**(3.8)**	(29.7)	6.0	(23.7)
Asset write off – property, plant and equipment	**(4.8)**	**1.2**	**(3.6)**	(3.1)	0.7	(2.4)
	(9.5)	**2.1**	**(7.4)**	(32.8)	6.7	(26.1)
(iv) Joint venture matters	**(12.6)**	-	**(12.6)**	(8.2)	-	(8.2)
(v) Asset impairment						
Goodwill	**(1,068.7)**	-	**(1,068.7)**	-	-	-
Intangibles	**(79.4)**	**20.4**	**(59.0)**	-	-	-
Property, plant and equipment	**(121.3)**	**36.5**	**(84.8)**	-	-	-
Investments accounted for using the equity method	**(76.7)**	**19.0**	**(57.7)**	(195.6)	22.1	(173.5)
	(1,346.1)	**75.9**	**(1,270.2)**	(195.6)	22.1	(173.5)
	(1,404.4)	**88.5**	**(1,315.9)**	(192.7)	25.0	(167.7)

(i) Sale of business

During the prior financial year, the Group sold the Denver Construction Materials business for cash proceeds of $173.2 million, generating a profit before tax of $66.1 million, and the Block business for cash proceeds of $210.6 million, generating a profit before tax of $3.5 million.

(ii) Restructure costs

In response to the downturn in current trading conditions and the expected further decline in trading conditions over the short to medium term, the Group has recognised $36.2 million (2019: $25.7 million) of restructuring costs across Australia and North America.

(iii) Integration costs

In the current year, predominantly in the first half, $9.5 million (2019: $32.8 million) of costs have been incurred on the integration of the Headwaters business into the Boral North America business, which forms part of the integration costs of US$90 million to US$100 million expected. The costs during the period predominantly relate to redundancies and closure costs arising from the rationalisation of Stone plants.

(iv) Joint venture matters

FY2020 – During the current financial year, predominantly in the first half, the Group incurred $10.3 million of costs ($7.8 million incurred by Boral Limited), primarily legal and consulting, in conjunction with the announced change in ownership and operating structure of the plasterboard businesses, as a result of Knauf's acquisition of USG. In addition, in response to current and expected declining trading conditions over the short to medium term, the joint venture implemented further restructuring measures with $2.3 million recognised as Boral's share of the cost of the program.

FY2019 – In the prior year, this includes $4.0 million of legal and consulting costs ($3.0 million incurred by Boral Limited) related to negotiating and agreeing new ownership and operating structure as a result of Knauf's acquisition of USG, $3.4 million of restructuring costs incurred as a result of the significant downturn in Korea and the housing decline in Australia and $0.8 million of costs resulting from an ownership reorganisation in Thailand.

(v) Asset impairment

FY2020 – The non-cash asset impairment charges relate to updated year-end valuation estimates of several assets and asset groups across the Group primarily driven by forecast declines in the US and Australian housing markets as well as taking into account the potential longer term impact of prevailing economic conditions. The impairments recognised relate to Boral North America goodwill, the Windows cash generating unit (CGU), the Australian Building Products CGU, the Investment in the Meridian Brick joint venture and the Western Region Construction Materials CGU. Refer to Note 3.5 and Note 6.2 for further details.

FY2019 – In the prior year, the significant decline in the Canadian housing market and intensity deterioration in the US bricks market triggered an impairment of the investment in the Meridian Brick joint venture. A value in use methodology was used to determine the recoverable amount of the investment, leading to an impairment of $195.6 million. The $22.1 million tax benefit is recognised directly by Boral North America due to the Meridian joint venture ownership structure.

2.1 Segments (continued)

(a) Reportable segments

External revenue by product	Boral Australia 2020 $m	Boral Australia Restated[1] 2019 $m	Boral North America 2020 $m	Boral North America Restated[1] 2019 $m	Discontinued Operations 2020 $m	Discontinued Operations Restated[1] 2019 $m	Total 2020 $m	Total Restated[1] 2019 $m
Concrete	**1,258.9**	1,441.7	**-**	-	**-**	-	**1,258.9**	1,441.7
Asphalt	**824.6**	764.3	**-**	-	**-**	-	**824.6**	764.3
Fly ash	**-**	-	**785.7**	730.3	**-**	-	**785.7**	730.3
Roofing	**75.4**	92.8	**494.6**	513.5	**-**	-	**570.0**	606.3
Quarry products	**439.7**	439.1	**-**	-	**-**	-	**439.7**	439.1
Light building products	**-**	-	**416.6**	387.6	**-**	-	**416.6**	387.6
Stone	**-**	-	**363.3**	376.6	**-**	-	**363.3**	376.6
Cement	**305.7**	323.4	**-**	-	**-**	-	**305.7**	323.4
Windows	**-**	-	**275.6**	219.4	**-**	-	**275.6**	219.4
Concrete Placing	**239.9**	216.3	**-**	-	**-**	-	**239.9**	216.3
Other[2]	**191.4**	233.4	**-**	-	**57.0**	123.0	**248.4**	356.4
	3,335.6	3,511.0	**2,335.8**	2,227.4	**57.0**	123.0	**5,728.4**	5,861.4

1. Refer Note 1d for further details.
2. Other revenue in Boral Australia includes timber, transport, landfill and bricks.

Section 2: Business performance (continued)

2.1 Segments (continued)

(a) Reportable segments

	Boral Australia		USG Boral		Boral North America		Discontinued Operations		Corporate		Total	
	2020 $m	Restated[1] 2019 $m	2020 $m	2019 $m	2020 $m	Restated[1] 2019 $m	2020 $m	Restated[1] 2019 $m	2020 $m	Restated[1] 2019 $m	2020 $m	Restated[1] 2019 $m
Segment assets (excluding equity accounted investments)	**3,119.2**	3,174.9	**-**	-	**3,680.9**	4,662.9	**84.2**	88.3	**45.6**	16.1	**6,929.9**	7,942.2
Equity accounted investments	**20.9**	22.3	**1,034.8**	1,041.1	**154.0**	228.6	**-**	-	**-**	-	**1,209.7**	1,292.0
	3,140.1	3,197.2	**1,034.8**	1,041.1	**3,834.9**	4,891.5	**84.2**	88.3	**45.6**	16.1	**8,139.6**	9,234.2
Cash and cash equivalents									**904.4**	207.2	**904.4**	207.2
Tax assets									**158.0**	78.7	**158.0**	78.7
Total assets	**3,140.1**	3,197.2	**1,034.8**	1,041.1	**3,834.9**	4,891.5	**84.2**	88.3	**1,108.0**	302.0	**9,202.0**	9,520.1
Segment liabilities	**672.9**	739.8	**-**	-	**381.9**	391.2	**10.3**	8.8	**99.3**	75.3	**1,164.4**	1,215.1
Interest bearing liabilities									**3,484.0**	2,400.5	**3,484.0**	2,400.5
Tax liabilities									**18.5**	72.1	**18.5**	72.1
Total liabilities	**672.9**	739.8	**-**	-	**381.9**	391.2	**10.3**	8.8	**3,601.8**	2,547.9	**4,666.9**	3,687.7
Acquisition of segment assets[2]	**283.4**	289.6	**-**	-	**187.8**	158.7	**0.4**	3.5	**0.5**	1.6	**472.1**	453.4

1. Refer Note 1d for further details.
2. Excludes amounts attributable to the acquisition of controlled entities and businesses. FY2020 includes lease additions totalling $126.3 million due to the impact of AASB 16 *Leases*.

2.1 Segments (continued)

(b) Geographic location

In presenting information on a geographical basis, assets are based on the geographical location of the assets.

NON-CURRENT ASSETS	2020 $m	2019 $m
Australia	**2,576.7**	2,606.5
Asia	**723.0**	729.0
North America	**3,236.5**	4,187.1
Other	**89.4**	89.0
	6,625.6	7,611.6
Tax assets	**145.5**	78.7
Financial assets	**55.7**	41.6
	6,826.8	7,731.9

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 the 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 consideration of whether the variable consideration is constrained. Claims and variations are included to the extent they are approved, or if not approved, are estimated whilst also considering the constraint requirement.

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.

Sale of land

Revenue from the sale of land is recognised at the point in time the customer obtains control of the land. This is typically at the point in time the customer obtains unrestricted access to the land that was sold. The revenue is measured at the transaction price agreed under the contract.

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.

Section 2: Business performance (continued)

2.2 Profit for the period (continued)

(a) Revenue (continued)

For the year ended 30 June	2020 $m	Restated[1] 2019 $m
Revenue from continuing operations		
Sale of goods	**5,229.6**	5,281.3
Rendering of services	**68.8**	75.1
Contracting business	**373.0**	382.0
Revenue from continuing operations	**5,671.4**	5,738.4

1. Refer Note 1d for further details.

(b) Other income and expenses

Other income is recognised on a systematic basis over the periods necessary to match it with the related costs for which it is intended to compensate. If the costs have already been incurred, the amount is recognised in the period the entitlement is confirmed.

Other income and 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.

For the year ended 30 June	Note	2020 $m	2019 $m
Other income from continuing operations			
Net profit on sale of assets		**60.0**	21.6
Net foreign exchange gain		**1.1**	7.2
Other income		**5.2**	7.7
Other income from continuing operations		**66.3**	36.5
Other expenses from continuing operations			
Significant items	2.1	**(1,322.9)**	(61.5)
Other expenses from continuing operations		**(1,322.9)**	(61.5)
Short-term leases and leases of low-value assets expenses under AASB 16		**53.5**	-
Operating lease expense under AASB 117		**-**	123.2

2.2 Profit for the period (continued)

(c) Net interest expense

Net interest expense comprises mainly of 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 they are 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 financial year as a result of the adoption of AASB 16 *Leases*.

For the year ended 30 June	2020 $m	2019 $m
Interest income received or receivable from:		
Other parties (cash at bank and bank short-term deposits)	**3.1**	1.9
Unwinding of discount	**0.3**	0.4
	3.4	2.3
Interest expense paid or payable to:		
Other parties (bank overdrafts, bank loans and other loans)[1]	**(108.1)**	(101.2)
Interest expense on capitalised leases	**(16.5)**	(0.4)
Unwinding of discount	**(5.2)**	(3.8)
	(129.8)	(105.4)
Net interest expense from continuing operations	**(126.4)**	(103.1)

1. In 2020, interest of $3.4 million (2019: $4.2 million) was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used was 5.4% (2019: 5.4%).

2.3 Results of equity accounted investments

The Group's share of the results of equity accounted investments is reported in the Income Statement. The results of equity accounted investments are summarised below:

	Note	2020 $m	2019 $m
Summarised Income Statement at 100%			
Revenue		**2,333.7**	2,457.1
Profit before income tax		**139.9**	216.7
Income tax expense		**(53.9)**	(65.5)
Non-controlling interest		**(7.5)**	(3.8)
Net profit before significant items		**78.5**	147.4
Significant items net of tax		**(163.0)**	(401.6)
Net profit/(loss)		**(84.5)**	(254.2)
The Group's share based on % ownership:			
Net profit before significant items		**39.4**	73.1
Significant items net of tax	2.1	**(81.5)**	(200.8)
Net profit/(loss)		**(42.1)**	(127.7)

Further information regarding equity accounted investments is provided in Note 6.2.

Section 2: Business performance (continued)

2.4 Dividends

	Amount per share	Total amount $m	Franked amount per share	Date of payment
2020				
2019 final – ordinary	**13.5 cents**	**158.4**	**6.75 cents**	**1 October 2019**
2020 interim – ordinary	**9.5 cents**	**111.3**	**4.75 cents**	**15 April 2020**
Total		**269.7**		
2019				
2018 final – ordinary	14.0 cents	164.1	7.0 cents	2 October 2018
2019 interim – ordinary	13.0 cents	152.4	6.5 cents	15 March 2019
Total		316.5		

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 2020.

2020 final – ordinary	-	-	-	-

Dividend franking account

The balance of the franking account of Boral Limited as at 30 June 2020 is $1.5 million (2019: $19.3 million).

The franking account balance is $11.0 million deficit (2019: $33.0 million credit) after adjusting for franking credits/(debits) that will arise from:

- the payment/refund of the amount of the current tax liability/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

For the interim dividend payment on 15 April 2020, the Group received $111.3 million proceeds relating to 14,407,567 fully paid ordinary shares issued to shareholders participating in the Dividend Reinvestment Plan (DRP), and 38,914,307 fully paid ordinary shares issued under the DRP underwriting arrangement.

2.5 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.

Options outstanding under the Executive Share Option Plan and Share Performance Rights have been classified as potential ordinary shares and are included in diluted earnings per share only.

	2020	2019
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	**1,194,951,891**	1,172,331,924
Effect of potential ordinary shares	**3,944,754**	3,699,914
Number for diluted earnings per share	**1,198,896,645**	1,176,031,838

	Continuing operations 2020 $m	Discontinued operations 2020 $m	Total 2020 $m	Restated[1] Continuing operations 2019 $m	Restated[1] Discontinued operations 2019 $m	Restated[1] Total 2019 $m
Earnings reconciliation						
Net profit/(loss) excluding significant items	**182.8**	**(5.5)**	**177.3**	419.5	(0.8)	418.7
Net significant items (refer Note 2.1)	**(1,315.9)**	**-**	**(1,315.9)**	(225.5)	57.8	(167.7)
Net profit/(loss)	**(1,133.1)**	**(5.5)**	**(1,138.6)**	194.0	57.0	251.0
Basic earnings per share	**(94.8c)**	**(0.5c)**	**(95.3c)**	16.5c	4.9c	21.4c
Diluted earnings per share	**(94.8c)**	**(0.5c)**	**(95.3c)**	16.5c	4.8c	21.3c
Basic earnings per share (excluding significant items)	**15.3c**	**(0.5c)**	**14.8c**	35.8c	(0.1c)	35.7c
Diluted earnings per share (excluding significant items)[2]	**15.2c**	**(0.5c)**	**14.8c**	35.7c	(0.1c)	35.6c

1. Refer Note 1d for further details.
2. Numbers may not add due to rounding.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options and performance rights was based on quoted market prices for the period that the options were outstanding.

Section 2: Business performance (continued)

2.6 Notes to Statement of Cash Flows

	2020 $m	Restated[1] 2019 $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	**451.4**	104.9
Bank short-term deposits	**453.0**	102.3
	904.4	207.2

The bank short-term deposits mature within 90 days and pay interest at a weighted average interest rate of 0.35% (2019: 1.81%).

	2020 $m	Restated[1] 2019 $m
(ii) Reconciliation of net profit to net cash provided by operating activities:		
Net profit/(loss)	**(1,138.6)**	251.0
Adjustments for non-cash items:		
Depreciation and amortisation	**492.2**	377.8
Discount unwinding	**5.2**	3.4
Gain on sale of assets and businesses	**(5.6)**	(91.2)
Impairment of assets, businesses and restructuring costs	**1,292.4**	11.6
Share-based payment expense	**5.8**	9.5
Non-cash loss from equity accounted investments	**68.4**	182.7
Net cash provided by operating activities before change in assets and liabilities	**719.8**	744.8
Changes in assets and liabilities net of effects from acquisitions/disposals		
Receivables	**77.1**	(0.5)
Inventories	**107.5**	(40.0)
Payables	**(144.0)**	63.8
Provisions	**(2.1)**	(58.3)
Current and deferred taxes	**(93.8)**	40.8
Other	**(33.6)**	11.0
Net cash provided by operating activities	**630.9**	761.6
(iii) Restructure, transaction and integration costs:		
During the year, the Group settled costs associated with:		
Integration costs	**(6.8)**	(30.3)
Restructure and transaction costs	**(27.6)**	(23.7)
	(34.4)	(54.0)
(iv) Changes in loans and borrowings arising from financing activities:		
Balance at the beginning of the year	**2,400.5**	2,526.8
Proceeds from borrowings	**2,266.3**	-
Repayment of borrowings	**(1,603.9)**	(272.6)
Repayment of lease principal	**(98.4)**	-
Changes in fair values	**20.4**	20.5
Transferred to assets held for sale	**(2.0)**	-
Non-cash lease liabilities	**477.9**	-
Net foreign currency exchange differences and other	**23.2**	125.8
Balance at the end of the year	**3,484.0**	2,400.5

1. Refer Note 1d for further details.

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 allowance for doubtful debts has been made for the estimated irrecoverable trade receivable amounts arising from the past rendering of services, determined by reference to past default experience along with an expected credit loss calculation which considers the past events, and exercises judgment 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 provision for impairment losses increasing or decreasing in future periods.

	2020 $m	Restated[1] 2019 $m
Current		
Trade receivables	**757.2**	855.2
Associated entities	**2.9**	2.0
	760.1	857.2
Less: Allowance for impairment	**(13.0)**	(12.9)
	747.1	844.3
Other receivables	**51.2**	30.8
	798.3	875.1

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 2020 $m	Impairment 2020 $m	Net 2020 $m	Restated[1] Gross 2019 $m	Restated[1] Impairment 2019 $m	Restated[1] Net 2019 $m
Current	**663.8**	**(2.9)**	**660.9**	709.7	(2.2)	707.5
Overdue 0 – 60 days	**73.4**	**(1.0)**	**72.4**	120.6	(1.4)	119.2
Overdue > 60 days	**20.0**	**(9.1)**	**10.9**	24.9	(9.3)	15.6
Total	**757.2**	**(13.0)**	**744.2**	855.2	(12.9)	842.3

1. Refer Note 1d for further details.

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:

	2020 $m	Restated[1] 2019 $m
Balance at the beginning of the year	**(12.9)**	(14.5)
Amounts written off during the year	**0.8**	3.3
Increase recognised in Income Statement	**(1.0)**	(2.2)
Disposals of entities or operations	**-**	0.4
Transferred to assets held for sale	**0.1**	-
Net foreign currency exchange differences	**-**	0.1
Balance at the end of the year	**(13.0)**	(12.9)

1. Refer Note 1d for further details.

	2020 $m	2019 $m
Non-current		
Loans to associated entities	**15.7**	16.1
Other receivables	**9.2**	11.7
	24.9	27.8

No amounts owing by associates or included in other receivables were past due as at 30 June 2020 (30 June 2019: 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.

	2020 $m	Restated[1] 2019 $m
Current		
Raw materials and consumable stores	**156.9**	179.0
Work in progress	**44.0**	43.7
Finished goods	**321.5**	439.0
Land development projects	**1.5**	0.8
	523.9	662.5
Non-current		
Land development projects	**11.2**	11.4
Land development projects comprises:		
Cost of acquisition	**1.5**	0.8
Development costs capitalised	**11.2**	11.4
	12.7	12.2

1. Refer Note 1d for further details.

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:

	2020	2019
Buildings	**1 – 10%**	1 – 10%
Mineral reserves and licences	**1 – 5%**	1 – 5%
Plant and equipment	**5 – 33.3%**	5 – 33.3%

Significant accounting judgements, estimates and assumptions

Estimation of useful lives of assets has been 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 '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.

Right-of-use 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 right-of-use 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 2020 $m	Leased 2020 $m	2019 $m	Owned 2020 $m	2019 $m	Owned 2020 $m	Leased 2020 $m	2019 $m	Owned 2020 $m	2019 $m	Owned 2020 $m	Leased 2020 $m	2019 $m
Balance at the beginning of the year	**920.1**	**-**	911.3	**153.8**	159.1	**1,472.3**	**-**	1,416.9	**334.2**	294.8	**2,880.4**	**-**	2,782.1
Transition impact from implementation of AASB 16	**-**	**204.7**	-	**-**	-	**(2.0)**	**181.7**	-	**-**	-	**(2.0)**	**386.4**	-
Revised balance at the beginning of the year	**920.1**	**204.7**	911.3	**153.8**	159.1	**1,470.3**	**181.7**	1,416.9	**334.2**	294.8	**2,878.4**	**386.4**	2,782.1
Additions	**23.3**	**51.2**	1.1	**8.0**	-	**34.4**	**75.1**	67.5	**276.4**	378.5	**342.1**	**126.3**	447.1
Disposals	**(17.6)**	**(4.2)**	(10.4)	**-**	(0.5)	**(9.9)**	**(12.7)**	(9.8)	**-**	-	**(27.5)**	**(16.9)**	(20.7)
Acquisitions of entities or operations	**-**	**-**	-	**-**	-	**-**	**-**	6.9	**-**	-	**-**	**-**	6.9
Disposals of entities or operations	**-**	**-**	(18.2)	**-**	(14.6)	**-**	**-**	(8.6)	**-**	-	**-**	**-**	(41.4)
Transferred (to)/from other property, plant and equipment	**81.6**	**4.7**	51.4	**13.0**	29.8	**268.4**	**(13.4)**	258.5	**(354.3)**	(339.7)	**8.7**	**(8.7)**	-
Impairment and write off disclosed as significant items	**(30.7)**	**(7.2)**	-	**(5.5)**	-	**(74.1)**	**(5.7)**	(3.1)	**(2.9)**	-	**(113.2)**	**(12.9)**	(3.1)
Lease reassessment	**-**	**-**	-	**-**	-	**-**	**(3.0)**	-		-	**-**	**(3.0)**	-
Transfer (to)/from other assets or liabilities	**0.1**	**(0.8)**	(2.7)	**-**	-	**5.4**	**(1.8)**	(8.5)	**(3.1)**	-	**2.4**	**(2.6)**	(11.2)
Transferred to assets held for sale	**(20.0)**	**-**	-	**-**	-	**(11.3)**	**(1.4)**	-	**(0.1)**	-	**(31.4)**	**(1.4)**	-
Depreciation or amortisation expense	**(29.1)**	**(39.2)**	(24.4)	**(21.8)**	(20.1)	**(277.3)**	**(59.6)**	(269.4)	**-**	-	**(328.2)**	**(98.8)**	(313.9)
Net foreign currency exchange differences	**2.8**	**1.3**	12.0	**-**	0.1	**6.4**	**3.7**	21.9	**3.1**	0.6	**12.3**	**5.0**	34.6
Balance at the end of the year	**930.5**	**210.5**	920.1	**147.5**	153.8	**1,412.3**	**162.9**	1,472.3	**253.3**	334.2	**2,743.6**	**373.4**	2,880.4
At cost	**1,196.1**	**317.8**	1,154.3	**357.8**	336.8	**4,152.6**	**255.5**	4,253.9	**253.3**	334.2	**5,959.8**	**573.3**	6,079.2
Less: Accumulated depreciation, amortisation and impairment	**(265.6)**	**(107.3)**	(234.2)	**(210.3)**	(183.0)	**(2,740.3)**	**(92.6)**	(2,781.6)	**-**	-	**(3,216.2)**	**(199.9)**	(3,198.8)
Balance at the end of the year	**930.5**	**210.5**	920.1	**147.5**	153.8	**1,412.3**	**162.9**	1,472.3	**253.3**	334.2	**2,743.6**	**373.4**	2,880.4

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, which include trade names, fly ash contracts, customer relationships and patents, are acquired individually or through business combinations and are stated at cost less accumulated amortisation and impairment losses (see Note 3.5).

Amortisation

Amortisation is calculated to expense the cost of the intangible asset less its estimated residual value on a straight-line basis over its estimated useful life.

The estimated useful lives for each class of intangible asset are as follows:

	Trade names	Fly ash contracts	Customer relationships	Other
Estimated useful lives – years	2 to Indefinite	10 – 20	5 – 20	3 – 19

Amortisation is recognised in the Income Statement from the date the assets are available for use unless their lives are indefinite.

The total value of indefinite life intangible assets (excluding Goodwill) is $98.1 million (2019: $131.1 million). Intangible assets with an indefinite useful life are tested for impairment annually (see Note 3.5).

Significant accounting judgements, estimates and assumptions

Judgements are made with respect to identifying, valuing, and estimating useful lives of intangible assets on acquisition of new businesses. Estimation of useful lives of other intangible assets has been based on historical experience with reassessments of remaining useful life performed at least annually. Adjustments to useful lives are made when considered necessary.

	2020 $m	2019 $m
Goodwill	**1,199.7**	2,230.2
Other intangible assets	**1,324.9**	1,287.7
Less: Accumulated amortisation and impairment	**(301.4)**	(145.1)
	1,023.5	1,142.6
Total	**2,223.2**	3,372.8
Reconciliation of movements in goodwill		
Balance at the beginning of the year	**2,230.2**	2,159.9
Acquisitions of entities or operations	**-**	4.2
Disposal of entities or operations	**-**	(44.1)
Impairment disclosed as significant items	**(1,068.7)**	-
Net foreign currency exchange differences	**38.2**	110.2
Balance at the end of the year	**1,199.7**	2,230.2

3.4 Intangible assets (continued)

Reconciliation of movements in other intangible assets

As at 30 June 2020	Trade names $m	Fly ash contracts $m	Customer relationships $m	Other $m	Total $m
Balance at the beginning of the year	145.5	468.0	509.5	19.6	1,142.6
Additions	-	-	3.7	-	3.7
Impairment disclosed as significant items	(35.2)	-	(44.2)	-	(79.4)
Amortisation expense	(1.8)	(27.5)	(32.2)	(3.7)	(65.2)
Net foreign currency exchange differences	4.8	9.0	7.6	0.4	21.8
Balance at the end of the year	113.3	449.5	444.4	16.3	1,023.5
At cost	158.4	533.8	588.0	44.7	1,324.9
Less: Accumulated amortisation	(45.1)	(84.3)	(143.6)	(28.4)	(301.4)
Balance at the end of the year	113.3	449.5	444.4	16.3	1,023.5

As at 30 June 2019	Trade names $m	Fly ash contracts $m	Customer relationships $m	Other $m	Total $m
Balance at the beginning of the year	141.5	469.0	608.8	15.9	1,235.2
Additions	-	-	-	6.3	6.3
Disposals of entities or operations	-	-	(95.9)	-	(95.9)
Amortisation expense	(3.8)	(25.8)	(31.3)	(3.0)	(63.9)
Net foreign currency exchange differences	7.8	24.8	27.9	0.4	60.9
Balance at the end of the year	145.5	468.0	509.5	19.6	1,142.6
At cost	155.5	524.5	563.4	44.3	1,287.7
Less: Accumulated amortisation	(10.0)	(56.5)	(53.9)	(24.7)	(145.1)
Balance at the end of the year	145.5	468.0	509.5	19.6	1,142.6

Section 3: Operating assets and liabilities (continued)

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.

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.

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 and operational conditions. Actual cash flows may therefore differ from forecasts and could result in changes 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:

	2020 $m	2019 $m
North America	**1,107.9**	2,136.9
Other[1]	**91.8**	93.3
	1,199.7	2,230.2

1. Relates to multiple business units, which are not considered to be individually significant.

3.5 Carrying value assessment (continued)

Impairment testing for cash generating units containing goodwill (continued)

(i) North America

The North American segment contains goodwill that primarily arose from the acquisition of Headwaters Incorporated in May 2017. Given the transformative nature of the acquisition on our North American operations, and the number of CGUs impacted by the acquisition, the goodwill is tested annually at an aggregated level incorporating all CGUs within our Boral North America segment, with the exception of our equity accounted investment in the Meridian Brick joint venture. This is the lowest level within the business for which information about goodwill is available and monitored for internal management purposes.

The goodwill was tested using a value in use model, covering a period of four years, determined by discounting the future cash flows to be generated from the continuing use of the aggregated CGUs.

Key assumptions applied to the value in use model relate to:

Key assumption	Basis for determining value in use assigned to key assumption
Cash flow	Estimated future cash flows have been modeled taking into account: • the uncertainty of the short- and long-term effects of the COVID-19 pandemic on the US economy; • US housing starts with the model largely aligned to independent economists' forecasts for the discrete period and the average over the last 30 years, which is 1.3 million housing starts, for the terminal year; • other US construction segments including non-residential, repair and remodel activity and infrastructure activity has been largely aligned to recent historical experience and independent economists' forecasts; • fly ash availability based on forecast coal consumption across our contract base; and • current and historical performance of the businesses.
Discount rate	The discount rate applied to pre-tax cash flows was 10.9% (2019: 10.1%). The Group has adjusted the discount rate in the current year to reflect the increased market volatility and the uncertainties relating to the impact and timing of the COVID-19 pandemic.
Terminal value growth rate	The terminal growth rate used in the model was 2% (2019: 2.5%), which aligns with independent economists' forecasts and does not exceed the long-term average growth rates for the industries in which the businesses operate.

The values assigned to each assumption represents management's assessment of future performance of our businesses as well as taking into account the significant uncertainty of the short- and long-term effects of the pandemic on the US economy.

The carrying amount of the aggregated CGUs was determined to be higher than its recoverable amount of $3,262.8 million and an impairment loss of $1,066.8 million was recognised. The impairment loss was fully allocated to goodwill and included in Other Expenses in the Income Statement.

Following the impairment loss recognised, the aggregate recoverable value of the CGUs was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment, however, in light of the significant uncertainty, the Group has prepared recoverable value sensitivities on each key assumption in isolation in the table below.

Key assumptions	Sensitivity	Financial impact $m
Cash flow	5% decrease in cash flow	(151.2)
Discount rate	50 basis point increase	(210.0)
Terminal value growth rate	20 basis point decrease	(73.8)

Section 3: Operating assets and liabilities (continued)

3.5 Carrying value assessment (continued)

Impairment testing for cash generating units containing goodwill (continued)
(ii) Construction Materials Western Region

Underperformance of the business in the current year, particularly the second half of FY2020, which was primarily driven by lower construction activity, competitive pricing pressures and production curtailments resulting in lower fixed cost recovery, and the potential short- and longer-term impact of prevailing economic conditions, triggered an assessment of the recoverability of the carrying value of the CGU. A value in use methodology was used to determine the recoverable amount of the CGU totalling $87 million, leading to an impairment loss of $67.1 million, with $1.9 million relating to goodwill and $65.2 million relating to property, plant and equipment that was recorded and included in Other Expenses in the Income Statement.

The key assumptions used in the model were a cash flow projection period of nine years, a pre-tax discount rate of 11.4%, a long-term growth rate of 2.5% and regional construction 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 individual assets have been written down to their recoverable value that has been separately calculated, any adverse change in the value in use model assumptions in isolation or combination would not impact the amount of impairment recognised.

Impairment testing for other cash generating units
(i) Building Products Australia (Timber and Roofing)

Underperformance of the businesses in the current year, particularly the second half of FY2020, which was primarily driven by the significant downturn in the Australian housing market, particularly New South Wales, and the potential longer-term impact of prevailing economic conditions and lower immigration, triggered an assessment of the recoverability of the carrying value of the Building Products CGUs. In addition, the Timber business underperformance was amplified by the bushfires in the second half of the current year, which impacted more than 50% of the forest under contract resulting in a force majeure on both of our major supply contracts that may have long-term ramifications around log supply, mix and quality. A value in use methodology was used to determine the recoverable amount of each CGU totalling $62 million for Timber and $37.4 million for Roofing, leading to an impairment loss of $56.1 million relating to property, plant and equipment that was recorded and included in Other Expenses in the Income Statement.

The key assumptions used in the model were a cash flow projection period of nine years, a pre-tax discount rate of 11.4%, a long-term growth rate of 2.5% and housing forecasts 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 individual assets have been written down to their recoverable value that has been separately calculated, any adverse change in the value in use model assumptions in isolation or combination would not impact the amount of impairment recognised.

(ii) Windows

Aligned to the key assumptions applied to the North America assessment, a value in use methodology was used to determine the recoverable amount of the Windows CGU totalling $166.2 million, leading to an impairment loss of $79.4 million relating to intangible assets that was recorded and included in Other Expenses in the Income Statement. Following the impairment loss recognised, the recoverable value of the CGU is equal to the carrying value amount. Therefore, any adverse movement in a key assumption would lead to further 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.

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 (previously included in other provisions), 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	The restoration and environmental rehabilitation provisions comprise mainly: • 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 risks. At a number of sites, there are restoration and environmental rehabilitation requirements of areas from which natural resources were extracted. The provision includes costs associated with the clean-up of sites the Group owns, or contamination that the Group caused, to enable ongoing use of the land as an industrial property or development to a higher value end use, and costs associated with the decommissioning, removal or repair of sites.	Future costs associated with dismantling and removing assets and restoring sites to their original condition, requiring assumptions on closure dates, application of environmental legislation, available technologies, regulatory requirements, expected future use of the site and consultant cost estimates.

Section 3: Operating assets and liabilities (continued)

3.6 Provisions (continued)

As at 30 June 2020	Rationalisation and restructuring $m	Claims $m	Restoration and environmental rehabilitation $m	Other $m	Total $m
Reconciliations					
Balance at the beginning of the year	**16.5**	**56.9**	**89.2**	**5.5**	**168.1**
Transition impact from implementation of AASB 16	**-**	**-**	**33.0**	**-**	**33.0**
Revised balance at the beginning of the year	**16.5**	**56.9**	**122.2**	**5.5**	**201.1**
Provisions made during the year	**32.5**	**7.8**	**13.4**	**-**	**53.7**
Unwind of discount	**-**	**-**	**5.2**	**-**	**5.2**
Payments made during the year	**(24.8)**	**(10.9)**	**(6.9)**	**(3.3)**	**(45.9)**
Transferred to liabilities held for sale	**-**	**-**	**-**	**(0.2)**	**(0.2)**
Net foreign currency exchange differences	**0.2**	**1.1**	**0.4**	**-**	**1.7**
Balance at the end of the year	**24.4**	**54.9**	**134.3**	**2.0**	**215.6**
Current	**24.4**	**17.6**	**19.2**	**1.9**	**63.1**
Non-current	**-**	**37.3**	**115.1**	**0.1**	**152.5**
Total	**24.4**	**54.9**	**134.3**	**2.0**	**215.6**

As at 30 June 2019	Rationalisation and restructuring $m	Claims[1] $m	Restoration and environmental rehabilitation $m	Other $m	Total[1] $m
Reconciliations					
Balance at the beginning of the year	10.1	61.0	103.7	29.3	204.1
Provisions made/(released) during the year	7.6	5.4	(13.3)	(3.9)	(4.2)
Unwind of discount	-	-	3.8	-	3.8
Payments made during the year	(1.7)	(21.6)	(8.5)	(8.3)	(40.1)
Transferred (to)/from provisions	-	9.2	2.6	(11.8)	-
Net foreign currency exchange differences	0.5	2.9	0.9	0.2	4.5
Balance at the end of the year	16.5	56.9	89.2	5.5	168.1
Current	16.5	15.5	15.0	2.5	49.5
Non-current	-	41.4	74.2	3.0	118.6
Total	16.5	56.9	89.2	5.5	168.1

1. Refer Note 1d 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 2020 is $26.8 million (2019: $48.7 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 currrent liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. See Note 1c for accounting policies on lease liabilities.

	2020 $m	2019 $m
Current		
Loans – unsecured	**9.0**	336.6
Other loans	**5.3**	-
Lease liabilities	**91.7**	3.1
	106.0	339.7
Non-current		
Loans – unsecured	**3,084.6**	2,057.8
Other loans	**2.0**	-
Lease liabilities	**291.4**	3.0
	3,378.0	2,060.8
Total	**3,484.0**	2,400.5

Term and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				30 June 2020		30 June 2019	
	Currency	Effective interest rate 2020	Calendar year of maturity	Carrying amount $m	Fair value $m	Carrying amount $m	Fair value $m
Current							
US senior notes – private placement – unsecured	USD			**-**	**-**	108.6	112.9
CHF notes – unsecured	CHF			**-**	**-**	219.0	223.3
Bank loans – unsecured	GBP	2.99%	2021	**9.0**	**9.0**	9.0	9.0
Other loans	USD	3.49%	2020-2021	**5.3**	**5.3**	-	-
				14.3	**14.3**	336.6	345.2
Non-current							
US senior notes – private placement – unsecured	USD	4.01%	2025-2030	**1,011.3**	**1,223.8**	708.1	808.2
US senior notes – 144A/Reg S – unsecured	USD	3.39%	2022-2028	**1,396.1**	**1,600.7**	1,349.7	1,486.6
Bank loans – unsecured	USD	3.07%	2024	**677.2**	**677.2**	-	-
Other loans	USD	3.49%	2022	**2.0**	**2.0**	-	-
				3,086.6	**3,503.7**	2,057.8	2,294.8
Total				**3,100.9**	**3,518.0**	2,394.4	2,640.0

Section 4: Capital and financial structure (continued)

4.1 Interest bearing liabilities (continued)

US SENIOR NOTES – PRIVATE PLACEMENT – UNSECURED

Borrower	Notional amount US$m	Issue date	Interest rate	Maturity date	AUD equivalent $m
Boral Limited	135.0	05/2015	4.01%	05/2025	193.4
Boral Limited	41.0	05/2015	4.16%	05/2027	58.6
Boral Limited	24.0	03/2015	4.31%	03/2030	34.2
Boral Industries Inc.	225.0	04/2018	4.05%	04/2026	326.3
Boral Industries Inc.	75.0	04/2018	2.44%	04/2026	108.8
Boral Industries Inc.	100.0	05/2020	4.40%	05/2025	145.0
Boral Industries Inc.	100.0	05/2020	4.58%	05/2027	145.0
Total	**700.0**				**1,011.3**

US SENIOR NOTES – 144A/REG S – UNSECURED

Borrower	Notional amount US$m	Issue date	Interest rate	Maturity date	AUD equivalent $m
Boral Finance Pty Ltd	450.0	11/2017	3.00%	11/2022	656.3
Boral Finance Pty Ltd	500.0	11/2017	3.75%	05/2028	739.8
Total	**950.0**				**1,396.1**

BANK FACILITIES

Bilateral facilities

The Group entered into new committed two-year bilateral loan facilities totalling A$250 million and US$75 million on 28 May 2020, maturing in May 2022. The facilities were undrawn as at 30 June 2020. The Group also entered into new committed bilateral loan facilities totalling US$740 million on 28 May 2020, maturing June 2024. The facilities were partially drawn by US$467 million as at 30 June 2020. These facilities replaced the Company's US$750 million debt facility that was due to mature in July 2021.

US senior notes – private placement

The Group issued US$200 million of private placement senior notes in May 2020 with US$100 million maturing in 2025 and US$100 million maturing in 2027. The proceeds were used to refinance the CHF150 million of Euro Medium Term Notes that matured in February 2020 and the US$76.2 million of private placement senior notes that matured in April 2020.

Acquisition loan facility

The US$1 billion acquisition syndicated loan facility that was put in place for completing the transaction with Knauf, was replaced by a US$400 million acquisition syndicated loan facility in December 2019. The Group allowed the facility to lapse in March 2020 given that the regulatory approvals required to allow the transaction to complete would not be achieved by the transaction's sunset date.

Bank overdraft and other

The Group operates unsecured bank overdraft facility arrangements in Australia and the USA that have combined limits of A$20.5 million (2019: A$20.2 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 throughout the year ended 30 June 2020.

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.

Section 4: Capital and financial structure (continued)

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.

USD LIBOR is expected to be discontinued and replaced by an alternative benchmark rate by the end of December 2021 as a result of the regulatory reform on benchmark rates.

The Group borrows in USD with interest payments referenced to USD LIBOR. The Group also holds interest rate swaps and cross currency swaps for risk management purposes, which 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 2020, the notional value of the Group's derivative hedging transactions exposed to USD LIBOR is US$400 million.

The 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.

The Group has elected to early adopt AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* issued by AASB in October 2019. The amendments provide relief to all hedging relationships affected by the reform.

The Group's derivative hedging instruments are governed by the International Swaps and Derivatives Association's (ISDA) Master Agreement. The Group is monitoring the recent developments of ISDA and international regulators to assess the impact of the new benchmark risk free rates on loans and derivative hedging transactions and is actively engaging with lenders and derivative counterparties on application of relevant fall-back provisions.

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 BBB+/Baa3, although allowance is given for credit exposures up to A$100 million with financial counterparties with a rating below BBB+/Baa3.

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.

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 2020 $m	Carrying amount 2019 $m
Non-derivative financial assets		
Loans to and receivables from associates	**18.6**	18.1
Trade and other receivables	**804.6**	887.1
Cash at bank, on hand and bank short-term deposits	**904.4**	207.2
Equity securities	**33.1**	34.8
	1,760.7	1,147.2

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:

30 June 2020	Carrying amount $m	Fair value $m	Contractual cash flows $m	6 months or less $m	6-12 months $m	1-2 years $m	2-5 years $m	More than 5 years $m
Derivative financial assets								
Forward exchange contracts[1]	**0.2**	**0.2**	**0.2**	**0.2**	**-**	**-**	**-**	**-**
Interest rate swaps[2]	**26.2**	**26.2**	**26.7**	**1.7**	**2.8**	**5.9**	**9.9**	**6.4**
Cross currency swaps[2]	**0.3**	**0.3**	**0.3**	**-**	**-**	**0.2**	**0.1**	**-**
Commodity swaps[1]	**0.6**	**0.6**	**0.6**	**-**	**-**	**0.6**	**-**	**-**
	27.3	**27.3**	**27.8**	**1.9**	**2.8**	**6.7**	**10.0**	**6.4**

30 June 2019	Carrying amount $m	Fair value $m	Contractual cash flows $m	6 months or less $m	6-12 months $m	1-2 years $m	2-5 years $m	More than 5 years $m
Derivative financial assets								
Forward exchange contracts[1]	1.6	1.6	1.7	1.7	-	-	-	-
Interest rate swaps[2]	6.4	6.4	7.0	(0.2)	0.5	1.7	3.7	1.3
Commodity swaps/options[1]	2.6	2.6	2.6	1.1	0.8	0.7	-	-
	10.6	10.6	11.3	2.6	1.3	2.4	3.7	1.3

1. Designated as cash flow hedges.
2. Designated as fair value hedges.

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:

(a) Boral has a well spread debt facility maturity profile with a target of exceeding 3.5 years;

(b) Current debt less cash deposits to the sum of Total Debt plus Committed Undrawn Facilities > 1 year, is not to exceed 20%; and

(c) Committed Undrawn Facilities plus cash exceeds A$500 million.

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

LIQUIDITY RISK (continued)

30 June 2020	Carrying amount $m	Contractual cash flows $m	6 months or less $m	6-12 months $m	1-2 years $m	2-5 years $m	More than 5 years $m
Non-derivative financial liabilities							
US senior notes – private placement – unsecured	1,011.3	(1,249.4)	(13.7)	(19.9)	(39.8)	(264.7)	(911.3)
US senior notes – 144A/Reg S – unsecured	1,396.1	(1,739.9)	(16.5)	(24.8)	(49.5)	(761.8)	(887.3)
Bank loans – unsecured	677.2	(677.2)	-	-	-	(677.2)	-
Bank loans – unsecured	9.0	(9.0)	(9.0)	-	-	-	-
Other loans	7.3	(7.3)	-	(5.3)	(2.0)	-	-
Lease liabilities	383.1	(445.5)	(49.4)	(49.3)	(85.0)	(129.0)	(132.8)
Trade creditors	728.8	(728.8)	(728.8)	-	-	-	-
	4,212.8	(4,857.1)	(817.4)	(99.3)	(176.3)	(1,832.7)	(1,931.4)
Derivative financial liabilities							
Forward exchange contracts[1]	0.7	(0.7)	(0.7)	-	-	-	-
Commodity swaps[1]	14.0	(14.0)	(7.0)	(4.6)	(2.3)	(0.1)	-
Cross currency swaps[1]	25.6	(33.7)	(0.5)	(0.9)	(2.5)	(20.6)	(9.2)
	40.3	(48.4)	(8.2)	(5.5)	(4.8)	(20.7)	(9.2)
	4,253.1	(4,905.5)	(825.6)	(104.8)	(181.1)	(1,853.4)	(1,940.6)

30 June 2019	Carrying amount $m	Contractual cash flows $m	6 months or less $m	6-12 months $m	1-2 years $m	2-5 years $m	More than 5 years $m
Non-derivative financial liabilities							
US senior notes – private placement – unsecured	816.7	(1,011.5)	(11.0)	(126.5)	(27.7)	(83.5)	(762.8)
CHF notes – unsecured	219.0	(222.3)	-	(222.3)	-	-	-
US senior notes – 144A/Reg S – unsecured	1,349.7	(1,758.3)	(16.2)	(24.3)	(48.6)	(767.9)	(901.3)
Bank loans – unsecured	9.0	(9.0)	(9.0)	-	-	-	-
Lease liabilities	6.1	(6.5)	(1.6)	(1.7)	(2.0)	(1.2)	-
Trade creditors	832.6	(832.6)	(832.6)	-	-	-	-
	3,233.1	(3,840.2)	(870.4)	(374.8)	(78.3)	(852.6)	(1,664.1)
Derivative financial liabilities							
Forward exchange contracts[1]	0.6	(0.6)	(0.6)	-	-	-	-
Commodity swaps[1]	1.5	(1.5)	(1.5)	-	-	-	-
Cross currency swaps[1,2]	21.1	(22.5)	(3.0)	(19.5)	-	-	-
Interest rate swaps[3]	0.6	(0.6)	(0.6)	-	-	-	-
	23.8	(25.2)	(5.7)	(19.5)	-	-	-
	3,256.9	(3,865.4)	(876.1)	(394.3)	(78.3)	(852.6)	(1,664.1)

1. Designated as cash flow hedges.
2. Designated as net investment hedges.
3. Designated as fair value hedges.

4.2 Financial risk management (continued)

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:

(a) All global operational foreign exchange exposures are regarded as being within discretionary 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.

(b) Capital expenditure-related foreign currency exposures greater than A$0.5 million must be 100% hedged at the time of capital expenditure approval.

(c) 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.

(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:

Currency	USD	CAD	Euro	GBP	Multi[1]
		Notional A$ equivalent ($m)[2]			
30 June 2020					
Balance sheet					
Net investment in overseas domiciled entities	**2.398.2**	**61.3**	**1.8**	**6.5**	**723.0**
Foreign currency borrowings	**(1,087.6)**	**-**	**-**	**(9.0)**	**-**
	1,310.6	**61.3**	**1.8**	**(2.5)**	**723.0**

Currency	USD	CAD	Euro	GBP	Multi[1]
		Notional A$ equivalent ($m)[2]			
30 June 2019					
Balance sheet					
Net investment in overseas domiciled entities	4,100.4	62.6	1.8	6.8	729.0
Foreign currency borrowings	(1,880.6)	-	-	(9.0)	-
Cash	21.7	-	2.2	0.1	-
	2,241.5	62.6	4.0	(2.1)	729.0

1. Exposure relates to investment in USG Boral Building Products Pte Ltd, which is denominated in multiple Asian currencies.
2. The notional amount shows the principal face value for each instrument.

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

FOREIGN CURRENCY RISK (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	
	2020 $m	2019 $m	2020	2019
US dollars				
Buy USD/sell AUD – One year or less	**64.4**	104.9	**0.6863**	0.7110
Euros				
Buy EUR/sell AUD – One year or less	**9.1**	20.1	**0.6070**	0.6115

1. The notional amount shows the principal face value for each instrument.

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.

The unhedged foreign currency payables and receivables were $7.2 million at 30 June 2020 (2019: nil). The related exchange gains/losses on foreign currency movements are taken to the Income Statement.

Sensitivity

At 30 June 2020, 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 increased/decreased by $11.2 million in 2020 (2019: $0.4 million) and equity would have increased/decreased respectively by around equivalent A$211.2 million (2019: equivalent A$191.5 million).

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2020	2019	2020	2019
USD	**0.6703**	0.7145	**0.6896**	0.7018
Euro	**0.6059**	0.6267	**0.6142**	0.6170
GBP	**0.5315**	0.5526	**0.5570**	0.5527
CAD	**0.9000**	0.9450	**0.9372**	0.9183

4.2 Financial risk management (continued)

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 eight years, with the duration applicable to the interest rate and cross currency swaps consistent with maturities applicable to the underlying borrowings.

The Group adopts a policy that ensures a minimum of 35% and a maximum of 75% of its long-term borrowings are fixed interest rate borrowings. The use of interest rate derivative instruments provides the Group with the flexibility to raise term borrowings at fixed or variable interest rates where subsequently these borrowings can be converted to either variable or fixed rates of interest.

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. Whilst 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:

	2020 Carrying amount $m	2020 Notional amount[5] $m	2019 Carrying amount $m	2019 Notional amount[5] $m
Fixed rate instruments				
US senior notes – private placement – unsecured	**902.5**	**906.3**	709.8	714.2
CHF notes – unsecured[4]	**-**	**-**	219.0	219.1
US senior notes – 144A/Reg S – unsecured[1]	**1,396.1**	**1,377.6**	1,349.7	1,353.7
Other loans	**7.3**	**7.3**	-	-
Lease liabilities	**383.1**	**383.1**	6.1	6.1
	2,689.0	**2,674.3**	2,284.6	2,293.1
Variable rate instruments				
Bank loans – unsecured	**9.0**	**9.0**	9.0	9.0
Bank loans – unsecured	**677.2**	**677.2**	-	-
US senior notes – private placement – unsecured	**108.8**	**108.8**	106.9	106.9
	795.0	**795.0**	115.9	115.9
	3,484.0	**3,469.3**	2,400.5	2,409.0
Pay variable interest rate derivatives				
Interest rate swap pay floating US$ LIBOR[2]	**(26.2)**	**290.0**	(5.9)	526.9
Cross currency swap pay floating A$ BBSW[3]	**25.3**	**602.4**	-	-
	(0.9)	**892.4**	(5.9)	526.9
Other interest rate derivatives				
Cross currency swap pay fixed US$/ receive fixed CHF[4]	**-**	**-**	21.1	219.1

1. US$300 million (equivalent A$451.7 million) fixed rate notes due November 2022 and US$100 million (equivalent A$150.7 million) fixed rate due May 2028 have been swapped to AUD floating rate via interest rate swaps and cross currency swaps.
2. US$200 million (equivalent A$290 million) fixed rate notes due November 2022 and May 2028 (US$100 million each) have been swapped to USD floating rate via interest rate swaps in October 2017.
3. US$200 million fixed rate notes due November 2022 and May 2028, which were previously swapped to USD floating rate via interest rate swaps, have been swapped to AUD floating rate (equivalent A$301.3 million) and US$200 million fixed rate notes due November 2022 and May 2028 have been swapped to AUD floating rate (equivalent A$301.1 million) via cross currency swaps in May 2020.
4. In the prior year, CHF150 million (equivalent A$219 million) fixed rate notes were swapped to USD floating rate via cross currency swaps and interest rate swaps. The borrowing was repaid in February 2020, at which time the cross currency swaps and interest rate swaps also matured.
5. The notional amount shows the principal face value for each instrument.

Section 4: Capital and financial structure (continued)

4.2 Financial risk management (continued)

INTEREST RATE RISK (continued)

The ineffective portion of the hedges transferred to the Income Statement was a $0.2 million gain in 2020 due to the unwind of credit and execution charge cost of hedge on the interest rate swaps and cross currency swaps (2019: $0.2 million loss).

Sensitivity

At 30 June 2020, 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 A$0.8 million higher/lower (2019: A$0.9 million) and the change in equity would have been A$3.4 million (2019: A$1.6 million) mainly as a result of a higher/lower interest cost applying to interest rate derivatives.

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.

The Group's policy is to hedge a minimum of 50% of purchases of diesel for the Australian business, for a period of six months. Other global commodity exposures may be hedged at the discretion of the Group. 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:

	2020 Notional $A equivalent[1] $m	2020 Fair value/ Carrying amount $m	2019 Notional $A equivalent[1] $m	2019 Fair value/ Carrying amount $m
Singapore gasoil	**41.8**	**(7.8)**	17.8	(0.6)
Newcastle Coal	**6.3**	**(0.4)**	4.1	(0.6)
Electricity	**30.9**	**(5.2)**	14.7	2.4

1. The notional amount shows the principal face value for each instrument.

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 2020. The $1.0 million loss in 2019 is due to amortisation of the premium paid on options.

Sensitivity

At 30 June 2020, 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 (2019: unchanged) and the change in equity would have been $6.0 million (2019: $4.0 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

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 2020 plus an adequate credit spread to discount financial instruments. The interest rates used are as follows:

	2020 % pa	2019 % pa
Derivatives	**1.28 – 3.66**	3.25 – 4.76
Loans and borrowings	**2.44 – 4.58**	2.25 – 7.22
Leases	**1.70 – 7.22**	2.73 – 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 (ie as prices) or indirectly (ie 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 1 and Level 2 fair value:

	Level 1		Level 2	
	2020 $m	2019 $m	2020 $m	2019 $m
Assets				
Equity securities	**33.1**	34.8	**-**	-
Derivative financial assets	**-**	-	**27.3**	10.6
Total assets	**33.1**	34.8	**27.3**	10.6
Liabilities				
Derivative financial liabilities	**-**	-	**40.3**	23.8
Total liabilities	**-**	-	**40.3**	23.8

The Group 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.

30 June 2020		Nominal Amount of Hedging Instrument and hedged Item $m	Hedge Rates	Carrying Amount of the Hedging Instrument (AUD) Financial Assets $m	Carrying Amount of the Hedging Instrument (AUD) Financial Liabilities $m	Change in Value of the Hedging Instrument Used for Calculating Hedge Ineffectiveness $m	Change in Value of the Hedged Item Used for Calculating Hedge Ineffectiveness $m	Change in Value of the Hedging Instrument Recognised in Reserve $m	Hedge Ineffectiveness Recognised in Profit/(Loss)[7] $m	Amount Reclassified from the Cash Flow Hedge Reserve to Profit and Loss and Asset Carrying Values $m
Cash flow hedges										
USD diesel costs – Commodity Swaps (up to 2 years)	Barrels	41.8	USD/Barrel 50.15 - 76.98	0.6	(8.4)	(7.8)	7.8	(7.8)	-	0.7
AUD electricity costs – Commodity Swaps (up to 3 years)	MWh	30.9	AUD/MWh 37.5 - 123.3	-	(5.2)	(5.9)	5.9	(5.9)	-	(1.7)
USD coal costs – Commodity Swaps (up to 1 year)	MT	6.3	USD/MT 58.2	-	(0.4)	(0.4)	0.4	(0.4)	-	0.6
Capital expenditures – Foreign Exchange Contracts (up to 1 year)	AUD	9.1	AUD/EUR 0.5942 - 0.6141	-	(0.1)	(0.1)	0.1	(0.1)	-	0.1
Capital expenditure – Foreign Exchange Contracts (up to 1 year)	AUD	2.9	AUD/USD 0.6403 - 0.6865	-	(0.2)	(0.2)	0.2	(0.2)	-	-
Operation expenditures - Foreign Exchange Contracts (up to 1 year)	AUD	61.5	AUD/USD 0.6538 - 0.6996	0.2	(0.4)	(0.1)	0.1	(0.1)	-	(0.9)
Interest – Foreign Exchange Contracts (up to 1 year)	AUD		AUD/USD	-	-	(0.1)	0.1	(0.1)	-	(0.1)
Foreign currency borrowings – Cross Currency Swaps[1]	AUD	189.4	Fixed 6.2%	-	-	-	-	-	-	(28.3)
Foreign currency borrowings – CHF notes[1]	CHF	150.0	Fixed 2.25%	-	-	-	-	-	-	28.3
Cross Currency Swaps (up to 8 years)[6]	AUD	602.4	Floating n/a	-	(25.6)	(25.6)	25.6	(25.6)	-	-
Foreign currency borrowings – 144A/Reg S senior notes	USD	400.0	Fixed 3% and 3.75%	-	-	-	-	22.3	-	-
				0.8	(40.3)	(40.2)	40.2	(17.9)	-	(1.3)
Fair value hedges										
Interest – Interest Rate Swaps[3]	USD	169.8	Floating n/a	-	-	0.5	-	-	0.5	-
Interest – Interest Rate Swaps (up to 8 years)[4]	USD	200.0	Floating n/a	26.2	-	19.8	(20.1)	-	(0.3)	-
Cross Currency Swaps (up to 8 years)[5]	USD	200.0	Floating n/a	0.3	-	0.3	(0.3)	-	-	-
				26.5	-	20.6	(20.4)	-	0.2	-
Net investment hedges										
Foreign currency investment – Cross Currency Swaps[2]	USD	169.8	Fixed 4.0%	-	-	49.4	(49.4)	49.4	-	-
				27.3	(40.3)	29.8	(29.6)	31.5	0.2	(1.3)

1. CHFUSD cross currency swap designated in cash flow hedge, matured in February 2020.
2. CHFUSD cross currency swap designated in net investment hedge, matured in February 2020.
3. USD interest rate swaps designated in fair value hedge, matured in February 2020.
4. USD interest rate swaps designated in fair value hedge. Accumulated fair adjustment on hedged item carrying amount is $27.2 million.
5. USDAUD cross currency swaps designated in fair value hedge. Accumulated fair adjustment on hedged item carrying amount is $0.3 million.
6. USDAUD cross currency swaps designated in cash flow hedge.
7. Recognised in Other income/Other expenses in the Income Statement.

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 2019		Nominal Amount of Hedging Instrument and hedged Item $m	Hedge Rates	Carrying Amount of the Hedging Instrument (AUD) Financial Assets $m	Financial Liabilities $m	Change in Value of the Hedging Instrument Used for Calculating Hedge Ineffectiveness $m	Change in Value of the Hedged Item Used for Calculating Hedge Ineffectiveness $m	Change in Value of the Hedging Instrument Recognised in Reserve $m	Hedge Ineffectiveness Recognised in Profit/(Loss)[5] $m	Amount Reclassified from the Cash Flow Hedge Reserve to Profit and Loss and Asset Carrying Values $m
Cash flow hedges										
USD diesel costs – Commodity Swaps / Options (up to 1 year)	Barrels	27.8	USD/Barrel 76.45 - 87.96	0.2	(0.9)	(3.2)	3.2	(3.2)	(1.0)	(1.7)
AUD electricity costs – Commodity Swaps (up to 3 years)	MWh	14.7	AUD/MWh 58.40 - 103.00	2.4	-	2.5	(2.5)	2.5	-	0.2
AUD coal costs – Commodity Swaps (up to 1 year)	MT	4.1	USD/MT 82.0	-	(0.6)	(0.6)	0.6	(0.6)	-	-
Capital expenditures – Foreign Exchange Contracts (up to 1 year)	AUD	20.1	AUD/EUR 0.6094 - 0.6134	-	(0.1)	(0.1)	0.1	(0.1)	-	(0.4)
Capital expenditure – Foreign Exchange Contracts (up to 1 year)	AUD			-	-	-	-	-	-	(1.4)
Operation expenditures – Foreign Exchange Contracts (up to 1 year)	AUD	80.8	AUD/USD 0.6931 - 0.7646	1.2	(0.4)	0.8	(0.8)	0.9	-	(1.6)
Interest – Foreign Exchange Contracts (up to 1 year)	AUD	24.1	AUD/USD 0.7012 - 0.7357	0.4	(0.2)	0.2	(0.2)	0.2	-	(2.6)
Foreign currency borrowings – Cross Currency Swaps (up to 1 year)[1]	AUD	189.4	Fixed 6.2%	-	28.3	14.6	(14.6)	14.6	-	-
Foreign currency borrowings – CHF notes	CHF	150.0	Fixed 2.25%	-	-	-	-	(14.5)	-	-
				4.2	26.1	14.2	(14.2)	(0.2)	(1.0)	(7.5)
Fair value hedges										
Interest – Interest Rate Swaps (up to 1 year)[3]	USD	169.8	Floating n/a	-	(0.5)	2.8	(2.8)	-	-	-
Interest – Interest Rate Swaps (up to 9 years)[4]	USD	200.0	Floating n/a	6.4	-	17.5	(17.7)	-	(0.2)	-
				6.4	(0.5)	20.3	(20.5)	-	(0.2)	-
Net investment hedges										
Foreign currency investment – Cross Currency Swaps[2] (up to 1 year)	USD	169.8	Fixed 4.0%	-	(49.4)	(16.4)	16.4	(16.4)	-	-
				10.6	(23.8)	18.1	(18.3)	(16.6)	(1.2)	(7.5)

1. CHFUSD cross currency swap designated in cash flow hedge, net position is a liability.
2. CHFUSD cross currency swap designated in net investment hedge, net position is a liability.
3. Accumulated fair adjustment on hedged item carrying amount is $0.1 million.
4. Accumulated fair adjustment on hedged item carrying amount is $7.2 million.
5. 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.

In the event of a winding up of Boral Limited, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

	2020 $m	2019 $m
Issued and paid up capital		
1,225,653,798 (2019: 1,172,331,924) ordinary shares, fully paid	**4,376.4**	4,265.1
Movements in ordinary issued capital		
Balance at the beginning of the year	**4,265.1**	4,265.1
14,407,567 shares issued under the Dividend Reinvestment Plan	**29.7**	-
38,914,307 shares issued under the Dividend Reinvestment Plan underwriting agreement	**81.6**	-
Balance at the end of the year	**4,376.4**	4,265.1

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.

	2020 $m	Restated[1] 2019 $m
Balance at the beginning of the year	**299.5**	116.2
Net gain on translation of assets and liabilities of overseas entities	**91.4**	252.5
Translation of share of equity accounted other comprehensive income	**(20.5)**	6.3
Foreign currency translation reserve transferred to net profit on disposal of controlled entities	**-**	(10.8)
Net loss on translation of long-term borrowings and foreign currency forward contracts net of tax benefit $18.2 million (2019: $27.8 million)	**(42.6)**	(64.7)
Balance at the end of the year	**327.8**	299.5

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	**(5.8)**	5.3
Transferred to the Income Statement	**(1.5)**	(7.1)
Transferred to initial carrying amount of hedged item	**0.1**	(0.4)
Loss taken directly to equity	**(7.5)**	(8.4)
Tax benefit	**2.7**	4.8
Balance at the end of the year	**(12.0)**	(5.8)

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	**37.3**	35.3
Option/rights expense	**5.8**	9.5
Share acquisition rights vested	**(2.0)**	(7.5)
Balance at the end of the year	**41.1**	37.3

Total Reserves	**356.9**	331.0

1. Refer Note 1d for further details.

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 North 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.

Section 5: Taxation (continued)

5.1 Income tax expense (continued)

For the year ended 30 June	Note	2020 $m	Restated[1] 2019 $m
(i) Income tax expense			
Current income tax expense		**9.1**	52.7
Deferred income tax expense/(benefit)		**(69.7)**	26.8
Changes in estimate from prior years		**(2.5)**	5.8
Income tax expense/(benefit) attributable to profit		**(63.1)**	85.3
(ii) Reconciliation of income tax expense/(benefit) to prima facie tax			
Income tax expense on profit:			
– at Australian tax rate 30%		**(360.5)**	100.8
– adjustment for difference between Australian and overseas tax rates		**48.1**	0.6
Income tax (benefit)/expense on pre-tax profit at standard rates		**(312.4)**	101.4
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:			
Capital and income tax losses realised		**(17.2)**	(30.3)
Share of associates' net profit (excluding significant items)		**(8.6)**	(22.3)
Non-deductible significant items		**275.3**	38.5
Tax benefit arising from share acquisition rights vested		**(0.6)**	(2.3)
Other items		**2.9**	(5.5)
Income tax (benefit)/expense on profit		**(60.6)**	79.5
Changes in estimate from prior years		**(2.5)**	5.8
Income tax (benefit)/expense attributable to profit		**(63.1)**	85.3
Income tax expense/(benefit) from continuing operations			
Income tax expense excluding significant items		**27.6**	110.9
Income tax benefit relating to significant items	2.1	**(88.5)**	(36.8)
		(60.9)	74.1
Income tax expense/(benefit) from discontinued operations			
Income tax benefit excluding significant items		**(2.2)**	(0.6)
Income tax expense relating to significant items	2.1	**-**	11.8
	6.1	**(2.2)**	11.2
		(63.1)	85.3
(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		**(18.2)**	(27.8)
Fair value adjustment on cash flow hedges		**(2.7)**	(4.8)
Recognised in comprehensive income		**(20.9)**	(32.6)

1. Refer Note 1d for further details.

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.

Significant accounting judgements, estimates and assumptions

The assumptions regarding future realisation, and the recognition of deferred tax assets, may change due to future operating performance and other factors.

	2020 $m	Restated[1] 2019 $m
Recognised deferred tax balances		
Deferred tax asset	**145.5**	78.7
Deferred tax liability	**(14.1)**	(43.1)
	131.4	35.6
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	**50.8**	56.9

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	2020 $m	2019 $m
Australia	No restriction	**12.0**	-
Germany	No restriction	**42.2**	44.5
United Kingdom[2]	No restriction	**41.8**	42.1
United States of America	30 June 2029 – 30 June 2037	**102.4**	137.0

1. Refer Note 1d for further details.
2. Unrecognised capital losses.

Section 5: Taxation (continued)

5.2 Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

As at 30 June 2020	Balance at the beginning of the year $m	Transition impact from implementation of AASB16 $m	Recognised in income $m	Recognised in equity $m	Other movements $m	Balance at the end of the year $m
Receivables	**2.0**	**-**	**(0.8)**	**-**	**-**	**1.2**
Inventories	**2.8**	**-**	**(1.9)**	**-**	**-**	**0.9**
Other financial instruments	**18.2**	**-**	**(15.5)**	**2.7**	**-**	**5.4**
Property, plant and equipment	**(77.5)**	**(34.7)**	**40.0**	**-**	**(0.7)**	**(72.9)**
Intangible assets	**(211.6)**	**-**	**36.1**	**-**	**(4.7)**	**(180.2)**
Payables	**15.8**	**-**	**(12.4)**	**-**	**-**	**3.4**
Interest bearing liabilities	**(1.7)**	**36.9**	**4.2**	**-**	**-**	**39.4**
Provisions	**80.6**	**3.8**	**(4.0)**	**-**	**0.3**	**80.7**
Other	**(28.9)**	**1.1**	**12.9**	**-**	**-**	**(14.9)**
Unrealised foreign exchange	**33.0**	**-**	**(3.5)**	**18.2**	**-**	**47.7**
Tax losses carried forward	**202.9**	**-**	**14.6**	**-**	**3.2**	**220.7**
	35.6	**7.1**	**69.7**	**20.9**	**(1.9)**	**131.4**

As at 30 June 2019	Balance at the beginning of the year[1] $m	Transition impact from implementation of AASB 16 $m	Recognised in income $m	Recognised in equity $m	Other movements $m	Balance at the end of the year[1] $m
Receivables	2.2	-	(0.2)	-	-	2.0
Inventories	1.3	-	1.5	-	-	2.8
Other financial instruments	11.1	-	2.3	4.8	-	18.2
Property, plant and equipment	(79.7)	-	2.6	-	(0.4)	(77.5)
Intangible assets	(258.4)	-	61.6	-	(14.8)	(211.6)
Payables	13.6	-	2.2	-	-	15.8
Interest bearing liabilities	(1.9)	-	0.2	-	-	(1.7)
Provisions	109.4	-	(30.0)	-	1.2	80.6
Other	(12.9)	-	(16.1)	-	0.1	(28.9)
Unrealised foreign exchange	7.8	-	(2.6)	27.8		33.0
Tax losses carried forward	239.2	-	(48.3)	-	12.0	202.9
	31.7	-	(26.8)	32.6	(1.9)	35.6

1. Refer Note 1d for further details.

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 year, the Group announced the divestment of its Midland Brick business in Western Australia with expected completion during the next financial year.

The earnings in the current and comparative periods for this business have been reclassified to "Discontinued Operations" in the Income Statement, and are summarised below. The comparatives include the discontinued operations relating to the Concrete and Quarries business in Denver, Colorado and the US Block business.

	Note	2020 $m	Restated[1] 2019 $m
Results of discontinued operations			
Revenue		**57.0**	123.0
Expenses		**(64.7)**	(124.4)
Trading loss before significant items, net interest expense and income tax		**(7.7)**	(1.4)
Net profit on sale of discontinued operations	2.1	**-**	69.6
Profit/(loss) before net interest expense and income tax		**(7.7)**	68.2
Net interest expense		**-**	-
Profit/(loss) before income tax		**(7.7)**	68.2
Income tax benefit/(expense)	5.1	**2.2**	(11.2)
Net profit/(loss)		**(5.5)**	57.0
Cash flows from discontinued operations			
Net cash (used in)/provided by operating activities		**(0.2)**	5.0
Net cash provided by investing activities		**8.6**	371.0
Net cash used in financing activities		**(1.3)**	-
Net cash provided by discontinued operations		**7.1**	376.0

	2020 $m
Assets and liabilities classified as held for sale	
Receivables	**7.1**
Inventories	**43.8**
Property, plant and equipment	**32.8**
Other assets	**0.5**
Assets classified as held for sale	**84.2**
Trade creditors	**(4.9)**
Interest bearing liabilities	**(1.5)**
Employee benefit liabilities	**(3.7)**
Provisions	**(0.2)**
Liabilities classified as held for sale	**(10.3)**
Net assets	**73.9**

1. Refer Note 1d for further details.

Section 6: Group structure (continued)

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.

Significant accounting judgements, estimates and assumptions

Assessing the recoverability of the carrying value of investments accounted for using the equity method requires judgement and estimates in determining the fair value of the asset. The value in use calculation requires the Group to estimate several key assumptions such as market forecasts, discount rate, long-term growth rate and EBITDA forecasts to calculate the future discounted cash flows expected to be generated by the CGU.

				OWNERSHIP INTEREST		INVESTMENT CARRYING AMOUNT	
Name	Principal activity	Country of incorporation	Balance date	2020 %	2019 %	2020 $m	2019 $m
Details of equity accounted investments							
Bitumen Importers Australia Pty Ltd	Bitumen importer	Australia	30-Jun	**50**	50	**11.9**	6.8
Flyash Australia Pty Ltd	Fly ash collection	Australia	31-Dec	**50**	50	**2.1**	3.1
Highland Pine Products Pty Ltd	Timber	Australia	30-Jun	**50**	50	**-**	-
Meridian Brick[1]	Bricks	USA/Canada	30-Jun	**50**	50	**154.0**	228.6
Penrith Lakes Development Corporation Ltd	Property development	Australia	30-Jun	**40**	40	**-**	-
South East Asphalt Pty Ltd	Asphalt	Australia	30-Jun	**50**	50	**1.5**	1.3
Sunstate Cement Ltd	Cement manufacturer	Australia	30-Jun	**50**	50	**5.4**	11.1
USG Boral Building Products[2]	Plasterboard	Australia/ Singapore	30-Jun	**50**	50	**1,034.8**	1,041.1
US Tile LLC[3]	Roof tiles	USA	31-Dec	**-**	50	**-**	-
TOTAL						**1,209.7**	1,292.0

1. The Group has a 50% interest in the joint ventures in the USA (Meridian Brick LLC) and Canada (Meridian Brick Canada Ltd).
2. The Group has a 50% interest in the Gypsum joint ventures in Australia (USG Boral Building Products Pty Ltd) and Asia (USG Boral Building Products Pte Ltd).
3. US Tile LLC was deregistered in July 2019.

6.2 Equity accounted investments (continued)

	Note	2020 $m	2019 $m
Movements in carrying value of equity accounted investments			
Balance at the beginning of the year		**1,292.0**	1,411.3
Transition impact from implementation of AASB 16		**(8.7)**	-
Share of equity accounted income		**39.4**	73.1
Significant items	2.1	**(81.5)**	(200.8)
Dividends received		**(26.3)**	(55.0)
Results recognised against losses previously taken to non-current receivables		**0.4**	(2.3)
Share of movement in currency reserve		**(20.5)**	6.3
Net foreign currency exchange differences		**14.9**	59.4
Balance at the end of the year		**1,209.7**	1,292.0

		USG Boral Building Products		Other		Total	
	Note	2020 $m	2019 $m	2020[1] $m	2019[2] $m	2020 $m	2019 $m
Summarised Income Statement at 100%							
Revenue		**1,474.0**	1,605.5	**859.7**	851.6	**2,333.7**	2,457.1
Profit before income tax		**102.5**	167.8	**37.4**	48.9	**139.9**	216.7
Income tax expense		**(45.0)**	(50.6)	**(8.9)**	(14.9)	**(53.9)**	(65.5)
Non-controlling interest		**(7.5)**	(3.8)	**-**	-	**(7.5)**	(3.8)
Net profit before significant items		**50.0**	113.4	**28.5**	34.0	**78.5**	147.4
Significant items net of tax		**(9.6)**	(10.4)	**(153.4)**	(391.2)	**(163.0)**	(401.6)
Net profit/(loss)		**40.4**	103.0	**(124.9)**	(357.2)	**(84.5)**	(254.2)
The Group's share based on % ownership:							
Net profit before significant items		**25.0**	56.7	**14.4**	16.4	**39.4**	73.1
Significant items net of tax	2.1	**(4.8)**	(5.2)	**(76.7)**	(195.6)	**(81.5)**	(200.8)
Net profit/(loss)		**20.2**	51.5	**(62.3)**	(179.2)	**(42.1)**	(127.7)
Income Statement items of equity accounted investments at 100%							
Depreciation and amortisation		**(110.2)**	(83.6)				
Net interest expense		**(4.5)**	(0.4)				

1. As the investment in the Meridian Brick CGU was written down to its value in use in the prior year, the forecast deterioration in US housing starts and the uncertain long-term impacts of COVID-19 on the US economy triggered an assessment of the recoverability of the carrying value of the investment in the Meridian Brick CGU. A value in use methodology was used to determine the recoverable amount of the CGU, leading to an impairment of $76.7 million. The key assumptions used in the model were a post-tax discount rate of 10.5%, a long-term growth rate of 2% and housing starts aligned to future estimates prepared by reputable third parties for the discrete period and to the last thirty-year average for the terminal year. Given that the asset has been written down to value in use, any significant adverse change in an assumption in isolation or combination would increase the amount of impairment recognised.
2. Underperformance of the business in FY2019, particularly the second half of FY2019, which was primarily driven by a significant downturn in the Canadian housing market, a deterioration in the US housing starts and significant plant closures resulting in lower fixed cost recovery, triggered an assessment of the recoverability of the carrying value of the investment in the Meridian Brick CGU. A value in use methodology was used to determine the recoverable amount of the CGU, leading to an impairment of $195.6 million. The key assumptions used in the model were a post-tax discount rate of 10.5%, a long-term growth rate of 2.5% and housing starts aligned to future estimates prepared by reputable third parties. Given that the asset has been written down to value in use, any significant adverse change in an assumption in isolation or combination would increase the amount of impairment recognised.

Section 6: Group structure (continued)

6.2 Equity accounted investments (continued)

	USG Boral Building Products		Other		Total	
	2020 $m	2019 $m	2020 $m	2019 $m	2020 $m	2019 $m
Summarised Balance Sheet at 100%						
Current assets	**565.4**	591.2	**218.4**	283.0	**783.8**	874.2
Non-current assets	**1,940.2**	1,901.0	**489.8**	526.1	**2,430.0**	2,427.1
Total assets	**2,505.6**	2,492.2	**708.2**	809.1	**3,213.8**	3,301.3
Current liabilities	**(195.1)**	(223.2)	**(126.4)**	(166.9)	**(321.5)**	(390.1)
Non-current liabilities	**(114.4)**	(71.5)	**(232.1)**	(140.5)	**(346.5)**	(212.0)
Total liabilities	**(309.5)**	(294.7)	**(358.5)**	(307.4)	**(668.0)**	(602.1)
Non-controlling interest	**(126.5)**	(115.3)	**-**	-	**(126.5)**	(115.3)
Net assets	**2,069.6**	2,082.2	**349.7**	501.7	**2,419.3**	2,583.9
The Group's share of net assets based on % ownership	**1,034.8**	1,041.1	**174.9**	250.9	**1,209.7**	1,292.0

Balance Sheet items of equity accounted investments at 100%		
Cash and cash equivalents	**183.0**	89.9
Current financial liabilities	**(40.9)**	(17.5)
Non-current financial liabilities	**(14.8)**	(12.9)

	USG Boral Building Products	
	2020 $m	2019 $m
Statement of Comprehensive Income at 100%		
Net profit	**40.4**	103.0
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Net exchange differences from translation of foreign operations taken to equity	**(41.0)**	12.6
Total comprehensive income/(loss)	**(0.6)**	115.6
The Group's share of total comprehensive income/(loss) based on % ownership	**(0.3)**	57.8

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 2020 %	Beneficial ownership by Group 2019 %
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) Ltd	Thailand	**100**	100
Eldorado Stone Philippines, Inc.	Philippines	**100**	100
Piedras Headwaters, S. de R.L. de C.V.	Mexico	**100**	100
Boral USA <	USA	**100**	100
Boral Construction Materials LLC	USA	**100**	100
BCM Oklahoma LLC	USA	**100**	100
McCanne Ditch and Reservoir Company ***	USA	**-**	100
Boral Industries Inc.	USA	**100**	100
Boral Meridian Holdings Inc.	USA	**100**	100
Boral IP Holdings LLC	USA	**100**	100
Headwaters Incorporated **	USA	**-**	100
Global Climate Reserve Corporation **	USA	**-**	100
Boral Windows LLC	USA	**100**	100
Evonik Headwaters LLP **	UK	**-**	50
Boral Building Products Inc.	USA	**100**	100
Headwaters Building Products Inc.	USA	**100**	100
Headwaters Stone LLC	USA	**100**	100
Boral Stone Products LLC	USA	**100**	100
Eldorado Stone LLC **	USA	**-**	100
Stonecraft Manufacturing, LLC **	USA	**-**	100
Eldorado Stone Operations, LLC **	USA	**-**	100
Chihuahua Stone, LLC **	USA	**-**	100
Quarry Stone, LLC **	USA	**-**	100
Dutch Quality Stone, Inc.	USA	**100**	100
Boral CM Holdings LLC	USA	**100**	100
Boral CM Services LLC **	USA	**-**	100
Boral Resources LLC	USA	**100**	100
Boral Plant Services LLC	USA	**100**	100
Boral Transportation Services LLC	USA	**100**	100
Headwaters Services, LLC **	USA	**-**	100
Synthetic Materials, LLC	USA	**100**	100
Boral Materials LLC	USA	**100**	100
Headwaters Resources Limited **	Canada	**-**	100
Headwaters Energy Services Corp.	USA	**100**	100
American Lignite Energy, LLC	USA	**67**	67
Covol Fuels Chinook, LLC	USA	**100**	100
Covol Fuels Rock Crusher, LLC	USA	**100**	100
Covol Engineered Fuels, LLC	USA	**100**	100
Covol Fuels No.2, LLC	USA	**100**	100
Covol Fuels No.4, LLC	USA	**100**	100

Section 6: Group structure (continued)

6.3 Controlled entities (continued)

	Country of incorporation	Beneficial ownership by Group 2020 %	Beneficial ownership by Group 2019 %
Boral Lifetile Inc.	USA	**100**	100
Boral Roofing de Mexico, S. de R.L. de C.V.	Mexico	**100**	100
Boral Roofing LLC	USA	**100**	100
Gerard Roof Products, LLC	USA	**100**	100
Metrotile Manufacturing, LLC	USA	**100**	100
Boral Concrete Tile Inc.	USA	**100**	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 (UK) Ltd	UK	**100**	100
Tapco Europe Limited	UK	**100**	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
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
Concrite 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 2020 %	Beneficial ownership by Group 2019 %
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
Pour Concrete Supply 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**	100
Oberon Softwood Holdings Pty Ltd >*	Australia	**100**	100
Duncan's Holdings Ltd >*	Australia	**100**	100
Boral Bricks Pty Ltd >*	Australia	**100**	100
Boral Masonry Ltd >*	Australia	**100**	100
Boral Hollostone Masonry (South Aust) Pty Ltd >*	Australia	**100**	100
Boral Montoro Pty Ltd >*	Australia	**100**	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).
** Deregistered during the year.
*** Disposed of during the year.
< A Delaware general partnership.

All the shares held by Boral Limited in controlled entities are ordinary shares.

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 2020:

Entities disposed:	Date of disposal
McCanne Ditch and Reservoir Company	Jan 2020

Entities deregistered:			Date of deregistration
Headwaters Resources Limited			Dec 2019
Headwaters Services, LLC			Dec 2019
Evonik Headwaters LLP			Jan 2020
Global Climate Reserve Corporation			Jun 2020
Boral CM Services LLC	merged into	Boral Resources LLC	Dec 2019
Headwaters Incorporated	merged into	Boral Industries Inc.	Jun 2020
Quarry Stone, LLC	merged into	Headwaters Stone LLC	Jun 2020
Eldorado Stone Operations, LLC	merged into	Eldorado Stone LLC	Jun 2020
Chihuahua Stone, LLC	merged into	Eldorado Stone LLC	Jun 2020
Stonecraft Manufacturing, LLC	merged into	Eldorado Stone LLC	Jun 2020
Eldorado Stone LLC	merged into	Boral Stone Products LLC	Jun 2020

The following controlled entities had name changes during the financial year ended 30 June 2020:

Name changes during the financial period:		
Boral Concrete Contracting Pty Ltd	to	Pour Concrete Supply Pty Ltd

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.

	2020 $m	2019 $m
Employee liabilities		
Current	**119.7**	118.7
Non-current	**43.4**	46.1
	163.1	164.8

7.2 Employee benefits expense

Employee benefits expense includes salaries and wages, defined contribution expenses, share-based payments and other entitlements.

	2020 $m	2019 $m
Employee benefits expense[1]	**1,333.7**	1,305.5

1. Total defined contribution expense for the period was $52.3 million (2019: $53.0 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.

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 $2.13 per right, while SARs with a Return on Funds Employed (ROFE) target were valued at $3.58 per right.

The following represents the inputs to the pricing model used in estimating fair value:

	2020	2019
Grant date share price	**$4.25**	$7.00
Risk-free rate	**0.67%**	1.99%
Dividend yield	**5.74%**	4.50%
Volatility factor	**25%**	25%

In addition, SARs were issued during the year for Deferred Short-Term Incentives (STI) – representing the deferral of 20% of short-term incentive payments into equity, subject to a vesting requirement for the employee to remain with the Company for two years following grant date.

The rights were valued at $4.14 per right, being the volume weighted average price traded on the ASX over the five trading days up to 1 September 2019.

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	Expiry 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 - 2020								
TSR	1/9/2016	1/9/2019	$0.00	1,496,877	-	(1,496,877)	-	-
ROFE	1/9/2016	1/9/2019	$0.00	748,410	-	(748,410)	-	-
TSR	1/9/2017	1/9/2020	$0.00	1,771,294	-	(215,339)	-	1,555,955
ROFE	1/9/2017	1/9/2020	$0.00	885,642	-	(107,670)	-	777,972
Deferred STI	1/9/2017	1/9/2019	$0.00	480,523	-	(11,119)	(469,404)	-
TSR	1/9/2018	1/9/2021	$0.00	1,884,334	-	(418,252)	-	1,466,082
ROFE	1/9/2018	1/9/2021	$0.00	942,166	-	(209,130)	-	733,036
Deferred STI	1/9/2018	1/9/2020	$0.00	477,673	-	(113,676)	-	363,997
TSR	1/9/2019	1/9/2022	$0.00	-	3,397,339	(697,025)	-	2,700,314
ROFE	1/9/2019	1/9/2022	$0.00	-	1,698,665	(348,512)	-	1,350,153
Deferred STI	1/9/2019	1/9/2021	$0.00	-	26,005	-	-	26,005
				8,686,919	5,122,009	(4,366,010)	(469,404)	8,973,514

7.3 Share-based payments (continued)

Share Acquisition Rights (SAR) (continued)

Rights	Grant date	Expiry 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 - 2019								
TSR	1/9/2011	1/9/2018	$0.00	707,871	-	(707,871)	-	-
TSR	1/9/2015	1/9/2018	$0.00	1,762,939	-	(1,762,939)	-	-
ROFE	1/9/2015	1/9/2018	$0.00	881,442	-	(881,442)	-	-
TRI[1]	1/9/2015	1/9/2018	$0.00	427,463	-	-	(427,463)	-
TSR	1/9/2016	1/9/2019	$0.00	1,564,024	-	(67,147)	-	1,496,877
ROFE	1/9/2016	1/9/2019	$0.00	781,982	-	(33,572)	-	748,410
Deferred STI	1/9/2016	1/9/2018	$0.00	654,731	-	(8,466)	(646,265)	-
TSR	1/9/2017	1/9/2020	$0.00	1,959,988	-	(188,694)	-	1,771,294
ROFE	1/9/2017	1/9/2020	$0.00	979,539	-	(93,897)	-	885,642
Deferred STI	1/9/2017	1/9/2019	$0.00	502,189	-	(21,666)	-	480,523
TSR	1/9/2018	1/9/2021	$0.00		2,024,426	(140,092)	-	1,884,334
ROFE	1/9/2018	1/9/2021	$0.00		1,012,212	(70,046)	-	942,166
Deferred STI	1/9/2018	1/9/2020	$0.00		490,579	(12,906)	-	477,673
				10,222,168	3,527,217	(3,988,738)	(1,073,728)	8,686,919

1. Targeted retention incentive.

During the year ended 30 June 2020, the Group recognised an expense of $5.8 million (2019: $9.5 million) 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.

	2020 $'000	2019 $'000
Short-term employee benefits	**6,897.1**	6,967.6
Post-employment benefits	**546.4**	622.1
Separation payments	**2,903.1**	-
Share-based payments	**2,120.7**	2,717.7
Long-term employee benefits	**113.8**	180.3
	12,581.1	10,487.7

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 give on behalf of controlled entities to a maximum exposure of $43.2 million (2019: $42.4 million).

Environmental contingent liabilities

The Group's activities have historically involved the extraction of resources from the natural environment as well as the handling of materials that could contaminate the natural environment. As a consequence of these activities, the Group has incurred and may continue to incur environmental 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 environmental costs may be incurred due to factors outside of the Group's 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

During 2020, Boral Limited was served with three shareholder class action proceedings filed in the Federal Court by Quinn Emanuel, Maurice Blackburn, and Phi Finney McDonald. The proceedings allege disclosure breaches in relation to financial irregularities in Boral's North American Windows business. The Federal Court is yet to determine how to manage the multiplicity of claims and has indicated it will not do so until the High Court rules on relevant legal principles on multiplicity in another case unrelated to Boral (Wigmans v AMP). 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

Zlatko Todorcevski has been appointed as Chief Executive Officer (CEO) and Managing Director of Boral Limited, effective 1 July 2020.

8.3 Commitments

	2020 $m	2019 $m
Capital expenditure commitments		
Contracted but not provided for are payable as follows:		
Not later than one year	**21.6**	19.5

The capital expenditure commitments are in respect of the purchase of plant and equipment.

	2020 $m	2019 $m
Operating leases		
Lease commitments in respect of operating leases are payable as follows:		
Not later than one year	**-**	106.7
Later than one year but not later than five years	**-**	222.2
Later than five years	**-**	134.5
	-	463.4

Lease commitments disclosed as non-cancellable operating leases under AASB 117 have been recorded as lease liabilities from 1 July 2019, with the exception of short-term and low-value leases. Refer to Note 1c for details of the Group's transition to AASB 16 *Leases*. Refer to Note 4.2 for the maturity profile of the Group's lease liabilities.

The comparative information was prepared and reported under AASB 117 *Leases*.

8.4 Auditors' remuneration

	2020 $'000	2019 $'000
Audit services:		
KPMG Australia – audit and review of financial reports	**1,594**	1,465
KPMG overseas firms – audit and review of financial reports	**1,564**	1,189
KPMG Australia – other assurance services	**156**	102
	3,314	2,756
Other services:		
KPMG Australia – taxation services	**367**	402
KPMG Australia – due diligence	**813**	178
KPMG Australia – advisory	**26**	20
KPMG overseas firms – due diligence and advisory	**-**	615
KPMG overseas firms – taxation services	**30**	210
	1,236	1,425
	4,550	4,181

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.

	2020 $m	2019 $m
Sale of goods and services		
Associates	**89.9**	109.3
Purchase of goods and services		
Associates	**101.8**	125.8
Others		
Associates		
Loan receivable	**18.6**	18.1
Loan payable	**1.9**	1.8

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	
For the year ended 30 June	**2020 $m**	**2019 $m**
RESULT OF THE PARENT ENTITY		
Profit/(loss) after tax	**(379.4)**	369.7
Other comprehensive income after tax	**0.9**	2.3
Total comprehensive income/(loss) for the period	**(378.5)**	372.0
SUMMARISED BALANCE SHEET		
Current assets	**4,232.8**	4,989.3
Non-current assets	**1,394.4**	1,382.5
Total assets	**5,627.2**	6,371.8
Current liabilities	**801.9**	1,022.6
Non-current liabilities	**297.1**	287.9
Total liabilities	**1,099.0**	1,310.5
Net assets	**4,528.2**	5,061.3
Issued capital	**4,376.4**	4,265.1
Reserves	**41.1**	36.4
Retained earnings	**110.7**	759.8
Total equity	**4,528.2**	5,061.3

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 $16.7 million (2019: $42.2 million).

Shareholder class action

During 2020, Boral Limited was served with three shareholder class action proceedings filed in the Federal Court by Quinn Emanuel, Maurice Blackburn, and Phi Finney McDonald. The proceedings allege disclosure breaches in relation to financial irregularities in Boral's North American Windows business. The Federal Court is yet to determine how to manage the multiplicity of claims and has indicated it will not do so until the High Court rules on relevant legal principles on multiplicity in another case unrelated to Boral (Wigmans v AMP). It is not possible to determine the ultimate impact, if any, of the proceedings on Boral. Boral continues to vigorously defend the proceedings.

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 year, the Group announced the divestment of its Midland Brick business in Western Australia with expected completion during the next financial year. The earnings in the current and comparative periods for this business have been reclassified to "Discontinued Operations" in the Statement of Comprehensive income below.

	2020 $m	2019 $m
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	**3,392.7**	3,511.1
Profit/(loss) before income tax expense	**(950.2)**	577.2
Income tax benefit/(expense)	**43.8**	(52.5)
Profit/(loss) from continuing operations	**(906.4)**	524.7
Discontinued operations		
Profit/(loss) from discontinued operations (net of income tax)	**(5.5)**	(0.8)
Net profit/(loss)	**(911.9)**	523.9
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Exchange differences from translation of foreign operations taken to equity	**(19.5)**	25.9
Fair value adjustment on cash flow hedges	**(8.9)**	(15.9)
Income tax on items that may be reclassified subsequently to Income Statement	**2.7**	4.8
Total comprehensive income/(loss)	**(937.6)**	538.7
Reconciliation of movements in retained earnings		
Balance at the beginning of the year	**1,319.1**	1,113.1
Transition impact from implementation of AASB 16 (2019: AASB 15)	**(12.3)**	(1.4)
Net profit/(loss)	**(911.9)**	523.9
Dividends paid	**(269.7)**	(316.5)
Balance at the end of the year	**125.2**	1,319.1

8.7 Deed of cross guarantee (continued)

	2020 $m	2019 $m
BALANCE SHEET		
CURRENT ASSETS		
Cash and cash equivalents	**291.3**	95.0
Receivables	**448.5**	853.6
Inventories	**366.6**	396.6
Financial assets	**4.7**	3.8
Current tax assets	**12.5**	-
Other assets	**32.2**	29.5
Assets classified as held for sale	**84.2**	-
TOTAL CURRENT ASSETS	**1,240.0**	1,378.5
NON-CURRENT ASSETS		
Receivables	**16.5**	139.9
Inventories	**11.2**	11.4
Investments accounted for using the equity method	**1,055.7**	1,063.5
Financial assets	**2,752.0**	4,011.9
Property, plant and equipment	**2,124.6**	2,155.2
Intangible assets	**74.3**	75.9
Deferred tax assets	**145.5**	78.7
Other assets	**18.3**	10.9
TOTAL NON-CURRENT ASSETS	**6,198.1**	7,547.4
TOTAL ASSETS	**7,438.1**	8,925.9
CURRENT LIABILITIES		
Payables	**719.8**	1,111.1
Interest bearing liabilities	**60.5**	230.1
Financial liabilities	**13.7**	23.8
Current tax liabilities	**-**	18.0
Employee benefit liabilities	**105.2**	108.5
Provisions	**45.2**	28.4
Liabilities classified as held for sale	**10.3**	-
TOTAL CURRENT LIABILITIES	**954.7**	1,519.9
NON-CURRENT LIABILITIES		
Interest bearing liabilities	**1,778.9**	1,630.7
Financial liabilities	**26.6**	-
Employee benefit liabilities	**9.5**	10.8
Provisions	**87.7**	70.6
Other liabilities	**6.4**	15.2
TOTAL NON-CURRENT LIABILITIES	**1,909.1**	1,727.3
TOTAL LIABILITIES	**2,863.8**	3,247.2
NET ASSETS	**4,574.3**	5,678.7
EQUITY		
Issued capital	**4,376.4**	4,265.1
Reserves	**72.7**	94.5
Retained earnings	**125.2**	1,319.1
TOTAL EQUITY	**4,574.3**	5,678.7

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 84 to 155 and the Remuneration Report in the Directors' Report, set out on pages 59 to 83, 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 2020 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 2020.

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:

K J Fagg

Kathryn Fagg
Chairman

Zlatko Todorcevski
CEO & Managing Director

Sydney, 28 August 2020

Independent Auditor's Report to the shareholders of Boral Limited

Report on the audit of the Financial Report

Opinion

We have audited the *Financial Report* of Boral Limited (the Company).

In our opinion, the accompanying Financial Report of the Company 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 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The *Financial Report* comprises:

- Balance Sheet as at 30 June 2020;
- Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The *Group* consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

The *Key Audit Matters* we identified are:

- Carrying value of Boral North America goodwill;
- Carrying value of the investment in USG Boral JV and Meridian Brick JV; and
- Availability and recoverability of US Federal tax loss asset.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of 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.

Carrying value of Boral North America goodwill ($1.1 billion)

Refer to note 3.5 of the Financial Report

The Key Audit Matter

The carrying value of goodwill in relation to Boral North America and the impairment charge recognised in the year is a Key Audit Matter due to:

- the complexity of auditing forward looking estimates used to support carrying values that are inherently subjective and require a significant level of judgement to assess;
- the impact of the uncertainty caused by the disruptive effects of the COVID-19 pandemic creating an additional layer of complexity to the audit of those forward looking estimates;
- the size of the goodwill balance, representing a significant portion of Boral's net assets; and
- the recognition of the impairment charge of $1,066.8 million against Boral North America goodwill during the year, increasing our audit effort in this key audit area.

The Group uses complex models to perform their recoverability assessment. The models use a range of external and internal sources as inputs and we focus on those significant forward-looking assumptions which include:

- forecasting operating cash flows – the Group has experienced competitive market conditions in the current year as a result of the slower than expected recovery of the US housing and construction markets coupled by the significantly higher estimation uncertainty continuing from the business disruption impact of the COVID-19 global pandemic. This impacted the Group through a reduction in the demand for new houses in the United States. These conditions increase the possibility of goodwill impairment, plus the risk of inaccurate forecasts;
- the impact of operational and structural considerations – during the year the Group identified financial irregularities in the Boral North America Windows business that negatively impacted assumptions around sustainable forecast profit margins and cash flows for that part of the Boral North America business;
- discount rate and terminal growth rate – these are complicated in nature and vary according to the conditions and environment a Cash Generating Unit (CGU) is subject to from time to time, and the approach taken to incorporate risks into the cash flows or discount rates; and
- terminal value – the terminal value depends on the economic drivers of each business unit. The Group's modelling is sensitive to changes in terminal value assumptions, which drives additional audit effort to consider the appropriateness of these assumptions.

We involved valuation specialists to supplement our senior audit team members in assessing this Key Audit Matter.

How the matter was addressed in our audit

Our procedures included, amongst others:

- considering the Group's determination of their CGUs based on our understanding of the operations of the Group's business, how independent cash inflows were generated, against the requirements of the accounting standards;
- assessing the integrity of the value in use models used, including the accuracy of the underlying calculation formulas;
- assessing the consistency of the forecast operating cash flows contained in the value in use models with external market data on housing starts, repair & remodel and fly ash tons. We considered the impact of historical accuracy of the external market data and the past performance of the Group versus previous forecasts as an indicator of risk in future forecasts;
- inquired with management and those charged with governance to understand changes in the Group's plans resulting from COVID-19, and potential further impacts to the Group over the period of the model;
- considering the sensitivity of the models by varying key assumptions, such as forecast growth rates, profit margins, terminal growth rates and discount rates, within a reasonably possible range, to identify those assumptions at higher risk of bias or inconsistency in application;
- assessing terminal value assumptions by comparing them to long term market forecast data;
- assessing the impact of the financial irregularities in Windows on the assumptions in the Windows CGU forecasts. We also considered any potential consequences on other CGUs within Boral North America;
- recalculating the impairment charge against the recorded amount disclosed; and
- using our valuation specialists to:
  - independently develop a discount rate range using publicly available market data for comparable entities, adjusted by risk factors specific to the CGU and the industry it operates in;
  - compare the Boral North America's long term growth rate assumptions against publicly available long term economic forecasts specific to the United States.

Carrying value of the investment in USG Boral JV ($1,035 million) and Meridian Brick JV ($154 million)

Refer to note 6.2 of the Financial Report

The Key Audit Matter

The carrying value of Boral's equity accounted investments in the USG Boral JV and the Meridian Brick JV (the Joint Ventures) is a Key Audit Matter due to:

- the complexity of auditing forward looking estimates used to support carrying values that are inherently subjective and require a significant level of judgement to assess;
- the decline in market demand and the business disruptions in the Australian and overseas markets as governments respond to COVID-19 create a risk that business forecasts, which are the basis for the assessment of recoverability, may not be achieved;
- the sectors in which the Joint Ventures operate experienced competitive market conditions during the year. This increased the uncertainty of forecast cash flows used in the Joint Ventures valuation models; and
- the Group recorded an impairment charge of $76.7m against the investment in the Meridian Brick JV during the year, increasing our audit effort in this key audit area.

We focused on the following significant inputs to the recoverability assessment:

- key assumptions relating to forecast market demand and average selling prices in Australia, Asia, and North America; and
- discount rates applied to forecast cash flows as well as the assumptions underlying the forecast growth and terminal growth rates.

In assessing this Key Audit Matter, we involved senior audit team members, including valuation specialists and our component auditors, who understand the USG Boral JV businesses, and the industries and economic environment in which they operate.

How the matter was addressed in our audit

Our procedures included, amongst others:

- evaluating key assumptions such as forecast market demand for building products, average selling prices, profit margins and market shares by:
  - comparing key assumptions to actual historical data;
  - comparing forecasts of market demand for building products against published analyst views;
  - performing sensitivity analysis by varying key assumptions, such as housing starts, discount rates, terminal growth rates, profit margin and market share within a reasonably possible range. We did this to identify business units at higher risk of impairment and to focus our further procedures;
  - comparing key underlying data in valuation models to approved budgets and forecasts; and
  - assessing historical forecasting accuracy as an indication of risk in future forecasts.
- working with valuation specialists, we assessed the valuation approach against the accounting standards requirements;
- comparing the discounted cash flow methodology to industry practice, and assumptions regarding discount rates, forecast growth rates and terminal growth rates to externally sourced market data of industry analysts;
- considering any impairment recognised within the JV's business units and assessing the accounting treatment at Group level; and
- recalculating the impairment charge and comparing it to the recorded amount disclosed.

Availability and recoverability of US Federal tax loss asset ($150 million)

Refer to note 5.2 of the Financial Report

The Key Audit Matter	***How the matter was addressed in our audit***
The availability and recoverability of the US Federal tax loss asset was a Key Audit Matter due to: • the complexity of US laws and regulations governing the continued availability of tax losses, necessitating involvement of our tax specialists; and • the significant level of judgement required to audit forward looking estimates on Boral's assessment of the future utilisation of tax losses via generation of taxable income, which are inherently subjective. US Federal tax losses held by Boral have a maximum carry forward period of 20 years before which they must be utilised. On an annual basis, they are subject to the US continuity of ownership test. This is an added complexity to our audit, due to: • the specialised nature of US taxation requirements; • the slower than expected recovery of the US housing and construction markets; and • the period of the forecast utilisation of the US Federal tax losses and the US Federal restrictions on utilisation over the forecast period. In assessing this Key Audit Matter, we involved senior audit team members and our US taxation specialists, who understand Boral's US business, industry and the economic and regulatory environment it operates in.	Our procedures included, amongst others: • involving our US taxation specialists, examining the results of the most recent US continuity of ownership assessment performed by Boral's taxation experts when assessing the tax losses that remain available to be utilised; • assessing the competence, capability and objectivity of Boral's taxation experts who prepared the continuity of ownership assessment; • analysing the forecast timing of utilisation of US Federal tax losses with reference to the timing of forecast future taxable income against US Federal restrictions on utilisation; • challenging Boral's key assumptions in forecasting taxable income by: – comparing key assumptions to historical actual data; – comparing key assumptions to forecasts data utilised in the Boral North America impairment model; and – assessing the tax adjustments to the forecast pre-tax income by comparing them to the historical tax data and considering the impact of the US tax law. • performing sensitivity analysis on the key assumptions of forecast taxable income.

Other Information

Other Information is financial and non-financial information in Boral Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Boral Limited for the year ended 30 June 2020, complies with *section 300A* of the *Corporations Act 2001*.

Directors' 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 responsibilities

We have audited the Remuneration Report included in pages 59 to 83 of the Directors' Report for the year ended 30 June 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Kenneth Reid
Partner
Sydney, 28 August 2020

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 FY2020 given the significant uncertainty in the economic outlook and on the basis that Boral's interim dividend of 9.5 cents per share paid on 15 April 2020 represents ~63% of full year earnings. This payout ratio is in line with Boral's dividend policy to pay 50% to 70% of earnings before significant items, subject to the Company's financial position.

Dividend Reinvestment Plan

Boral's Dividend Reinvestment Plan (DRP) was reactivated in February 2020. 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 (whether issuer- or broker-sponsored) not wishing to receive the Annual Report should advise the share registry in writing so that their name can be removed from the mailing list. Shareholders are also able to update their preference 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. The share registry can provide forms for making annual report delivery elections.

While companies are not required to send annual reports to shareholders other than those who have elected to receive them, any shareholder who has not made an election is sent the Boral Review.

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 Director
Boral Limited
PO Box 1228
North Sydney NSW 2059

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 20 August 2020

Substantial shareholders

Seven Group Holdings Limited, by notice of change of interest of substantial holder dated 14 July 2020, advised that it and its associates were entitled to 199,905,206 ordinary shares.

Perpetual Limited, by notice of change of interest of initial substantial holder dated 13 August 2020, advised that it and its associates were entitled to 80,142,074 ordinary shares.

The Vanguard Group, Inc., by notice of change of interest of substantial holder dated 19 March 2020, advised that it and its associates were entitled to 70,609,200 ordinary shares.

Rights granted under the Equity Incentive Plan

As at 20 August 2020, Boral Limited had the following unquoted rights under its Equity Incentive Plan:

- 389,131 rights in regard to deferred STI, of which the number of holders was 220.
- 8,583,512 rights in regard to LTI awards, of which the number of holders was 86.

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.

Share information as at 20 August 2020 (continued)

Distribution schedule of shareholders as at 20 August 2020

Size of shareholding	Number of shareholders	% of ordinary shares
(a) in the categories –		
1 to 1,000	29,355	1.19
1,001 to 5,000	35,006	7.16
5,001 to 10,000	9,257	5.51
10,001 to 100,000	6,194	10.87
100,001 and over	206	75.28
	80,018	100
(b) holding less than a marketable parcel (100 shares)	2,573	0.01

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

There is no current on-market buy-back of ordinary shares.

On-market acquisitions for employee incentive schemes during the financial year ended 30 June 2020

469,404 Boral Limited ordinary shares were purchased on market to satisfy entitlements under Boral's employee incentive schemes at an average price per share of $4.2870.

Twenty largest shareholders as at 20 August 2020

		Ordinary shares	% of ordinary shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	290,234,324	23.68
2	NETWORK INVESTMENT HOLDINGS PTY LTD	199,905,206	16.31
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	134,783,025	11.00
4	CITICORP NOMINEES PTY LIMITED	122,008,236	9.95
5	NATIONAL NOMINEES LIMITED	59,731,570	4.87
6	BNP PARIBAS NOMS PTY LTD	34,621,408	2.82
7	ARGO INVESTMENTS LIMITED	11,596,552	0.95
8	PACIFIC CUSTODIANS PTY LIMITED	3,913,720	0.32
9	EQUITAS NOMINEES PTY LIMITED	3,842,265	0.31
10	NAVIGATOR AUSTRALIA LTD <SMA ANTARES INV DV BUILD A/C>	3,593,927	0.29
11	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	2,627,768	0.21
12	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV>	2,453,277	0.20
13	GWYNVILL INVESTMENTS PTY LTD	2,228,514	0.18
14	NETWEALTH INVESTMENTS LIMITED	1,938,196	0.16
15	UBS NOMINEES PTY LTD	1,814,866	0.15
16	AMP LIFE LIMITED	1,620,551	0.13
17	MR CHUANMING FU	1,430,500	0.12
18	HSBC CUSTODY NOMINEES (AUST) LTD <EUROCLEAR BANK A/C>	1,400,100	0.11
19	INVIA CUSTODIAN PTY LIMITED	1,346,374	0.11
20	NAVIGATOR AUSTRALIA LTD	1,197,032	0.10

Financial History

Boral Limited and Controlled Entities

30 June	2020 $m	2019[5] $m	2018[5] $m	2017 $m	2016 $m	2015 $m	2014 $m	2013 $m	2012 $m	2011 $m
Revenue	**5,728**	5,861	5,869	4,388	4,311	4,415	5,204	5,286	5,010	4,711
Earnings before interest, tax, depreciation and amortisation (EBITDA)[1]	**821**	1,010	1,051	720	645	605	556	519	473	522
Depreciation and amortisation	**492**	378	368	260	247	249	261	291	273	245
Earnings before interest and tax (EBIT)[1]	**329**	632	684	460	398	357	294	228	200	277
Net interest expense[1]	**(126)**	(103)	(104)	(51)	(63)	(64)	(83)	(97)	(88)	(64)
Profit before tax[1]	**203**	529	580	409	335	293	211	130	111	213
Income tax expense[1]	**(25)**	(110)	(110)	(67)	(67)	(44)	(37)	(20)	(9)	(40)
Non-controlling interests	**-**	-	-	-	-	-	(3)	(6)	(1)	2
Profit after tax[1]	**177**	419	469	343	268	249	171	104	101	175
Significant items – net of tax	**(1,316)**	(168)	(32)	(46)	(12)	8	2	(316)	75	(8)
Net profit/(loss) attributable to members of Boral Limited	**(1,139)**	251	437	297	256	257	173	(212)	177	168
Total assets	**9,202**	9,520	9,507	9,381	5,801	5,865	5,559	6,316	6,499	5,668
Total liabilities	**4,667**	3,688	3,781	3,940	2,294	2,341	2,211	2,923	3,096	2,512
Net assets	**4,535**	5,832	5,726	5,441	3,506	3,524	3,348	3,394	3,403	3,156
Net debt	**2,580**	2,193	2,453	2,333	893	817	718	1,446	1,518	505
Funds employed	**7,115**	8,026	8,178	7,774	4,399	4,341	4,066	4,840	4,921	3,662
Dividends paid or declared	**111**	311	311	281	167	139	117	85	82	105
Statistics										
Dividend per ordinary share	**9.5c**	26.5c	26.5c	24.0c	22.5c	18.0c	15.0c	11.0c	11.0c	14.5c
Dividend payout ratio[1]	**63%**	74%	66%	82%	62%	56%	68%	81%	81%	60%
Dividend cover[1]	**1.6**	1.3	1.5	1.2	1.6	1.8	1.5	1.2	1.2	1.7
Earnings per ordinary share[1]	**14.8c**	35.7c	40.0c	33.7c	35.8c	31.9c	22.0c	13.6c	13.6c	24.4c
Earnings per ordinary share[1,2]	**14.8c**	35.7c	40.0c	33.7c	33.3c	29.7c	20.5c	12.7c	12.7c	22.7c
Return on equity[1]	**3.9%**	7.2%	8.2%	6.3%	7.6%	7.1%	5.1%	3.2%	3.0%	5.6%
EBIT to sales[1]	**5.7%**	10.8%	11.7%	10.5%	9.2%	8.1%	5.7%	4.3%	4.0%	5.9%
EBIT to funds employed[1,3]	**4.6%**	7.9%	8.4%	9.2%	9.0%	8.2%	7.2%	4.7%	4.1%	7.6%
ROFE[4] (EBIT to average funds employed[1])	**4.3%**	7.8%	8.6%	7.6%	9.1%	8.5%	6.6%	4.7%	4.7%	7.4%
Net interest cover (times)[1]	**2.6**	6.1	6.6	9.1	6.3	5.6	3.5	2.3	2.3	4.4
Gearing (net debt to equity)	**57%**	38%	43%	43%	25%	23%	21%	43%	45%	16%
Gearing (net debt to net debt plus equity)	**36%**	27%	30%	30%	20%	19%	18%	30%	31%	14%
Net tangible asset backing per share	**$1.89**	$2.10	$1.99	$1.79	$4.40	$4.31	$4.03	$3.17	$3.31	$3.91

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) calculated as EBIT (before significant items) on funds employed at 30 June, except for FY2017 ROFE, which is based on average monthly funds employed due to the impact of Headwaters only contributing eight weeks of EBIT in FY2017 but funds employed increasing fully at 30 June 2017. Based on year end funds employed, ROFE for FY2017 would be reported as 5.9%.
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 1d 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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REELS FOR SHEETING

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AGM DETAILS

The Annual General Meeting of Boral Limited will be held virtually on Tuesday, 27 October 2020 at 10.30am (Sydney time).