

16 October 2023

Boral Limited
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Delivered by email to jp.wallace@boral.com.au

To the Board of Directors,

We are writing on behalf of the Climate Action 100+ investor group engaging with Boral, which is constituted by Australian Ethical Investment, HESTA, AMP and Plato Investment Management. The group has had a constructive relationship with Boral in recent years, and is sending this letter to ensure we can continue to work collaboratively toward a Paris aligned transition for the company.

Boral's leadership in the sector in setting a 1.5 degree aligned 2030 target has been commendable. The investor group view this as an opportunity for the company to lead the transition, reduce risks, and capitalise on an expanding market in lower embodied carbon (LEC) products.

The building out of the company's LEC products as a proportion of the business is extremely positive, and is action that if continued and accelerated will position Boral as a leader and a beneficiary of the transition. While we're cognisant that success will require customers and policy makers to accelerate their ambition in conjunction with the company, the investor group see this as a critical opportunity and requirement for Boral to succeed in an evolving market. The company has a much to gain from working to retain its position as a leader in this field.

We also note the exposed nature of the construction industry to extreme weather and temperatures, and the aligned nature of the company's best interests with a reduced warming world. Investors, who are exposed to the impacts of warming across the economy, are also aligned on the importance of reducing warming in line with the science, and so are working to reduce the carbon intensity of our underlying investments.

Despite the good progress that has been made, Boral's recent disclosures and CA100+ Benchmark results have raised concerns regarding the company's climate performance going forward. The reduction of Boral's 2025 emissions reduction target from 18% to 12-14%, and the company's intention to review its SBTi verified and 1.5 degree aligned 2030 target, as well as its transition plan going forward create uncertainty for investors. We wish to see greater transparency on these review processes, and are seeking assurance that the company's new commitments will continue to be appropriately aligned with an orderly and ambitious transition.

Additionally, the company has been assessed to be lobbying in a way which is misaligned with the objectives of the Paris agreement. Boral is one of only three companies captured by CA100+ in Australia to be assessed to be misaligned in its lobbying directly and indirectly, posing serious reputational risks and in conflict with the company's best interests to reduce warming to safe levels.

Boral has an opportunity to ensure the review of its climate commitments and performance result in improved outcomes, such as the adoption of best practice climate governance approaches, which ensure transparency and accountability on transition, and the alignment of the businesses activities across areas like lobbying and capital expenditure. The investor group are seeking assurance that the board will be ensuring management is held to account on seizing this opportunity, at a critical juncture for the company to progress its transition.

In order to retain its leadership position on climate, we are asking Boral's board to ensure the company:

- **Retains an ambitious and 1.5 degree aligned SBTI verified 2030 target and ensure coverage of all material emissions (scope 1, 2 and 3).** If the company has concerns about reaching the target, they should transparently disclose the barriers and the steps being taken to overcome them.
- **Positively advocates for Paris aligned climate policy, individually as well as through its industry bodies.** The company should disclose where an industry body has advocated for non-Paris aligned positions and how the company has responded to that. Specifically, the company should support, alongside investors, the establishment of sector pathways, which will help the company meet its targets by coordinating action across the economy and supply chain.
- **Establishes climate governance practices that reflect best practice and prepare the company for transition, by ensuring transparency, accountability and alignment across the business.** These practices should support good decision making across capital allocation decisions, public policy positions, scenario analysis and reporting, and the development of the reviewed transition plan.

We commend these actions to the Boral board in the spirit of our shared interest in the company's long term success.

Regards,



John McMurdo
CEO, Australian Ethical Investment