

# Annual General Meeting

**28 September 2021**

Dear Shareholder

It is my pleasure to invite you to the 2021 Annual General Meeting (AGM) of Boral Limited. The meeting will be held on Thursday, 28 October 2021 at 10.30am (Sydney time).

## Participating in the AGM online

Having regard to the uncertainty created by the ongoing COVID-19 situation, and in the interests of the health and safety of our shareholders and staff, the Boral Board has decided that shareholders will be able to participate in our 2021 AGM online at <https://agmlive.link/BLD21>. Shareholders will not be able to attend the 2021 AGM physically, but will instead be able to view and participate in the meeting online in real time.

Further information on how to participate is set out in the Notice of Meeting and the Online Meeting Guide. The Online Meeting Guide has been lodged with the ASX and posted on Boral's website at [www.boral.com/annual-general-meetings](http://www.boral.com/annual-general-meetings).

Shareholders who are unable to participate in the meeting online are encouraged to appoint a proxy on their behalf. You may appoint a proxy by accessing our share registry's website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and following the prompts, or by following the instructions in the proxy form. Proxy appointments must be received by 10.30am (Sydney time) on Tuesday, 26 October 2021.

Even if you plan to participate in the meeting online, we encourage you to submit a directed proxy vote so that your vote will be counted if for any reason you cannot vote on the day (for example, if there is an issue with your internet connection on the day of the meeting).

We also invite you to submit questions to the Company or auditor in advance of the meeting online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Questions submitted this way must be received by no later than 5pm (Sydney time) on Thursday, 21 October 2021.

## Board changes

A number of Board changes were announced on 30 July 2021 following the close of Seven Group Holdings Limited's (SGH) offer for Boral shares and SGH's resulting 69.6% ownership interest in Boral. Consistent with that announcement, Richard Richards will seek election by shareholders at the AGM, and Deborah O'Toole and Peter Alexander will retire at the conclusion of the AGM. I thank both Deborah and Peter for their substantial contribution to the Board.

The Board's renewal plan is focused on recruiting two new independent Directors, with the intention to have a majority of independent Directors going forward, with an appropriate governance framework consistent with promoting the best interests of all shareholders. As part of that framework, I am pleased to confirm that Rob Sindel will Chair the Independent & Related Party Committee and take on the role of Lead Independent Director.

## Welcome to the 2021 AGM

The AGM is an important event in Boral's annual calendar. I look forward to this opportunity to engage with Boral's shareholders and welcoming you to my second AGM, which will be my first as Chairman of this great Australian company.

My Address and the CEO & Managing Director's Address to the AGM will be lodged with the ASX and posted on Boral's website on the day of the meeting.

Yours sincerely



**Ryan Stokes AO**  
Chairman

# Notice of Meeting

## NOTICE IS GIVEN THAT THE ANNUAL GENERAL MEETING (AGM) OF SHAREHOLDERS OF BORAL LIMITED WILL BE HELD ON THURSDAY, 28 OCTOBER 2021 AT 10.30AM (Sydney time).

Shareholders and proxyholders can register, view and participate in the AGM at <https://agmlive.link/BLD21>.

Online registration will open at 9.30am (Sydney time). To register, shareholders will need to log in through a compatible web browser using a computer, tablet or mobile device with an internet connection. Please refer to the Online Meeting Guide at [www.boral.com/annual-general-meetings](http://www.boral.com/annual-general-meetings) for further details.

### BUSINESS

#### Item 1: Financial Reports

To consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2021.

#### Item 2: Election of Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"To elect Richard Richards as a Director."

#### Item 3: Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"To adopt the Remuneration Report for the year ended 30 June 2021."

#### Voting Exclusion Statement

The Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the key management personnel of the Company (KMP) named in the 2021 Remuneration Report or a closely related party of those persons (such as close family members and any companies the person controls), regardless of the capacity in which the vote is cast; or
- as a proxy by a member of the KMP at the date of the AGM or a closely related party of those persons,

unless the vote is cast as proxy for a person who is entitled to vote on Item 3, and:

- the vote is cast in accordance with a direction on the Proxy Form; or
- in the absence of a direction on the Proxy Form, the vote is cast by the Chairman of the Meeting and the Chairman has received express authority to vote undirected proxies as the Chairman decides (see 'How to vote' section).

#### Item 4: Award of LTI Rights to Zlatko Todorcevski, CEO & Managing Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given for the award to Zlatko Todorcevski, the CEO & Managing Director, of rights to fully paid ordinary shares in the Company as an LTI award on the terms described in the Explanatory Notes to this Notice of Meeting."

#### Voting Exclusion Statement

The Company will disregard any votes on Item 4:

- cast in favour of the resolution by or on behalf of Zlatko Todorcevski or his associates, regardless of the capacity in which the vote is cast; or
- cast as a proxy by a member of the KMP on the date of the AGM or a closely related party of those persons.

However, votes will not be disregarded if they are cast:

- as proxy or attorney for a person entitled to vote in accordance with a direction given to the proxy or attorney to vote in that way;
- by the person chairing the meeting as proxy for a person entitled to vote, in accordance with an express authorisation to vote as the proxy decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

## Item 5: Potential return of capital to shareholders

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given for the purposes of Part 2J.1 of the Corporations Act and for all other purposes for the Company to reduce its share capital by up to \$3 billion by way of an equal capital reduction, on the terms described in the Explanatory Notes accompanying this Notice of Meeting.”

## Item 6: Change of auditor

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Deloitte Touche Tohmatsu, having been duly nominated by a shareholder of the Company and having consented in writing to act, be appointed as Auditor of the Company.”

The enclosed ‘How to vote’ section and Explanatory Notes contain further information about the matters to be considered at the AGM and form part of this Notice of Annual General Meeting.

By order of the Board



**Dominic Millgate**

Company Secretary  
Sydney, 28 September 2021

## Voting at the Meeting

- The Board has determined that a person's entitlement to vote at the AGM will be the entitlement of that person set out in the register of shareholders as at 7pm (Sydney time) on Tuesday, 26 October 2021.
- Accordingly, transactions registered after that time will be disregarded in determining which shareholders are entitled to vote at the AGM.
- All items of business set out in the Notice of Meeting will be decided by way of a poll.
- As previously noted, shareholders are encouraged to lodge a directed proxy by 10:30am (Sydney time) on Tuesday, 26 October 2021 even if they plan to participate in the meeting online.

## Appointing a proxy

- A member has the right to appoint a proxy. The proxy of a member does not need to be a member of the Company.
- A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of the member's votes each proxy is entitled to exercise. If the appointment does not specify the proportion or number of the member's votes, each proxy may exercise one half of those votes (and fractions will be disregarded).
- If a member appoints a KMP (which includes each of the Directors) as proxy, the KMP will not be able to cast the member's votes on Item 3 or Item 4 unless the member directs the KMP how to vote or the Chairman of the Meeting is the member's proxy. If a member appoints the Chairman of the Meeting as their proxy or the Chairman of the Meeting is appointed as the member's proxy by default, and the member does not mark a voting box for Item 3 or Item 4, then by submitting the Proxy Form the member will be expressly authorising the Chairman of the Meeting to exercise the proxy in respect of the relevant Item even though the Item is connected with the remuneration of the KMP.
- The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## Submitting your proxy form

- Details for completion and lodgment of proxies are outlined on the Proxy Form. Proxy forms can be downloaded at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). The Proxy Form must be received by the Company at least 48 hours prior to the AGM – that is, no later than 10.30am (Australian Eastern Daylight Time) on Tuesday, 26 October 2021.
- The Proxy Form may be sent:
  - By post to:  
Locked Bag A14, Sydney South NSW 1235
  - By fax to:  
Link Market Services Limited on +61 2 9287 0309
  - Lodged online at:  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
(go to "Voting" and follow the prompts)

## Appointing a corporate representative

- A member of the Company who is a body corporate, or a proxy who is a body corporate, may appoint a person to act as their representative at the AGM by providing that person with:
  - a letter or certificate, executed in accordance with the body corporate's constitution or the Corporations Act 2001 (Cth), authorising the person as a representative; or
  - a copy of the resolution, certified by a secretary or a director of the body corporate, appointing the person as a representative.
- A copy of the Corporate Representative Form should be lodged with Link Market Services prior to close of proxies.

## Lodging a question prior to the AGM

- If you wish to submit a question in writing to the Chairman or the Auditor in advance of the meeting, please submit your questions online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Questions submitted this way must be received at least five business days prior to the AGM (that is, by 5pm (Sydney time) on Thursday, 21 October 2021) to allow time to collate questions and prepare answers. The Company will not provide written answers to individual questions, however during the meeting, the Chairman or the CEO & Managing Director will seek to address as many of the more frequently raised topics as possible.

## Participating online

- Shareholders and proxyholders can watch, ask questions, make comments and vote in real time during the AGM through an online facility at <https://agmlive.link/BLD21>.
- To register, shareholders will need their shareholder number and postcode. Proxyholders will need their proxy number which will be provided by Link Market Services following lodgement of the proxy appointment and no later than 24 hours prior to the meeting. Online participants should register at least 15 minutes before the AGM.
- Shareholders and proxyholders will be given an opportunity to ask questions in real-time by telephone. A personalised PIN is needed to ask questions by telephone. To receive a personalised PIN, please contact Link Market Services before the AGM. Dial-in details for the AGM and contact details for Link Market Services are included in the Online Meeting Guide. If you plan to ask questions by telephone, you will still need to log into the online platform if you wish to vote during the meeting.
- Further information can be found in the Online Meeting Guide, which has been lodged with the ASX and posted on Boral's website.

## Technical difficulties

- The Chairman has discretion as to whether and how the meeting should proceed if a technical difficulty arises. In exercising this discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chairman considers it appropriate, the Chairman may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.
- In the event that the Chairman is unable to chair the meeting due to a technical difficulty, it is intended that Rob Sindel, Lead Independent Director, will chair the meeting.

**ITEM 1 – FINANCIAL REPORTS**

The Financial Report, Directors' Report and Auditor's Report are contained in the Company's Annual Report. A copy of the Annual Report can be found on the Company's website at [www.boral.com](http://www.boral.com).

While the Corporations Act requires the Financial Report, the Directors' Report and the Auditor's Report of the Company for the year to be laid before the AGM, neither the Corporations Act nor the Company's Constitution require shareholders to vote on, approve or adopt those reports.

Shareholders will, however, have a reasonable opportunity at the AGM to ask questions about those reports and on the management of the Company. Shareholders will also have a reasonable opportunity to ask the 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 Auditor in relation to the conduct of the audit.

**ITEM 2 – ELECTION OF DIRECTOR**

Since the 2020 AGM, Richard Richards has been appointed to the Board. In accordance with the Company's Constitution, Richard retires at the 2021 AGM and, being eligible, offers himself for election by shareholders.

The Board has conducted appropriate checks into Richard's background and experience, and considers that Richard's skills and experience will enhance the skills and experience represented on the Board, including in the areas of operational experience in the sector and strong financial experience.

**Item 2.1 Election of Richard Richards****Richard Richards, age 53**

Richard Richards rejoined the Boral Board on 30 July 2021.

Mr Richards is the Chief Financial Officer of Seven Group Holdings Limited (SGH) and is responsible for finance across the diversified conglomerate (including equipment manufacture, sales and service, equipment hire, investments, property, media and oil and gas). SGH and its associated entities hold a relevant interest in up to 69.6% of the shares of Boral as at 28 September 2021.

He is a Director of WesTrac, AllightSykes and SGH Energy and is a Director and Chair of the Audit & Risk Committee of Coates Hire. He is a Director of Beach Energy and a member of its Audit & Risk Committee.

Mr Richards joined SGH in October 2013 from the diverse industrial group, Downer EDI, where he was Deputy Chief Financial Officer responsible for group finance across the company for three years. Prior to joining Downer EDI, Mr Richards was CFO for the Family Operations of LFG, the private investment and philanthropic vehicle of the Lowy Family for two years. Prior to that, he held senior finance roles at Qantas for over 10 years.

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

**Directors' recommendation**

Accordingly, for the reasons outlined above, the Board (with Mr Richards abstaining) recommends the election of Mr Richards.

**ITEM 3 – REMUNERATION REPORT**

The Remuneration Report is part of the Directors’ Report and is set out on pages 59 to 83 of the 2021 Annual Report.

The Remuneration Report:

- demonstrates the links between Boral’s remuneration policies and Boral’s performance; and
- provides the required remuneration details for each of the Directors and other members of the KMP.

The Board submits the Remuneration Report to shareholders for consideration and adoption by way of a non-binding ordinary resolution, as required by the Corporations Act.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Company respects the views of its shareholders and will take the outcome of the vote into account when considering remuneration policy in the future.

**Directors’ recommendation**

The Board recommends shareholders vote in favour of the resolution to adopt the Remuneration Report.

**ITEM 4 – AWARD OF LTI RIGHTS TO ZLATKO TODORCEVSKI, CEO & MANAGING DIRECTOR**

Shareholder approval is being sought to allocate to the Company’s CEO & Managing Director, Zlatko Todorcevski, rights to receive fully paid ordinary shares in the Company as Mr Todorcevski’s long-term incentive (LTI) grant for FY2022 (LTI Rights).

If shareholder approval is obtained, the rights will be granted under Boral’s Equity Incentive Plan.

**Why is approval sought?**

The Company is seeking approval for the proposed grant of rights to Mr Todorcevski for the purposes of ASX Listing Rule 10.14, which requires the Company to obtain shareholder approval in order to issue securities to a director under an employee incentive scheme, and in the interests of transparency and good governance. As the Managing Director, Mr Todorcevski is covered by ASX Listing Rule 10.14.1.

**Overview**

The LTI Rights will be subject to a relative Total Shareholder Return (TSR) hurdle.

The LTI Rights will be tested on or around 1 September 2024, with no re-testing.

The Board believes that a relative TSR hurdle measured against constituents of the S&P/ASX 100 Index provides alignment between comparative shareholder returns and reward for Mr Todorcevski, and provides reasonable alignment with diversified portfolio investors.

**What is the CEO’s proposed LTI for FY2022?**

The Board is proposing that Mr Todorcevski be granted LTI Rights with a face value of \$2,280,000 being 120% of his Fixed Annual Remuneration (FAR) as at 1 July 2021.

Importantly, the actual value (if any) that Mr Todorcevski may receive from this LTI award cannot be determined until after the end of the three year performance period, because it is dependent on whether the performance hurdle is achieved and the share price at the time of vesting.

The formula used to calculate the number of LTI Rights is set out below.

$$N = \frac{(120\% \times \text{FAR})}{\text{Face value of a Boral Share}}$$

N is the number of LTI Rights to be allocated to Mr Todorcevski. If N is a fractional number, it will be rounded up to the nearest whole number.

120% is the percentage of Mr Todorcevski’s annual FAR applicable for Mr Todorcevski’s LTI for FY2022.

Face value of a Boral share is \$6.0389, being the volume weighted average price (VWAP) of Boral shares on the ASX during the 30 trading days up to and including 10 May 2021, which was the last full trading day before receipt of SGH’s takeover offer. This 30 trading day period smooths volatility in the share price and excludes the immediate impact of the takeover offer on the share price.

Based on this formula, the number of LTI Rights to be allocated is 377,553.

**TSR performance hurdle**

The TSR performance hurdle will be measured by comparing the TSR of the Company with the TSRs of a comparator group comprising the companies in the S&P/ASX 100 Index on 30 June 2021. The period over which the TSR of the Company is compared with the TSRs of companies in the comparator group is the three-year period commencing on 30 June 2021 (Performance Period).

For the purposes of calculating TSR, share prices will be determined by reference to:

- for the opening share price, the VWAP during the 60 trading days ending on the first day of the Performance Period; and
- for the closing share price, the VWAP during the 60 trading days ending on the last day of the Performance Period.

The Board has the discretion to adjust the comparator group to take into account events, including but not limited to, takeovers, mergers or de-mergers that might occur during the Performance Period.

The percentage of LTI Rights which may vest is based on a sliding scale as follows:

<b>If at the end of the Performance Period, the TSR of the Company:</b>	<b>Percentage of LTI Rights which will vest is:</b>
Does not reach the 50th percentile of the TSRs of the S&P/ASX 100	Nil
Reaches the 50th percentile of the TSRs of the S&P/ASX 100	50%
Is between the 50th percentile and the 75th percentile of the S&P/ASX 100	Progressive pro rata vesting from 50% to 100% (i.e. on a straight-line basis)
Reaches or exceeds the 75th percentile of the TSRs of the S&P/ASX 100	100%

The percentage that does not vest following the end of the Performance Period will lapse (i.e. there will be no further testing).

**Vesting**

Following vesting, the LTI Rights will become exercisable. On exercise, the LTI Rights will be converted to fully paid ordinary shares in the Company or, at the Board's discretion, Mr Todorcevski may instead receive a cash-equivalent payment. Any shares delivered to Mr Todorcevski on vesting and exercise of his LTI Rights may be purchased on-market or issued by the Company. No amount will be payable by Mr Todorcevski for those shares.

The LTI Rights do not carry any voting rights. Upon exercise of vested LTI Rights, Mr Todorcevski will receive additional shares equal in value to any dividends accrued and notionally reinvested (to acquire additional shares) during the period from vesting to the exercise date of the LTI Rights. The number of additional shares allocated for each dividend will be calculated with reference to the number of underlying shares (including any additional shares from earlier dividends notionally reinvested to acquire shares), divided by the closing price of a Boral share on ASX on the relevant ex-dividend date.

**Post-exercise trading restriction**

Shares allocated following the exercise of vested LTI Rights will be subject to disposal restrictions until the later of 12 months following vesting and when Mr Todorcevski exceeds the applicable minimum shareholding requirement. The Board can determine to release disposal restrictions so that Mr Todorcevski can sell a sufficient number of Shares to meet tax obligations.

**Cessation of employment****Unvested LTI Rights**

If Mr Todorcevski resigns or his employment is terminated for cause (for example, as a consequence of misconduct or fraud), any unvested LTI Rights will lapse. If Mr Todorcevski ceases employment in any other circumstance, Mr Todorcevski will generally be permitted to retain a pro-rata amount of his unvested LTI Rights (based on time completed). The retained LTI Rights will remain 'on foot' and may vest at the normal vesting date, subject to the satisfaction of the relevant performance hurdles.

The Board retains an overriding discretion to determine that a different treatment should apply.



## Vested LTI Rights

If Mr Todorcevski resigns or his employment is terminated for cause, all vested but unexercised LTI Rights will lapse on the date employment ceases, unless the Board determines otherwise. If Mr Todorcevski ceases employment in any other circumstance, vested LTI Rights must be exercised within 90 days of cessation. Any LTI Rights not exercised within this period will lapse.

## Shares

Mr Todorcevski will be unable to dispose of any shares held for a period of 12 months following cessation of employment (except where the sale of shares is required to meet tax obligations).

## Change of control

The Board has absolute discretion to determine that some or all of the unvested LTI Rights will vest if there is a takeover or other event likely to result in a change in control of the Company.

In exercising this discretion, the Board will have regard to all relevant circumstances.

## Preventing inappropriate or unfair benefits

Mr Todorcevski's rights are subject to forfeiture or 'clawback' provisions that the Board may apply in certain circumstances to ensure that Mr Todorcevski does not obtain an inappropriate or unfair benefit, for instance if there is a material misstatement in the Company's accounts.

## Boral Equity Incentive Plan

The Board may amend or waive terms under the Boral Equity Incentive Plan, subject to the ASX Listing Rules. Subject to the Listing Rules, the Board may make such adjustments to rights awarded under the Plan as the Board considers appropriate in order to minimise or eliminate any material advantage or disadvantage to Mr Todorcevski resulting from a corporate action such as a capital raising or capital reconstruction. The Remuneration Report in the Company's Annual Report for the financial year ended 30 June 2021 contains further details about the Boral Equity Incentive Plan.

Additional information provided for shareholders in accordance with ASX Listing Rules:

- Listing Rule 10.15.4 requires this Notice of Meeting to include details (including the amount) of Mr Todorcevski's current total remuneration:

<b>Fixed Annual Remuneration (FAR)</b>	\$1,900,000
<b>FY2022 Short Term Incentive</b>	90% of FAR at Target (120% of FAR at Maximum)
<b>FY2022 Long Term Incentive</b>	120% of FAR

- 1,189,162 rights have previously been issued to Mr Todorcevski under the Boral Equity Incentive Plan.
- The Company grants LTI Rights under the Boral Equity Incentive Plan because they create share price alignment between Mr Todorcevski and shareholders while providing greater flexibility than shares.
- Assuming that shareholder approval is forthcoming, the Company intends to grant the LTI Rights to Mr Todorcevski immediately after the AGM and, in any event, no later than 12 months after approval is obtained. If not approved, the remuneration intended to be delivered by way of LTI Rights may be delivered in cash, but only if the performance hurdles which would otherwise have applied are satisfied.
- No amount will be payable by Mr Todorcevski for LTI Rights granted under the Boral Equity Incentive Plan as they form part of his total remuneration package.
- No other Director of the Company is entitled to participate in Boral's Equity Incentive Plan.
- No loan will be made by the Company in connection with the award of LTI Rights or the allocation to Mr Todorcevski of any shares on vesting of those rights.
- Details of any LTI Rights issued to Mr Todorcevski under the Boral Equity Incentive Plan will be published in Boral's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of rights under the Boral Equity Incentive Plan after this resolution is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

## Directors' recommendation

The Board (with Mr Todorcevski abstaining) recommends that shareholders vote in favour of the resolution to approve the grant of LTI Rights to Mr Todorcevski.

**ITEM 5 – POTENTIAL RETURN OF CAPITAL TO SHAREHOLDERS****Background**

Boral has previously announced:

- the divestment of Meridian Brick for US\$250 million (Boral's share US\$125 million)
- the divestment of the North American Building Products business for US\$2.15 billion, and
- the divestment of Boral's Timber business for A\$64.5 million.

Post the receipt of proceeds from these divestments, Boral will have significant surplus capital. Subject to prevailing conditions and other reinvestment opportunities, surplus capital will be available for distribution to shareholders. The form of returning capital to shareholders will take into account what is in the best interests of shareholders as a whole.

Boral intends to target the bottom end of the net debt target range of \$0.9 billion to \$1.1 billion. Subject to receipt of divestment proceeds, Boral expects to be in a position to return up to \$3 billion of surplus capital by way of an equal capital reduction, subject to the Australian Taxation Office (ATO) confirming that any such payment will not be treated as a dividend for Australian income tax purposes.

Shareholder approval is being sought to give Boral the flexibility to return up to \$3 billion in this way.

If the Board determines to return capital, the reduction of capital will be effected by the Company paying to each registered holder of fully paid ordinary shares in the Company, as at a date and time to be specified by the Board, the pro rata amount of the capital reduction per ordinary share. Any reduction in capital pursuant to this approval is expected to occur no later than 28 October 2022.

Before making any capital return, Boral will consider its requirements for future capital in light of all the circumstances that exist at the time. Surplus capital will only be returned if it is in excess of Boral's immediate and known requirements.

**Equal reduction**

The potential return of capital would constitute an equal reduction of Boral's share capital for the purposes of the Corporations Act. This is because it relates only to fully paid ordinary shares, it applies to each holder of shares in proportion to the number of shares they hold, and the terms of the reduction are the same for each holder of shares.

No shares will be cancelled in connection with the return of capital. Accordingly, the return of capital will not affect the number of shares held by each shareholder, nor will it affect the control of Boral.

An equal capital reduction must comply with the following requirements of the Corporations Act:

- the reduction must be fair and reasonable to the Company's shareholders as a whole; and
- the reduction must not materially prejudice the Company's ability to pay its creditors.

The Board is satisfied that these requirements will be met, noting that the reduction applies equally and will be paid out of surplus capital (and only after divestment proceeds have actually been received).

If the capital reduction is implemented, Boral's shares may trade at a lower price than they would have if the capital reduction had not been made. This is due to the return of funds to shareholders and the consequent reduction in shareholders' funds held by the Company.

**Tax implications**

No adverse tax consequences are expected to arise for Boral from the capital return.

A Class Ruling request will be submitted by the Company to the ATO requesting confirmation of the Australian income tax implications for shareholders who hold their shares on capital account for tax purposes. The Class Ruling is expected to confirm that:

- no part of the proposed capital reduction will be treated as a dividend for income tax purposes; and
- instead, the cost base for each share will be reduced by the amount of the proposed capital reduction for the purposes of calculating any capital gain or loss on the ultimate disposal of that share. An immediate capital gain will arise for shareholders where the cost base of a share is less than the amount of the proposed capital reduction.

The above is subject to confirmation or change in any final Class Ruling issued by the ATO. The Company will make the final Class Ruling available on its website as soon as reasonably practicable after it is issued.

The information in this notice of meeting does not take into account the individual circumstances of each shareholder and does not constitute tax advice. Accordingly, shareholders should seek their own professional advice in relation to their tax position.

Shareholders who are not residents of Australia for tax purposes should seek specific advice in relation to the taxation consequences arising under the laws of their country of residence.

**Directors' interests**

As at the date of this Notice of Meeting, Boral Directors have the following direct or indirect interests in ordinary fully paid Boral shares:

Director	Interest
Ryan Stokes	1,000
Zlatko Todorcevski	151,000
Peter Alexander	83,871
Karen Moses	45,482
Paul Rayner	172,432
Richard Richards	1,000
Rob Sindel	46,060
Deborah O'Toole	16,000

**No other material information**

As required by the Corporations Act, Boral has set out in these Explanatory Notes all information known to Boral that is material to the decision on how to vote on Item 5.

**Directors' recommendation**

The Board (with Mr Stokes and Mr Richards abstaining) recommends that shareholders vote in favour of the resolution.

**ITEM 6 – CHANGE OF AUDITOR**

Following a competitive tender process, the Board has selected Deloitte Touche Tohmatsu (Deloitte) to be appointed as the new auditor of the Company and its controlled entities.

Deloitte has given its written consent to act as auditor, subject to shareholder approval and the Australian Securities and Investments Commission's (ASIC's) consent to KPMG's resignation.

KPMG will resign as auditor with effect from the close of the AGM and seek consent from ASIC for the resignation in accordance with the Corporations Act.

The Corporations Act also requires that written notice of nomination of a new auditor be received from a member of the Company. The Company has received such a nomination from Kylie FitzGerald, the Group Communications & Investor Relations Director, who is a member of the Company. A copy of this nomination is set out below:

To: Boral Limited  
Level 18, 15 Blue Street  
North Sydney NSW 2060

Nomination of Deloitte for appointment as auditor

In accordance with s 328B of the Corporations Act 2001 (Cth), I, Kylie FitzGerald, nominate Deloitte for appointment as Boral Limited's auditor at Boral Limited's next annual general meeting or any postponement or adjournment of that meeting.

Yours sincerely



Kylie FitzGerald  
Shareholder

If this resolution is passed, the appointment of the new auditor will take effect at the close of the AGM.

**Directors' recommendation**

The Board recommends that shareholders vote in favour of the resolution.

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**AGM DETAILS**

The Annual General Meeting  
of Boral Limited will be held on  
Thursday, 28 October 2021  
at 10.30am (Sydney time).