It is Boral’s policy to comply with environmental legislation, regulations, standards and codes of practice relevant to the particular business as the absolute minimum requirement in each of the communities in which we operate.

We recognise that compliance with our site-based planning approvals and effective management of sensitive sites is critical to our reputation and our ability to operate.

We are committed: to reducing greenhouse gas emissions from our operations, the efficient use of energy, conservation of water, minimising and recycling waste materials and energy, prevention of pollution, and effective use of virgin and recovered resources and supplemental materials.

We are also committed to open, constructive engagement with communities surrounding our operations, and protecting biodiversity values at and around our facilities.

ENVIRONMENTAL COMPLIANCE

We are focused on improving our environmental performance, including targeting zero environmental infringements, across our ~700 operating sites globally.

We have strengthened our internal controls to improve compliance with increasingly stringent regulatory requirements in Australia, including through an online information management system for environmental licence conditions. In FY2017, we conducted 85 environmental compliance audits in Australia and developed 105 site action plans, mapping licence and planning compliance requirements.

Formal regulatory notifications are reviewed by our internal legal and HSE functions and reported to Boral’s Executive Committee. Any material issues are reported and discussed at Board Committee level, even if no penalty results.

In FY2017, Boral was charged with seven regulatory infringements related to environmental contraventions in Australia and one penalty in relation to Boral’s Cosgrove Quarry in Victoria. A further two fines relating to Headwaters facilities in the USA, which arose before completion of the acquisition, were levied under Boral’s ownership. The infringements, which resulted in total fines of $111,083, relate to:

• a turbid water discharge at Petrie Quarry, Queensland
• two planning condition breaches at Widemere, NSW, recycling operations
• a late payment for a mining permission at Berrima, NSW, cement works
• several breaches of air emission licence conditions in NSW and Queensland, and
• in Headwaters, a fugitive dust release at the North Las Vegas, Nevada, fly ash terminal and fines relating to permits at the roofing plant in Oceanside, California.

Infringements & Penalties

<table>
<thead>
<tr>
<th>Infringements &amp; Penalties</th>
<th>FY2017</th>
<th>FY2016</th>
<th>FY2015</th>
<th>FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>10</td>
<td>9</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>Fines¹</td>
<td>$111,083</td>
<td>$33,888</td>
<td>$11,658</td>
<td>$26,849</td>
</tr>
<tr>
<td>Penalties¹</td>
<td>$30,000</td>
<td>$250,000</td>
<td>$0</td>
<td>$12,000</td>
</tr>
<tr>
<td>Undertakings</td>
<td>$133,556</td>
<td>$0</td>
<td>$0</td>
<td>$100,000²</td>
</tr>
</tbody>
</table>

1. Fines are directly issued by the regulator and penalties by a court hearing.
2. Financial support for a local conservation project at the Yalanbee Nature Reserve, WA.

In 2016, Environment Protection Authority (EPA) Victoria commenced proceedings against Boral on three counts related to accepting concrete material at our Cosgrove Quarry. The material had been received for processing and recycling into construction materials; however, the EPA deemed this to be the storage of industrial waste without a licence. Boral agreed to plead guilty to one of the three counts, and was fined $30,000.

In November 2016, Boral accepted an enforceable undertaking committing to training, auditing, industry education, and royalties and levies, totalling $133,556. This followed a NSW Department of Industry determination that Boral Bricks Pty Ltd had breached the Mining Act 1992 at two clay pits in southern NSW.

In addition to the penalty and infringements at Boral’s fully-owned operations, in May 2016 there were two regulatory infringements at USG Boral plants in Pudong and Baoshan in China. The penalties accepted by USG Boral in late 2016 were US$3,800 and US$51,000, respectively. These types of infringements in China also restrict the business from claiming Value-added Tax (VAT) rebates for three years.
Biodiversity Management
Protecting biodiversity – the diversity of plant and animal species – at our operational sites is a core component of our land management.

Initiatives to protect biodiversity at our own sites and more broadly include:

• maintaining and inspecting bat boxes at Dunmore Quarry in NSW for a number of threatened species
• the ongoing supply of koala fodder from plantations at Narangba and Petrie quarries in Queensland
• tracking and conservation work to protect the legless lizard at Deer Park Quarry in Victoria, and
• supporting the Western Swamp tortoise recovery program through Midland Brick’s work with Perth Zoo.

Our long-standing community partnerships with Conservation Volunteers Australia and Taronga Conservation Society are aimed at biodiversity, conservation and education, in our local communities and more broadly.

Protecting the Greenhood Orchid at Charlton Quarry
Boral is finalising arrangements to move 44 individual Robust Greenhood orchid specimens from Charlton Quarry in Victoria, ahead of quarry pit rehabilitation works. The species is classified as “Critically Endangered” by the Commonwealth Environmental Protection and Biodiversity Conservation Act 1999, as “Threatened” by the Victorian Flora and Fauna Grantee Act 1988, and as “Extinct” on the Advisory List of Rare and Threatened Plants in Victoria 2014.

We have gained approval and endorsement from Parks Victoria, local Indigenous community group Dja Dja Warrung, Bush Heritage Australia and the Department of Environment, Land, Water & Planning Loddon Mallee Region (the state regulator for flora translocation). We are also working with the Commonwealth Department of Heritage and Environment. Once approved, the proposed timing for the orchids’ translocation is September 2017.

Protecting Cultural Heritage
We recognise and respect sites, places, structures and objects that have cultural or traditional significance. We work alongside Indigenous peoples to protect cultural heritage including:

• working with local Aboriginal representatives at Peppertree Quarry in NSW in the identification of nearly 100,000 Aboriginal artefacts, and
• relocating an Aboriginal scarred tree from Dunmore Quarry to Killalea State Park, where it was presented to the public in an official “Close the Gap” ceremony.

Waste, Recycling and Re-use
Throughout Boral’s operations, our own waste materials are re-used to produce the same product, including concrete washout slurry, recycled asphalt pavement (RAP), and plasterboard waste from production and building sites.

Boral’s businesses deal with only low amounts of hazardous waste and this is managed in accordance with government regulations.

Similarly, we only use relatively small amounts of packaging as the vast majority of our products are delivered in bulk. Boral businesses in Australia that do use some packaging, such as Midland Brick and USG Boral, are signatories to the Australian Packaging Covenant. Boral Cement, through its membership of Cement Concrete & Aggregates Australia, is also a signatory.

Water Management
Boral’s operations worldwide consume about 4 gigalitres of mainly municipal supplied water for manufacturing, dust suppression, cleaning and sanitation. We also capture unmeasured rainfall or stream flow at our larger sites, predominantly used for dust control purposes.

We have well established internal compliance systems for prevention of pollution of discharged waters, as well as numerous regulatory controls through licensing and permitting.

In recent years, we have had several penalties regarding water discharges. However, these are largely traceable to rainfall deluge events, which we are moving to better respond to as part of our approach to climate-related risks.

In 2017 we commenced reporting to CDP Water and as such, a more detailed analysis of our water risks as at FY2016 can be found in CDP’s publicly available report – see cdp.net.

While individual Boral locations may have water risk from time to time (either from too much or too little water), as a Group we do not assess Boral as having material water risk.

“...Werecognise that compliance with our site-based planning approvals and effective management of sensitive sites is critical to our reputation and our ability to operate.”

MICHAEL WILSON
GROUP HSE DIRECTOR
BORAL LIMITED
ENERGY & EMISSIONS

ENERGY CONSUMPTION AND IMPROVEMENT INITIATIVES

Boral’s operations consumed 20 petajoules of energy in FY2017, up 2% on the prior year, reflecting increased production volumes plus the formation of the Meridian Brick joint venture. Across all divisions, a total of around A$295 million was spent on energy – gas, electricity, coal, diesel and other fuels – in FY2017.

Boral’s businesses continue to focus on energy and emissions reduction initiatives, including through LEAN management principles, plant efficiency projects and fuels programs, as well as a continuation of our strategy to move away from energy-intensive operations into lighter-weight products.

Emissions and energy consumption associated with the acquisition of Headwaters, completed in May 2017, will be reported from FY2018 and is expected to result in a further improvement in Boral’s emissions intensity.

In addition, the Berrima cement works alternative fuels program, developed to lower local manufacturing costs and emissions, will be operational in 2018.

GREENHOUSE GAS EMISSIONS

For many years, Boral has been focused on reducing greenhouse gas (GHG) emissions from our processes and facilities, and committed to the efficient use of energy, including re-use of waste energy and the use of waste materials as alternate fuels.

For the past five years, our business strategy has been to move away from energy-intensive manufacturing, such as kiln-fired clay bricks, to lightweight, more sustainable products, such as cultured stone, fly ash-based composite products and gypsum wallboard technologies. We have exited higher cost, sub-scale, less efficient cement kilns in Australia and increased imported clinker produced in more modern, larger scale, less carbon emissions-intensive kilns in Asia.

Boral’s absolute emissions (Scope 1 and 2) have reduced by 29% over the past five years to 2.50 million tonnes of carbon dioxide equivalent (CO2-e) in FY2017, even while market activity – and Boral’s profitability – in Australia, North America and Asia has been increasing.

The reduction in Boral’s absolute GHG emissions reflects a combination of plant closures, divestments, production efficiencies, alternate fuel use, and the shift to imported clinker (which accounts for ~13% of the 29% reduction in emissions since FY2012).

In FY2017, Boral’s GHG emissions were up 2% compared to the prior year, with emissions from Boral’s Australian operations broadly unchanged, North America up 9% and Asia up 5%.

Changes in Boral’s portfolio during FY2017 materially altered GHG emissions, with the formation of the Meridian Brick joint venture underpinning increased emissions in North America. In Australia, lower emissions associated with decreased production at Midland Brick in Western Australia were offset by higher east coast construction activity and the impact of increased clinker production at Berrima. Increased plasterboard production in USG Boral resulted in higher emissions in Asia.

The Cement business in Australia accounted for approximately 60% of Boral’s total emissions in FY2017, and about 75% of emissions in Australia.

Boral’s emissions intensity of approximately 470 tonnes of CO2-e per million dollars of revenue (in AUD) in FY2017 was 29% lower than it was five years ago and improved 4% year-on-year, reflecting actual efficiency gains.

GHG emissions from operations (million tonnes CO2-e)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>1.01</td>
<td>1.02</td>
<td>1.08</td>
<td>1.09</td>
<td>1.11</td>
<td>1.21</td>
</tr>
<tr>
<td>USA</td>
<td>1.47</td>
<td>1.48</td>
<td>1.47</td>
<td>1.45</td>
<td>1.47</td>
<td>1.52</td>
</tr>
<tr>
<td>Australia</td>
<td>2.50</td>
<td>2.50</td>
<td>2.56</td>
<td>2.54</td>
<td>2.58</td>
<td>2.73</td>
</tr>
</tbody>
</table>

1. Data provided for FY2017 GHG emissions, energy consumption and costs is for Boral’s 100%-owned operations and Boral’s share of emissions and energy consumption from 50%-owned joint venture operations. Does not include Headwaters.

2. Revenue adjusted to include 50% share of underlying revenues from USG Boral and Meridian Brick joint ventures, which are not included in Group reported revenue.

ENERGY CONSUMPTION AND IMPROVEMENT INITIATIVES

Boral’s businesses continue to focus on energy and emissions reduction initiatives, including through LEAN management principles, plant efficiency projects and fuels programs, as well as a continuation of our strategy to move away from energy-intensive operations into lighter-weight products.

Emissions and energy consumption associated with the acquisition of Headwaters, completed in May 2017, will be reported from FY2018 and is expected to result in a further improvement in Boral’s emissions intensity.

In addition, the Berrima cement works alternative fuels program, developed to lower local manufacturing costs and emissions, will be operational in 2018.

Energy consumed and cost in FY2017

<table>
<thead>
<tr>
<th>Fuel Source</th>
<th>Energy Consumed</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>12PJ (~A$197m)</td>
<td></td>
</tr>
<tr>
<td>Electricity</td>
<td>4PJ (~US$47m)</td>
<td></td>
</tr>
<tr>
<td>Biofuels</td>
<td>4PJ (~US$28m)</td>
<td></td>
</tr>
<tr>
<td>Diesel &amp; liquid fuels</td>
<td>~A$197m</td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>~US$47m</td>
<td></td>
</tr>
</tbody>
</table>

1. Data provided for FY2017 energy consumption and cost is for Boral’s 100%-owned operations and Boral’s share of energy consumption from 50%-owned joint venture operations. Does not include Headwaters.

2. Revenue adjusted to include 50% share of underlying revenues from USG Boral and Meridian Brick joint ventures, which are not included in Group reported revenue.