



Company	Boral Ltd
Code	BLD
Meeting	AGM
Date	30 October 2018
Venue	Civic Pavilion, The Concourse, Chatswood Sydney
Monitor	Ian Anderson

Number attendees at meeting	121 shareholders plus 32 visitors
Number of holdings represented by ASA	383
Value of proxies	\$5.8m
Number of shares represented by ASA	2.237m (equivalent to 17th largest holder)
Market capitalisation	\$7.62B
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Kathryn Fagg and Company Secretary Dominic Millgate

Sustainability determined by economic drivers

The Chair opened the meeting by introducing directors and senior executives, including Peter Alexander, a recently appointed director from North America. She thanked retired Chair Brian Clark and acknowledged retiring director Catherine Brenner's contribution over the last eight years. She confirmed that the board was also looking for an Asia based candidate as a director to complement Boral's increasing activity in that area.

Turning to the financial results, the Chair emphasised the earnings lift in Australia and USA, and to a lesser extent in Asia, leading to a 10% increase in dividend with a 66% payout ratio. She expressed confidence in the future of the US operations and said the prospects for Australia depended on infrastructure construction. She then spent some time discussing safety and sustainability policies of the company including a reduction in brickmaking and research into low energy, lightweight building materials.

CEO Mike Kane reviewed progress on Boral's transformation strategy and discussed divisional results in more detail. He then gave an outlook update predicting high single digit growth in earnings before interest tax depreciation and amortisation (EBITDA) in Australia, around 20% in North America and around 10% for USG Boral in Asia despite a below expectations result in the

first quarter of FY19 due to adverse weather conditions in all three markets. He then canvassed options for changes in the USG Boral Joint Venture in Asia triggered by the proposed merger of USG Corporation and German building products maker Knauf, saying that the decision will be made in the best long term interests of Boral and was intended to be funded by a combination of debt and proceeds from asset sales.

In closing, he further expanded on Boral's sustainability strategy of reducing exposure to energy and emission intensive operations and building a portfolio of lighter weight products with lower fixed costs, saying Boral had reduced CO₂ emissions by 27% over the last six years with further reductions in the order of 5-10% planned over the next five years. The timing of these reductions would be determined by economic drivers related to costs of energy and implementation.

All resolutions passed with greater than 99% majority of votes cast except the remuneration report which had a 91% approval. ASA questioned the use of earnings before interest and tax (EBIT) as the sole metric for short-term incentives (STI), citing evidence from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry of the lack of non-financial hurdles on some executive behaviour. The Chair said the board kept such issues under review and pointed to Boral's analysis of safety as a metric in FY18, even though their decision was ultimately not to include it as an STI metric on the grounds that safety was so fundamentally important that it was integral to employment in the company and should not be separately financially rewarded.

Many questions in general business related to environmental and sustainability issues with Mike Kane responding to one question saying that the company would use renewables wherever possible provided the economics and reliability were right. In response to a question from ASA concerning the effect of a lack of clear government policy on energy and climate change, Mr Kane responded that the company cannot wait for government policy and must maximise the current situation.