

Build something great™



# Sustainable Procurement



# Sustainable Procurement

Boral's Sustainable Procurement Strategy forms an integral part of our overall commitment to sustainability. It outlines our approach to creating more positive environmental, social and economic outcomes by making responsible and sustainable purchasing decisions.

We strive to be a company of choice, delivering value for Boral's customers, shareholders, employees, suppliers and the broader community in which we operate.

Our approach to sustainable procurement seeks to achieve industry best practice and align with existing and emerging legislation, international standards and customer requirements.

Through sustainable procurement we aim to enhance our brand positioning and deliver increased value to Boral and our stakeholders.

## Sustainable Procurement Framework

Boral's Sustainable Procurement Framework is modelled on the principles outlined in the international standard for sustainable procurement, ISO 20400. The standard provides best practice guidelines for integrating sustainability across all aspects of procurement. Our Framework addresses the standard's four key pillars:

1. Principles – the fundamental principles of sustainable procurement.
2. Policy / Strategy – our approach and expectations of the procurement function within Boral's broader strategy and organisational objectives. Boral's procurement policy framework is outlined in Appendix 2.
3. Organisation – the roles and responsibilities of those involved across the procurement function to deliver sustainable outcomes.
4. Process – how we incorporate sustainability considerations across procurement activities, from planning through to monitoring phases.

Our Framework seeks to embed sustainable procurement principles and practices to deliver more sustainable outcomes through our supply chain.

## United Nations Sustainable Development Goals

In 2019, Boral identified 10 priority United Nations Sustainable Development Goals (SDGs) and 20 targets that we can most significantly contribute towards. Eight of these SDGs and 15 targets are closely connected to sustainable procurement. These SDG targets are outlined in Appendix 1.



## Sustainability recognition

Boral has been recognised among the world's leaders in corporate sustainability and included as a member of the Dow Jones Sustainability Indices and FTSE4Good indices. These indices recognise environmental, social and governance performance.

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM





## Our Sustainable Procurement Strategy

### IDENTIFY

Identify roles and responsibilities, partnerships, policies, regulatory requirements and customer expectations associated with governing and delivering sustainable procurement objectives.

### ASSESS

Assess the opportunity for positive impact, and align Boral's sustainable procurement objectives with our broader sustainability priorities and SDGs and targets.

### DEVELOP

Develop a Sustainable Procurement Program (Program), incorporating a Supplier Success Program.

### IMPLEMENT

Empower Boral's Procurement team to implement the Program.

### MEASURE

Develop a framework for reporting the impact of the Program against objectives.



# Sustainable Procurement

## The opportunity

Boral spends about \$4 billion on purchasing products and services each year across its global supply chain. Boral Procurement plays an integral part in selecting suppliers that deliver goods and services in a responsible and sustainable way and deliver on our business strategy.

Several key categories of goods and services present the most significant opportunities to promote more sustainable outcomes through our supply chain. This includes delivering better social outcomes through enhanced diversity and inclusion in our supply chain, and reducing our environmental impacts through suppliers that challenge traditional products, or have a lighter environmental footprint.

We ask all our business units to minimise their adverse environmental impacts and where practicable, deliver improved environmental outcomes. This includes using resources more efficiently, reducing waste in all its forms, including through recycling of waste, and reducing carbon emissions as effectively as possible.

We seek to promote diversity and inclusion in our supply chain by shifting spending towards Aboriginal and Torres Strait Islander owned suppliers in Australia, social enterprise businesses, and businesses that pro-actively demonstrate inclusive employment strategies. This includes engaging workforce providers that represent job seekers with barriers to work, such as people with disabilities and minority groups.

Boral Procurement also encourages regional business units to support local communities by identifying opportunities to redirect their spending towards local businesses.

Safety is Boral's highest priority and we are steadfast in our commitment to Zero Harm Today. This is reflected in our approach to supplier safety management. We expect our suppliers to provide a safe and healthy environment for their workforce and meet any Boral pre-qualification requirements.

We respect and promote internationally recognised human rights, and are committed to preventing and mitigating any adverse impacts in our supply chain. This includes by continuing to develop and strengthen our approach to assessing and managing the risk of modern slavery in our supply chain.

In 2019, we established a three-year plan to implement our Sustainable Procurement Program which aims to deliver enhanced sustainability outcomes and value through our purchasing decisions. Key focus areas of the Program are:

- Leadership and commitment
- Collaboration and inspiring local action
- Building sustainable procurement capability
- Building supplier capacity and capability
- Measuring impact, and
- Modern Slavery Act compliance.





## Sustainable procurement in action

### MURU OFFICE SUPPLIES

**Enterprise type** Aboriginal and Torres Strait Islander business

**Category** Indirect office supplies

**Location** National

In 2018, we awarded Boral's stationary supplies contract for Australia to Muru Office Supplies (MOS), a company jointly owned by First Australians.

The contract was awarded to MOS after an exhaustive commercially competitive tender process.

MOS now provides office supplies to Boral's 500 sites across Australia, including stationery, office furniture, technology, janitorial and kitchen supplies.

MOS is committed to supporting Aboriginal and Torres Strait Islander community programs by contributing 15% of its profits generated from all sales back into the community.

#### Outcomes

- MOS is our largest Aboriginal and Torres Strait Islander owned supplier and is delivering compelling value for Boral.
- Boral accounted for about 13% of MOS' community contribution in FY2019.
- The scale of the contract raised MOS' profile, provided it with a great deal of credibility, and allowed the company to leverage Boral's high profile to win more business.
- The contract also resulted in MOS accelerating recruitment plans, employing two additional Aboriginal full-time staff to support the company's growth.



# Sustainable Procurement

## Sustainable procurement in action

### DAME PHYLLIS FROST CENTRE

**Enterprise type** Correctional facility  
**Category** Vocational training  
**Location** Deer Park Quarry, VIC

The Dame Phyllis Frost Centre is a female maximum security correctional centre that offers formal horticultural training as a part of their vocational services. Participation in these programs is voluntary and assists inmates with their future employment prospects.

We are partnering with the Dame Phyllis Frost Centre to provide its inmates with practical experience to support the program.

To date, program participants completed a propagation and planting project at our Deer Park Quarry, with Boral providing inmates a separate work compound and bus transportation to the site.

### Outcomes

- Program participants propagated and planted 8,000 plants along the perimeter of Boral's Deer Park Quarry. This will assist with noise and dust reduction at the quarry.
- Practical horticultural learning opportunities for the inmates.





## Sustainable procurement in action

### TRY BUILD

**Enterprise type** Social enterprises  
**Category** Building and construction  
**Location** North Melbourne, VIC

In 2018, Boral partnered with TRY Build, a social enterprise giving young people facing barriers to education or employment the opportunity to learn practical new skills, gain a qualification and get a job.

Boral engaged TRY Build to construct an office and amenities at its new West Melbourne concrete plant from repurposed shipping containers.



### Outcomes

- Helped skill up young people for the workforce.
- Provided skills training and practical experience in carpentry, lighting, welding, metal fabrication, and industrial spray painting.
- Better environmental outcome through use of repurposed shipping containers.



# Sustainable Procurement

## Collaborating with others

The opportunity for Boral to achieve industry best practice in sustainable procurement and to be regarded as a valuable business partner is significant. There are several organisations that Boral has, and will continue to work with, and programs and initiatives that we participate in that support our Sustainable Procurement Strategy.

### Social Traders

Social Traders is an organisation that acts as a broker between social enterprises, government and corporate businesses to facilitate employment and commercial opportunities for enterprises that trade to intentionally tackle social problems. Through their certification process, Boral is able to engage with businesses that support our sustainable procurement objectives.



### Supply Nation

Supply Nation provides Australia's leading database of Indigenous businesses. They also provide certification, support and direction for Indigenous-owned businesses and facilitate connections between verified Indigenous businesses and government and corporate business procurement teams.



### ISCA

Infrastructure Sustainability Council of Australia (ISCA) provides a framework for the increased awareness of key sustainability issues and a structure for organisational improvement in Infrastructure. It enables positive sustainability outcomes in infrastructure via three primary services – ratings and accreditation, training and education and connecting suppliers of sustainable products and services with infrastructure projects.



### Supply Chain Sustainability School

The Supply Chain Sustainability School provides targeted learning and support to address key sustainability issues including materials, carbon, environmental management, waste, water, biodiversity, ethics, community, climate adaptation, procurement, as well as human rights and modern slavery. It enables Boral to build its sustainability knowledge and competency within the construction and infrastructure supply chains both locally and globally.



### Supplier Payment Code

Boral is a signatory to the Business Council of Australia's (BCA) Supplier Payment Code. The code is an industry-led initiative established by the BCA to encourage the payment of small business suppliers within 30 days.



## Sustainable Procurement Program

Our Program aims to achieve industry best practice in sustainable procurement within the construction and building materials industry. It provides a central sustainable procurement resource to organise, communicate and guide our efforts to deliver on our Sustainable Procurement Strategy.

Objective	Actions
<b>Leadership and commitment</b>	
1. Establish leadership and a governance framework to ensure ongoing commitment to sustainable procurement.	1.1 Establish a functional Leadership Team to set the strategic direction for the Program.
	1.2 Align the strategy for ongoing support from the Executive Committee and functional Leadership Team.
	1.3 Communicate the objectives outlined in the Program across the organisation.
	1.4 Identify opportunities for suppliers that are located near Boral operations that are an Indigenous business, social enterprise or a business that is contributing positively to the prioritised SDGs to participate in Boral's Supplier Success Program.
<b>Collaboration and inspiring local action</b>	
2. Establish formal networks and tools to strengthen collaboration across Boral's regional business units.	2.1 Appoint local/regional procurement champions for the Program. This will include members that participate in supporting working groups such as: Reconciliation Action Plan Working Group, Diversity and Inclusion Council, project bid teams, and Human Rights and Modern Slavery Working Group.
	2.2 Maintain relationships with industry and certification bodies supporting sustainable procurement such as Social Traders, Supply Nation, ISCA, Supply Chain Sustainability School and BCA.
	2.3 Maintain the dedicated sustainable procurement Intranet site providing access to tools, action plans and reporting dashboards that support the Program.

# Sustainable Procurement

Objective	Actions
<p>3. Work across the regions to identify key suppliers that support our sustainable procurement objectives.</p>	<p>3.1 Expand the approved supplier panel of recruitment and labour hire providers that represent various groups of job seekers with barriers to work, such as People with Disability, Women-Owned businesses and other minority groups such as Aboriginals and Torres Strait Islanders, migrants, refugees, veterans, disengaged youth etc.</p>
	<p>3.2 Develop a register of the target procurement categories and the supplier base that supports Program objectives. Proposed 10% of targeted procurement category spend to be sourced from Aboriginal and Torres Strait Islander suppliers and social enterprises.</p>
	<p>3.3 Work with Boral's Tier 1 suppliers to promote the use of social enterprises and Aboriginal and Torres Strait Islander suppliers in their supply chain.</p>
	<p>3.4 Work with Boral's Tier 1 suppliers to identify product and service innovation and technology that supports Boral's prioritised SDG targets related to sustainable procurement.</p>
<p>4. Communicate opportunities and benefits of the Program, ensuring increased awareness and participation.</p>	<p>4.1 Establish sustainable procurement targets and a sourcing plan for the target procurement categories.</p>
	<p>4.2 Develop sustainable procurement and inclusive employment case studies. Distribute best practice processes and outcomes, increase awareness and understanding of the opportunities and potential benefits.</p>
<p><b>Building sustainable procurement capability</b></p>	
<p>5. Increase procurement capability to establish more consistent processes and outcomes across the regions.</p>	<p>5.1 Roll-out education and training programs on key sustainable procurement topics including: modern slavery, social procurement processes and practices, reducing waste and logistics in the supply chain, etc.</p>
	<p>5.2 Develop sustainable procurement plans for relevant project bid teams.</p>
	<p>5.3 Develop sustainable procurement guidance material and toolkit including:</p> <ul style="list-style-type: none"> <li>• Local/sustainable/social procurement strategy</li> <li>• Model tender and contract clauses</li> <li>• Model recommended local, sustainable and social evaluation criteria.</li> </ul>



Objective	Actions
	5.4 Develop sustainable procurement reporting framework.
	5.5 Deliver priority sustainable procurement projects to demonstrate best practice processes and outcomes.
<b>Building supplier capacity and capability</b>	
6. Build capacity and social enterprises ready for procurement.	6.1 Develop Supplier Success Program that increases visibility and capacity of selected Aboriginal and Torres Strait Islander owned businesses and social enterprises, enabling them to grow further and win more business with Boral.
	6.2 Develop annual supplier briefing program to increase engagement with Boral's procurement organisation and provide visibility of procurement processes and opportunities with Boral.
7. Audit suppliers for compliance with Boral's sustainable procurement and safety requirements.	7.1 Develop supplier audit program that reviews compliance with Boral's safety, environmental and sustainable procurement requirements.
<b>Measuring impact</b>	
8. Measure and report on overall Program performance.	8.1 Develop Program evaluation model against agreed deliverables and milestones.
	8.2 Develop a shared reporting system to capture spend via social enterprises and Aboriginal and Torres Strait Islander businesses that can be used to demonstrate progress against Federal and State Government project spend targets.
	8.3 Develop a shared reporting system that captures procurement activities associated with social and environmental reporting and compliance requirements.
<b>Modern Slavery Act compliance</b>	
9. Assess and manage the risk of modern slavery in our supply chain.	9.1 Develop a modern slavery risk assessment framework to map and identify areas of risk in our supply chain by product type, industry and country of origin.
	9.2 Through Human Rights and Modern Slavery Working Group, track progress and coordinate required actions between relevant stakeholders.

# Sustainable Procurement

Objective	Actions
	9.3 Implement systems and processes for reviewing new and existing suppliers, and conducting ongoing monitoring and audit processes.
	9.4 Develop a formal process for reporting any supplier incidents of non-compliance with Boral's principles and standards relating to modern slavery and implementing remedial actions.
10. Communicate information on modern slavery and Boral's approach across Boral's global operations.	10.1 Implement company-wide modern slavery awareness initiatives and training.
	10.2 Develop dedicated modern slavery documentation for internal and external distribution.
	10.3 Facilitate supplier access to our external whistleblowing service, known as, FairCall to report any modern slavery concerns.
11. Comply with the Australian Modern Slavery Act.	11.1 Coordinate Boral's company-wide response to satisfy Australia's Federal Government reporting requirements.





## Appendix 1 – Boral's sustainable procurement priority SDG targets



**3.6** By 2020, halve the number of global deaths and injuries from road traffic accidents.

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**5.1** End all forms of discrimination against all women and girls everywhere.

**5.5** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

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**7.3** By 2030, double the global rate of improvement in energy efficiency.

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**8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

**8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

**8.7** Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.

**8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

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**9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.

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**12.2** By 2030, achieve sustainable management and efficient use of natural resources.

**12.4** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.

**12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

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**13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

**13.3** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

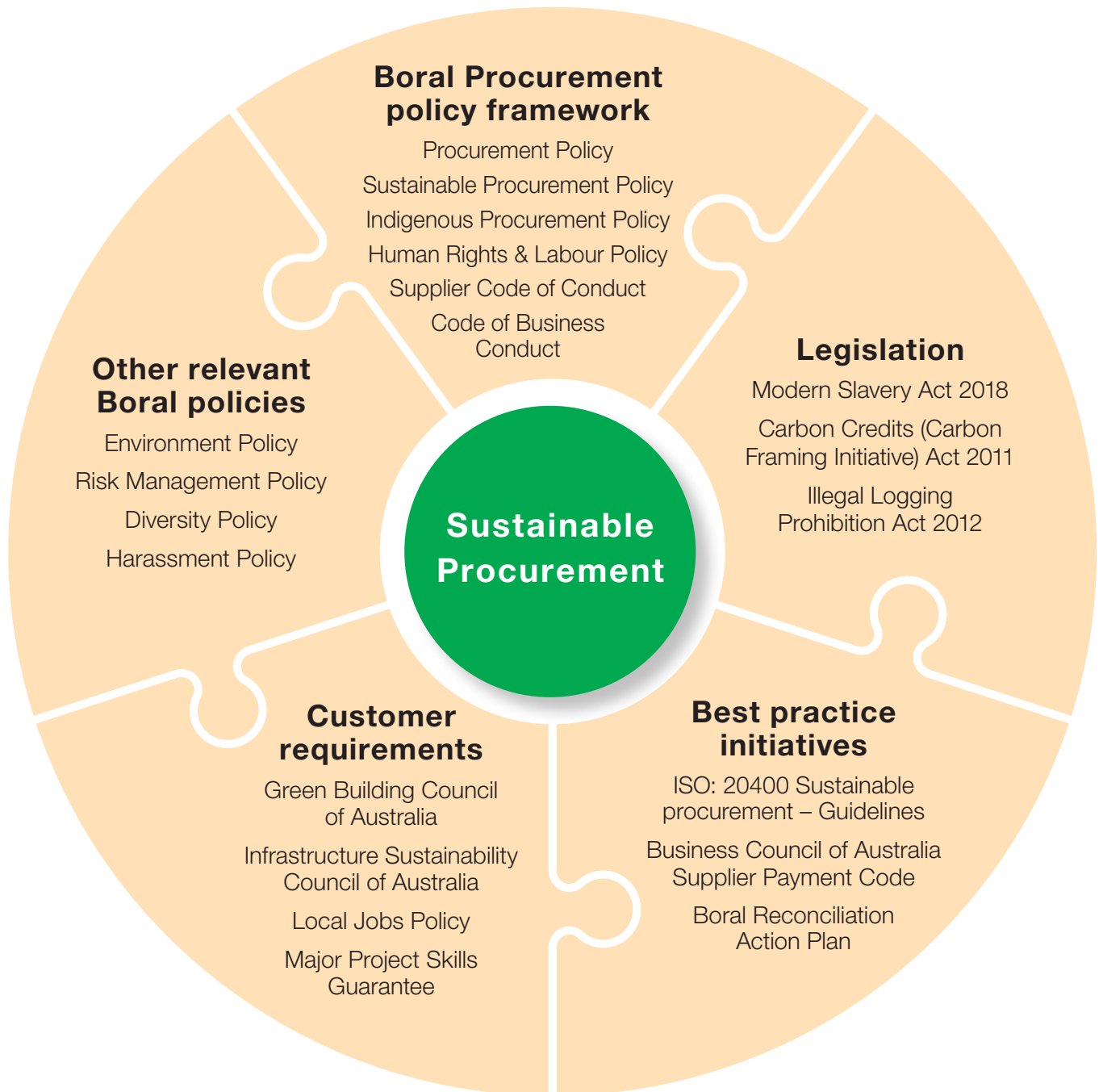
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**15.2** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, and restore degraded forests and substantially increase afforestation and reforestation globally.

# Sustainable Procurement

## Appendix 2 – Policy and regulatory framework





## Appendix 3 – Supplier Success Program

As a part of our commitment to sustainable procurement, Boral will partner with selected Aboriginal and Torres Strait Islander suppliers and social enterprises to provide support for their ongoing success, delivering mutual benefits.

We will partner with suppliers based on their existing capabilities and their potential to provide additional value in our supply chain. Our Supplier Success Program will focus on building strong relationships with each selected supplier, fostering their ability to meet Boral's scope of supply requirements, and providing guidance and tools to support their development to achieve ongoing success. Our support of selected suppliers will include:

### ASSESS

Guidance to help understand the business marketplace, products and services offered and capabilities. This establishes the baseline for current product work and future opportunities with Boral.

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### TENDER

Proposal tender training, including how to understand Boral's requirements, how proposals are assessed, and how to tailor proposals for different Boral business units.

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### PLAN

Guidance to summarise the potential opportunities for growth, capability development and new business opportunities with Boral and its Tier 1 supplier base.

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### RESEARCH

Guidance on how to research current processes, perform customer analysis and competitor analysis to support future growth strategies, and further develop the supplier relationship.

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### TOOLS

A basic tool kit to enhance suppliers' success during the tendering phase with Boral. This may include examples of policies, clear value propositions and case studies.

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