



Annual Report 2023

SGH

Industrial Services, Media, Energy and Investments

Disciplined Execution



“ The Group delivered a strong FY23 result, reflecting our focus on disciplined execution and the quality of our businesses, along with the favourable demand attributes of the sectors in which we have strategically invested.



Ryan Stokes AO
Managing Director & CEO



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WesTrac's leading market share, and our customer's ageing equipment population continue to drive increasing demand for new machines, rebuilds, parts and services. We are investing in our facilities and systems to ensure we can service this demand, and deliver long-term, sustainable growth for our shareholders.



📍 WesTrac Facility, Tomago NSW



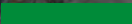
WesTrac


Disciplined execution

WesTrac and Caterpillar continue to partner with our customers to deliver industry-leading technology, driving safety, productivity and ultimately profitability.



In line with our core purpose, “to recognise and serve exceptional businesses”, SGH saw the opportunity an underperforming Boral represented. After acquiring a majority stake, we have applied our operating model and values to support Boral’s performance journey, which is reflected in their significant improvement in FY23.



 Boral Marulan South Limestone mine, Marulan NSW

 **Boral**
Disciplined execution

Increased accountability, coupled with targeted cost-reduction initiatives, saw overheads reduce in absolute terms by 7 per cent in FY23.



Our focus on continuous improvement at Coates has driven EBIT margin expansion in seven of the past eight years, and will ensure we continue pushing productivity to deliver customer outcomes and stakeholder value.



Coates

13 15 52



Coates Facility, Ingleburn NSW

→ Coates

Disciplined execution

Coates was able to increase throughput in SEQ by ~20 per cent, with limited additions to personnel. Importantly, this was achieved without diluting customer NPS, while also lifting employee engagement.

↗ SGH has strategically positioned itself to supply transitional energy into the Australian East and West Coasts, and global LNG markets via investments in Beach and SGH Energy.



📍 Otway Gas Plant, Port Campbell VIC

➔ Beach
Disciplined execution

Beach grew production by 12 per cent in the final quarter of FY23, driven by a 51 per cent and 21 per cent increase in production from the Otway and Western Flank projects, respectively.



Seven West Media retained its position as the #1 Total TV Network in Australia, reaching 91 per cent of the national audience. The business also continued its digital evolution, securing key content deals and delivering 17 per cent Digital EBITDA growth in FY23.



📷 Control Room, The West, Perth WA

➔ Media

Disciplined execution

Seven West Media delivered cost out initiatives and a 3 per cent reduction in Net Debt in FY23, maintaining ND/EBITDA below 1x to preserve financial flexibility.



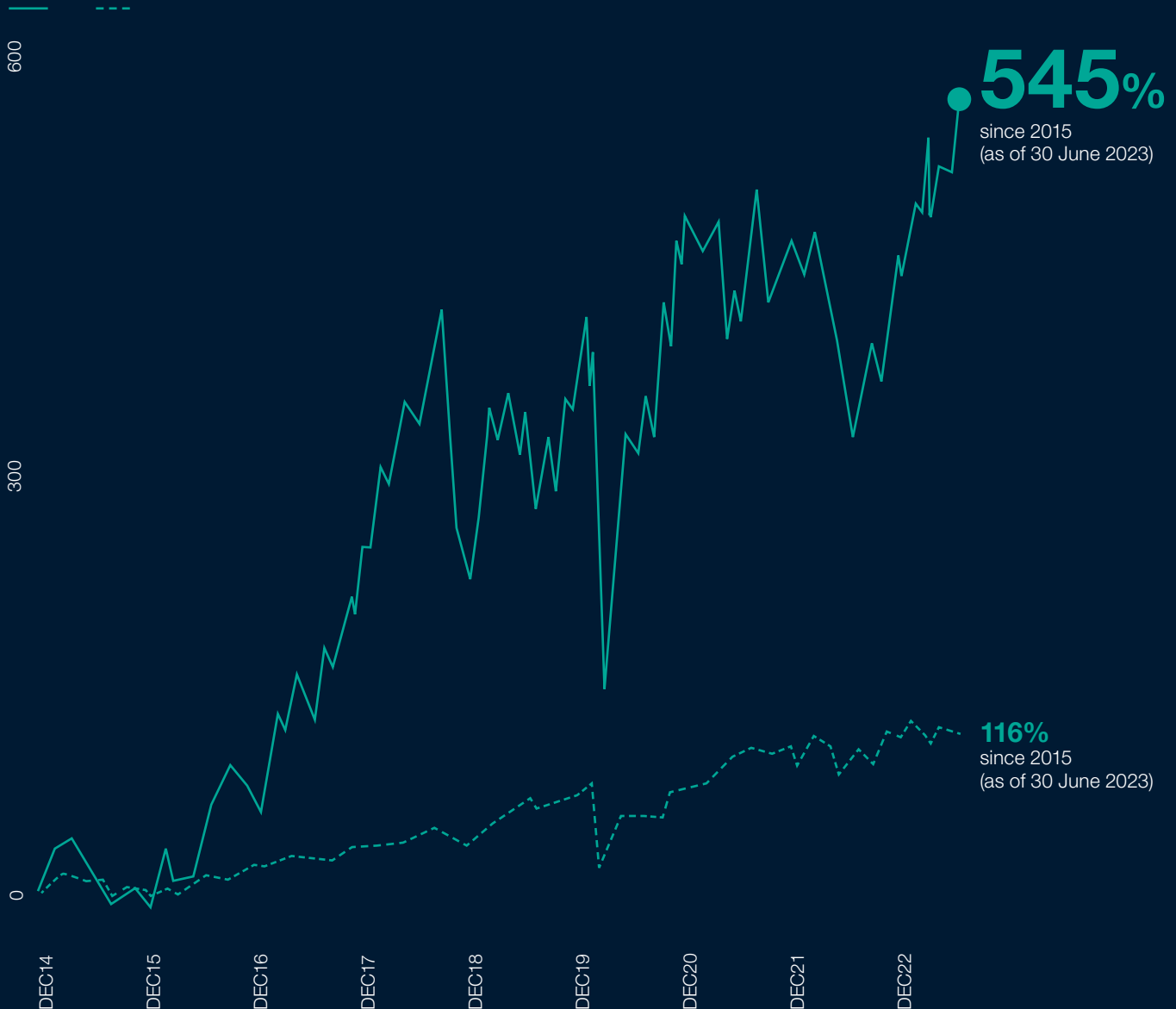
Performance highlights

The record Group financial result for the year reflects the core plus nature of the Group's Industrial Services businesses. Revenue of \$9.6 billion and EBIT of \$1,187 million were both up 20 per cent on strong customer activity in the resources and infrastructure sectors, coupled with pricing traction across the Group.

EBIT (\$m)

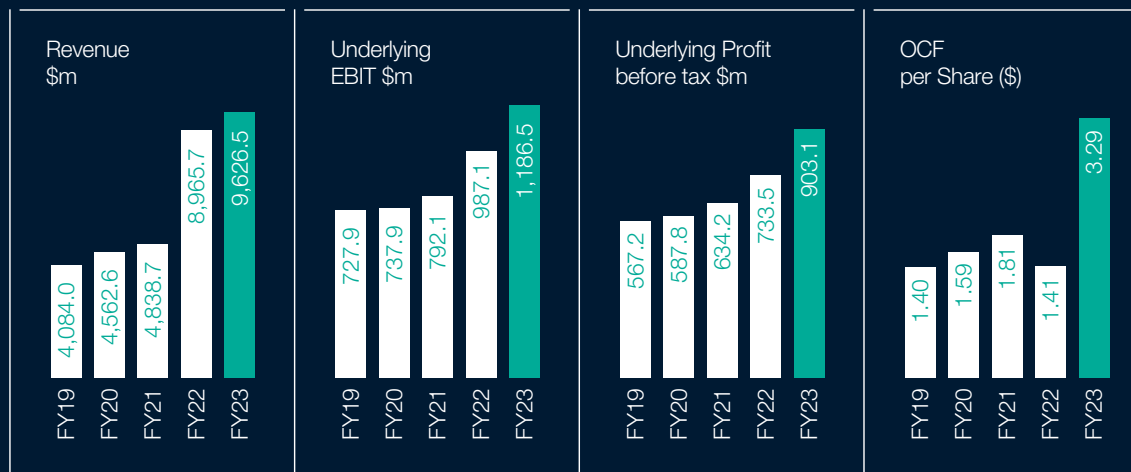
\$1,186.5 ↑ **20%**

Cumulative Total Return since 2015 (%)
SGH vs ASX100



“The Group’s portfolio has evolved over time, with disciplined capital allocation to enhance our exposure to three core sector drivers: mining production, infrastructure and construction, and transitional energy. These three sectors continue to present a compelling opportunity for SGH and have supported our significant outperformance of the S&P ASX100.”

Ryan Stokes AO – Managing Director & CEO



Five year results \$m	2023	2022	2021	2020	2019
Revenue	9,626.5	8,965.7	4,838.7	4,562.6	4,084.0
Underlying results^(a)					
EBITDA	1,688.5	1,465.0	1,052.4	1,001.2	999.8
EBIT	1,186.5	987.1	792.1	737.9	727.9
Profit before tax	903.1	733.5	634.2	587.8	567.2
Underlying EPS (\$)	1.80	1.52	1.46	1.39	1.37
Statutory results					
Profit before tax	855.3	773.5	762.7	231.1	309.0
Profit after tax	646.5	607.4	634.6	117.5	202.9
Reported EPS (\$)	1.64	1.54	1.84	0.34	0.60
Operating cash flow per share ^(b) (\$)	3.29	1.41	1.81	1.59	1.40
Free cash flow per share ^(c) (\$)	1.73	(0.28)	1.31	0.83	0.61
Full year fully franked ordinary dividend paid per share (\$)	0.46	0.46	0.44	0.42	0.42

(a) Underlying results comprise statutory results adjusted for significant items and are separately disclosed in Note 3: Significant items of the Financial Report to assist users in understanding the financial performance of the Group. Underlying results are reconciled to statutory performance on page 52. They are a non-IFRS measure and have not been audited or reviewed.

(b) Operating cash flow per share is calculated by dividing the operating cash flow of the Group by the weighted average number of ordinary shares outstanding during the year.

(c) Free cash flow per share is operating cash flow less net capital expenditure of the Group divided by the weighted average number of ordinary shares outstanding during the year.

Chairman's Letter

Our talented people, performance culture, privileged portfolio of businesses, and the disciplined execution of our capital allocation and operating models will enable SGH to continue delivering growth and shareholder value.



Terry Davis
Chairman



Dear Shareholders,

On behalf of the Board, I am pleased to present to you the FY23 Annual Report for Seven Group Holdings (SGH). FY23 was a historic year for the Group, underscored by the delivery of our first +\$1 billion EBIT result, and formal entry into the S&P ASX100 Index. These milestones were achieved through the disciplined execution of our capital allocation and operating models, and I want to thank Ryan and his leadership team for their unwavering dedication to the implementation of our Group strategy.

I spoke to you last year about the importance of our key investment themes of mining production, infrastructure & construction, and transitional energy. The demand tailwinds in these sectors have enabled the delivery of another core plus result in FY23, with 20 per cent earnings growth against an inflationary macro environment. We continue to see long-term, underlying strength across each of these sectors/investment themes, and they will continue to guide our incremental capital allocation going forward.

Capital allocation model

From the perspective of the Board, deliberate capital allocation is fundamental to achieve SGH's primary objective of maximising long-term shareholder value. Our capital allocation philosophy is built upon five core pillars: strategic alignment, risk management, long-term value creation, agility, and owner's mindset. I would like to provide an overview of each pillar, as they give context to recent strategic and operational decisions and are important when considering the ongoing evolution of our businesses.

Strategic alignment

We allocate our resources to sectors and businesses that align with our views on long-term demand trends, and our core competencies in industrial services. While fundamentally simple, this strategy is powerful, supporting growth and cyclical resilience, while leveraging our technical expertise to deliver operational excellence.

Risk management

The Board understands the importance of taking calculated risks, and managing them effectively to achieve optimal outcomes. The risk management pillar of our capital allocation model aims to strike a prudent balance that allows for growth while safeguarding the financial stability of the Group.

The acquisition of Boral exemplifies this philosophy. Despite market concerns surrounding the acquisition and integration of such a large entity, the Board supported management in executing the transaction. We acknowledged the execution risk, but also recognised that Boral offered compelling value, and that SGH had the expertise to both execute the transaction and drive profitable change. The 117 per cent growth of Boral's earnings in FY23 highlights our ability to take on and manage risks, and ultimately deliver positive outcomes for stakeholders.

Long-term value creation

Maximising the long-term return on our investments is the core objective of our capital allocation strategy. While short-term oscillations of the share price can be important to investors, at a Board level, we are oriented towards long-term, sustainable growth.

This long-term, sustainable perspective is reflected in our 30+ years of consecutive stable or growing dividends, and I am pleased to report a 23cps dividend for 2H FY23, bringing the total for the year to 46cps fully franked.

This perspective was also crucial in consideration of the Boral investment. Taking a long-term view enabled us to see beyond the short-term risk of underperformance, to unlock long-term value through cultural and operational improvement, and Boral's surplus property portfolio.

In execution of this strategy, all potential investments are subject to rigorous financial testing to ensure they achieve, and we hope exceed, their investment hurdles. In this context, return on capital employed is a key focus of the Board in assessing not just the allocation of capital to new investments, but the performance and quality of our businesses and existing investments.

It is worth noting that this disciplined approach to investing also extends to sustainability, where each investment is assessed for progress toward our sustainability targets, and for positive commercial impact on the Group. Details of these investments and our sustainability progress are outlined in the Sustainability Report from page 24 of this Annual Report, which I encourage you to read.

Agility

Maintaining the ability to adapt to changing market conditions and capture opportunities is a key determinant in our capital allocation process. This agility requires financial flexibility to support the efficient conversion of strategy into actions. The Group's financial flexibility has been developed through years of prudent balance sheet management, supported by our highly cash-generative businesses, like WesTrac and Coates, that have delivered long-term EBITDA cash conversion ratios over 100 per cent.

Our focus on maintaining agility led the Group to commit to reducing our Adjusted Net Debt to EBITDA (leverage) to below 2.5x. I am pleased to report that we have delivered this objective in FY23, with our leverage reducing to sub-2.3x, 12 months ahead of our market-committed timeline.

Owner's Mindset

In a capital allocation context, the Owner's Mindset promotes the idea that capital should be allocated with the same level of responsibility and scrutiny as if it belonged to the decision-maker themselves. This supports a sense of stewardship and respect for equity, encouraging the efficient use of resources to drive shareholder value.

Given its importance as a fundamental value at SGH, the Owner's Mindset also serves as a core pillar of our scalable operating model.

Scalable operating model

With respect to our operating model, the Owner's Mindset is critical to drive the accountability that makes SGH inherently scalable. At a high level, we promote this through Group and BU delineation, and a front-line focused workforce with a strong emphasis on execution.

The delineation between the Group and BUs is achieved through separate board structures for each business, to which their respective management teams are held accountable. We also avoid charging down corporate costs, to promote true P&L ownership and accountability. In practice, the Group supports the capital allocation and funding decisions of the BUs, without the need (or FTE requirements) to get involved in the day-to-day operations.

Our front-line focused workforce is linked with the agility pillar of the capital allocation model, promoting operational agility and autonomy. As a Group, we have built an engaged, performance driven workforce, through empowering capable people to propose solutions, make decisions, and execute effectively. This naturally results in a focus on execution and delivery, over process and bureaucracy.

These operating traits combine to make the SGH model inherently scalable, which we continue to demonstrate through the effective integration of Boral, with no associated FTE increase at a corporate level.

The disciplined execution of both our capital allocation and scalable operating models, along with the quality of our people and our businesses, has supported the Group's consistent outperformance, with SGH's average annual Total Shareholder Return (TSR) exceeding the ASX200 by 220 per cent, 30 per cent and 97 per cent over 1, 3, and 10 years, respectively.

I would like to thank my fellow Board members, the SGH management team, and all our dedicated people for their efforts this year. Across the broader group there are approximately 15,000 hard-working employees, committed to the success of SGH. Through their contributions, we have delivered another exceptional year of growth, while supporting our customers through a demanding period of expansion in the markets we serve.

I would also like to thank you, our shareholders, for your ongoing trust in the Board and management team, and continued support of our business. I believe our talented people, performance culture, privileged portfolio of businesses, and the disciplined execution of our capital allocation and operating models will enable SGH to continue delivering growth and shareholder value in FY24 and beyond.



Boral's significant earnings growth in FY23 highlights our ability to take on and manage risks, and ultimately deliver positive outcomes for stakeholders.

Managing Director & CEO's Letter

The disciplined execution of our Group strategy has seen SGH outperform the ASX100 by more than 200 per cent over the past decade. As a result, the Group achieved formal entry into the S&P ASX100 index in FY23, enhancing our access to capital to support value accretive growth.



Ryan Stokes AO
Managing Director & CEO



Dear Shareholders,

The Group delivered a strong FY23 result, with significant profit growth and reduction in leverage to below our target of 2.5x net debt to EBITDA. The result reflects our focus on disciplined execution and the quality of our businesses, along with the favourable demand attributes of the sectors in which they operate.

We often reference our values of Respect, Owner's Mindset, Courage, and Agility, as they serve as guiding principles and are essential to how we operate. In particular, the Owner's Mindset guides our disciplined execution focus, which includes a strong emphasis on our capital allocation and scalable operating models, and relentless commitment to ensuring our businesses perform to their potential.

The Group portfolio has evolved over time, with disciplined capital allocation to enhance our exposure to three core sector drivers: mining production, infrastructure and construction, and transitional energy. These three sectors continue to present a compelling opportunity for SGH and have supported our significant outperformance of the ASX100.

Collectively the demand drivers of the sectors where we operate, competitive position as leaders, and strategic traits of our businesses create what we believe is the SGH Advantage.

At its core, the SGH Advantage focuses on investing in sectors with demand tailwinds, and market leading businesses with privileged assets, resulting in defensible positions and the ability to manage inflation.

I am extremely proud of the focus, agility and discipline of our people that enabled this achievement. The transition to the ASX100 significantly increases our potential investor base, particularly from international institutions.

This year we also delivered our deleveraging target, with our adjusted net debt to EBITDA reduced from 2.8x to sub-2.3x in FY23. This result demonstrates the quality and ability of our business to generate operating cash flow and grow earnings.

Group Performance

At a Group level, trading revenue of \$9.63 billion was up 20 per cent on strong customer demand. Our continued cost focus saw EBIT margins maintained at 12 per cent, leading to a record EBIT of \$1,187 million, up 20 per cent.

Pleasingly, the Group's targeted efforts to improve operating cashflow led to a 55 per cent year on year improvement to \$1,570 million, coupled with an increase in EBITDA cash conversion of 49 per cent to 93 per cent.

At WesTrac, revenue of \$4,905 million was up 24 per cent, and translated to record EBIT of \$500 million, up 18 per cent. The top line growth at WesTrac was supported by above-trend performance in both machine sales and product support. Product support revenue of \$3,125 million was up 23 per cent, supported by pricing and the continued ageing of WesTrac's growing installed base, driving parts volumes up 7 per cent.

The service revenue opportunity was constrained by skilled labour availability, particularly in WA. Our customers and competitors are experiencing similar constraints as the activity demand, particularly for support of aging fleets increases. This demand growth is reflected in the strength of WesTrac's result, and provides the Group confidence in the outlook for the business.

WesTrac continues to work with Cat and global mining companies to develop battery electric solutions. Significant progress was made in FY23, with the demonstration of Cat's Battery Electric Large Mining Truck, being developed with our key customers.

At Coates, there has been a solid increase in customer activity which supported revenue of \$1,143 million, up 13 per cent. The business is effectively capitalising on customer activity to support the delivery of the \$1.2 trillion 5-year infrastructure and construction pipeline. Coates has been focused on supporting our customers as well as driving internal improvement through targeted productivity initiatives such as network and R&M optimisation. The execution of these initiatives saw Coates grow its EBIT margins to 26.3 per cent, delivering EBIT of \$300 million, up 22 per cent.

Time Utilisation (TU) of 61.6 per cent was up by 200bp, and continues to demonstrate Coates' ability to deliver operating leverage. The business will continue to drive productivity in FY24, with a focus on R&M efficiency, increasing the solutions offerings, and rolling out the hub-and-spoke branch model to refine the cost base and support further growth.

Boral grew earnings in FY23 by 117 per cent, reflecting the team's disciplined focus on improving performance, including pricing traction across all product lines. While the EBIT of \$232 million and EBIT margin of 6.7 per cent demonstrated progress towards Boral's performance objectives, significant work remains to restore appropriate profitability for a business with Boral's privileged asset position.

In FY24, Boral will focus on capturing the market opportunity in infrastructure and construction, enhancing customer service, cost optimisation, and embedding the disciplined operating model akin to Owner's Mindset.

The Beach result was down year-on-year. While the result did not meet our expectations, we remain confident in the opportunity presented by energy, and in the quality of Beach's strategically positioned gas assets.

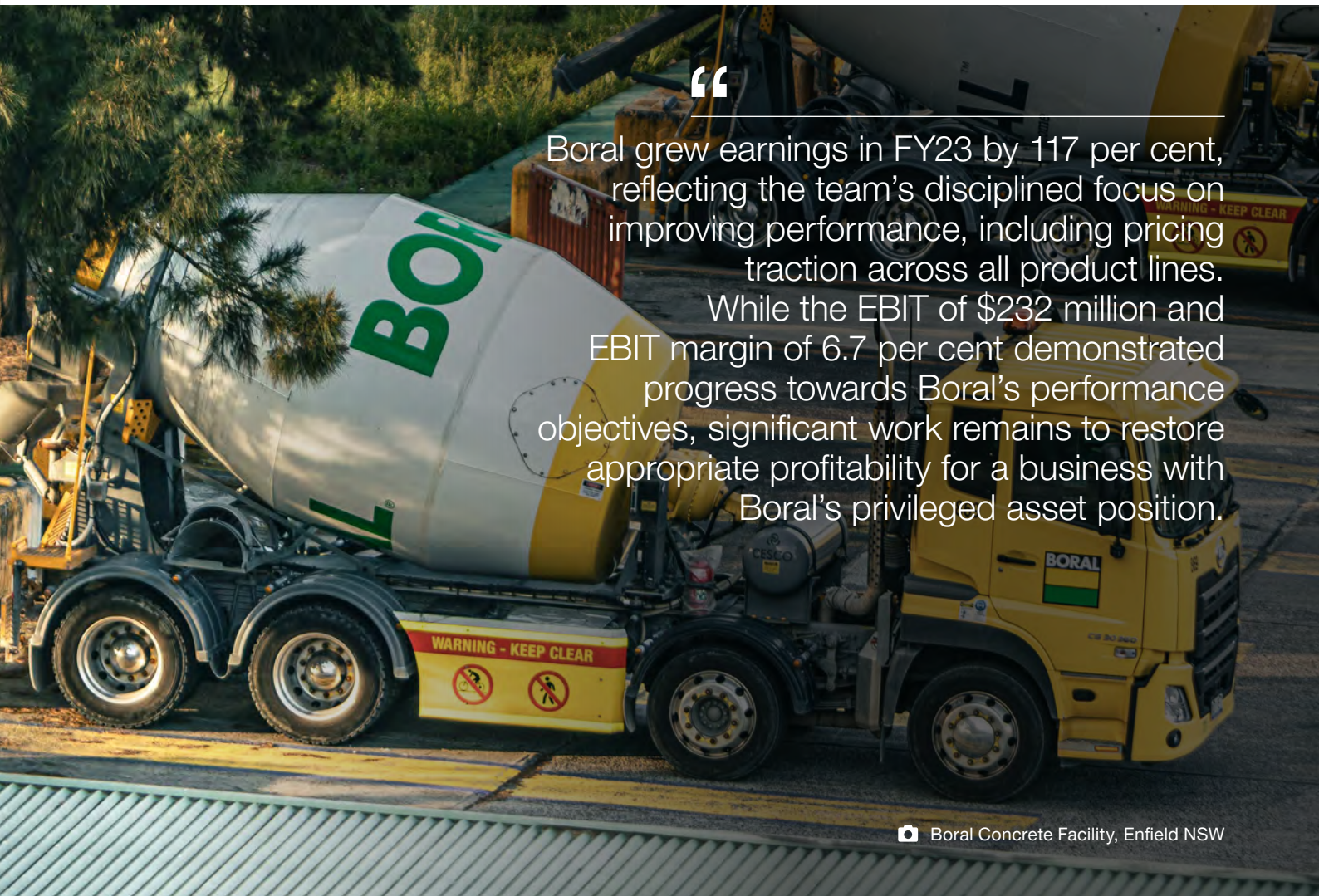
I would like to thank Morné for his work as both CEO and CFO over the past 7 years, and welcome the appointment of Bruce Clement as interim CEO and Brett Woods as incoming CEO. Both Bruce and Brett bring extensive industry experience. The new leadership will bring an enhanced focus on execution to deliver on the compelling opportunities that we believe exist for Beach.

Seven West Media saw a decline in FY23 earnings, though the business maintained their #1 total TV position, and continued their digital evolution to drive future growth. SWM maintained financial discipline through the year, executing cost-out measures, and maintaining their leverage below 1x.

SGH made significant progress towards its sustainability goals in FY23, while supporting our customers to achieve their own sustainable ambitions. In terms of progress within the business, WesTrac and Coates continued the roll-out of solar installations across their branch networks, with EV fleet trials ongoing to maximise economics and efficiencies at solar enabled locations. The branches with solar installed are reporting up to 47 per cent energy self-sufficiency, driving economic and sustainability outcomes. At Boral, the Berrima chlorine bypass was completed in July 2023, increasing alternative fuel capacity from 18 per cent to 30 per cent and displacing up to 29ktpa of coal usage.

I would like to acknowledge the commitment and efforts of the ~15,000 employees across the Group who have delivered value enhancing solutions to our customers through an often-challenging year. The results delivered would not have been possible without their dedication and hard work.

The Group's people, privileged assets and performance culture is a strong foundation for continued growth in FY24 and beyond, and on behalf of the management team, I thank you, our shareholders, for your continuing support and commitment to your Company.



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Our Strategy and Value Creation

Seven Group Holdings Limited (SGH) is a diversified operating Group, with market-leading businesses across Industrial Services, Energy and Media. Our operating approach combines disciplined execution and a strict focus on capital allocation to support our exceptional businesses and people.

SGH's objective is to deliver long-term sustainable returns to Stakeholders by exercising financial discipline and decisive management of a diversified portfolio of operating businesses.

Firstly we look to strengthen our existing business through operating discipline and satisfying customer needs. By doing this we have the financial strength to pursue long-term value accretive growth opportunities. We are consistently reviewing and refining our portfolio of operating businesses and value-adding by our use of innovative capital markets solutions to support growth.

Strategic objectives

- 1 Evolving and systematising our operating model to drive and serve our operating businesses.
- 2 Securing value from our investments and driving new opportunities.
- 3 Shaping the Group in a changing environment.



Our purpose

Recognising and serving exceptional businesses

Strategic objective

Maximise return to stakeholders through long term sustainable value creation

Our Values

Respect

Owner's mindset

Courage

Agility

Our Pillars

Exceptional people

Operational excellence

Financial returns

Assets

Operating Model

Integration of our Purpose, Objectives and Values into the SGH operating model promotes accountability, disciplined execution and ultimately, delivery of outcomes. The accountability focus also supports scalability of the model, and is promoted through clear Group and BU delineation and a front-line focused, performance driven workforce.



Industrial Services **\$1,031.8m**
▲ 32.6%

WesTrac \$500.1m
100% Owned ▲ 17.5%

Coates \$300.2m
100% Owned ▲ 22.0%

BORAL \$231.5m
72.6% Owned ▲ 117.4%

Energy **\$113.8m**
▼ -25.7%

SGH | Energy
100% Owned

 **beach**
30% Owned

Media **\$61.2m**
▼ -23.1%


39.8% Owned

CMC capital partners

WesTrac



WesTrac is one of the largest Caterpillar dealers globally, holding authorised dealerships in WA and NSW.

EBIT \$m

\$500.1m ↑ **18%**

📍 WesTrac Technology Training Centre, Collie WA

WesTrac Technology
Training Centre

WesTrac CAT



WesTrac and Cat continue to partner with our customers to deliver industry-leading technology, driving safety, productivity and ultimately profitability. Just as important, WesTrac pursues these same objectives internally, leveraging technology with a relentless focus on disciplined execution and investment to drive performance.

Jarvas Croome – WesTrac CEO

We provide customers in our territories with comprehensive equipment solutions, selling and supporting the wide range of Cat mining and construction equipment. Through the support opportunity, we provide parts and services to ensure our customers can run their Cat equipment efficiently, helping them deliver the lowest cost per tonne or lowest total cost of ownership solutions.

The business delivered strong earnings in FY23, with 25 per cent growth in machines and 23 per cent growth in product support, largely attributable to higher volumes and the ability to pass on cost inflation.

The earnings were supported by strong customer activity in the resources sector and increased demand for parts and services associated with supporting our customers' ageing mining fleets.

We also saw strong customer demand from the construction sector, particularly in NSW, where we are helping our customers deliver the significant infrastructure and construction pipeline.

Technology and Innovation

Against a backdrop of a constrained skilled labour market, WesTrac's ability to deliver productivity for its customers and itself has never been more critical, with innovation and technology playing a key role in achieving that objective.

In FY23, in a world-first, Thiess partnered with Cat and WesTrac to successfully roll out a semi-autonomous drilling system, involving three remotely controlled Cat drill rigs. The solution automates the entire drilling cycle for a single row, including moving between holes, from a remote operator station.

In another world first, WesTrac delivered the first diesel-electric underground loader to WA-based gold miner Westgold Resources in FY23. The Cat R2900 XE was designed to deliver over 30 per cent improvement in fuel efficiency.

Disciplined Execution and Investment

WesTrac invested in and rolled out several productivity-focused initiatives across its operations in FY23. Of particular note was the implementation of an analytics-based process solution (Palantir's Foundry) across our component rebuild centres (CRC) and investment in an automated warehousing solution (AutoStore) at our Tomago facility in NSW.

Through the creation of an interactive digital twin of operations, the system allows the CRC workshops to effectively manage work orders in near real-time, allowing users to interrogate workflow status, understand labour, parts and/or facilities constraints, and take real-time actions to deliver improved component velocity.

The AutoStore project at Tomago was completed on time and on budget in late June 2023. The project successfully expanded the capacity of the parts picking mezzanine area by 30 per cent, to meet projected demand growth over the next five years, while also reducing warehouse FTE requirements through picking efficiencies. The performance of the new system to the end of July 2023 suggests a 40 per cent improvement in picking efficiency, with the facility now able to pick +10,000 lines per day.

The Foundry implementation and AutoStore will together improve WesTrac's ability to meet higher customer demand, while future proofing the business. Both are strong examples of WesTrac's disciplined execution of strategy and investment driving tangible growth in future maintainable earnings.

Facilities

WesTrac continues to invest in its facilities infrastructure to support our customers and enable further organic growth. In FY23, the business delivered the Perth Precinct, encompassing the establishment of the Perth Branch, expansion of the FlexiParts warehouse and operations, and the relocation of MineStar Technologies to a purpose-fit facility within the precinct. These developments consolidate Perth-based activities, allowing for more streamlined solution development, warehousing, parts consolidation, and workshop execution.

People

WesTrac's workforce of ~4,500 dedicated individuals play a crucial role in the success of our business and are committed to supporting our customers. It is often said that while the sales team sells the first machine, it is the service team that sells the next machine, highlighting the importance of the quality of support that differentiates WesTrac and Cat from our competition.

WesTrac remains committed to investing in our people with training to develop and retain critical skills, enhance employee engagement, and deliver growth, profitability and customer service outcomes.

Employee engagement lifted 4 per cent (relative) in FY23, reflecting our ongoing focus to create a work environment where employees feel motivated and connected to the organisation. These efforts saw WesTrac awarded a gold star rating from Caterpillar for their Technician Career Development Program in FY23, and were further underscored by Braden Storey, from WesTrac NSW ACT, being awarded the Caterpillar Dealer Top Global Apprentice of 2023.

WesTrac continues to focus on developing its internal pipeline to address the ongoing challenge of labour availability, particularly in Western Australia. The WesTrac Institute is one of the largest non-government trainers of apprentices nationally, with over 450 technicians of the future currently enrolled. We are also executing targeted initiatives to address labour availability, including international recruitment drives in Asia and Africa, and the introduction of the Summer Casual program.

Diversity and inclusion remain key priorities at WesTrac, recognising the value and positive impact of diverse experience and perspectives. In FY23, WesTrac made significant progress towards its gender diversity targets. The apprentice intake in WesTrac WA reached a record-high of 35 per cent females, exceeding the FY23 target of 21 per cent participation.

WesTrac achieved a 33 per cent improvement to its Total Reportable Injury Frequency Rate of 4.7 for FY23. The improvement, and reduction of injuries overall, reflects the results of WesTrac's "Safety First" culture enhancement programs, such as "Built By Us" and the relentless focus on safety leadership and awareness across all branches and worksites. In addition, a focused approach to training new hires and contractors on safety practices and compliance was rolled out to mitigate the risks arising from increased levels of turnover in the business and ongoing skilled labour shortages. WesTrac continues to invest in safety training, mentoring and leadership programs to improve the identification and elimination of workplace hazards.

Outlook

WesTrac's leading market share and our customers' ageing equipment population are expected to support strong demand for new equipment, rebuilds, parts and services in FY24, consistent with growth achieved over the past decade.

The outlook for customer activity provides a strong opportunity for growth, with iron ore and thermal coal production forecast to increase, reflecting the globally superior quality and production costs of WA and NSW resources respectively.

There is also increasing interest and expansion in gold, lithium, nickel, and other battery mineral mining, that should continue to drive demand over the medium to long-term.

With our market-leading service network, future-ready infrastructure, and attractive Employee Value Proposition, WesTrac is well-prepared to capitalise on the market opportunity to continue delivering returns for our shareholders.



Coates

Coates is Australia's leading equipment hire and solutions provider. In FY23, Coates serviced over 16,000 customers through its national footprint of 145 branches, supported by over 2,200 equipment hire and solutions professionals.

EBIT \$m

\$300.2m ↑ 22%

📍 Coates Facility, Ingleburn NSW

“

Coates continued to optimise its branch network and associated resourcing in FY23, and the North business unit was a strong example of this process. Through the consolidation of specialist branches at Kingston and Meadowbrook, and Bowen Hills and Eagle Farm, Coates was able to increase throughput in SEQ by ~20 per cent, with limited additions to personnel. Importantly, this was achieved without diluting customer NPS, while also lifting employee engagement.

Murray Vitlich – Coates CEO

Strength in both the traditional hire and solutions businesses saw Coates deliver 13 per cent revenue growth for the year. A focus on disciplined execution ensured that the top-line growth was amplified in earnings, with margin improvement against a backdrop of persistently high cost inflation. Its continuous improvement ethos has driven Coates to deliver EBIT margin expansion in 7 of the last 8 years, and that same ethos ensures the business will continue pushing productivity and breaking long-held performance paradigms to deliver growth.

Coates continued to grow the capability and scale of our end-to-end solutions offerings, in temporary works engineering, industrial shutdown management, power and HVAC (heating, ventilation and air conditioning), technology and safety training. This was reflected in earnings (EBIT) growth from solutions, which grew 15 per cent in FY23 to \$43 million, now 14 per cent of Coates earnings.

The market opportunity for Coates is significant, with over \$1.2 trillion in infrastructure investment expected over the coming five years, much of which is committed government spend. Coates is capitalising on this customer activity strength, with global best in class market share.

There are also substantial internal optimisation opportunities at Coates, with disciplined execution the key to unlocking that value. While disciplined execution is at the heart of all of Coates' operations, there were a number of examples that yielded significant improvement in FY23 across the branch network, hire fleet, customer service and time utilisation (TU).

Our ongoing focus on fleet management and R&M optimisation over the year saw asset utilisation (TU) lift 200bp to 61.6 per cent, and the average level of fleet tied up in checks and servicing reduce, contributing to the strong margin result.

Coates' commitment to its customers has been key to its success over the past 137 years of operations. In FY23 we introduced the Descartes transport management system, provided advanced logistics training to our team, and centralised the operations in each BU to drive customer service outcomes. These initiatives resulted in improved logistics performance for the year, while also lifting transport recovery, despite rising transport costs associated with fuel price inflation.

Coates' ability to serve our customers has earned us a leading market position, particularly among Tier-1 infrastructure-focused clients who prioritise efficient, safe, and sustainable outcomes. These strong customer relationships have provided Coates with opportunities to supply equipment and/or solutions to some of Australia's most significant projects in FY23, including: the Western Sydney Airport (NSW), North East Link Tunnel Package (Vic), Westgate Tunnel Project (Vic), Snowy Mountains Scheme 2.0 (NSW), Parramatta Light Rail (NSW), North Star Magnetite Iron Ore Mine (WA), Sydney gateway Road Project (NSW), Bruce Highway (QLD), Melbourne Metro Rail Tunnel (Vic), WestConnex (NSW), Cross River Rail Project (QLD) and many more.

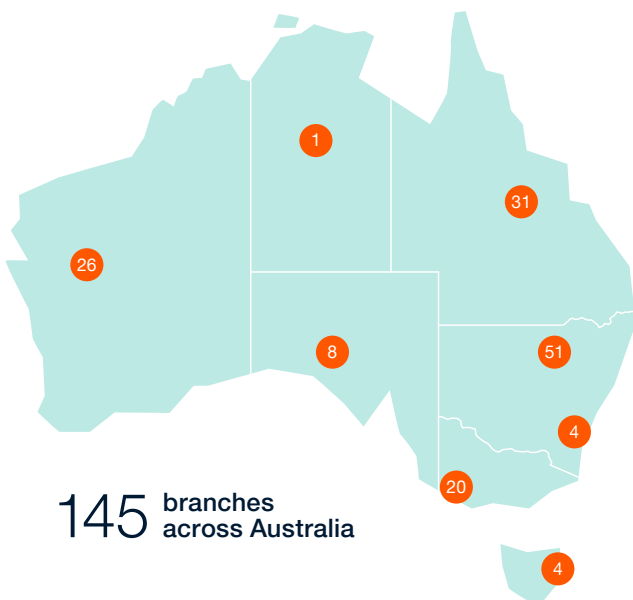
Coates grew its Greener Choices product fleet in FY23 to \$132 million, or 7 per cent of the total hire fleet on an original cost basis. The Greener Choices range offers sustainability focused customers a range of hybrid, battery electric, solar and biofuel compatible products, along with other energy efficient appliances such as LED lighting towers.

We are also striving to improve the sustainability of our own operations, equipping an additional four Coates branches with solar in FY23, and commencing our first pilot of Electric Vehicles with on-site, renewable powered charging infrastructure. As of June 2023, we have also replaced over 8 per cent of our heavy vehicle fleet with vehicles that are on average ~30 per cent more fuel efficient, resulting in ongoing economic and sustainable benefits.

Coates delivered strong improvement in safety performance in FY23, with a 42 per cent reduction in the Total Reportable Injury Frequency Rate. Improvements were the result of visible safety leadership, underpinned by improved systems and processes rolled out across the business. Safety Hub, the new HSEQ system implemented in FY22, was further enhanced in FY23, with a focus on lead indicators and activities as well as increased use of mobile technology. These developments, together with improved training and inductions across all our workforce, including contractors, has helped reinforce safety and injury prevention as a number one priority at Coates.

Outlook

Coates will continue to work hard to support our customers who are constructing the full range of Australia's infrastructure and construction projects, while driving growth through the disciplined execution of its Team 25 corporate strategy. In FY24, the business will focus on increasing market share, acceleration of its solutions offerings, differentiated customer experience, and optimisation of its network to drive productivity and ability to serve customers.



Boral (72.6%)

Boral is Australia's leading construction materials company, with over 360 operating sites nationally. Our vertically integrated network of quarries, cement, recycling and bitumen infrastructure, along with asphalt and concrete batching plants supplies a comprehensive range of products to help our customers build Australia.

EBIT \$m

\$231.5m ↑ **117%**

📍 Boral Concrete Facility, Enfield NSW



Strong customer activity and improved pricing traction saw Boral deliver 17 per cent revenue growth in FY23. A renewed focus on cost discipline saw EBIT margin expansion of 309bp, to 6.7 per cent, resulting in EBIT growth of 117 per cent to \$232 million.

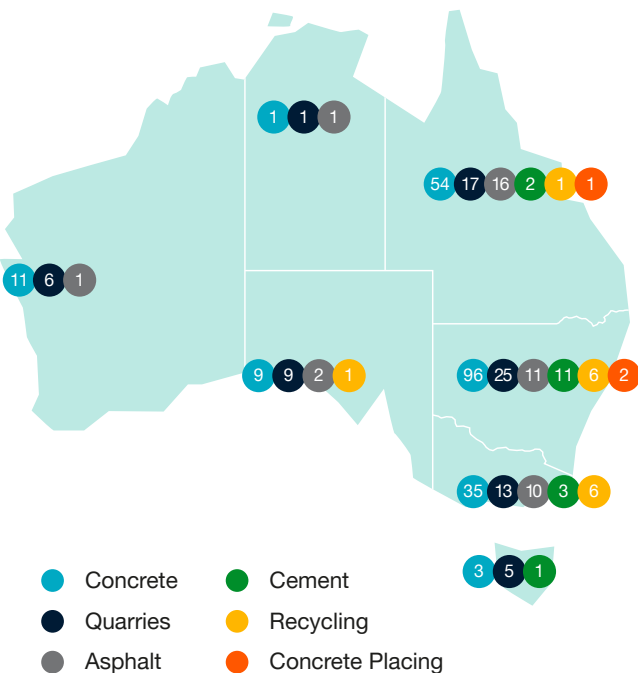
While Boral has a leading position in the construction materials industry, it is important to note that the potential for earnings growth is not only market-based, but also in internal optimisation. The scope for refining the cost base and processes within Boral's operations is substantial, and unlocking this value lies entirely within our control.

Boral continued its focus on refining SG&A spend in FY23, which was a key focus of the Operating Model re-design. As part of this process, SG&A has been allocated to Business Unit P&Ls to drive accountability and customer focus. This increased accountability, coupled with targeted cost-reduction initiatives, saw overhead costs reduce 7 per cent in FY23.

Boral also began rolling out its Auto Allocations (AA) project for concrete transport in FY23, targeting an increase in concrete DIFOT and daily loads per truck. Early results show improvement in both these metrics across all AA locations, and are a clear example of disciplined execution and investment driving performance and higher asset utilisation at Boral.

Boral's cost discipline will be enhanced in FY24, with a focus on how we can continue to refine and optimise the cost structure to support a lean and more agile Boral. This will include work across all the major cost categories to ensure they are appropriate and aligned with the revised operating model.

360 Operating sites across Australia



Boral Concrete Facility, Enfield NSW



While the FY23 margin expansion demonstrates clear performance improvement, I know Boral is capable of so much more; I am confident in my revitalised management team's ability to deliver this potential.

Vik Bansal – Boral CEO & MD

While the financial improvements over FY23 were significant, ensuring the safety, and wellbeing of our employees and the people we interact with remains the number one priority for Boral. To that end, Boral delivered a significant improvement in safety in FY23, as evidenced by a 47 per cent decrease in its Total Recordable Injury Frequency Rate (TRIFR). The improvement in safety was driven by targeted initiatives, such as visible leadership, leader accountability and launching our "Life Saving Rules", as well as increasing employee engagement. Safety will continue to be a focus in FY24, and its importance is highlighted through inclusion as a core management KPI.

SGH's 72.6 per cent holding in Boral reflects confidence in our ability to drive sustainable and profitable change within the business. Boral is increasingly aligning itself with SGH's purpose, objective and values, which are being championed by Boral's refreshed leadership team. With this team now in place, their overarching goal is to deliver the full potential of Boral and its employees through effective execution of strategy and cultivating a performance-oriented culture. In FY24 this will see a focus on developing a strong, safe, and engaged workforce, oriented towards delivering tangible improvement across all aspects of the business.

Outlook

Looking to FY24, Boral is positioned to capitalise on strong infrastructure and construction demand, while maintaining focus on cost refinement to support margin expansion towards the target EBIT and EBITDA margins we know the business can deliver.



Energy

Beach began generating positive momentum in Q4 FY23, with quarterly production lifting 12 per cent on new well connections in the Otway Basin and Western Flank projects.

Segment EBIT \$m

\$113.8m ↓ 26%

📍 Otway Gas Plant, Port Campbell VIC



The Group is well placed to supply transitional energy into the Australian East and West Coasts and global LNG markets via investments in Beach Energy and SGH Energy. The Group has strategically positioned itself in the energy sector, to align with our view of increasing gas demand required to support renewable penetration in power grids, against a backdrop of underinvestment in new gas supply.

Our conviction on gas demand is predicated on its ability to enable (firm) renewable energy generation, given its ability to quickly ramp up or down to stabilise power grids when renewable output fluctuates or is unavailable.

We also expect gas' role in energy storage will become increasingly important to offset renewables intermittency, given its existing infrastructure advantage over developing medium-duration storage technologies.

Considering these favourable characteristics, we expect demand for gas to grow significantly over the next decade to support the energy transition.

Beach Energy (30.02%)

The contraction in Beach Energy's earnings over the year reflected both externalities and execution issues. Addressing the latter, Beach has appointed Bruce Clement as their interim CEO, effective 9 August, with Brett Woods expected to commence in the CEO role in February 2024.

Beach's FY23 production declined by 11 per cent. However, the business began generating positive momentum in Q4 FY23, with quarterly production lifting 12 per cent. The increase was driven by a 51 per cent and 21 per cent lift in production from the Otway and Western Flank projects, respectively, reflecting the connection of recently drilled wells.

Beach will look to build upon this momentum, as it progresses major developments on the East and West Coasts of Australia in FY24.

In the West, construction of Waitsia Stage 2 is progressing, with the project nearing the electrification phase. Waitsia is expected to deliver first gas mid-CY24, with production to be converted to LNG under a tolling arrangement with the Woodside operated North West Shelf LNG facility. Beach has signed an LNG Sales and Purchase Agreement (SPA) with BP, to supply up to 3.75mt of LNG to CY28, under hybrid pricing linked to Brent and JKM indices, with downside price protection and full upside participation.

Beach is also actively drilling exploration targets in the Perth basin, with the Trigg Northwest 1 well currently drilling ahead.

On the East Coast, four of the six Otway development wells drilled in FY22 are now connected to the Otway Gas Plant, reducing ullage and increasing the project's production capacity from 80 TJ/day to 170 TJ/day. Further uplift is expected from the Enterprise gas field, with its pipeline now complete and expected to deliver first gas to market in 2024.

The flowline issues at Thylacine West 1 and 2 are estimated to delay their connection to the market until H1 FY25. However, the costs associated with the delay are expected to be largely recoverable.

Looking further forward, Beach has joined a consortium to secure a rig for the next stage of offshore Victoria drilling activity, with early planning underway.



Beach has signed an LNG Sales and Purchase Agreement (SPA) with BP, to supply up to 3.75mt of LNG to CY28, with downside price protection and full upside participation.

Complementing the expected production growth, Beach and Santos' Moomba Carbon Capture and Storage (CCS) project is now 70 per cent complete, with first CO2 injection expected in CY24. The project will be among the largest and lowest cost of its kind globally, with its first phase able to store up to 1.7mtpa of carbon annually.

These developments provide Beach a strong foundation for sustainable growth in FY24 and beyond.

SGH Energy

Seven Group's wholly owned energy company, SGH Energy, holds a 15.5 per cent interest in the Crux LNG project, located in the Browse basin, offshore WA. With Final Investment Decision (FID) taken in May 2022, the project is now under construction. Crux is operated by Shell, who hold the remaining 84.5 per cent project interest, and its production stream will backfill Shell's Prelude Floating Liquefied LNG (FLNG) facility. First gas from the project is expected in CY27, aligned with anticipated tightness in global LNG markets.



Media



Reflecting the success of its transformation, Seven West Media now reaches 91 per cent of Australians, making it the undisputed national total television market leader.

Segment EBIT \$m

\$61.2m ↓ **23%**

📷 Studio at the West Headquarters, Perth WA



Seven West Media (Seven) has retained its position as the #1 total TV network in Australia for the third consecutive year, reaching 91 per cent of Australian audiences in FY23. Seven's leading television network is complemented by the nation's top BVOD service, 7Plus, and rapidly growing news, print, and digital brands.

Seven fortified its leading position in the Australian media landscape in FY23, through key sport and entertainment content deals, including broadcast and digital rights for the AFL (from September-24) and Cricket Australia. These deals will provide 7Plus more than three billion minutes of new content, and will be the first time the country's premier winter and summer sports have been streamed live and free in their history.

Seven's leading market position helped it to mitigate the impact of a 7.9 per cent decline in the total TV advertising market over the year. The business successfully grew its revenue share in each quarter, culminating in a total TV revenue share of 38.5 per cent, up 1.2 share points on an underlying basis, and exceeding its 39 per cent target in the first half and final quarter of the year.

Though total EBIT declined 23 per cent over the year, Seven's digital growth continues, with digital EBITDA lifting 17 per cent on an underlying basis, to 49 per cent of total earnings in FY23. The newly acquired NBCUniversal content played a key role in the digital audience growth that drove earnings expansion, and with a monthly growth rate of ~32 per cent since January, is on track to achieve over two billion minutes annually. The launch of 7Bravo and the NBCUniversal content have been pivotal in capturing high-value female audiences, significantly enhancing Seven's presence within this key viewer demographic.

Seven has partnered with Amazon to develop and roll-out an Artificial Intelligence and Machine Learning personalisation engine for 7plus. Among BVOD platforms in the market, 7Plus stands alone in offering personalisation, differentiating it from competitors and enhancing audience engagement, retention, and ultimately audience growth.

The West Newspapers also benefited from a digital focus in FY23, with 22 per cent growth in digital audiences, and the launch of new digital products delivering 17 per cent growth in digital subscription revenue.



Seven's leading television network is complemented by the nation's top BVOD service, 7Plus, and rapidly growing news, print, and digital brands.

Seven's focus on cost discipline continued in FY23, delivering cost-out initiatives, which were offset by higher investment in programming, full year costs of the Prime acquisition, and higher supplier and salary costs, leading to a 1 per cent increase in overall operating expenses. This focus also drove the consolidation of Seven's two Sydney operations, with News and Public Affairs moving from Martin Place to Eveleigh, consolidating Seven's Sydney operations to a single site for the first time in over 40 years.

Seven maintained strong operating cash flows despite the slower advertising market, helping to deliver a 3 per cent reduction in Net Debt, which when combined with earnings movement, saw year-end Net Debt to EBITDA (leverage) maintained below 1x, with interest cover also remaining healthy at 18.3x.

Maintaining this level of financial strength affords Seven the financial flexibility necessary to action value accretive capital management strategies, as well as providing a solid foundation from which Seven can participate in value accretive market consolidation opportunities.

Outlook

Past advertising cycles suggest that macro-economic related contractions in the advertising market are usually followed by a strong recovery. Seven is well positioned to capitalise on this expected recovery, and has optimised its content schedule to deliver a target of +40 per cent total TV revenue share in FY24.



Control Room, The West, Perth WA

Sustainability

This chapter outlines SGH’s approach and actions relating to environmental, social and governance (ESG) issues.

📍 Boral Marulan South Limestone Mine, Marulan NSW

Approach and Coverage

SGH’s approach to sustainability is reflected in our core objective as a business to maximise returns to stakeholders through long term sustainable value creation. As part of this approach we look to embed sustainability into the mainstream of our business management processes.

Our sustainability strategy is based on a series of exercises undertaken in FY21 to ascertain the ESG issues that are most material to the businesses we wholly own and operate.

Those exercises identified 10 material issues where our businesses could have the most impact and/or mattered most to stakeholders. These 10 issues are covered in this chapter.

For businesses that SGH holds a material stake but does not wholly own – Seven West Media, Beach and Boral – the reader should consult the reports of each of those businesses for information on those businesses’ approaches and actions relating to environmental, social and governance issues.

UN Sustainable Development Goals

Our material issues align to over twenty UN Sustainable Development Goal indicators, and cover twelve of the seventeen Sustainable Development Goals.



Further information regarding SGH’s sustainability strategy and actions, including a reconciliation to UN SDGs and the GRI framework, can be found at SGH’s website at sevengroup.com.au/sustainability.



Safety



Aspiration

To be recognised by our teams, customers and regulators for safety excellence



At SGH, safety is core to our approach to business, and we place great value on preventative and protective measures that support our people. We recognise the need to protect the physical and mental wellbeing of our people in the workplace, and our approach to physical health and safety, and mental health and wellbeing reflects this.

We are proud of the significant progress our businesses have made in recent years to build 'safety-first zero harm' into their workplace culture.

→ WesTrac

In FY23 we continued to improve our core safety metrics, with improvements to both lead and lag indicators.

We continued to innovate with new programs aimed at driving ongoing improvement in awareness and outcomes. Our NSW dealership introduced a "What's the worst that can happen?" safety leadership program and mentoring program, focusing on improving the identification and elimination of workplace hazards.

In WA, we launched a Resourceful Minds Program. The program was developed by Lifeline based on research showing teammates are often turned to first to share a concern or to obtain general support. 27 WesTrac team members have completed their Lifeline training and have been educated with the skills and tools to help their teammates go through tough times and direct them to appropriate support.

These team members, known as Wellbeing Reps, can help provide a safe and trusted contact point for all team members to seek help and support. This program aligns perfectly with supporting our mental health strategy objectives.

In FY23 we also improved delivery driver inductions and contractor management processes to improve safety outcomes.

Looking forward to FY24

We will direct focus to psychosocial risk assessments and review our critical risk controls. In parallel we will continue to improve our Safety Leadership program and continue to focus on hand and finger injuries.

→ Coates

Coates delivered strong safety performance improvements of 20 per cent in FY23. These improvements were the result of a new HSEQ Strategy and Action Plan focused on the HSEQ Risk Management Framework, improved training and focus on lead indicators. Coates also achieved ISO Accreditation to new standards in Safety, Health, Environment and Quality.

Lead indicator performance improvements were assisted by the increased usage and development of Safety Hub, the new system implemented last year which utilises mobile technology to allow for safety compliance activities to be completed in the field.

In FY23 we also finalised and commenced roll out of a new Critical Risk program, supported by refreshed Life Saving Commitments. The program is supported with Hazard Control procedures that detail the tasks, methods and responsibilities associated with critical work processes designed to mitigate risks associated with specific Health & Safety hazards relevant to Coates business activities. In addition, we established our first cohort of Mental First Aid Officers, who are trained to support employees and mental health matters in the workplace.

Looking forward to FY24

We will progress the full implementation of our amended Risk Management Framework including Critical Risk and Hazard Control procedures, and refreshed Life Saving Commitments. We will also increase our focus on psychosocial health and wellbeing, including further enhancement of the risk framework, controls and training education programs.



WesTrac's Technology Training Centre, Collie WA

Energy & Emissions



Aspiration

To play a leading role in each of our sectors in meeting the Paris Agreement’s goal to limit global temperature rises to well below 2°C



SGH is committed to supporting the 2015 Paris Agreement goal to limit global temperature rises to well below 2°C.

For our WesTrac and Coates businesses, this means achieving net zero Scope 1 and 2 emissions by 2040, with a reduction of 30 per cent by 2026 and 50 per cent by 2030.

Roadmaps are in place in both businesses, with initial focus on an extensive solar rollout process and on steps to reduce energy demand. The solar rollout program gained strong momentum through FY23 both in terms of installations and approvals, with a large and growing pipeline for both businesses in FY24.

Fleet emissions reductions roadmaps are also laid out, albeit with a longer term timeframe for implementation in line with expected technology timelines. Early steps are underway in both businesses, focused at this stage mainly on our passenger and light commercial fleets.

→ WesTrac

WesTrac’s scope 1 and 2 emissions are predominantly driven by consumption of fossil fuels by our internal vehicle fleet and the use of grid electricity, and actions under our emissions reduction roadmap are primarily focused on these two sources.

The earliest stage of our emissions reduction roadmap sees a focus on management of our electricity and diesel consumption, as well as the rollout of solar panels through our site network.



Both our WA and NSW dealerships stepped up their solar rollout programs in FY23, with action across both large branches, such as Tomago in NSW, and smaller branches such as Geraldton in WA and Moree in NSW. Opportunities to secure access to further green power via purchasing arrangements have also been pursued.

Reducing energy demand has also been an area of focus, with energy audits and LED lighting upgrades continuing through FY23. A project for reducing dynamometer run times to reduce fuel burn has commenced, targeting fuel burn reductions of 25 per cent.

Implementation of our longer term transition of commercial fleet vehicles to lower emissions solutions has commenced. Our Guildford branch in Perth installed charging stations; and lease transition policies have been updated to enable our hybrid/EV transition. In our operations area, we continue to look for further ways to reduce our emissions footprint beyond dynamometer usage, including the trial of petroleum-free oil within our Tomago component rebuild centre.

A state of the art software system has now been installed across the two dealerships that captures accurate emissions data on a month-by-month basis to better inform our emissions reduction strategy and track the performance of our projects. This software provides greater visibility over trends in emissions across the year and forward-looking estimates.

Looking forward to FY24

Our solar rollout program will see larger emissions reductions flow through as large sites come online. We will install LED lighting throughout our largest office building at Tomago. We will continue to commission additional projects as recommended by further energy audits at our major sites, install solar at our Perth Metro sites, and will explore cases for electrification through heat pumps. In FY24 we also plan to turn focus on transport efficiency to our regional and field service divisions.

📷 Cat 793 Electric Mining Truck, Tucson AZ

➔ **Coates**

Coates' scope 1 and 2 emissions are predominantly driven by consumption of fossil fuels by our internal vehicle fleet and the use of grid electricity. Actions under our Energy and Emissions reduction roadmap are primarily focused on these two sources.

In FY23 our solar panel rollout program gained significant momentum, with four branch projects completed and many more approved. The implemented projects are returning 47 per cent self-sufficiency in energy consumption from site solar. A further 12 branches underwent LED retrofits and upgrades to improve energy efficiency in our network.

In FY23 we finalised a long term Vehicle Transition Plan for zero-emissions vehicles to incorporate into light and heavy vehicle renewal strategy. As part of that roadmap, we have commenced our first pilot of Electric Vehicles, with onsite EV charging infrastructure installed in a large NSW site that is powered from on-site renewable energy generation; and procured our first hybrid truck. Our targeted fleet renewal activity has seen ~8.5 per cent of our heavy vehicle fleet cascaded out and replaced with vehicles that are approximately 30 per cent more fuel efficient.

More broadly, in FY23 we have concentrated on mobilising our data, information systems and culture for emissions reduction. We commenced delivery of Eco Efficiency emissions training modules to inform and engage employees in the decarbonisation journey and initiatives, and we have established a Sustainability Committee to drive Coates action plan towards emissions targets, led by the CEO.

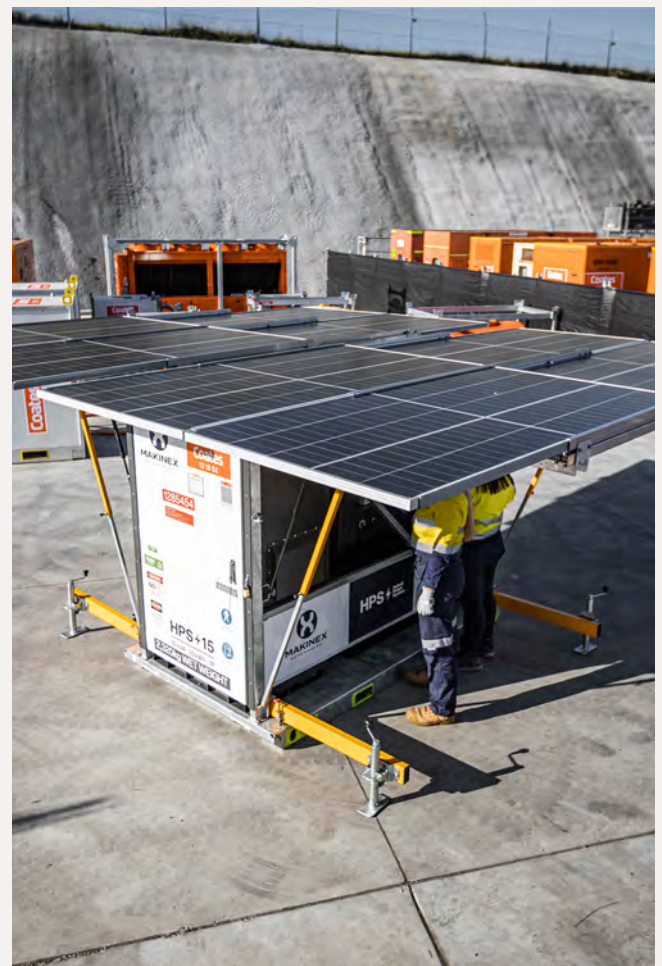
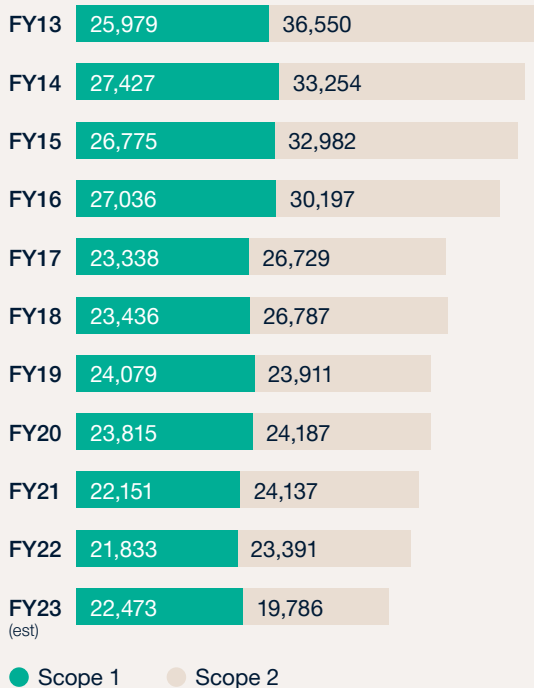
The implementation of a new data and reporting platform that covers all emissions sources has allowed us to regularly report emissions internally – with dashboards enabling ownership and insight of energy usage and emissions down to branch level. This data allows us to estimate future trajectories of emissions and do 'what-if' analysis to prioritise initiatives.

Coates Greener Choices range has expanded in value to \$127m, increasing the proportion of Greener Choices to 7 per cent of our total fleet value. We have also introduced additional product categories – by selecting low or zero emissions fleet, customers can potentially reduce their energy costs and reduce their emissions (Coates Scope 3).

Looking forward to FY24

We will continue to prioritise the rollout of solar power to our branch network, with at least 12 additional sites representing 500kWp approved for installation. We will also look to outline net-zero specifications for property, including provision for increasing electrical capacity required for fleet and vehicle charging, as well as further incorporation of emissions reduction actions into Coates Light Vehicle, Heavy Vehicle & Transport strategies.

**Coates and WesTrac
Greenhouse Gas Emissions**



📍 Coates Facility, Ingleburn NSW

Diversity



Aspiration

To ensure we have a diverse and inclusive workforce that increasingly reflects the communities in which we operate



SGH is committed to supporting open and inclusive workplaces that embrace and promote diversity and equal opportunity.

➤ WesTrac

In FY23 we continued to make strong progress towards our FY25 targets for gender diversity.

WesTrac WA 2023 apprentice intake had the highest-ever share of females at 35 per cent, and met the FY23 target of 21 per cent overall participation in the WA business NSW's Intern program launched with 44 per cent female participation. The number of females in leadership roles also increased in WA.

Our 'Made for More' employee value proposition has been mobilised to showcase female team members and to emphasise messaging around flexibility and development, including additional part time roster options that accommodate primary carer duties.

In FY23 we also deployed skills profiling and talent identification assessments to identify emerging female talent and implement development plans to support their career trajectory within the business. We also ran inclusive recruitment training to help us provide an inclusive environment and meet our target, and have set divisional targets set to ensure a focus on other roles with low female participation.

Our Diversity and Inclusion Committee organised successful and well-attended events to celebrate International Women's Day.

Looking forward to FY24

We will continue to bed down initiatives launched in FY23 to progress to our target of 25 per cent female participation by 2025. NSW will have a particular focus on increasing female participation in its 2024 apprentice intake, including a partnership with the Girls of Steel program to facilitate a pipeline of female talent who are undertaking a pre-apprenticeship course into an apprenticeship. We will continue to use partnerships with Women in Civil, Rarebirds mentoring and Tradeswomen Australia, to elevate our position as an Employer of Choice for women. WesTrac WA will provide more networking opportunities for women, enhance our mentorship programs and deliver new development initiatives to progress the careers of women at WesTrac.

➤ Coates

In FY23 we refreshed our Diversity and Inclusion Strategy and Action Plan. As part of that plan, we established improved parental leave arrangements, increased hours flexibility at Branches and improved career pathways. As a result, our overall female representation has grown by 68 roles in FY23 to 22 per cent. Our representation for women in people leadership roles has also grown by 7.5 per cent from our 2023 WGEA survey results.

We are on track to achieve our 2025 gender and Aboriginal and Torres Strait Islander participation targets, including in leadership. Coates has continued to achieve strong results from our LEAP (Leadership, Excellence and Potential) program for women in leadership, with 25 participants completing the program in FY23, and 40 per cent of those experiencing promotions or new roles. In addition, our First Nations representation is above 2 per cent.

Our positive Reconciliation Action Plan progress saw Coates recognised as the 2022 NSW Indigenous Chamber of Commerce Aboriginal Participation in Construction (APIC) Policy 'Partner of the Year', honoured for exceptional practice, leadership and innovation with First Nations people. Team member Alana McCarthy was a finalist in the Indigenous Apprentice/Trainee of the Year category, and Coates was also awarded Runner-Up in the Outstanding Organisational Contribution to Indigenous Advocacy & Capability Award.

In FY23 Coates Training delivered safety training to 122 participants who identified as having a disability.

Looking forward to FY24

We intend to broaden our agenda beyond current focus areas to formally include LGBTIQ+ and disability categories. The 2024 LEAP Program will remain a priority, establishing an Alumni Program and female networking events, as well as inclusive leadership training for management teams.

Gender Diversity as Reported to the Workplace Gender Equality Agency

Board	Senior Managers/Managers	Whole Organisation
2020 22.2%	2020 13.4%	2020 15.6%
2021 22.2%	2021 13.8%	2021 15.8%
2022 33.3%	2022 17.2%	2022 17.4%
2023 33.3%	2023 22.2%	2023 19.5%

Senior Managers/Managers includes Executive Directors of Seven Group Holdings Limited and its subsidiaries as well as all other Managers as defined by the Workforce Gender Equality Agency (WGEA).

For the purpose of this section of the report, employee numbers and statistics have been calculated based on information as at March 31, provided to WGEA as part of the SGH annual reporting requirements.

Training



Aspiration

To engage, educate, develop and inspire our people



SGH remains committed to investing in leadership development and specialist training to improve the technical and leadership capability of our people.

We have a particular focus on programs such as training, apprenticeships, and trade upgrades to ensure we have access to the skilled labour we need in order to serve our customers. Both WesTrac and Coates are Registered Training Organisations.

→ WesTrac

WesTrac's leadership and focus on training played a key role in helping us excel in tight labour markets through FY23.

We continue to invest in and develop our team members to strengthen our workforce in line with emerging technologies and workshop and customer needs. In FY23, this included commencement of a project specifically designed to create an electrification curriculum that will be used to upskill the workforce and customers across the entire dealer networks within APAC, a Carbon Literacy for Miners Course to equip our sales teams with the skills to have meaningful conversations about emissions reduction strategies with our customers, and operator training for customers to improve utilisation of equipment.

Our WesTrac Institute, which trains both internal and external participants, saw phase one of its digitalisation goal executed by designing and starting to integrate digital assessments across all technical training streams with tablets replacing printed course material in pre and post trade training. Labour preparation has reduced to 15 minutes from ~4 hours preparation. Phase two, pending CAPEX approvals, will see the training streams start to merge all paper-based assets to a digital format. This will generate large scale labour and cost efficiencies for the Institute.

NSW's new Tomago Dig Pit hosted a number of both training and showcasing events such as the Cat Global Operator Challenge which brought operators from across NSW to Tomago and the Caterpillar Modern Jobsite Training Event.

Our training program also extends to leadership. We have partnered with Curtin University to design accredited programs for our high-potential senior leaders, who through the completion of two tailored leadership programs will obtain Curtin University's Graduate Certificate in Business.

In FY23 we also commenced Respect @ Work Training for leaders across WesTrac NSW. This training will continue during FY24 and cascade down to cover all employees.

Looking forward to FY24

We will continue to invest in our training facilities to ensure they are fit for purpose and to offer on-going support and training to our customers. We will expand our technology products to include Command for Dozing NLOS (Operator and Service), Terrain for Drilling, Command for Drilling, and Product link Commissioning throughout the year. Technology team will continue to build training capability through the Caterpillar MineStar Qualified Trainer program and ingrate the Virtual Reality simulator into the Command for Hauling training and relevant technology curriculum. Safety training will move to be digitalised and we continue to focus on improving internal skills training aligning to our customer needs.

→ Coates

In FY23 we continued to build out our training programs across the business.

Apart from the full suite of mandatory compliance learning for all employees, a particular focus in FY23 has been our Equipped for Leadership Branch Manager training generating positive results and measurable impact on engagement and performance. Our Sales Capability Programs have also achieved positive participant experiences and outcomes for Coates.

In FY23 we designed and launched a new Senior Leader program, which operates in parallel to on-demand leadership development opportunities for all leaders.

An improved new employee National Induction Program including live and self-paced modules was implemented, as well as a specific onboarding program for Customer Service Co-ordinators.

Acceptable Workplace Behaviour training was rolled out to all leaders in FY23 and will be delivered to all employees by the end of 2023. Load Restraint Guide Fundamentals was rolled out nationally as well as Driver Refresher training in the Business units.

Learning modules were offered on Sustainability with Climate Literacy training, and we commenced the use of LinkedIn Learning for many of our leaders with positive outcomes.

In FY23, 290 employees attended The Hire Road cultural program which concluded this initiative for Coates. Over the course of the program, 2,040 employees have attended a session since 2021.

We continued to roll out operational training to maintain and enhance critical work skills and licences, and increased OEM training to develop and update equipment skills and knowledge.

Looking forward to FY24

Looking forward to FY24, we will extend our Equipped for Leadership program to all frontline leaders and senior leaders and extend the new employee National Induction Program to include a face-to-face component.

Focus on training and development will continue with further rollout of the Equipped for Leadership programs, sales performance program, culture, values and behaviours programs, as well as programs to enhance operational competence amongst our team.

Employment



Aspiration

To be an employer of choice across all categories of employment, known for fairness, empathy, development and contribution



WesTrac and Coates employ over 6,300 people, operating across all states and territories in Australia, an increase of 7 per cent compared to the prior year.

Our workforce contains a vibrant mix of skills and capabilities, including tradespeople, salespersons, warehouse and logistics specialists, machine guidance and control technicians, drivers, accountants, IT professionals, safety professionals and human resources specialists. Full time employees represent the majority of our team. We are a significant employer in regional Australia, with over 2,300 employees located outside the major capital cities.

Our people have the right to freedom of association and collective bargaining, and we maintain constructive relationships with multiple unions that participate in the sectors we operate in. Our SGH Employee Share Purchase Plan, launched in FY21, provides employees the opportunity to share in the value that they help generate for shareholders.

SGH also provides flexible work practices to ensure employees can balance work with family, carer or other responsibilities.

➤ WesTrac

FY23 saw our markets facing historically high levels of labour shortages, particularly in skilled labour areas and particularly in WA.

In this environment, our strong 'Built By Us' culture and employee value proposition came to the fore in helping us attract and retain talent. We successfully tapped international labour markets, including via direct visits to Africa by our recruitment team and supervisors to hold assessment centres and bring international recruits back to Australia. Similarly, NSW sourced additional team members from the Philippines. In total, WA secured 31 international recruits and NSW secured 16 international recruits.

FY23 also saw NSW launch an internship program, providing a formal pathway for tertiary qualified individuals to enter the business. The program has been specifically designed to help our Interns grow into well-rounded professionals and potential future leaders through a series of rotations throughout the business.

We continued to build out our cultural and employee value proposition strengths, including through additional roster patterns, hours of work and hybrid working arrangements as well as additional leave offerings.

A 'Built by us – Living SPARC' program was launched October 2022 in WA to focus on mindset, attitude and behaviour, and mental health and well-being. NSW has continued on their culture transformation journey through bespoke programs such as Blue Bus SPARC and Working together.

FY23 saw NSW introduce dual program for plant mechanic and auto electrical trades apprentices. NSW has heavily invested in our Made for Field Service model through targeted trade upgrade programs and the introduction of our technical capability frameworks.

Looking forward to FY24

WesTrac WA will pioneer a 24 month trade upgrade/dual trade program to Plant Mechanic or Auto Electrical trades. Designed with a focus on retention and further development of skills within our team member groups throughout Service, Product Support and Technology.



WesTrac Workshop at Kalgoorlie Super Pit, Kalgoorlie WA

➔ **Coates**

FY23 realised the fruits of our focus on culture and values, with Coates employee engagement score increasing from 55 per cent to 61 per cent.

Implementation of our hub-and-spoke model introduced new roles such as an entry level Equipment Maintenance Controller role for non-trades employees, as well as improved flexibility arrangements for our Customer Service Coordinator role.

Coates established an Attraction and Retention Working Group with business representatives to drive various initiatives to improve attrition. Initiatives included increasing employee referrals from 4 per cent to 10 per cent for all new hires via improved referral rewards, simplifying the recruitment application process and system to drive down time to fill vacancies by 10 per cent. In addition, the recruitment of more than 55 international mechanics from the Philippines and Africa improved operations while successfully transitioning the international recruits into the various Coates locations across Australia.

Looking forward to FY24

We aim for further improvement in our employee engagement scores and enhancements to our operating model, especially in specialist branches to better articulate career pathways at Coates and grow organisational capability.

Employee totals by gender, age and location

WesTrac
4,208

Coates
2,098

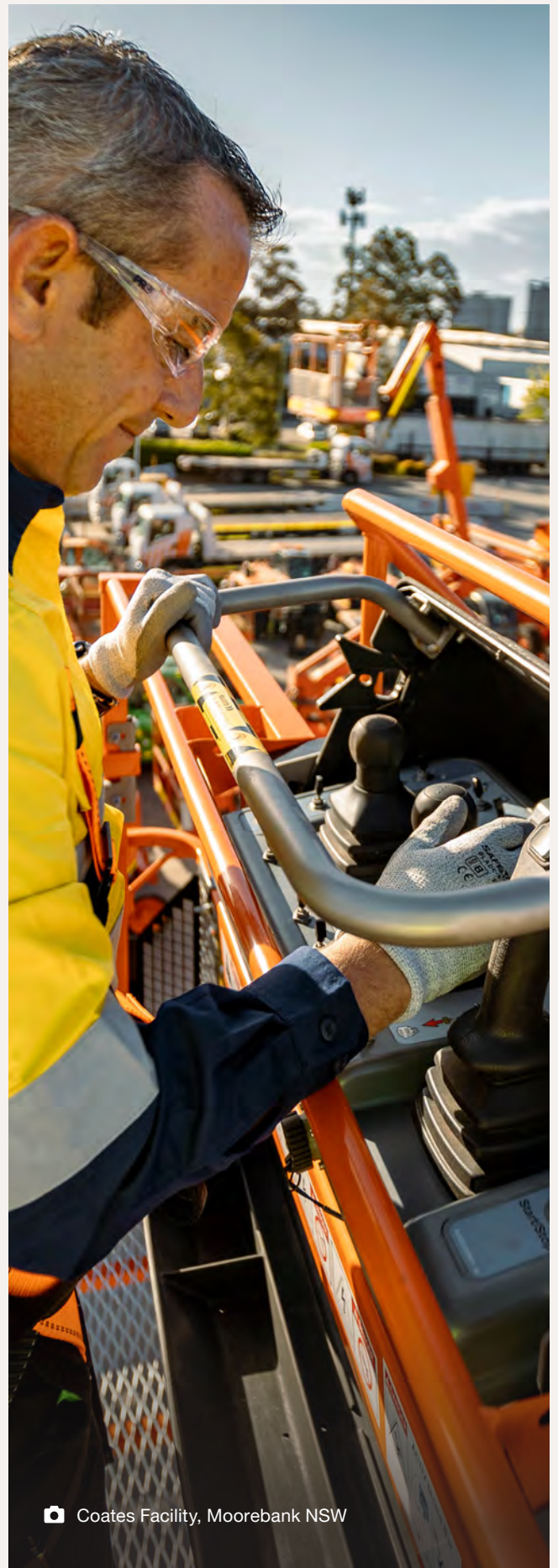
Gender



Location



Age



Coates Facility, Moorebank NSW

Waste and Water



Aspiration

To play a positive role in helping Australia reduce its reliance on landfill and attain more sustainable water outcomes



Following the extensive baselining work undertaken through FY22, in FY23 SGH decided that its wholly-owned and operated business would pursue targets and actions that are aligned with the Australian government's National Waste Policy.

Amongst other things, the National Waste Policy aims to:

- Achieve an 80 per cent average recovery rate from all waste segments by 2030
- Halve the amount of organic waste sent to landfill by 2030
- Phase out problematic and unnecessary plastics by 2025.

Over the course of FY23 both WesTrac and Coates commenced work on actions and roadmaps that align to the above targets.



Boral Peppertree Quarry, Marulan NSW

➤ **WesTrac**

In FY23 WesTrac committed to goals and targets in line with the National Waste policy.

In terms of waste reduction and reuse, our WA dealership in FY23 initiated actions that effectively removed plastic bags from its Parts Distribution Centre. Learnings from this exercise will be rolled out to NSW and regional areas.

We also continued our collaboration with the Activ Foundation to reduce waste during the oil sampling process, and installed a soft plastics and a cardboard compactor within the Tomago parts distribution centre to improve landfill diversion and reduce the frequency of waste pick ups. Improvements were made in the visibility of metal waste being disposed of across our branches to enable easier identification of opportunities for reduction and reuse.

In terms of water usage, we have installed non-potable water meters and stood up an online portal showing real time water usage at major sites. These steps allow us to monitor for leak prevention and plan for future water reductions initiatives.

Looking forward to FY24

We will build out our roadmap of actions that align with the National Waste Policy. We will explore further opportunities for plastic reduction, including sustainable packaging alternatives at Parts Distribution Centre, as well as opportunities to use waste compactors to improve landfill diversion and reduce frequency of pick ups.

➤ **Coates**

In FY23 Coates established a clear Waste and Water Roadmap for FY24 to FY30 that is aligned with the National Waste Policy.

As part of that roadmap, early initiatives have included commencement of a national washbay assessment program. The program includes upgrade triggers if improvement opportunities are identified in management, metering or compliance.

FY23 also saw our Ingleburn NSW site established as an exemplar site for recycling and waste management.

Looking forward to FY24

FY24 will see the first steps taken on our roadmap journey to achieve 80 per cent of waste diverted from landfill by 2030. The initial focus will include special projects in key sites and waste streams that have the largest waste tonnages.

In FY24 we will also focus on improved internal processes. This will include internal training modules in place for Waste Disposal and Circularity; incorporation of waste segregation resources in our HSEQ management system; and better use of software, KPI and reporting systems to push visibility and motivation regarding waste issues closer to the branch frontlines.



📷 WesTrac Facility, Tomago NSW

Materials



Aspiration

To be a leading Australian corporate contributor to the circular economy



SGH's operating businesses both play key roles in the circular economy, helping our customers and the Australian economy reduce overall materials usage.

→ WesTrac

Like Coates, WesTrac's business contains a core that lies at the heart of the circular economy: the bulk of our operations workforce is devoted to the reclamation and rebuilding of parts, components and equipment that would otherwise be regarded as having come to its end of life. We have 'rebuild' teams in multiple workshops who specialise in taking fully used equipment and rebuilding each component such that it is in an 'as new' state.

Over the course of FY23, WesTrac rebuilt almost 200 large mining trucks and other machines. We supplied over 68,000 rebuilt components and parts to our customers, including over 10,000 components that were rebuilt in our local rebuild operations.

WesTrac is reviewing the state of sustainability within our procurement practices and is working towards embedding sustainability as a key criteria within this process. In one example, we worked over FY23 with our packaging supplier to ensure we are maximising our use of recycled cardboard boxes wherever possible and practical.

Looking forward to FY24

We will work in increasingly closer collaboration with Caterpillar on identifying and actioning circular economy initiatives – this will build on discussions with Caterpillar through FY23 on ways to design waste out of our supply chain.

We will look for further ways to enhance the focus on sustainability and the circular economy in our procurement practices. This will be done by embedding sustainability criteria into the selection process when assessing major suppliers as well as collecting relevant sustainability-related metrics from our suppliers to understand our wider supply chain impacts. These processes will help us ensure we are working with companies that can positively contribute to the circular economy.

→ Coates

At Coates, we understand the leadership role we can play in promoting circular economy practices because of the inherently circular nature of our equipment hire and business solutions model.

In FY23 we have continued to build out our 'Circular Systems' program to reduce materials and improve efficiencies across the lifecycle of our products. Notably, we recycled 5,500 end of life plastic barriers, with the plastic pellets returned to our supplier, for manufacture into new products that incorporate recycled content. We also commenced an assessment of the potential to recycle our end-of-life plastic portable toilets.

A large component of our Circular Systems Plans in mechanical equipment categories is the building out of our 'Greener Choices' equipment range. In FY23, the Greener Choices offering was extended to additional product categories in power generation and earthmoving.

~\$20m of new Greener Choices equipment was approved for purchase in FY23, with the Greener Choices fleet size exceeding our targets for the year.

In FY23, the Coates IT team extended our circular economy push by successfully diverting 555 devices from landfill.

Alongside generating \$3,444 for Head Start Homes, this effort meant one tonne of precious materials has been salvaged and 214kg of harmful greenhouse gas emissions and 360g of air pollutants have also been prevented.

Looking forward to FY24

We plan to undertake a major circular project in Site Accommodation to measure and improve circularity in materials for refurbishment of assets as well as expanding our current recycling program of plastic barriers and portable toilets. We will continue to grow the scope and size of our Greener Choices fleet by an additional \$15m and look to expand our biodiesel supply via branches into Coates equipment.



WesTrac Facility, South Guildford WA

Technology & Innovation



Aspiration

To bring the benefits of technology and innovation, including digital, to our teams and customers



Technology and innovation remain key to the success of our businesses, our customers' businesses and the Australian economy. SGH continues to equip our businesses with the knowhow, capital and incentives to continuously search for ways to adopt and leverage new technology.

→ WesTrac

In FY23, WesTrac continued to play a key role in bringing the latest Caterpillar technology innovations to the Australian construction and resource sectors.

In FY23 we opened our Centre of Excellence at Tomago to showcase innovative technologies to team members & visitors.

A key focus for technology innovation is in drilling. We have been successful in enabling our customers to deploy remotely operated semi-autonomous drilling to improve the utilisation and productivity of the drills, and a safer operating environment for their operators. We are now helping a number of customers step to the next level of drilling technology innovation with autonomous drilling, which promises to deliver further increases in productivity, removal of operator variance, and improvement in the hole placement accuracy.

In electrification innovation, Caterpillar's successful working demonstration in November 2022 in Tucson USA of its first battery electric 793 large mining truck is a watershed for the industry, and WesTrac is playing a key role in ensuring Australia will be one of the first countries to deploy the technology.

WesTrac is also innovating beyond new Caterpillar technology. Our Flexi Parts business is now offering Australian customers anti-idle technology, reducing fuel burn and emissions.

We took a big automation step in our Tomago Parts Distribution Centre in FY23 with commissioning of our AutoStore automated warehousing system. The system provides an additional 1,000 square metres of space within the current storage footprint and increases the number of product lines we carry, meaning faster access to more parts for our customers.

We have also automated many aspects of our oil testing labs, resulting in faster turnaround times for our customers and reduce manual tasks for our teams.

FY23 also saw the completion of our extended pilot with Palantir on using a digital twin concept in our Perth workshops. The pilot saw us successfully improve throughput at lower costs and higher delivery compliance.

Looking forward to FY24

We will continue to focus on collaborating with Caterpillar and our customers on electrification opportunities, and in particular the planning for bring the first electric 793s to this market.

Another big focus for us in FY24 will be to make further innovations in digital technology to improve the customer experience. We will also roll out the digital twin concept further through our operations and look for additional automation opportunities.

→ Coates

Coates has a long and strong history of introducing new technology to the local Australian market to benefit our customers, and increasingly the area customers look to us to lead in, is emissions reductions.

In FY23 we continued to grow the size and scope of our Greener Choices fleet, which includes the most up to date low- and zero-emissions technology alternatives in each fleet category. New product categories were added in Hybrid Power Systems and Battery Energy Storage Systems.

We also worked closely with one of our major customers to facilitate the installation of modular rooftop solar on Coates site accommodation.

The provision of advanced digital solutions to our customers also continues to be a focus for us. With IOT devices now installed on 7,500 assets, we are enabling customers to monitor and redeploy equipment to increase utilisation. Looking forward, our IOT rollout will continue in FY24, where we anticipate coverage to increase to 10,000 assets.

In FY23, Coates introduced our IOT-enabled Smart Site technology which uses low-power wide area networks (LPWAN) to capture data on the movement of equipment within a geofenced area to identify opportunities to improve tool time and work time productivity.

Harnessing these analytics can make a significant difference to the productivity and efficiency of a major maintenance event.

We will continue to work closely with key customers and partners on sustainability, including commencing work on Sustainable Construction Site Compounds with NSW Sustainability Advantage and John Holland.



WesTrac AutoStore Facility, Tomago NSW

Indigenous Inclusion

Aspiration

To make a meaningful contribution to the full realisation of the rights of Indigenous peoples in the communities we operate in



SGH recognises Aboriginal and Torres Strait Islanders as the traditional landowners of Australia, and we acknowledge that listening to Indigenous voices strengthens our ability to positively contribute to the full realisation of the rights of First Nations peoples.

We are particularly committed to providing support to the Indigenous communities where our work takes place, and this support includes employing and training Indigenous workers and supporting Indigenous businesses. We look to structure our actions in line with the framework espoused by Reconciliation Australia.

→ WesTrac

In FY23 WesTrac commenced delivering on our reflect Reconciliation Action Plan. This included establishing and strengthening relationships with Aboriginal and Torres Strait Islander stakeholders and organisations, promoting reconciliation through our sphere of influence, educating our staff members, recognising Reconciliation Week and NAIDOC week, improving First Nations employment outcomes.

Our Grafton site hosted a visit from young Aboriginal and Torres Strait Islander men from the Clontarf Foundation program. The visit included a tour of the workshop, demonstration of the machinery, and discussions with WesTrac team members of career development and paths to success. We donated to Deadly Science, with the intention of helping build career pathways in FY24.

In WA, WesTrac continued its strong involvement with the Carey Bindjareb Program, which helps Aboriginal men from the Bindjareb region who are currently engaged in the criminal justice system to re-enter society with a real career to move into. The Bindjareb Program runs for 14 weeks and includes modules related to life skills and confidence. WesTrac have gained an employee through this program and hoping to recruit more.

Looking forward to FY24

We will commence work on our next 'Innovate' Reconciliation Action Plan. We also will look to build our relationships with local Aboriginal land councils in the regions we operate, including working with the Local Aboriginal Land Council near our Tomago site to rename our NSW Centre of Excellence.

→ Coates

Coates has made significant steps in advancing indigenous inclusion in FY23.

We successfully launched our second Reconciliation Action Plan – 'Innovate' focused on driving outcomes for employment, education, community engagement and increasing supplier spend with First Nations businesses, as well as First Nations employee representation which has reached 2.0 per cent. Coates Training also delivered safety training to 212 First Nations peoples.

Our partnership with the Clontarf Foundation – which is designed to improve the education, discipline, life skills, self-esteem and employment opportunities for young Aboriginal and Torres Strait Islander men – supports 152 Clontarf Academies located where we co-exist, with more than 11,000 students enrolled in the program. Coates is developing employment pathways for Clontarf students and has employed 13 Clontarf Alumni so far.

In FY23, Coates donated 52 laptops to Clontarf students in Western Australia and Coates employees attended 100+ community engagements participating in a range of informal, unstructured, and social activities aimed at building relationships and cultural awareness, as part of our RAP commitment.

We continue to actively seek and engage more First Nations businesses to deliver services to Coates, with a national contract for cleaning awarded to an Indigenous business this year.

Our authentic approach to reconciliation has resulted in Coates being awarded the NSW Aboriginal Participation in Construction (APIC) Policy, Partner of the Year, by the NSW Indigenous Chamber of Commerce.

Looking forward to FY24

We aim to build on our informal cultural awareness by implementing formal cultural awareness training for employees. We also aim to continue to increase the number of pre-employment programs through Coates' training alliance with the Aboriginal Resource Group and Acadium.



📷 Artwork featured on the Coates Reconciliation Action Plan. *To grow, flowing water.* Artist: Kengatha Kathiwatha Kathini

Local Communities



Aspiration

To be an engaged and constructive participant in the communities in which we operate

Coates and WesTrac operate and serve our customers in remote and regional areas across Australia. Wherever we operate in local communities, our teams aim to be actively involved in those communities. As an organisation, SGH's commitment to making a positive contribution to all these communities is resolute, and we have a proud history of providing assistance and support to communities across Australia, particularly in times of need.

→ WesTrac

WesTrac's focus on community remains closely tied to the localities, organisations and families associated with our facilities.

Our Tomago Family Day in December was the first Family day since COVID-19 lockdowns. The day consisted of machine demonstrations, robotics demonstrations, tours of the facility, various amusement activities, charities/stalls. Family Day also took place in WA showing off our new Perth Airport Precinct where families and friends enjoyed guided bus tours, Cat Machinery displays and photo opportunities and various entertainment and give away stalls. In WA, WesTrac team members and the Collie community were invited to view artworks from Kerry Stokes private collection at Collie Art Gallery.

We provide support to local schools. We hosted three school visits at our Tomago NSW site, for pupils to learn about our operations and give the students an opportunity to learn about apprentices, traineeships and career pathways. In WA, we sponsor Swan View Senior High School helping to run their Elevate program to increase pastoral support and engagement in education and transition to employment for students.

Our donations are focused on local community groups/charities including The Backpack Venture, Westpac Rescue Helicopter, (WesTrac NSW has recently crossed the threshold of donating over \$100,000 to the Westpac Rescue Helicopter through our employee giving program) and the Port Stephens Koala Hospital, located close to our Tomago branch on Worimi Land where we donated \$7,000 to assist the veterinary team to get new equipment to better support the recovery and rehabilitation of injured wildlife. In WA, WesTrac raised over \$145,000 at the MACA Cancer 200 Ride for Research in October 2022 – landing a spot in the top ten corporate team leader board.

Looking forward to FY24

We will establish a structured donations program to support charitable causes in the communities where we operate. This will provide an avenue for increased employee engagement and improved morale where employees can align with charitable causes that resonate with their values, fostering a sense of pride and purpose among our workforce, and contributing to worthwhile charities, community involvement is an important part of the WesTrac philosophy and culture.

→ Coates

In FY23 we continued to formalise and build our approach to community contribution through the Coates Foundation, raising more than \$500,000 for charity partners and local communities. We commenced a new charity partnership with Foodbank Victoria and invested in life saving medical equipment for Children across Regional Communities with the Humpty Dumpty Foundation.

To further support the Coates Foundation, we successfully launched the Coates Volunteering Program, delivering 550 employee volunteering hours for our charity partners, including the delivery of Christmas Hampers to families in need with Mission Australia.

In FY23, we proactively leveraged our sponsorships to activate opportunities in regional communities through the NRL and Coates Talent League (AFL/ALFW), the Newcastle Jets FC and Perth Glory Liberty A-League women's teams, as well as Supercars, inclusive of their Indigenous Round in Darwin.

In the year ahead, as communities face ongoing uncertainties due to the escalating cost of living, we will continue to focus on embedding local engagement to support communities with access to equipment and services and assistance through the Coates Foundation partnerships and will implement an employee giving program so employees can make direct financial contributions to their charities of choice.



People

Commitment

We are committed to ensuring the safety and wellbeing of our employees, contractors and customers. We recognise that our People are our most valuable asset and are dedicated to creating a safe and healthy environment for everyone.



Safety Performance Improvements

In FY23, we achieved a 42 per cent improvement in our Total Reportable Injury Frequency Rate (TRIFR) and 27 per cent improvement in our Lost Time Injury Frequency Rate (LTIFR). These results include Boral that saw a significant improvement in safety performance over the past year with a 47 per cent reduction in TRIFR. Coates' TRIFR safety performance also improved by 42 per cent. Our relentless focus on risk identification and mitigating controls, with early intervention and remediation action has provided a strong basis for improvement.

Coates has maintained a continuous focus on reduction of injuries through an increase in the level of training and safety intervention initiatives implemented during the period. These ranged from enhanced online induction modules to increased face to face sessions, including fortnightly Saturday training sessions for contractors. Safety resources and guidelines were also updated and rolled out across the business to reinforce and strengthen the overall safety governance and compliance framework at Coates.

WesTrac's "Built by Us" program continued to deliver safety culture focused initiatives during the year with additional programs launched to mitigate risks from increased levels of turnover and skill shortages. Visible safety leadership, improved onboarding including a buddy program for new starters and a robust approach to key workplace safety practices also saw a reduction in injury rates and heightened safety awareness.

Visible leadership and a safety led culture at Boral continues to be a key focus as the business grows and transforms. A review of the safety framework and reporting standards has identified key opportunities to driver further improvements in the coming year, with a reduction of up to 30 per cent in safety incidents incorporated into Boral's key performance indicators and measures of success.

Our relentless focus on Safety continues to deliver improvements in the way we work and enhance the safety and welfare of our People.

Safety-First Culture

Our cultural transformation programs and organisational values, reinforce safety as key priority across all businesses and for which everyone plays an active role in delivering. Our lead indicators are a critical component of preventing injury and ensuring risk identification and mitigations. Regular safety training for all employees, safety inspections and safety audits to identify and address potential hazards further enhance the safety framework and compliance culture.

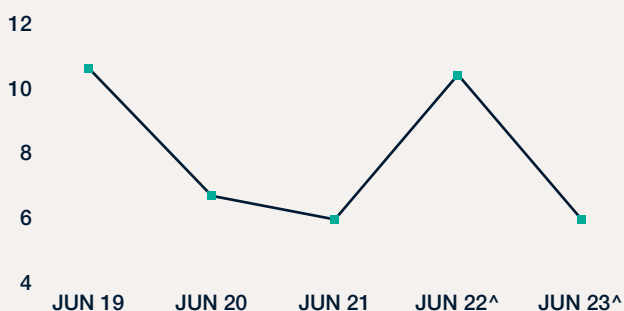
Focus on wellbeing and psychosocial safety

Our Safety-First approach is all encompassing meaning both physical and psychosocial hazards and injury prevention is considered.

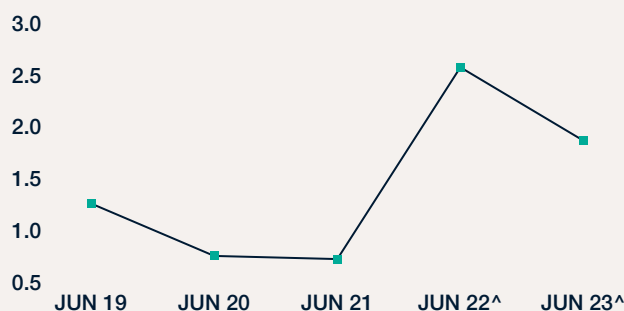
In line with the recent amendments to Work Health Safety (WHS) laws, we have sharpened our focus on ensuring the appropriate identification and mitigation of psychosocial risks and addressing all forms of harassment in the workplace. All businesses updated their WHS policies and reporting systems and delivered updated training to raise safety awareness of the amendments and reinforce the safety standards to which we hold ourselves accountable.

We provide a wide range of preventative health and wellbeing support for our People through organisations such as "This is a Conversation Starter (TIACS)", Mates in Construction, R U OK?, as well as providing Employee Assistance Programs, support for flexible working arrangements and establishing Mental Health First Aiders. We will continue to review and enhance our preventative health and wellbeing programs such as to ensure they proactively address any safety and psychosocial risks in the workplace.

Rolling 12 Month TRIFR



Rolling 12 Month LTIFR



^Boral is included in Jun '22 and Jun '23 results.

	TRIFR ¹		LTIFR ²	
	FY22	FY23	FY22	FY23
WesTrac WA	7.8	5.8	0.3	0.3
WesTrac NSW	5.4	3.1	0.0	0.6
Coates	8.8	5.1	3.0	1.7
Boral	13.7	7.2	4.2	3.0
Group Total	10.4	6.0	2.6	1.9

1. Total recordable injury frequency rate (TRIFR) = number of work-related recordable injuries per million hours worked.
 2. Lost time injury frequency rate (LTIFR) = number of work-related injuries that resulted in time lost from work per million hours worked.

People continued

SGH is committed to providing equal employment opportunities and remuneration based on merit, ability, performance and potential. Our businesses have a deliberate and active approach to building a diverse, equitable and inclusive environment and increasing female representation across all areas of the organisation. Progress towards achieving our Diversity, Equity and Inclusion strategy is assessed against the Group's Measurable Objectives and are summarised below.

Diversity, Equity and Inclusion

As a Group, we aspire to achieve 25 per cent female representation by 2025 and constantly look at ways to further improve the progress towards achieving our goal to deliver a diverse and inclusive working environment for all our almost 13,000 employees.

Leadership and workforce participation

Pleasingly, the SGH Board is currently comprised of 33 per cent female directors, with two of the sub-committee Board chair positions held by female directors. As a result of our sustained focus on DE&I, in FY23 overall female participation increased from 17.4 per cent to almost 20 per cent in FY23. In addition, the proportion of females in supervisory and management roles increased from 17.2 per cent to 22.2 per cent in FY23. We will continue to adopt best practice initiatives to promote equal opportunity and inclusion in our workplaces.

Career development and progression

Bespoke programs to develop the female leadership pipeline are in place, including the Women of WesTrac program and the Leading Excellence and Performance (LEAP) initiative at Coates. We are pleased to report that 20 per cent of the participants in the LEAP program secured promotions during FY23 in addition to 40 per cent from the first two cohorts showing the effectiveness these programs are having in improving leadership diversity.

Gender equality and equity

Gender pay equity is a key focus, WesTrac and Coates conduct annual gender pay reviews to identify any differences in base pay for like-for-like roles and address them on an ongoing basis to ensure gender pay parity is maintained. Furthermore, analysis of pay rates across job families and job levels is carried out to determine areas of focus when making changes to our remuneration framework and plans.

Flexible work practices

All our businesses have formal flexible working policies available to all employees and have conducted capability sessions for managers to equip them with the skills to manage conversations around flexible work arrangements. Although flexible working for our site-based employees can be challenging, we continue to review options available with flexible rostering, adjustments to working hours, patterns of work and work locations and job sharing to balance work with family, carer, or other responsibilities.

First Nations participation

First Nations participation, reconciliation and community involvement are key for us. Our businesses have strong community participation and involvement through multiple initiatives, including well-progressed Reconciliation Action Plans (RAP) in place at WesTrac and Coates. We were extremely proud of Coates Winning the APIC Partner of the Year award at the 2022 NSW Indigenous Chamber of Commerce (NSWICC) Infrastructure and Construction Awards. In addition, Coates were also awarded Runners-Up for the Outstanding Organisational Contribution to Indigenous Advocacy & Capability Award, while Alana McCarthy (a second-year apprentice with Coates at Beresfield branch) was a finalist in the Indigenous Apprentice/ Trainee of the Year Award and have increased the workforce participation for First Nations employees by 45 per cent in FY23.



Capability and Training

To ensure we have the most up to date capability and trained experts in the business, with attractive career development and growth opportunities, significant investment is made in training and development. This includes operational, sales leadership and development training. In FY23 more than \$12.2m was spent on various training programs, including apprenticeships, trade upgrades, technician and branch manager training. Our well-regarded training and RTO facilities were also at capacity with significant increase in external demand for these services, demonstrating the high industry recognition and credibility of the training programs delivered.

Talent attraction and retention in a constrained labour market

Key talent and attraction in a tight labour market has tested the effectiveness of our talent succession and development and reward programs. Operationally we have had to leverage international talent pools to supplement our labour force. Our attraction and reward programs have also undergone review with referral programs and enhancements to our incentive programs proving effective in retaining top talent despite ongoing competition in the market.

Workforce productivity, performance and engagement

Our analytical approach to assessing workforce productivity and effectiveness has provided a reliable platform to make informed decisions to ensure our customer requirements are met and our workforce is appropriately trained and developed. We continuously look at how technology can support productivity gains and simplify and improve the ways of working. Data on people trends, including recruitment, vacancy rates, number of qualified technicians graduating from our training programs as well as engagement survey results and insights, are integral to how we develop our People strategies and programs.

Opportunities for all employees to live our Owner's Mindset Value and share in the growth of the Group are achieved in many ways, including offering participation in one or more of our employee share plan (ESP) arrangements. Our ESPs range from salary sacrifice arrangements (with over 25 per cent and 17 per cent take up in FY22 and FY23 respectively) to participation in our equity incentive awards, where the number of participants has more than doubled over the past three years. Our performance and reward framework provides a strong basis to assess and manage leadership performance against a number of predetermined Key Performance Indicators, supporting strong performance outcomes and sustainable value creation.

Further details on our sustainability priorities and results are included in the Sustainability Report section of the Annual Report.

Our People are our number one asset: Building a diverse and inclusive performance based culture and fostering a sense of ownership and accountability across all roles is pivotal to how we operate and create sustainable value for our Shareholders.

2023

Level	Number of Women	Proportion of Women
Board	3 of 9	33.3%
Senior Managers/Managers	143 of 645	22.2%↑
Whole of organisation	1,271 of 6,523	19.5%↑

2022

Level	Number of Women	Proportion of Women
Board	3 of 9	33.3%↑
Senior Managers/Managers	117 of 682	17.2%↑
Whole of organisation	1,074 of 6,175	17.4%↑

2021

Level	Number of Women	Proportion of Women
Board	2 of 9	22.2%
Senior Managers/Managers	78 of 567	13.8%↑
Whole of organisation	924 of 5,835	15.8%↑

Emissions and Climate Change – TCFD Disclosure

In this section, SGH reports in line with TCFD recommendations under the headings of Governance, Strategy, Risk Management, Metrics and Targets.

Governance

The Board of Directors maintains oversight of climate and sustainability matters, including impact on our strategy, risk identification and management, and external reporting.

The Audit & Risk Committee (ARC) is responsible for satisfying itself that a sound system of risk oversight and management exists, and that internal controls are effective, in relation to climate change risks.

Management is responsible for reviewing and monitoring, and reporting to the Board on, matters including:

- The Group's performance in relation to sustainability and climate-related matters, assessed by reference to agreed targets and measures
- The effectiveness of the Group's policies, systems and governance structure in identifying and managing sustainability and climate-related risks that are material to the Group
- The coordination and review of climate-related risks, strategy, and reporting
- The development of targets and implementation of initiatives regarding the Group's material sustainability issues, including emissions reduction
- The policies and systems for ensuring compliance with applicable legal and regulatory requirements associated with sustainability and climate-related matters, and
- The Group's reporting regarding sustainability and climate-related matters.

In performing the above role and reporting to the Board of Directors, management is supported by the internal Boards of our operating businesses, which are comprised primarily of members of SGH Executive Management team. Each operating business Board is responsible for satisfying itself that a sound system of risk oversight and management exists, and that internal controls are effective, in relation to risks including climate change risks. These Boards meet six times a year and receive annual reports on business-wide risks.

Strategy

SGH's conglomerate model and diverse portfolio allows us to be flexible and agile to redeploy assets as markets change, to mitigate and manage our exposure to climate risks, and to maximise any business opportunities that climate change presents.

As part of SGH's annual strategic planning process, each business reviews and renews its assessment of the potential impacts of climate change on its business. At the Group level, an exercise is undertaken that includes a consideration of potential technological and regulatory changes on our portfolio of businesses and investments, and on potential future opportunities..

In FY23, an additional exercise was added to the strategic planning process for our wholly-owned operating businesses WesTrac and Coates to undertake economic modelling of carbon price scenarios. The exercise tested scenarios where various levels of carbon price were imposed on a widespread basis. Each business estimated its upstream Scope 3 emissions, Scope 1 and 2 emissions, its carbon intensity versus competitors, end-user elasticity to switch to alternative products, and likely timing for introduction of low- and no-emissions products. The carbon price scenario modelling exercises concluded that both businesses were resilient to carbon price risk in the medium and long-term as long as they remained towards the forefront of anticipated technological developments in their sectors.



📍 WesTrac Geraldton Facility, Geraldton WA

Risk Management

SGH's overall approach to risk management is described in the Corporate Governance Statement of this Annual Report.

Climate-related risks are factored into our risk management approach as one of many fundamental source categories of risk alongside technological, operational, regulatory, social and geopolitical. We continued in FY23 the practice introduced in FY21 of using the TCFD classification of climate-related risks to ensure comprehensiveness in our approach to this source of risk.

Metrics and Targets

SGH accepts the Intergovernmental Panel on Climate Change assessment of the science related to climate change and supports the Paris Agreement in transitioning to net zero emissions by 2050 to limit global temperature increase to well below 2°C by the end of this century.

SGH also accepts that achieving the outcomes of Paris is a shared responsibility, and is committed to ensuring that its operations and businesses express targets and take actions in line with that outcome.

In FY21, SGH announced that our fully-owned and operated businesses Coates and WesTrac would aspire to achieve net zero Scope 1 and Scope 2 emissions by 2040, with targets of 30 per cent below 2020 levels by 2026 and 50 per cent by 2030. Achievement of these short-term targets will ensure that both businesses are well on their way on their roadmaps to achieve net zero by 2040.

Physical climate risks: Exposure assessment

In FY22 SGH worked closely with Katestone, a leading meteorological advisory provider, to understand the extent to which our operating locations might be subject to increased hazards from future weather events related to physical climate change.

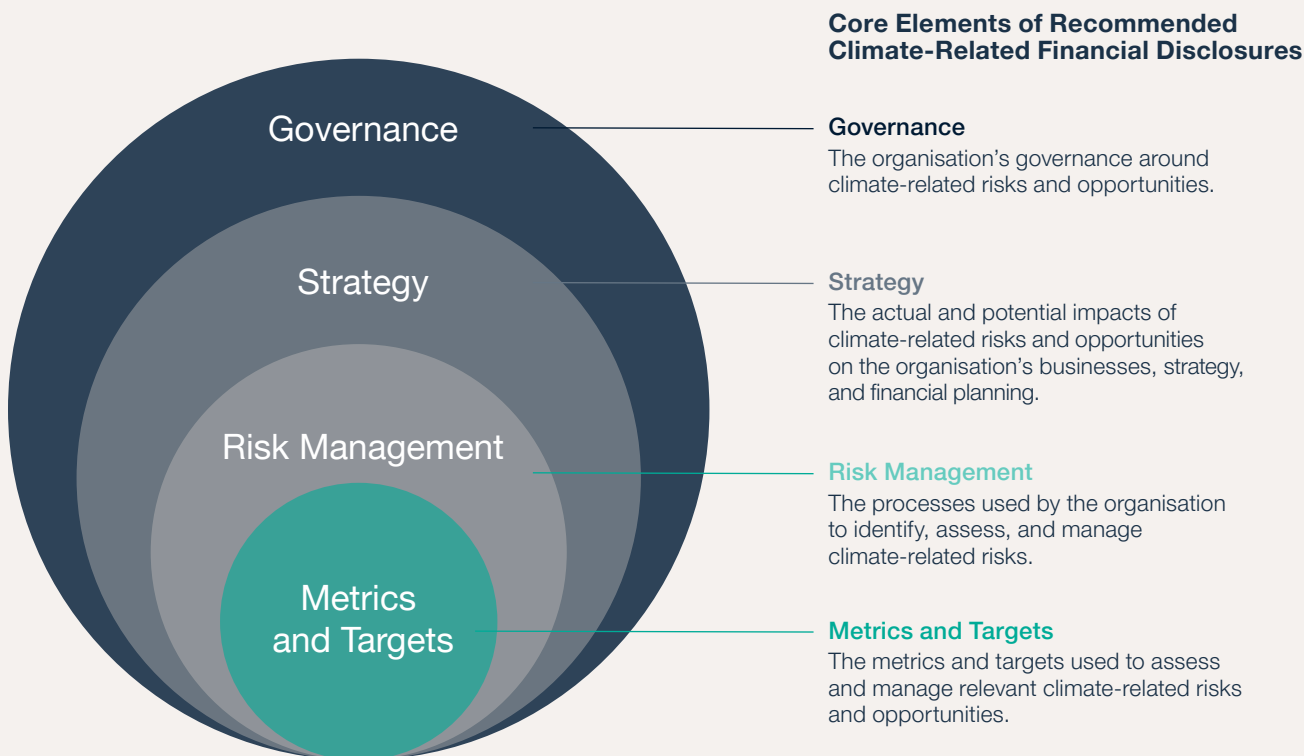
The study applied climate modelling of the worst-case RCP 8.5 scenario through to 2050 across the 12 Australian regions that Coates and WesTrac operate in.

Four climate-related hazards were modelled in each region: extreme heat; extreme rainfall/flooding; bushfire; and cyclones. Trigger parameters for each hazard were defined that are relevant and appropriate for WesTrac and Coates' businesses.

The study found, amongst other things, that over the projected period:

- 7 of our 12 regions will experience significant rises of 50 per cent or more in extreme rainfall events
- 5 of our 12 regions will experience significant rises of 50 per cent or more in bushfire hazards
- 2 of our 12 regions will experience significant rises of 50 per cent or more in extreme heat events.

These results are now being used in each business to guide further analysis of exposure and vulnerability at sites with material exposure to increased hazard prevalence. The insights will be used as inputs into our businesses' operational decisions and into their planning and risk processes.



Data Tables



Work-Related Injuries

WesTrac

	FY21	FY22	FY23
Workers covered by OHS management system ¹	100% of 3,760 employees	100% of 3,947 employees	100% of 4,449 employees
Lost time injuries	2	1	4 [†]
Lost time injury frequency rate ⁴	0.20	0.10	0.41 [†]
Recordable injuries ²	48	67	47 [†]
Recordable injuries frequency rate ⁴	4.80	6.97	4.860 [†]
Fatalities	0	0	0 [†]
Cases of work-related ill health ³	163	198	83
Exposure hours	9,990,102	9,616,577	9,669,235 [†]

Note: these measures align to GRI 403–9 a) i, iii, iv, v (2018).

- OHS management system covers all employees as identified in the table above as well as all contractors that supplement the workforce on company locations under direct supervision.
- Rates have been calculated based on 1,000,000 hours worked. Rates include both employees and contractors.
- The main types of recordable work-related injury are: hand and finger lacerations; soft tissue injuries (primarily back).
- Workers' compensation claims lodged during the period.
- During the period, contractors comprised 75% of Lost Time Injuries and 19% of Total Reportable Injuries at WesTrac. WesTrac continues to enhance its reporting of contractor specific information in line with GR1403-9b.

† Bureau Veritas–assured metric.

Coates

	FY21	FY22	FY23
Workers covered by OHS management system ¹	100% of 1,974 employees	100% of 1,947 employees	100% of 2,098 employees
Lost time injuries	8	15	10 [†]
Lost time injury frequency rate ⁴	1.70	2.82	1.7 [†]
Recordable injuries ²	38	46	30 [†]
Recordable injuries frequency rate ⁴	8.05	8.64	5.1 [†]
Fatalities	0	0	0 [†]
Cases of work-related ill health ³	93	99	61
Exposure hours	4,719,431	5,325,313	5,857,132 [†]

Note: these measures align to GRI 403–9 a) i, iii, iv, v (2018).

- OHS management system covers all employees as identified in the table above as well as all contractors that supplement the workforce on company locations under direct supervision.
- Rates have been calculated based on 1,000,000 hours worked. Rates include both employees and contractors.
- The main types of recordable work-related injury are: body stressing, falls, trips, slips and hitting objects with a part of body.
- Workers compensation claims lodged during the period.
- During the period, contractors comprised 30% of Lost Time Injuries and 27% of Total Reportable Injuries at Coates. Coates continues to enhance its reporting of contractor specific information in line with GR1403-9b.

† Bureau Veritas–assured metric.

Data Tables continued

Diversity

WesTrac

	FY21	FY22	FY23
Ratio of basic salary and remuneration of women to men	Basic salary 87.9% Remuneration 71.3%	Basic salary 88.2%^ Remuneration 71.0%	Basic salary 85.9% [†] Remuneration 70.1% [†]
Ratio for managers ¹	Basic salary 95.9% Remuneration 85.3%	Basic salary 90.4% Remuneration 81.8%	Basic salary 87.7% [†] Remuneration 81.2% [†]
Ratio for non-managers	Basic salary 85.7% Remuneration 69.1%	Basic salary 85.4%^ Remuneration 68.0%	Basic salary 85.5% [†] Remuneration 68.7% [†]
Ratio for metro ²	Basic salary 89.5% Remuneration 76.8%	Basic salary 88.0%^ Remuneration 75.9%	Basic salary 87.9% [†] Remuneration 72.7% [†]
Ratio for regional	Basic salary 74.5% Remuneration 58.7%	Basic salary 86.3% Remuneration 65.7%	Basic salary 79.8% [†] Remuneration 66.8% [†]
Percentage of workforce who are women	14.6%	16.4%	18.8% [†]
% for managers	16.5%	18.1%	18.6% [†]
% for non-managers	14.4%	16.2%	18.8% [†]

Note: these measures align to GRI 405-2 (2016).

1. Manager in line with Workplace and Gender Equality Agency (WGEA) definition.
2. Metro is defined as the greater metropolitan areas of State capital cities, with Regional being all other areas.

^ Restated comparative.

† Bureau Veritas-assured metric.

The above tables include all employees within the operating businesses, with the majority in the non-manager, metro and regional categories employed under Enterprise/Collective Agreements, which do not always provide a direct opportunity to address gender pay gaps from a Basic salary perspective. In addition, the payment of overtime for technical and trade roles, which tend to have a high representation of males, also has an impact on the Remuneration ratios in the non-manager, metro and regional categories.

Coates

	FY21	FY22	FY23
Ratio of basic salary and remuneration of women to men	Basic salary 97.1% Remuneration 84.6%	Basic salary 100.7% Remuneration 89.2%	Basic salary 103.3% [†] Remuneration 85.4% [†]
Ratio for managers ¹	Basic salary 111.5% Remuneration 107.5%	Basic salary 101.3% Remuneration 107.3%	Basic salary 94.3% [†] Remuneration 89% [†]
Ratio for non-managers	Basic salary 101.4% Remuneration 84.9%	Basic salary 103.5% Remuneration 83.8%	Basic salary 106.5% [†] Remuneration 84.4% [†]
Ratio for metro ²	Basic salary 95.2% Remuneration 86.2%	Basic salary 98.6% Remuneration 93.5%	Basic salary 101.6% [†] Remuneration 88% [†]
Ratio for regional	Basic salary 94.5% Remuneration 79.4%	Basic salary 97.5% Remuneration 79.0%	Basic salary 99% [†] Remuneration 77.1% [†]
Percentage of workforce who are women	18.3%	20.0%	21.8% [†]
% for managers	10.5%	10.5%	15.1% [†]
% for non-managers	19.9%	21.5%	22.4% [†]

Note: these measures align to GRI 405-2 (2016).

1. Manager in line with Workplace and Gender Equality Agency (WGEA) definition.
2. Metro is defined as the greater metropolitan areas of State capital cities, with Regional being all other areas.

† Bureau Veritas-assured metric.

The above tables include all employees within the operating businesses, with the majority in the non-manager, metro and regional categories employed under Enterprise/Collective Agreements, which do not always provide a direct opportunity to address gender pay gaps from a Basic salary perspective. In addition, the payment of overtime for technical and trade roles, which tend to have a high representation of males, also has an impact on the Remuneration ratios in the non-manager, metro and regional categories.

Employment

WesTrac

	FY21		FY22		FY23 [†]	
	New Employee Hires	Terminations ³	New Employee Hires	Terminations ³	New Employee Hires	Terminations
Number	727	529	1,060	869	1,348	1,057
Rate	19.9%	14.5%	27.4%	22.5%	32.8%	25.7%
Male – Number	578	427	777	694	985	848
Male – Rate	18.4%	13.6%	24.7%	22.0%	29.3%	25.2%
Female – Number	149	102	274	174	354	209
Female – Rate	28.5%	19.5%	44.6%	28.3%	48.2%	28.4%
Metro ¹ – Number	481	390	677	511	1,025	735
Metro – Rate	24.9%	20.2%	32.4%	24.4%	36.0%	25.8%
Regional – Number	246	139	383	358	323	322
Regional – Rate	14.2%	8.0%	21.6%	20.2%	25.6%	25.6%
<30 years old – Number	287	129	426	241	545	293
<30 years old – Rate	33.1%	14.9%	48.6%	27.5%	55.6%	29.9%
30–50 years old – Number	358	311	537	499	653	601
30–50 years old – Rate	17.0%	14.7%	23.4%	21.7%	27.5%	25.3%
>50 years old – Number	82	89	97	129	150	163
>50 years old – Rate	12.0%	13.1%	14.0%	18.6%	20.0%	21.7%

Note: these measures align to GRI 401-1 (2016).

1. All new hire and termination rates have been calculated based on an average headcount over the reporting period for the relevant population.

2. Metro is defined as the greater metropolitan areas of State capital cities, with Regional being all other areas.

3. Termination numbers and rates include turnover of fixed-term employees and contractors.

† All FY23 metrics are Bureau Veritas–assured.

Coates

	FY21		FY22		FY23 [†]	
	New Employee Hires	Terminations ³	New Employee Hires	Terminations ³	New Employee Hires	Terminations
Number	417	409	481	545	671	534
Rate	21.2%	20.8%	24.8%	28.1%	32.8%	26.1%
Male – Number	301	311	337	411	466	408
Male – Rate	18.6%	19.2%	21.6%	26.4%	29.2%	25.6%
Female – Number	116	98	144	134	205	126
Female – Rate	32.7%	27.6%	38.2%	35.5%	47.5%	29.2%
Metro ¹ – Number	215	209	275	312	423	320
Metro – Rate	18.1%	17.6%	23.6%	26.7%	33.8%	25.6%
Regional – Number	202	200	206	233	248	214
Regional – Rate	25.8%	25.5%	26.6%	30.1%	31.2%	26.9%
<30 years old – Number	111	92	146	101	194	111
<30 years old – Rate	43.7%	36.2%	57.5%	39.8%	67.1%	38.4%
30–50 years old – Number	237	220	263	291	362	280
30–50 years old – Rate	21.8%	20.2%	24.9%	27.6%	32.8%	25.4%
>50 years old – Number	69	97	72	153	115	143
>50 years old – Rate	11.0%	15.4%	11.4%	24.2%	17.6%	21.9%

Note: these measures align to GRI 401-1 (2016).

1. All new hire and termination rates have been calculated based on an average headcount over the reporting period for the relevant population.

2. Metro is defined as the greater metropolitan areas of State capital cities, with Regional being all other areas.

3. Termination numbers and rates include turnover of fixed-term employees and contractors.

† All FY23 metrics are Bureau Veritas–assured.

Data Tables continued

Emissions & Energy

WesTrac

	FY21	FY22	FY23 [†]
Scope 1 emissions (t CO ₂ e)	8,898	9,208	9,557
Scope 2 emissions (t CO ₂ e)	17,089	17,271	14,360
Total Scope 1 and 2 emissions (t CO ₂ e)	25,988	26,479	23,917
Energy consumed (GJ)	213,456	220,892	221,276

Note: these metrics align to GRI 305-1a, 305-2a and 302-1e (2016) and the *National Greenhouse and Energy Reporting Act 2007*.

1. FY23 includes a small amount of estimated data due to the timing of this report. Figures will be finalised prior to submission to the Clean Energy Regulator. Changes are not expected to have a material impact.

† All FY23 metrics are Bureau Veritas-assured.

Coates

	FY21	FY22 ²	FY23 [†]
Scope 1 emissions (t CO ₂ e)	11,725	11,062	11,562
Scope 2 emissions (t CO ₂ e)	6,367	5,750	4,747
Total Scope 1 and 2 emissions (t CO ₂ e)	18,092	16,812	16,309
Energy consumed (GJ)	202,145	192,234	197,809

Note: these metrics align to GRI 305-1a, 305-2a and 302-1e (2016) and the *National Greenhouse and Energy Reporting Act 2007*.

1. FY23 includes a small amount of estimated data due to the timing of this report. Figures will be finalised prior to submission to the Clean Energy Regulator. Changes are not expected to have a material impact.

2. FY22 Scope 2 emissions have been stated down due to clarifications made during FY23 reporting process.

† All FY23 metrics are Bureau Veritas-assured.



📍 Boral Marulan South Limestone Mine, Marulan NSW

Waste & Water

WesTrac

	FY22	FY23 [†]
Total waste generated – non-hazardous (t)	11,475	11,818
Total waste generated – hazardous (t)	4,782	4,703
Total waste generated (t)	16,257	16,521
Total waste diverted from disposal – non-hazardous (t)	8,130	8,372
Total waste diverted from disposal – hazardous (t)	3,753	3,753
Total waste diverted from disposal (t)	11,883	12,125
% waste diverted from disposal – non-hazardous	71%	71%
% waste diverted from disposal – hazardous	78%	80%
% waste diverted from disposal	73%	73%
Total water withdrawn from municipal water suppliers and utilities (ML)	90.3	95.1
Total water withdrawn from other sources (ML)	5.7	12
Total water withdrawn (ML)	96	107.1

Note: these metrics align to GRI 306–3, 306–4a and 303-5a (2018). Estimates have been used for some categories and time periods.

As we move to more continuous data collection, the use of such estimates is expected to decline and the basis for estimates is expected to improve.

1. Data has been compiled from waste transfer notes from WesTrac's main contracted waste collector, as well as specifically sourced data for additional waste relating to e-waste and metal.

† All FY23 metrics are Bureau Veritas–assured.

Coates

	FY22	FY23 [†]
Total waste generated – non-hazardous (t)	4,159	4,509
Total waste generated – hazardous (t)	2,807	1,229
Total waste generated (t)	6,966	5,738
Total waste diverted from disposal – non-hazardous (t)	2,129	2,443
Total waste diverted from disposal – hazardous (t)	1,857	1,082
Total waste diverted from disposal (t)	3,987	3,525
% waste diverted from disposal – non-hazardous	51%	54%
% waste diverted from disposal – hazardous	66%	88%
% waste diverted from disposal	57%	61%
Total water withdrawn from municipal water suppliers and utilities (ML)	96.5 ²	89.1
Total water withdrawn from other sources (ML)	0	0
Total water withdrawn (ML)	96.5	89.1

Note: these metrics align to GRI 306-3, 306-4a (2020) and 303-3a (2018).

1. Data has been compiled from waste transfer notes from Coates' main contracted waste collector, as well as specifically sourced data for additional waste relating to tyres, metal and plastic.

2. Restated to include coverage of additional branches in the FY22 and FY23 measurements.

† All FY23 metrics are Bureau Veritas–assured.

Assurance Statement

INDEPENDENT ASSURANCE STATEMENT



To: The Stakeholders of Seven Group Holdings

Introduction and Objectives of Work

Bureau Veritas Australia Pty Ltd ("Bureau Veritas") was engaged by Seven Group Holdings ("SGH") to undertake a limited assurance engagement on selected sustainability metrics ("the information") presented in the 2023 SGH Sustainability Report ("the Report"). This Assurance Statement applies to the related information included within the scope of assurance described below.

Scope of Limited Assurance

The scope of assurance was limited to the information and data related to Coates Group Holdings Pty Ltd ("Coates") and WesTrac Pty Ltd ("WesTrac") for the period of 1st July 2022 to 30th June 2023.

The complete list of assured disclosures and associated reporting criteria is referred to within the table below.

Sustainability Metrics Subject to Limited Assurance	Reporting Criteria
Work-Related Injuries	GRI 403-9 a. i. iii. iv. v. (2018)
Ratio of Basic Salary and Remuneration of Women to Men	GRI 405-2 (2016)
New Employee Hires and Employee Turnover	GRI 401-1 (2016)
Energy Consumption within the Organisation	GRI 302-1 e. (2016) and the <i>National Greenhouse and Energy Reporting Act 2007</i>
Direct (Scope 1) GHG Emissions	GRI 305-1 a. (2016) and the <i>National Greenhouse and Energy Reporting Act 2007</i>
Energy Indirect (Scope 2) GHG Emissions	GRI 305-2 a. (2016) and the <i>National Greenhouse and Energy Reporting Act 2007</i>
Waste Generated and Waste Diverted from Disposal	GRI 306-3 (2020) and GRI 306-4 a. (2020)
Water Withdrawal	GRI 303-3 a. (2018)

Our assurance engagement does not extend to any other information included in the Report or information in respect of earlier periods.

Limited Assurance Conclusion

On the basis of our procedures as described under "Methodology" and the evidence we have obtained; we provide limited assurance that nothing has come to our attention:

- To indicate that the statements reviewed within the scope of our assurance engagement are inaccurate and the Information included therein is not fairly stated.
- That causes us to believe that the Information, within the scope of our assurance engagement, is not prepared, in all material respects, in accordance with the criteria indicated under "Scope of Limited Assurance".

It is our opinion that SGH has established relevant systems and processes for the collection, aggregation, and analysis of the Information.

SGH's Responsibilities

Management of SGH was responsible for:

- Selecting and establishing suitable criteria for preparing the Report and Information subject to our limited assurance;
- Preparing and presenting the Report and Information subject to our limited assurance in accordance with the criteria; and
- Designing, implementing and maintaining internal controls over Information relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Bureau Veritas was responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Information included within the scope of assurance is free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Directors of SGH.

Bureau Veritas was not involved in the drafting of the Report and our independence has not been compromised.



INDEPENDENT ASSURANCE STATEMENT



Methodology

Our limited assurance engagement was performed in accordance with International Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board, and informed by Bureau Veritas' standard procedures and guidelines for external verification and assurance of Sustainability Report.

Our work was planned and executed in a manner designed to produce a limited level of assurance and to provide a sound basis for our conclusions. We undertook the following activities:

- Review of the suitability of the criteria used as the basis for preparing the Information subject to assurance;
- Enquiries of management to gain an understanding of SGH's processes and systems in place;
- Enquiries of staff responsible for the performance of the processes and preparation of the disclosures;
- Review of documentary evidence produced by SGH representatives;
- Audit of performance data and factual information including source verification; and
- Review of SGH's processes for identification, aggregation and analysis of relevant information, report content and performance data.

Inherent Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined reporting period;
- Statements of commitment to, or intention to undertake future actions by SGH;
- Statements of position, opinion, belief and/or aspiration by SGH;
- Financial data audited by an external third party; and
- Other sites and/or activities not included in the scope.

This independent assurance statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of Independence, Impartiality and Competence

Bureau Veritas is a global leader in Testing, Inspection and Certification ("TIC") services. The Group's mission is to reduce its clients' risks, improve their performance and help them innovate to meet the challenges of quality, health, safety, hygiene, environmental protection and social responsibility. Leveraging its renowned expertise, as well as its impartiality, integrity and independence, Bureau Veritas has helped build trust between companies, public authorities and consumers for 195 years.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among its personnel in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with SGH, its Directors or Managers beyond that required of this assignment. We have conducted this assurance engagement independently and there has been no conflict of interest.

The assurance team was selected based on its extensive Industry Sector knowledge and experience in conducting independent verification, validation and assurance of Environmental Social and Governance (ESG) information and associated systems and processes.

Jeremy Leu

General Manager – Certification and Sustainability Pacific

10th August 2023

Bureau Veritas Australia Pty Ltd



**BUREAU
VERITAS**



Operating and Financial Review

SGH has delivered an exceptional Group result for the year, achieved through outstanding performances from our Industrial Services businesses.

UEBIT

\$1,186.5m ↑20%

Revenue

\$9.6bn ↑20%

Financial Performance

	UNDERLYING TRADING PERFORMANCE ^(A)		SIGNIFICANT ITEMS ^(B)		STATUTORY RESULTS	
	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m
Continuing operations						
Revenue	9,626.5	8,013.4	–	–	9,626.5	8,013.4
Other income	39.1	59.3	2.3	(1.9)	41.4	57.4
Share of results from equity accounted investees	195.0	252.9	4.6	4.3	199.6	257.2
Revaluation of equity accounted interest on acquisition of Boral Limited	–	–	–	756.8	–	756.8
Impairment of intangible assets	–	–	–	(728.4)	–	(728.4)
Impairment of equity accounted investee	–	–	(75.9)	(83.4)	(75.9)	(83.4)
Expenses excluding depreciation and amortisation	(8,172.1)	(6,860.6)	33.1	(100.4)	(8,139.0)	(6,961.0)
Profit before depreciation, amortisation, net finance expense and income tax	1,688.5	1,465.0	(35.9)	(153.0)	1,652.6	1,312.0
Depreciation and amortisation	(502.0)	(477.9)	(9.6)	3.4	(511.6)	(474.5)
Profit before net finance expense and income tax	1,186.5	987.1	(45.5)	(149.6)	1,141.0	837.5
Net finance expense	(283.4)	(253.6)	8.6	(12.1)	(274.8)	(265.7)
Profit before income tax	903.1	733.5	(36.9)	(161.7)	866.2	571.8
Income tax expense	(200.2)	(156.2)	(9.6)	27.6	(209.8)	(128.6)
Profit for the year	702.9	577.3	(46.5)	(134.1)	656.4	443.2
Discontinued operations	–	108.8	(9.9)	55.4	(9.9)	164.2

(a) Underlying trading performance is comprised of reported results adjusted for significant items. This is separately disclosed and reconciled to statutory performance to assist users in understanding the financial performance of the Group. Underlying trading performance measures are non-International Financial Reporting Standards (IFRS) measures and have not been subject to audit or review.

(b) Detailed information regarding the composition of significant items is provided in Note 3: Significant Items of the Financial Report.

The Group has delivered Underlying earnings before interest and taxation (Underlying EBIT) from continuing operations of \$1,186.5 million for the year ended 30 June 2023, up 20.2 per cent on the prior year.

Revenue from continuing operations also increased to \$9,626.5 million, up 20.1 per cent. The strong growth is attributable to the Industrial Services businesses, led by Boral with 117.4 per cent increase in Underlying EBIT, as well as WesTrac and Coates up 17.5 per cent and 22.0 per cent respectively. Contributions from equity accounted investments, Beach Energy and Seven West Media, were down on the prior year.

All commentary below relates to the Group's continuing operations unless otherwise stated. Discontinued operations relate to the finalisation of the disposals of Boral's North American and Australian businesses, which were sold during the prior year. In October 2022, the Group acquired an additional three per cent of Boral, increasing the Group's ownership interest to 72.6 per cent.

The Group has exceeded FY23 Group Guidance of low-to-mid teen Group Underlying EBIT, with Underlying EBIT up 20.2 per cent on the prior year.

WesTrac's EBIT increased by 17.5 per cent to \$500.1 million. Revenue growth in both product sales and product support reflected strong customer demand. EBIT margin deteriorated slightly given a change in the mix of products sold and cost inflation. In FY24, WesTrac is expected to benefit from strong customer activity, with continued product support growth as the fleet age increases and miners continue to expand production. Product sales will also benefit from delivery of existing customer orders, including large number of machines in transit, and from addressable market expansion from WesTrac exposure to customers new developments in future facing minerals.

Boral's EBIT of \$231.5 million was 117.4 per cent higher than the prior year, reflecting improved margins over a restructured cost base

Coates' EBIT of \$300.2 million was 22.0 per cent higher than the prior year, with significant revenue growth of 13.3 per cent arising from higher activity levels across all geographic regions and its expanded solutions offerings. Coates revenue growth, combined with improved utilisation and operating efficiency, more than offset higher costs, improving EBIT margins by 1.9 per cent. Coates' FY24 outlook remains robust given the \$1.2 trillion infrastructure and construction pipeline, supported by further operational enhancements from Project Equipped.

Boral's Underlying EBIT of \$231.5 million was up 117.4 per cent on the prior year, reflecting improved margins over a restructured cost base. Revenue benefited from higher volumes and price across all product lines. EBIT margin was up 3.1 per cent, with improved pricing more than offsetting the impact of inflation on costs and benefitting from the lower overhead cost base arising from Boral's restructuring. Boral's FY24 outlook sees some variability in customer demand but barring any major shift in market or price expects to continue growth in Underlying EBIT.



Operating and Financial Review continued

The Group's share of results from equity accounted investees on an underlying basis is down 22.9 per cent to \$195.0 million. Beach Energy's contribution was impacted by lower production and higher depreciation, resulting in a 24.7 per cent decline in Underlying NPAT. Seven West Media's contribution was also down by 24.5 per cent, reflecting the shorter advertising market and content cost inflation. Beach Energy has a stable earnings outlook, with FY24 production guidance of 17 to 21 mboe. Seven West Media has optimised its content schedule to maximise Total TV audience, and is targeting +40 per cent total TV revenue share in FY24.

Statutory net profit after tax from continuing operations for the year of \$656.4 million is up 48.1 per cent. Statutory net loss after tax from Boral discontinued operations for the year is \$9.9 million reflecting the finalisation of the sale of their North American and Australian businesses divested in the prior year.

Statutory net profit after tax for the year of \$646.5 million is up 6.4 per cent. The statutory result was impacted by significant items, primarily the \$75.9 million impairment of the Group's investment in Seven West Media. Significant items also include the Group's share of equity accounted investees own significant items of \$4.6 million gain and \$2.3 million gain from the increase in the Group's ownership of Seven West Media arising from their on-market share buy-back. Also included within Significant items is \$12.9 million for fair value adjustments arising from the acquisition of Boral, \$8.4 million benefit for Boral's restructuring, following the favourable settlement of onerous contracts recognised in prior years, and a \$2.2 million mark-to-market gain on Boral's Power Purchase Agreement. Significant items in net finance expense include an \$11.2 million gain arising from Boral's tender offer on their US senior notes, offset by interest expense relating to the unwind of the discount on provisions raised as part of the Boral acquisition. On an Underlying basis, NPAT increased by 21.8 per cent, to \$702.9 million. Refer to page 52 for a reconciliation of statutory to underlying results.

The outlook at a Group level of high single-digit FY24 Underlying EBIT growth is expected, supported by earnings momentum at our Industrial Services businesses.



Revenue and Other Income

Revenue of \$9,626.5 million was up 20.1 per cent from \$8,013.4 million in the prior year, with stronger revenue across all Industrial Service businesses arising from strong customer demand supported by pricing discipline.

Boral's Building material sales of \$3,163.6 million was up 18.6 per cent on Boral's FY22 revenue of \$2,668.0 million with increases across quarries, cement, concrete and asphalt.

Product sales of \$1,844.6 million were up by \$386.0 million or 26.5 per cent reflecting strong customer demand for new machines and a reduction in the impact of supply chain disruption on the timing of receipt and delivery of machines to WesTrac's customers. Mining and construction activity strengthened in both WA and NSW.

Revenue from product support was up 23.1 per cent to \$3,168.4 million from \$2,574.4 million, benefitting from higher parts volume and higher prices.

Hire revenue increased by 12.7 per cent to \$1,148.9 million, with Coates benefiting from increased market activity with revenue growth delivered in all geographic regions.

Rendering of services revenue improved by \$14.2 million to \$94.8 million principally from Boral reflecting improved market activity. Contracting businesses revenue was slightly down, \$202.2 million compared to \$207.3 million in the prior year with higher volume but lower revenue due to project mix.

Oil and gas revenue was \$4.0 million, down \$0.6 million or 13.0 per cent, due to lower production and realised oil and gas prices at Bivins Ranch.

Other income of \$41.4 million on a statutory basis was down 27.9 per cent on the prior year, primarily due to reduction in foreign exchange gains and lower dividends following disposal of the Group's listed investment portfolio.

Share of Results from Equity Accounted Investees

The Group's share of results from equity accounted investments of \$199.6 million on a statutory basis was down 22.4 per cent on the prior year, reflecting the decline in results of the Group's equity accounted investments of Beach Energy and Seven West Media.

Beach Energy's contribution contracted 21.0 per cent to \$120.9 million, impacted by lower production and slight margin compression, along with higher depreciation on lower reserves. Beach's statutory result was favourably impacted by the reversal of accrued acquisition costs.

Seven West Media's underlying EBIT contribution of \$57.9 million was down \$18.8 million or 24.5 per cent, reflecting the slower free-to-air advertising market, partially offset by on-going digital earnings growth. Seven West Media's statutory results of \$57.7 million were impacted by IT implementation costs, gains on sale of property and income related to investments comprising fair value gains partially offset by transaction costs.

Expenses

Total expenses excluding depreciation and amortisation increased 16.9 per cent to \$8,139.0 million on a statutory basis, reflecting the growth in revenue.

Materials cost of inventory sold and used in product sales and support increased 26.5 per cent to \$3,524.5 million, reflecting the higher cost of machine and parts inventory. Material cost of inventory sold and used in building materials, rendering of services and contracting by Boral of \$2,539.9 million was up 11.9 per cent reflecting inflationary increases in materials and cartage costs to support revenue growth.

Repairs, maintenance and consumables used in equipment hire of \$144.5 million, were up \$24.8 million or 20.7 per cent due to increased hire volume and underlying cost inflation across the supply chain.

Employee benefits expenditure has increased 10.1 per cent to \$1,168.4 million, reflecting increased skilled employee numbers to deliver revenue growth and wage cost inflation for permanent and temporary staff.

Other expenses are up 5.2 per cent, reflecting increased activity levels and additional credit loss allowance being included in Coates and Boral's calculations for elevated potential credit default risk on small contractors in the building sector.

Depreciation and amortisation has increased to \$511.6 million from \$474.5 million in FY22 on a statutory basis. The increase principally related to Coates' ongoing fleet investment, WesTrac capital investment in heavy rental fleet and Perth Capacity Expansion project and Boral investment in Geelong cement, plant and quarry upgrade projects in FY22 and into FY23.

Underlying net finance expense of \$283.4 million, up \$29.8 million on prior year, reflects higher interest rates on floating debt partially offset by reduced debt levels. Statutory net finance expense was favourably impacted by an \$11.2 million gain following the early repayment of US senior notes by Boral during the year, offset by additional interest expense of \$2.6 million arising from the unwind of discounts on provisions recognised on the acquisition of Boral.



Discontinued Operations

During the year, Boral recognised a loss after income tax of \$9.9 million arising from completion settlement and other divestment related matters from the finalisation of divestments made in prior periods.

Statement of Financial Position

At 30 June 2023, the Group's cash holding was \$876.5 million, down from \$1,254.6 million in the prior year. This decrease is as a result of net repayment of debt during the year from free cash flow.

Current trade and other receivables have increased by \$130.3 million to \$1,629.3 million, reflecting higher sales activity in the Industrial Services businesses. The provision for expected credit loss on trade receivables has increased from \$18.8 million to \$24.4 million, reflecting higher collection risk from the construction sector for Coates and Boral's customers. Other receivables includes cash collateral in relation to equity settled swaps, that reduced from \$112.5 million to \$65.6 million following close out of Beach equity settled swap.

Current inventory across the Group has increased \$153.4 million to \$1,501.0 million. The majority of the increase is attributable to WesTrac's further investment in new machines and parts to mitigate supply chain shortages and support future sales demand as well as the impact of Cat price increases.

Non-current inventory of \$345.7 million relates to fair value of non-current land development projects recognised on consolidation of Boral.

The carrying value of investments accounted for using the equity method at 30 June 2023 was \$1,701.3 million, up 4.5 per cent from \$1,628.6 million. This increase in value is from the recognition of the Group's share of equity accounted investees NPAT of \$199.6 million and share of reserve movements.

The carrying value was reduced by the impairment of investment in Seven West Media of \$75.9 million, dividends received from Beach Energy of \$20.5 million, Boral's equity accounted investees of \$14.5 million, and further reduced by \$9.0 million dividend and \$13.9 million capital return from Flagship.

Other financial assets have decreased by \$66.5 million to \$96.2 million following the sale of Group's remaining listed investment portfolio and revaluation of unlisted investment in China Media. Net mark-to-market movement in the unlisted investment portfolio and realised loss has been recognised in fair value reserve consistent with the requirements of AASB 9: Financial Instruments. Non-capital distributions of \$4.0 million were received from China Media.

Property, plant and equipment increased 2.1 per cent to \$3,497.9 million, with additions principally relating to acquisition of hire fleet assets by Coates, WesTrac's Perth Capacity Expansion project and Boral's Geelong cement project which were completed during the year. Right of use assets of \$711.8 million increased 0.7 per cent reflecting principally extensions of existing property leases.

Operating and Financial Review continued

Producing and development assets increased from \$365.7 million to \$476.5 million, with a further \$103.3 million invested into the Crux LNG project, operated by Shell Australia, undergoing the construction phase. The carrying value of the Group's investment in Longtom increased by \$7.4 million to \$119.6 million for restoration asset recognised on reassessment of restoration provision as a result of higher forecast inflation. The Group's investment in Bivins Ranch continues to be fully impaired at 30 June 2023, with the movement in accumulated impairment reflecting revaluation from exchange differences.

There was no substantial movement in Intangible assets during the year, with the \$6.8 million decline to \$2,222.2 million primarily relating to amortisation of software and other finite lived intangibles.

Current trade payables increased across the Group by \$117.2 million to \$1,124.6 million reflecting higher activity levels.

Deferred income of \$555.1 million, was up \$295.4 million on prior year, principally due to the high volume of advance payments received for major machine deliveries in WesTrac.

Total current and non-current provisions have decreased following resolution of Boral's onerous contracts and partial release from make-whole provisions recognised on acquisition.

Total current and non-current interest-bearing loans and borrowings decreased by \$769.4 million to \$4,893.2 million. During the year, Boral repaid US\$126.9 million of US senior notes s144A in October 2022 and tendered and repaid US\$300.0 million of US senior notes maturing in May 2028. WesTrac also repaid Tranche A of their USPP of US\$45.0 million in June 2023.

During the year the Group raised additional borrowing including the issue of a \$250 million Exchangeable Bond, exchangeable into fully paid ordinary shares of Boral, maturing in October 2027, with an early redemption option in October 2025. Proceeds were used to fund partial repurchase of \$114.2 million of Convertible Notes in October 2022 and a further \$189.4 million was repaid on exercise of the early redemption option in January 2023. The remaining \$44.1 million of Convertible Notes due in 2025 have been reclassified as non-current.

The Group's equity settled swap of \$45.1 million over Beach shares was settled during the year. An additional \$96.0 million swap for Boral shares was entered to fund the three per cent creep in Boral, resulting in the Group retaining total swaps over Boral of \$365.5 million.

Contributed equity reduced by \$35.2 million, as a result of the \$27.5 million allocated to equity portion of repurchased Convertible Notes as well as \$11.1 million for Treasury shares purchased on-market to be used to satisfy future executive share plan obligations, offset by shares vested to employees.

Cashflow, net debt and capital management

Net debt at June 2023 was \$4,016.7 million, down \$391.3 million on FY22.

Operating cash flow of \$1,193.6 million has more than doubled from \$512.4 million in the prior year reflecting the strong trading performance by the businesses with customer receipts, included advanced payments, more than offsetting the increase in cash outflows to suppliers including the impact from higher inflation. Dividends and distributions from equity accounted investees increased to \$44.8 million due to an increase in dividends from Beach Energy, following the change in Beach's capital management framework for 40 to 50 per cent payout of pre-growth free cash flow, as well as from Flagship and Boral's equity accounted investments.

Investing cashflow of \$528.9 million, included net capex on property, plant and equipment (excluding intangibles) of \$460.5 million that was down on the prior year, with further investment in Coates' hire fleet, offset by lower capital expenditure by both WesTrac and Boral. The Group also invested \$103.3 million in the Crux development.

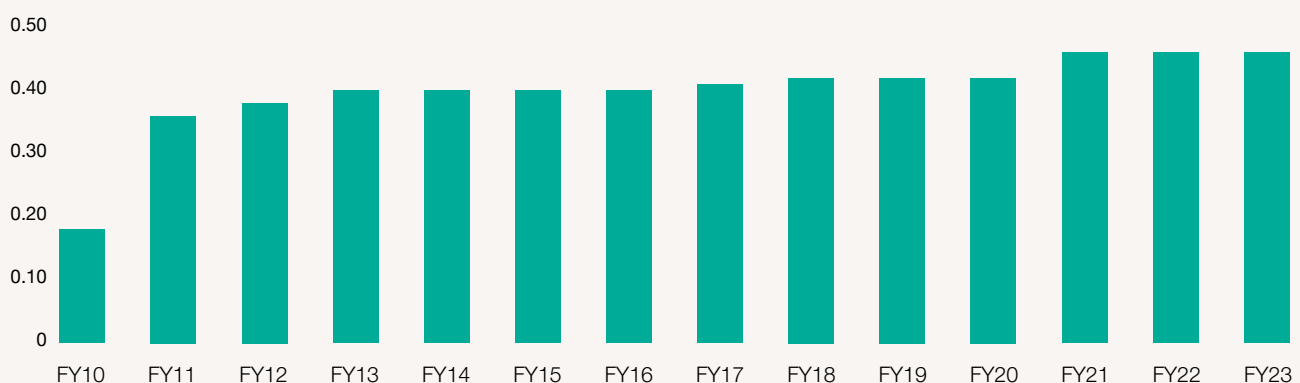
The Group's free cash flow was used to repay external debt, offset by proceeds on borrowings.

At year end, the Group had access to cash and undrawn borrowing facilities of \$2,102.5 million.

Approximately 46 per cent (2022: 49 per cent) of the Group's drawn debt is fixed or effectively hedged with the overall effective borrowing cost for the Group being 5.6 per cent (2022: 4.1 per cent), while weighted average facility maturity is 4.2 years (2022: 4.4 years) for drawn facilities.

Whilst the Group does not disclose a formal dividend policy, decisions regarding future dividend payout ratios and franking levels are made with reference to the Group's medium term underlying profitability, Australian tax payable position, total number of ordinary shares on issue and alternative investment opportunities available. Within these constraints, the Group aims to maintain dividends per share through the cycle with a view to increasing the dividend over the long-term. The Group's FY23 interim dividend was 23.0 cps during the year and is proposing 23.0 cps for the 2023 final dividend.

Ordinary dividend per share history \$/share





Risk Factors

The business activities of SGH are subject to various risk factors that may impact on the future performance and position of the Group.

These risks are both specific to the Group's activities as well as general commercial and economic risks. Such risks may, either individually or in combination, affect the future operating and financial performance of the Group and the value of SGH shares.

Risk Management Framework

The Board has established a risk management framework to actively identify, monitor and manage risks across the Group. The framework is administered by the Audit & Risk Committee, which is responsible for assisting the Board to identify and manage financial and non-financial risks. The Committee's responsibilities are set out under "Principle 7 – Recognise and Manage Risk" in the Corporate Governance Statement available on the Company's website.

The Committee maintains a Strategic Risk Assessment register, established in collaboration with subject matter experts throughout the Group's businesses who identify and assess the risk factors. The Committee evaluates the potential impact and likelihood of each risk occurring and ranks these accordingly. Risk controls including policies and procedures are established for each risk factor, and the responsibility to manage, monitor and report these risks is delegated to the CEO of each business and appropriately skilled senior management. External advisors are engaged to assist in this process where required.

Similar risk management processes are undertaken at WesTrac, Coates and Boral with each subsidiary presenting to the SGH Audit & Risk Committee their consolidated risk register at least annually. The material issues are then also carried up into the SGH risk register with mitigation strategies and are reported to the ARC semi-annually.

The composition of the Board has been specifically considered to ensure that relevant expertise is represented at the Board having regard to the Group's material risks. Page 70 sets out the relevant skills matrix.

Risks that are identified as material to the Group are summarised below. This information should not be regarded as an exhaustive list of all risks that affect the Group, furthermore, the items have not been prioritised.

Material Business Risk

Commodity Price Risk

SGH has an operating interest in oil and gas assets located in Australia and the United States of America. These investments expose SGH to commodity price risk from fluctuations in the prices of oil, natural gas and other condensates and natural gas liquids. SGH does not currently hedge its direct exposure to oil and gas commodity price risk.

The prices of oil and natural gas can be volatile as a result of many factors outside of the Group's control, including global supply and demand, the level of economic activity in the markets that its energy, investments supply, regional political developments and military conflicts in oil and gas producing regions, as seen with the impact of the Ukraine War and sanctions imposed on Russian energy since March 2022, the price and availability of new technology and the cost of alternative sources of energy.

A material and/or prolonged decline in the realised prices of oil and gas may have a material adverse impact on the financial results and future prospects of the Group and/or the ability to fund future exploration, appraisal and development activities.

Beach Energy may be exposed to movements in gas prices as its existing gas sales agreements expire or undergo price review events and are re-contracted at prevailing market prices.

Government legislation and policy in the energy sector, including gas reservation, hydraulic fracturing restrictions and environmental requirements including in relation to carbon emissions such as the Safeguard Mechanism Baselines, may impact the supply of oil and gas in Australian domestic markets and therefore prices in those markets.

Boral is directly exposed to commodity price risk on coal and gas whilst also being indirectly exposed to commodity price risk from prices of coal and gas that impact energy costs, as inputs to lime, cement and asphalt manufacturing operations. Boral may partially hedge its exposure to coal commodity price risk and enters energy contracts to partially hedge exposure to energy costs including a solar power plant purchase agreement.

The Group, particularly Coates and Boral, is exposed to increase in oil price on diesel fuels that impact transport costs, both a direct cost of owned vehicles and as an input cost for transport contractors and lorry owner drivers and as an input to asphalt production in Boral. Boral partially hedges its exposure to coal and diesel fuel commodity price risk.

The Group is indirectly exposed to adverse movements in the prices of iron ore, gold, copper, lithium, thermal coal and other commodities through customers that operate in these sectors. The profitability of these customers, the majority of whom are in the lowest quartile of the global production cost curve, is a driver of the level of demand for the equipment, parts and service that is supplied by WesTrac and Coates.

Mining Production

Parts of SGH's business, especially WesTrac (and to a lesser extent Coates), have an exposure to the Australian major miners who export significant quantities of both iron ore and coal and who represent a large portion of WesTrac's annual revenue. The medium to long-term future of both iron ore and coal exports may be negatively impacted by changes in the Asian markets that are the traditional importers of the products, as they potentially adjust their consumption and preferred suppliers over time. In addition to changes in economic growth and development in China, the possible changes to environmental policy and the impact on thermal coal imports may negatively impact coal prices, which could adversely impact SGH's financial performance. Any increased political tensions between Australia and other foreign Governments could negatively impact export volumes and therefore SGH's financial performance.

Competition

The markets in which the Group's industrial services businesses operate are highly competitive. Customers have alternative sources of supply, including in some cases imported supply, therefore requiring competitive pricing and high customer service levels to retain market share. The competitive environment can be significantly affected by local market forces, such as new entrants, production capacity, utilisation, disruptive product innovation, customer strategies and preferences, and changes in mining and construction methods and construction materials. An increase in competition could result in a loss of market share or decrease in prices that could impact the Group's profitability.

Seven West Media competes for audience share and advertising revenues with all forms of media such as free-to-air television, newspapers, magazines, radio, outdoor advertising, pay television, direct mail, cinema and the internet, including Subscription Video On Demand (SVOD), Transactional Video On Demand (TVOD), Advertising Video On Demand (AVOD), Broadcast Video On Demand (BVOD), short form video, social media and search. The Australian media industry is highly concentrated and competitive, with a number of operators competing for market share and advertising revenue through the same or alternative products. The actions of an existing competitor, the entry of new competitors into the market, and the introduction of new forms of media, or changes to Government regulation such as anti-syphoning, may result in audience fragmentation in television, BVOD and/or a reduction in newspaper readership, resulting in advertising revenue declines and lower profitability for Seven West Media. Media reform may provide an opportunity to mitigate these factors.

The demand for oil, gas and other products of SGH's energy assets may be adversely affected by competition from alternative sources of oil or gas, competition from other sources of energy supply, technological developments in energy efficiency, changes in consumer behaviour, policy shifts towards lower carbon emissions, changes to competition policy and a large number of other factors outside of the Group's control.

Boral has specific competition risks in relation to customer concentration, production innovation and product substitution.

Funding, Access to Capital Markets and Liquidity Risk

SGH relies in part on debt and debt-like instruments to fund its business operations. SGH and its subsidiaries will need to refinance debt and derivative facilities as they mature over time. SGH is exposed to adverse changes in global equity or credit market conditions. There is a risk that SGH could have difficulty obtaining financing on commercially reasonable terms if there was a material deterioration in the cash generation of the business operations, which may negatively impact SGH's ability to implement strategy or undertake investments, as well as potentially increasing the cost of funding.

The ability to refinance can be impacted by many factors outside of the Group's control, including global supply of credit, level of economic activity and credit defaults, perceptions of carbon intensity and credit providers' assessment of aggregated credit risk to the Group and its investments.

Liquidity risk arises from the possibility that the Group may not be able to settle or meet its obligations as they fall due. Failure to meet applicable covenants or undertakings in its financing arrangements could adversely impact SGH by accelerating payment obligations or requiring the renegotiation of existing financing. The Group manages this risk by maintaining sufficient cash balances, liquid securities and undrawn bank facilities from a variety of lenders to ensure these obligations can be met.

The Group also has policies in place to ensure that exposure to counterparty credit risk is mitigated.

Contract Risk

SGH is subject to the risk that material contracts with suppliers, customers and others are terminated, expire, are not renewed or are renegotiated on less favourable terms to SGH. This may have an adverse impact on SGH's financial performance and position. SGH is party to agreements with service providers for a number of ongoing services, which if terminated might have significant financial and operational implications for SGH's businesses. SGH is also exposed to the risk that it does not manage, or that third party service providers do not manage, obligations in line with contractual or operational standards, which could result in financial losses as well as reputational damage to SGH.

WesTrac term maintenance contracts, Coates Specialist Engineering and Boral contracting business projects may have work delivery challenges that manifest in actual costs increasing from earlier estimates. Coates Specialist Engineering and Boral contracting business may have normal contractor's liability in relation to projects and may have normal design liability for projects where design is contracted. These liabilities may include litigation against Coates or Boral. Coates or Boral may also provide performance guarantees and indemnities for projects and the value of these guarantees and indemnities is indeterminable in amount.

Customer Default

SGH's businesses have large and diversified customer bases and are not reliant on any single customer. However, there is the risk that customers may default due to bankruptcy or other reasons, including general economic downturn. Such risks have been manifested across the building and construction sector due to the adverse impacts of inflation impacting builders who have taken on fixed price construction risk.

A customer's termination of, or default under, a contract could result in a loss of expected revenues and additional expenses. Accordingly, the termination of, or default under, a contract by any of SGH's customers could have an adverse effect on SGH's business, financial condition and results of operations.

Project Activity

Australian infrastructure policy has long been the foundation for economic growth through the development and ultimately investments of large-scale projects, e.g., Snowy Mountains Hydro Scheme. The current forecast for infrastructure across Australia, specifically the East Coast, is forecast to provide a significant stimulus to the economy over the next decade. WesTrac, Coates and Boral are exposed to the infrastructure activity and have factored the increases in activity into their strategic outlooks, any material change in this outlook as a result of changes in Government policy could have an adverse effect on SGH's financial performance.

Risk Factors continued

Government Policy

Changes in government, policies, taxation and other laws and government intervention in domestic markets, such as the Gas price cap, can have a significant influence on the outlook for the Group. In this regard, the Group has a significant exposure to infrastructure, natural resources and environmental policy. In Australia, natural resources are regulated by State and Federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine safety, toxic and radioactive substances, native title, right to negotiate, indigenous heritage and a range of other matters. The Group faces the potential changes to permitted activity under a future Global pandemic related industry or geographic restrictions on activity.

In regard to the infrastructure industry, the Group is exposed to a variety of factors that may adversely affect its businesses or operations, regulation by various governmental authorities, service interruption due to environmental, operational or other mishaps; the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards; and general changes in market sentiment towards infrastructure assets.

The environment is regulated in Australia by Local, State and Federal governments in relation to activities impacting the natural environment, including development conditions and approvals, restrictions on operations and amount of carbon emissions that may adversely impact the Group's businesses or operations or those of its customers.

Equity Market Risk

The Group's listed and unlisted investments are subject to price, liquidity and other risks associated with any investment in such assets, including the risk that distributions paid to shareholders will be reduced.

The Group's financial performance may be impacted by fluctuations in the value of its listed and unlisted investments due to numerous factors. These include changes in Australian and international stock markets and investor sentiment, domestic and world economic conditions and outlook, consumer and business sentiments, occupancy rates, inflation rates, interest rates, employment and taxation legislation and other changes to government policy, legislation or regulation.

Reserve, Exploration and Production Risk

Quarry, oil and gas reserves and resources are estimated using subjective judgements and modelling based on available geological, technical, contractual, licence, permit and economic information. Estimates can change over time due to new information from drilling or production, changes in economic factors such as quarry product, oil and gas prices, regulation or other events.

Quarry, oil and gas reserves and resources are finite and are depleted on an ongoing basis through production, with replacement only possible through the discovery of new resources through successful exploration or the acquisition of resources. Exploration for quarry products and hydrocarbons is inherently risky and subject to geological interpretations and technological uncertainties. Failure to secure access to licenses and permits and sub-economic exploration results could lead to declining reserves and resources impacting long term growth. Boral holds production rights to a number of quarries.

SGH Energy holds production rights to a number of on-shore and off-shore oil and gas fields. Oil and gas facilities are exposed to the risk of loss of containment of hydrocarbons. A loss of containment could result in disruption to production, loss of revenue and clean-up costs.

Boral holds production rights to a number of quarries. Quarry production may result in disturbance to the environment, including ground stability, air quality and noise. Any quarry, oil or gas project may be exposed to production decline or stoppage, which may be the result of facility shut-downs, mechanical or technical failure, climate-related events and other unforeseeable events. A significant failure to maintain production could result in lower production forecasts, loss of revenue and additional operational costs to restore production.

Foreign Exchange Risk

The Group is exposed to movements in foreign exchange rates. WesTrac, and to a lesser extent Coates and Boral, is exposed to foreign exchange risk through the purchase of plant and equipment, inventory and products denominated in foreign currency, principally US Dollars. As part of its pricing of equipment globally, Cat periodically resets pricing for mining equipment and parts which are denominated in US Dollars reflecting exchange rate movements and underlying inflation.

Movements in the pricing of equipment impacts WesTrac's cost of machines and may also affect the overall profit earned on the sale of equipment to customers which may be denominated in either Australian Dollars, US Dollars or both.

Boral is exposed to foreign exchange risk through Boral's remaining international operations, and through imported products and acquisition of plant and equipment. Boral also currently hold US Dollar denominated debt which is partially hedged via the holding of US Dollar cash deposits and foreign exchange derivatives.

Fluctuations in foreign exchange rates, including the AUD/USD exchange rate could have an adverse impact on the Group's business, financial condition and results of operations which are reported in Australian Dollars.

The revenue generated from the Group's energy assets is partly denominated in USD. The Group does not currently hedge the expected revenues from these activities, resulting in the risk of lower earnings for the Group upon conversion to Australian Dollars if there has been an adverse movement in the exchange rate. Furthermore, the capital development costs of these projects are substantially denominated in US Dollars and unhedged, with SGH Energy relying on the natural hedge of the expected revenue flows also being US Dollar denominated.

The Group may from time to time hold cash and investments, including investments in overseas equity funds, denominated in US Dollars, exposing the Group to foreign exchange risk.

Interest Rate Risk

The Group is exposed to the risk of an increase in net interest costs through the impact of adverse changes in market interest rates on the cost of debt. The Group's policy is to hedge a portion of this risk by utilising a mixture of fixed and floating rate debt facilities and through the use of derivatives including interest rate swaps and options.

Inflation Risk

The Group is exposed to the risk of a significant increase in input costs, both direct and indirect, through the impact of periods of sustained high inflation. The Group seeks to recover increased input costs from inflation by prices charged to customers for goods and services and there is a risk some increased input costs are unable to be passed on, adversely impacting the Group's margins. Central bank measures to mitigate high inflation by increasing interest rates may result in reduction in economic activity and consumer demand that may adversely impact the Group's market outlook, principally in Media and Boral's Addition & Alteration customers, with WesTrac and Coates to date being able to pass on changes to cost structure.

Investment Risk

Investment Opportunities

The financial performance of the Group will be affected by the recognition and availability of suitable investment opportunities in the future coupled with the operating performance of the existing businesses to support this growth. There is no guarantee that the Group will be able to identify and successfully implement future investment opportunities. Investment opportunities, and the Group's ability to divest its existing investment are subject to market conditions and other factors outside of the control of the Group. With SGH's ongoing focus on growth and diversification, the next opportunity to significantly add to the current businesses controlled by SGH will carry additional risk due to the size and potentially the nature of those businesses. Given the complexity of any transaction undertaken, SGH faces risks in undertaking sufficient due diligence and reaching a level of assurance as to the merits of acquiring the potential target. Due diligence may not reveal all material issues, which could impact on the returns from the investment. If SGH does undertake further investments in the future, there are risks associated with the integration of any business into SGH, including potential delays and costs in implementing necessary changes and integrating various operations, and failure to achieve potential synergy benefits.

Minority Investments

SGH holds investments in a number of ASX-listed, and unlisted, companies that it does not control, including Seven West Media and Beach Energy. Where SGH holds an investment and is limited in its ability to exert control over the investee entity, it may become subject to the operational control of others and the financial performance this may entail. Additionally, SGH will be exposed to the price, liquidity and other risks inherent in minority shareholdings, including the risk that distributions paid to security holders will be reduced, adversely impacting the yield of the broader portfolio. SGH may also not be able to achieve an easy or profitable exit from its investments. This could lead to a reduction in the financial performance of SGH. Listed equity markets fluctuate with time, and the price of shares in SGH's portfolio may rise or fall due to numerous factors, which may affect the market performance of SGH. These include changes in Australian and international stock markets and investor sentiment, domestic and world economic conditions and outlook, inflation rates, interest rates, employment, taxation and changes to government policy, legislation or regulation.

Media Investments

SGH's investment in Seven West Media exposes it to the various risks facing the media industry. Viewer fragmentation in television and reduction in newspaper readership results in declines in advertising markets across key platforms. This could negatively impact the future level of profitability of the media sector and their free cash flow generation. Media reform, and potential for media consolidation transactions, may also impact on SGH's media investments. The investment in listed company Seven West Media is equity accounted. The investment has been previously impaired due to a significant decline in observable market value.

Energy Assets

A sustained or long-term weakness in oil or gas prices may negatively impact the carrying value of SGH's oil and gas investments, joint ventures and operations. In addition, the development timetable of SGH's energy assets is subject to the decision making of controlling and operating partners in relation to factors such as environmental and regulatory approval, economic access to processing infrastructure, approval of drilling programs, finalisation of development concepts,

development schedule and cost, operating cost including approach to carbon emissions reduction or offset. If differences arise in the economic motivations of SGH Energy and its partners, the development timetables for each asset could be deferred, impacting downstream processing contracts and the recoverable value of the Group's energy assets.

Failure of SGH Energy's JVPs to meet financial and other obligations may have an adverse impact on SGH Energy's business. SGH Energy works closely with its JVPs to minimise joint venture misalignment.

Management and Personnel

Loss of key management and other personnel, including board directors, may have a negative impact on SGH's businesses and SGH faces the risk that it cannot promptly or adequately replace key directors, management or personnel that leave SGH. Difficulties attracting and retaining skilled employees may also impair SGH's ability to conduct its business.

A local or global shortage of suitably qualified and experienced technicians and operational staff could impact the ability of WesTrac, Coates and Boral to achieve their operational objectives and also result in an increase in operational costs through higher salaries required to attract and retain staff.

Many of SGH's businesses' employees, including permanent and casual employees, are covered by awards, enterprise bargaining agreements and other workplace agreements. These arrangements are complex and require interpretation, including in determining payments and accrual of employee benefits, are subject to change in interpretation, government regulation and periodically require renegotiation and renewal. These arrangements could result in issues which may lead to disruptions to operations and an increase in direct and in-direct labour costs, which may have negative impacts on the Group and the Group's financial performance.

Manufacturing Operations

Boral's manufacturing operations and related services depend on critical plant. Any unanticipated failures, outages or force majeure events could lead to failure to meet financial performance that Boral partially mitigates via business interruption insurance on key facilities. Boral's performance is exposed to inflationary impacts from rising input costs, including energy. Disruption in the supply of raw materials or other critical inputs for manufacturing as a result of force majeure type events could impact Boral's ability to manufacture products and meet market demand. Specific business interruption risks for Boral include plant and systems failure, severe weather, access to future reserves and resource supply constraints.

Infrastructure Access

The Group's energy assets and investments rely on access to infrastructure on commercially acceptable terms in order to supply oil and gas production to customers. Failure to secure and maintain access to infrastructure on such terms, or events that result in a significant disruption to access, could result in the loss of revenue, loss of investment income or require additional costs to restore or find alternative access. Contracts to access processing may involve take or pay arrangements that could result in costs where production is either not supplied or not supplied in sufficient volumes.

Risk Factors continued

WesTrac Dependence on Caterpillar

WesTrac's predecessor companies have been associated with Caterpillar since 1925 and WesTrac's association with Caterpillar has been since 1990. As is customary in dealer agreements with Caterpillar, the WesTrac dealer agreements with Caterpillar can be terminated by either party upon 90-day notice at any time. The dealer agreements also contain provisions for automatic or accelerated termination in certain circumstances, such as material breach, insolvency events, and changes in control without Caterpillar consent, and are not exclusive. The Caterpillar dealer agreements are not, however, subject to periodic renewal requirements and are perpetual in nature (subject to the termination right noted above).

In the event Caterpillar terminates or appoints another dealer or deals directly in the territories in which WesTrac operates, it would have a material adverse effect on WesTrac's business, financial condition and results of operations as well as trigger accelerated prepayments across the SGH's key funding arrangements. In the event Caterpillar changes the scope of current or future activities able to be provided by WesTrac under the dealer agreements, it may have an adverse effect on WesTrac's business, financial condition and results of operations.

WesTrac is dependent on Caterpillar for timely supply of equipment and parts from their global manufacturing factories and distribution warehouses. During periods of intense demand or in the event of disruption to Caterpillar's business there may be delays in the supply of equipment and parts to WesTrac. In the event that Caterpillar is unable to supply its products in the quantities and timeframes required by WesTrac's customers, it may have a material adverse effect on WesTrac's business, financial condition and results of operations.

WesTrac is also dependent on Caterpillar to maintain product development and innovation to ensure that it has a quality product offering for its customers.

Remediation and Restoration Costs

The Group holds provisions for the future remediation and restoration costs of quarries and removal costs of offshore and oil and gas production facilities and pipelines at different stages of the development, construction and end of their economic lives. Most of these restoration and decommissioning events are many years in the future and the precise requirements that will have to be met when the restoration event occurs are uncertain and differences in actual requirements to assumptions made may result in difference in costs. Decommissioning technologies and costs are constantly changing, as are political, environmental, safety and public expectations. The timing and amounts of future obligations are subject to significant uncertainty and estimation is required in determining the amounts of provisions to be recognised. The Group maintains a provision for remediation and restoration obligations representing the Group's best estimate based on current industry practice, current regulations, technology, price levels and expected plans for end-of-life remediation. Changes to current industry practice could result in increased costs, which may have negative impacts on the Group and the Group's financial performance.

Global Pandemic

The Group's operating businesses are exposed both directly and indirectly to the risks associated with pandemics such as the recent COVID-19 pandemic which impacted certain underlying markets, customers, supply chain, and negatively impacted macroeconomic conditions and commodity prices.

Key operational risks to the Group of a global pandemic include the potential closure of locations such as branches and workshops, disruption to field services, disruption to the supply

chain, closure of customer locations, and government mandated lockdown, as seen in the construction industry in Sydney and Melbourne in early FY22. These risks may impact customer demand and the ability of WesTrac, Coates and Boral to schedule and complete the work required to provide equipment, services and products to customers on a timely basis. The ability of customers to pay for equipment, product and services within agreed terms may also be impacted, as may the solvency of a limited number of customers.

Both Australian and international economies have experienced, and continue to experience, challenging economic conditions as a result of the COVID-19 pandemic, including high inflation.

The Group and its operating businesses have Business Continuity Plans and maintain a level of crisis liquidity for events such as COVID-19. Supply chains have been significantly impacted and the Group has increased inventory levels in WesTrac, including increased orders of critical long lead time parts and new equipment where increased lead times necessitated going on risk to enable WesTrac to meet expected customer demands. Coates have also seen equipment delivery times extend and have slowed the rate of fleet disposals accordingly to ensure they have sufficient fleet to meet current customer demand.

Essential services such as mining, oil and gas were not materially disrupted. By contrast, construction and related services, in Sydney and Melbourne during early FY22, were subject to lockdown restrictions. Furthermore, Western Australia border remained closed for the majority of FY22 in order to protect key export industries and vulnerable communities putting increased pressure on the availability of skilled labour in the State. As a result, in FY22 the Group experienced significant impact on Boral, limited impact in WesTrac, some impact in Coates and indirect impact on equity accounted and other investments.

Tax Risks

The Group may be subject to reviews by taxation authorities from time to time in the ordinary course of business. These reviews may result in the taxation authorities taking a different view on the tax treatment of particular transactions from that of the Group, which could lead to additional tax liabilities.

Workplace Safety and Security

Employee safety is a fundamental principle in all the Group's activities. However, the nature of the Group's operations involves a variety of risks which could result in accidents or environmental incidents, causing injuries or loss of life for its workforce, including staff and contractors, and the public, and could result in regulatory action, legal liability and damage to the Group's reputation. The Group has sought to mitigate these risks by assessing, understanding and mitigating the risk factors in each of its operating businesses by implementing safety rules and safety commitments which provide direction and guidance on these critical risks.

The Group is committed to providing a safe workplace and maintains comprehensive workplace safety policies and systems which are overseen by health and safety specialists within the human resources departments and dedicated risk, safety and security teams within each business. Procedures relating to security at the Group's business sites are prioritised and are subject to review and continuous improvement.

Chain of responsibility legislation also extends the Group's obligations beyond existing operations to contractors and potentially their sub-contractors, over whom the Group has less control and there are strategies in place to manage this risk within each operating business unit.

Crime, Technology and Cyber Security

The Group is subject to risk of fraud, misappropriation of assets and information by both individuals and organisations. The Group has controls in place to mitigate these risks, including but not limited to system controls, segregation of duties, review procedures, bi-annual Financial and Corporate Governance Self Assessment (FCGSA) attestation process, whistleblower reporting, internal and external audit.

The Group's rental activities necessitate the loss of physical control of assets increasing the risk of misappropriation, mitigated where possible by identity checks and obtaining security deposits before hire and on certain high value serialised equipment GPS tracking devices. The Group secures assets within its control at locations using a variety of physical measures including locks, alarms, fencing, closed circuit television and security guards.

We rely upon information technology systems and networks in connection with a variety of business activities. Information technology security threats from user error to cyber security attacks designed to gain unauthorised access to our systems, networks and data, are increasing in frequency and sophistication. The Group secures business and customer information using information technology security measures, including encryption, multi-factor authentication and independent security penetration testing.

We have experienced cyber security threats and vulnerabilities in our systems and those of our third-party providers, and we have experienced viruses and attacks targeting our information technology systems and networks. Such prior events, to date, have not had a material impact on our financial condition, results of operations or liquidity. However, the potential consequences of a future material cyber security attack include reputational damage, litigation with third parties, government enforcement actions, penalties, disruption to systems, unauthorised release of confidential or otherwise protected information, corruption of data and increased cyber security protection and remediation costs, which in turn could adversely affect our competitiveness, results of operations and financial condition.

Due to the evolving nature of such security threats, the potential impact of any future incident cannot be predicted. Further, the amount of insurance coverage the Group's businesses maintain may be inadequate to cover claims or liabilities relating to a cyber security attack. In addition, data we collect, store and process are subject to a variety of laws and regulations which may carry significant potential penalties for non-compliance.

There are risks of loss to SGH's businesses arising from failed, corrupted, breached or inadequate information technology systems, including loss of confidentiality, integrity and availability of sensitive or critical data as well as business disruptions. Cyber security issues, including cyber-attacks, could result in financial loss, loss of information integrity, or breaches of SGH's obligations under applicable laws.

Reputational Risk

Reputational risk is the risk of failure to meet stakeholder expectations as a result of an event, behaviour, action or inaction, either by SGH itself, our employees or those with whom we are associated, that may cause stakeholders to form a negative view of the Group and is fundamentally a by-product of another business risk such as decarbonisation, ethics, security or tax.

The governance of reputational risk is integrated into the Group's broader risk governance framework. The Business Units manage risk as an intrinsic part of their daily operations and are committed to conducting activities in a way that generates sustainable growth while enhancing the reputation of the Group.

There is an ongoing focus on continued investment in cyber security, ongoing investment in sustainable water sources and wastewater management and meaningful focus on Indigenous employment.

There may also be reputational risks associated with exposure to fossil fuels and emissions-intensive businesses or businesses which decarbonise slowly, which is potentially offset by the opportunity to build a more climate-positive brand to better align with consumer preferences, while also engaging with customers on relevant concepts.

Weather, Environment and Climate Change

Extreme weather is a risk for mining, quarry, oil and gas, construction and construction materials industries. Periods of extreme weather can interrupt the Group's production, operations, and ability to supply products to the market and limit customer's production and operations postponing demand. Prolonged periods of wet weather can impact Boral's performance through lower productivity and loss of fixed cost recovery.

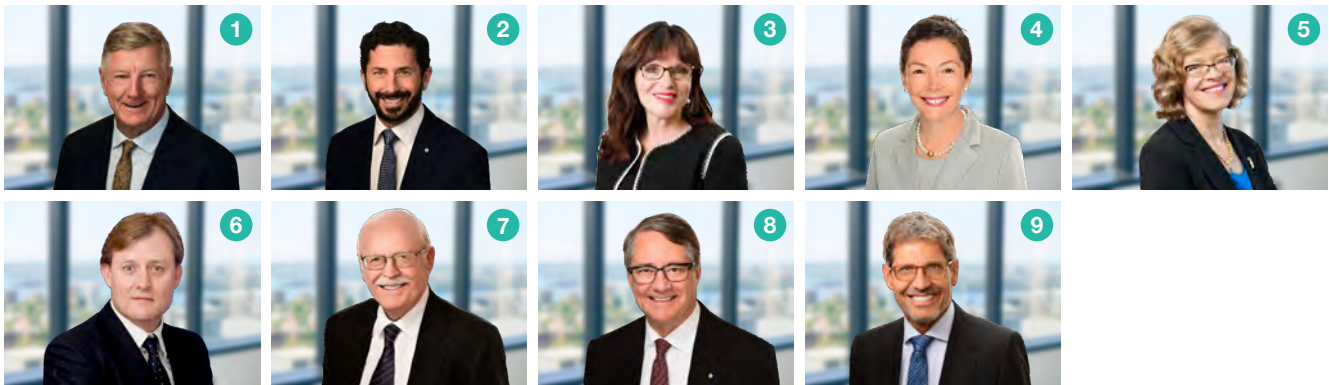
SGH operates in industries that may have a negative impact on the environment, including in respect of land, air, and water pollution and greenhouse gas emissions. SGH is investing in solutions to reduce its energy consumption and greenhouse gas emissions and is seeking to transition to a lower carbon economy including an aspiration to net zero emissions by 2040 for WesTrac and Coates.

Boral's pathway to net zero is dependent on further development and commercial viability of new and emerging technologies. There are risks that new technologies are not developed or are not viable or changes in regulation that may increase SGH's cost structure (including the cost of carbon offsets) or result that SGH is unable to satisfy the future regulatory requirements relating to these matters impacting SGH's social licence to operate.

There is a risk that changes to applicable environmental regulations can have direct impact, such as recent change to the Safeguard Mechanism and carbon emissions baseline and applicability of Trade Exposed Baselines Adjustments, or indirect impact, such as policy impacting availability or cost of carbon offsets, on the Group businesses that could adversely impact SGH's financial and business performance. Customers are increasingly looking to lower their greenhouse gas emissions, which may result in increased electrification or use of alternative fuels (such as hydrogen) to power mining fleet, reducing future demand for support (parts and service) of traditional diesel combustion engines or use of alternative construction materials, reducing future demand for aggregates, cement and concrete.

Strategic, regulatory and operational risks and opportunities associated with climate change are incorporated into Company policy, strategy and risk management processes and practices. The Group actively monitors current and potential areas of climate change risk and takes actions to prevent and/or mitigate any impacts on its objectives and activities including setting of targets to reduce carbon emissions. Reduction of waste and emissions is an integral part of delivery of cost efficiencies and forms part of the Group's routine operations.

Board of Directors



1. Terry Davis

Chairman of Seven Group Holdings Limited

Since 17 November 2021

Director

Since 1 June 2010

Member of the Independent & Related Party Committee and member of the Remuneration & Nomination Committee.

Group Managing Director, Coca-Cola Amatil Limited from November 2001 to March 2014.

Director of St. George Bank Limited from December 2004 to December 2008.

Over fifteen years' experience in the global wine industry including Managing Director of Beringer Blass (the wine division of Foster's Group Limited) and Managing Director of Cellarmaster Wines Group between 1987 and 1997.

Council Member of the University of New South Wales Council from June 2006 to June 2014.

2. Ryan Stokes AO

Managing Director & Chief Executive Officer of Seven Group Holdings Limited

Since 16 February 2010

Mr Ryan Stokes AO is Managing Director & Chief Executive Officer of Seven Group Holdings (SGH). He was previously Chief Operating Officer of SGH.

Mr Stokes is Chairman of WesTrac, Chairman of Coates, Chairman of Boral, Director of Beach Energy and Director of Seven West Media.

Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE). ACE is a private company with its primary investment being an interest in Seven Group Holdings.

Mr Stokes is Chairman of the National Gallery of Australia. Mr Stokes was Chairman of the National Library of Australia from 2012 to 2018. He was a member of the Prime Ministerial Advisory Council on Veterans' Mental Health and was a member of the IOC Olympic Education Commission.

Mr Stokes holds a BCom from Curtin University and is a Fellow of the Australian Institute of Management (FAIM). Mr Stokes was appointed an Officer in the General Division of the Order of Australia in the Queen's Birthday honours on 8 June 2020.

3. Rachel Argaman (Herman) OAM

Director of Seven Group Holdings Limited

Since 7 February 2022

Member of the Remuneration & Nomination Committee and member of the Independent & Related Party Committee.

Ms Argaman brings a wealth of operational experience and proven leadership skills and capability across a number of sectors. Ms Argaman has been the Chief Executive Officer of Opal HealthCare, Australia's largest private residential aged care provider, since August 2018. Prior to this she held executive roles at TFE Hotels, as Chief Executive Officer for 11 years, Charter Training Group and Imperial Car Rental.

As the Chief Executive Officer of Opal HealthCare, Ms Argaman has worked to create a customer and purpose led organisational culture that focuses on the delivery of strong social and commercial outcomes to enable the provision of the infrastructure to support Australia's aging population live well. She has also led the business through its response to the COVID-19 pandemic and the Royal Commission into Aged Care, Quality and Safety.

Ms Argaman holds a Bachelor of Arts (Hons) and MBA in Services Industries Management from the University of the Witwatersrand.

4. Annabelle Chaplain AM

Director of Seven Group Holdings Limited

Since 24 November 2015

Chair of the Audit & Risk Committee; member of the Remuneration & Nomination Committee and member of the Independent & Related Party Committee.

Ms Chaplain brings to Seven Group Holdings extensive experience in financial services and mining, engineering and infrastructure services.

Ms Chaplain is the Chairman of Canstar Pty Ltd, MFF Capital Investments Ltd since August 2019 and a Non-Executive Director of Super Retail Group Ltd since March 2020. Previously she was Chairman of Queensland Airports Ltd and a Non-Executive Director of a number of companies including Downer Group, Coal and Allied Industries and Credible Labs Inc. In the public sector she has previously served as a member of the Board of Taxation and as a Director of EFIC, Australia's export credit agency.

Since April 2017, Ms Chaplain has served as a Director of the Australian Ballet and was also the Chair of St Margaret's Anglican Girls School from 2011–2014 and the inaugural chair of the St Margaret's Foundation and NED, The Australian Youth Orchestra, 2007–2011.

Ms Chaplain is a Fellow of the Australian Institute of Company Directors. She holds an MBA from the University of Melbourne, a BA majoring in Economics and Mandarin from Griffith University and a diploma from the Securities Institute of Australia.

In 2016, she was awarded an honorary doctorate by Griffith University in recognition of her service to banking, finance and the community.

Ms Chaplain was appointed a Member in the General Division of the Order of Australia in the Australia Day honours on 26 January 2020.

5. Katherine Farrar

Director of Seven Group Holdings Limited

Since 18 February 2019

Chair of the Remuneration & Nomination Committee, member of the Audit & Risk Committee and member of the Independent & Related Party Committee.

Ms Farrar was appointed as Brighter Super's Chief Executive Officer in April 2018. Ms Farrar led the growth of Brighter Super's predecessor fund from \$10B to now over \$30B, through the merger of LGIAsuper and Energy Super and the acquisition of Suncorp Super in FY21.

Ms Farrar remains responsible for delivering exceptional experiences and outcomes to all of Brighter Super's members, through change and transformation that builds on Brighter Super's proud heritage.

Ms Farrar has 35 years' experience in leadership roles across the finance and energy sectors. Her previous roles include Managing Director of QEnergy, Chief Operating Officer at Ergon Energy Retail, and senior positions at Morgans Stockbroking, Barclays de Zoete Wedd, and Suncorp Investment Management. Prior to joining LGIAsuper, she was a Junior Partner (equivalent) at McKinsey & Company.

Ms Farrar has a Bachelor of Music (Honours) Degree and a Masters degree in Econometrics and Finance. She is also a graduate of INSEAD's Advanced Management Programme.

6. Christopher Mackay

Director of Seven Group Holdings Limited

Since 1 June 2010

Member of the Audit & Risk Committee and member of the Independent & Related Party Committee.

Managing Director of MFF Capital Investments Limited since 1 October 2013.

Former Chairman of Magellan Financial Group Limited.

Mr Mackay co-founded Magellan after retiring as Chairman of the investment bank UBS Australasia in 2006, having previously been its Chief Executive Officer.

Considerable experience in business management, capital allocation, risk management and investment. A former investment banker and corporate and banking lawyer, with broad experience in the financial and corporate sectors over many years.

A Director of Consolidated Media Holdings Limited from March 2006 until November 2012, when the company was taken over by News Corporation.

Mr Mackay was a member of the Federal Treasurer's Financial Sector Advisory Council and the Business Council of Australia, and a Director of the International Banks & Securities Association.

7. David McEvoy

Director of Seven Group Holdings Limited

Since 27 May 2015

Member of the Audit & Risk Committee and member of the Independent & Related Party Committee.

Mr McEvoy has been engaged in the upstream oil and gas industry for over 40 years, in a variety of technical, senior executive and non-executive director roles. He was employed for almost 34 years with ExxonMobil concluding his executive career as Vice President, Business Development, ExxonMobil.

Mr McEvoy graduated from the University of NSW with a degree in Science and a graduate diploma in Applied Geophysics.

Mr McEvoy is a former Non-Executive Director of AWE Limited (2006 – 2018), Woodside Petroleum Limited (2005 – 2017), Acer Energy (formerly Innamincka Petroleum Limited) and Po Valley Energy Ltd.

8. The Hon. Warwick Leslie Smith AO

Director of Seven Group Holdings Limited

Since 12 September 2014

Member of the Audit & Risk Committee and member of the Remuneration & Nomination Committee.

Mr Smith has been Chairman of Advisory Board Australian Capital Equity since November 2006. Mr Smith also holds the position of Chairman at Ord Minnett; Wollar Solar Finance and Aqualand Group. Mr Smith is also a Director of Jemena Energy: Hive & Wellness (Capilano) and Marinus Link.

He has served as Chairman of the Australia-China Council for over eight years and was the Founding Chair of the National Foundation of Australia-China Relations. He is Chairman of the Global Engagement Committee of the Business Council of Australia of which he is a member.

Mr Smith is a former Senior Managing Director of the Australia New Zealand Banking Group Limited (ANZ), of which he was also Chairman of New South Wales & Australia Capital Territory, Chairman ANZ Thailand and Chairman and Director, ANZ Greater China and immediate past Chair of the National Museum of Australia.

Formerly Executive Director with Macquarie Bank, Director of Estia Health Limited, Chairman of E*TRADE Ltd and the Australian Sports Commission. He was a Federal Government Minister with a parliamentary career spanning 15 years. He was also Australia's first Telecommunications Ombudsman.

Mr Smith has also received a Centenary Medal and was twice awarded the Order of Australia.

9. Richard Uechtritz

Director of Seven Group Holdings Limited

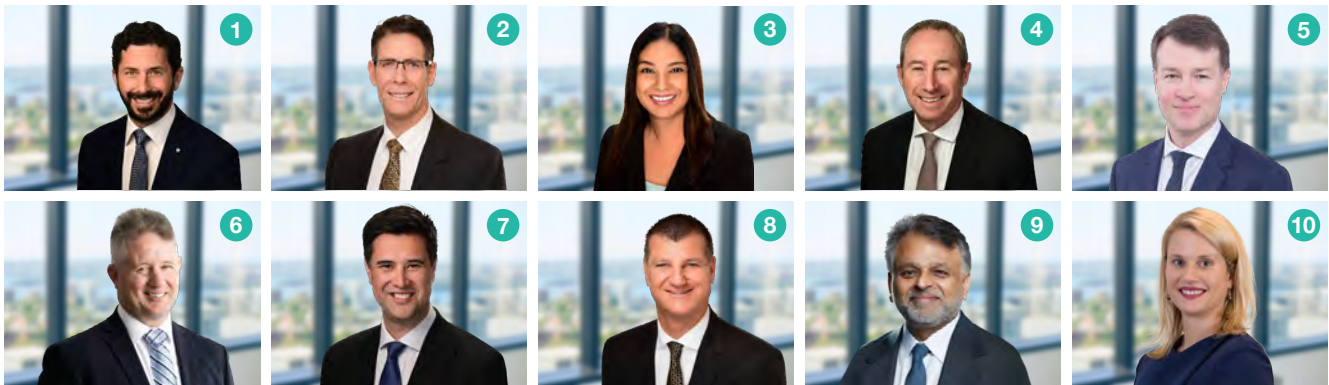
Since 1 June 2010

Member of the Remuneration & Nomination Committee and Chairman of the Independent & Related Party Committee.

Chief Executive Officer and Director of JB Hi-Fi Limited from June 2000 to May 2010. Mr Uechtritz has been a Director of JB Hi-Fi since May 2011.

Over thirty years' experience in retailing. Co-founder of Rabbit Photo and Smith's Kodak Express. Director of Kodak (Australasia) Proprietary Limited from July 1998 to July 2000.

Executive Management



1. Ryan Stokes AO

Managing Director & Chief Executive Officer – Seven Group Holdings

B.Com, FAIM

Mr Ryan Stokes AO is Managing Director & Chief Executive Officer of SGH and has been an Executive Director of the Company since February 2010. He was previously Chief Operating Officer of SGH from August 2012 until June 2015.

Mr Stokes is Chairman of WesTrac, Chairman of Coates, Chairman of Boral, Director of Beach Energy and Director of Seven West Media.

Mr Stokes has been involved with WesTrac since 2000, has extensive experience in China with prior operations of WesTrac and other interests, was a Director of Seven Network Limited from 2005 and Executive Director and then Chairman of Pacific Magazines from 2004 until 2008. He was previously a Director of Yahoo7 from its inception in 2006 until 2013.

Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE). ACE is a private company with its primary investment being an interest in Seven Group Holdings. Mr Stokes is Chairman of the National Gallery of Australia.

Mr Stokes was Chairman of the National Library of Australia. He was a member of the Prime Ministerial Advisory Council on Veterans' Mental Health and was a member of the IOC Olympic Education Commission.

Mr Stokes holds a BCom from Curtin University and is a Fellow of the Australian Institute of Management (FAIM). Mr Stokes was appointed an Officer in the General Division of the Order of Australia in the Queen's Birthday honours on 8 June 2020.

2. Richard Richards

Chief Financial Officer – Seven Group Holdings

B.Com/Law (Hons), LL.M (Hons), MAppFin (Hons), CA and Admitted Solicitor

Mr Richard Richards has been Chief Financial Officer of SGH since October 2013. He is a Director of SGH Energy and is a Director and Chair of the Audit and Risk Committee of WesTrac and Coates. He is a Director of Boral and is a member of their Audit and Risk and Safety Committees, he is also a Director of Beach and is a member of their Audit and Risk, Safety and Remuneration Committees and he is also a Director of Flagship Property Holdings.

Mr Richards joined SGH 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, Mr Richards held senior finance roles at Qantas for over 10 years.

3. Gitanjali Bhalla

Chief People Officer – Seven Group Holdings

BA, LL.B. (Hons), MIB, MAICD

Ms Gitanjali Bhalla joined SGH in October 2017 and is Chief People Officer responsible for human resources, culture and safety across the Group. Ms Bhalla is also a Director of WesTrac and Coates.

Ms Bhalla has significant experience leading and delivering strategy and business transformational change in large organisations.

Prior to joining SGH, Ms Bhalla spent a number of years consulting to private and publicly listed companies at Ernst & Young, both in Australia and overseas, before holding senior executive roles at UGL and Cushman & Wakefield.

Ms Bhalla is an Ambassador for Good Return, a not for profit organisation committed to empowering women through microfinance. Ms Bhalla is also on the Board of Carriageworks.

4. James Goth

Chief Operating Officer – Seven Group Holdings

B.Econ (Hons), LL.B (Hons), MBA

Mr James Goth joined SGH in March 2020 as Chief Operating Officer for the Group, working across the portfolio of businesses within SGH. He is a Director of WesTrac, Coates, and SGH Energy.

As COO of SGH, Mr Goth's focus is on driving the operational and financial performance of the businesses across the SGH portfolio, driving the development and delivery of key strategic initiatives and sustainability, as well as supporting Group-level relationships with key partners and customers.

Mr Goth joined SGH from Woolworths Group, where he was CEO of Woolworths Petrol. At Woolworths Mr Goth also held the positions of Chief Strategy Officer and Director of Corporate Development with a remit across strategic partnerships and mergers and acquisitions.

Prior to that, Mr Goth was a Partner and MD at the Boston Consulting Group, where he led the Sydney office and consulted to public and private corporations across a range of industries including transport, retail and financial services. Mr Goth has also held Board positions at Quantum and ActionAid Australia.

5. Warren Coatsworth

Company Secretary & Legal Counsel

BA, LLB (Hons), LLM, FCSA

Mr Warren Coatsworth has been Company Secretary & Legal Counsel of Seven Group Holdings since April 2010.

Mr Coatsworth is a solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. He holds a Master of Laws in Media and Technology Law from the University of New South Wales as well as a Graduate Diploma in Applied Corporate Governance. He is a qualified Chartered Company Secretary and a Fellow and member of the Governance Institute of Australia.

He has an extensive experience as Legal Counsel at the Seven Network advising broadly across the company; and was formerly a solicitor at Clayton Utz. Mr Coatsworth was included on Doyle's Guide list of Leading In-House Technology, Media & Telecommunications Lawyers in Australia for 2016 and 2017.

Mr Coatsworth has held the role of Company Secretary of Seven West Media since April 2013 and Seven Network since 2005.

6. Jarvas Croome

Chief Executive Officer – WesTrac

B.Eng. (Mechanical) (Hons), B.Comm. (Management), CPEng

Mr Jarvas Croome has been Chief Executive Officer of WesTrac since March 2014. Mr Croome is a Director of WesTrac and Allight.

Mr Croome joined WesTrac from Woodside Energy (USA) where he was the President of the US organisation based in Houston TX. Prior to that time, he had held various executive management roles at Woodside Energy in Australia including Vice President Australian Business Unit and Vice President for Technical Services. Prior to Woodside, he had worked as a global Product and Sales manager for Shell Australia and a subsea engineer with Kvaerner RJ Brown.

He holds Chartered Professional Engineering (CPEng) status with Engineers Australia and has been previously registered on the National Professional Engineers Register. Mr Croome plays an active role in his local community and is on the board for Motivation Foundation, a not-for-profit organisation.

7. Adrian Howard

Chief Executive – WesTrac (NSW/ACT)

B.Comm, CA, GAICD

Mr Adrian Howard was appointed Chief Executive of WesTrac in NSW and the ACT in July 2021 following six years working with the company. Over that time, Mr Howard's areas of responsibility included strategic growth, and customer and operational excellence. He worked in a range of executive positions including Chief Operating Officer.

Prior to joining WesTrac, Mr Howard worked in senior management roles across various sectors including manufacturing, distribution, logistics, construction and mining.

His previous experience included time with Patrick and OneSteel Limited (now InfraBuild), with roles in general management, strategy, business development and finance.

8. Murray Vitlich

Chief Executive Officer – Coates

B.Bus. (Econ & Fin)

Mr Murray Vitlich joined SGH in June 2017 as Chief Operating Officer for the Group, working across the portfolio of industrial businesses within SGH. In July 2019, Mr Vitlich was appointed Acting Chief Executive Officer, Coates and was formally awarded the role of Chief Executive Officer, Coates. He is a Director of Coates and was formerly a Director of SGH Energy, WesTrac and AllightSykes.

Prior to joining SGH, Mr Vitlich held senior executive operational roles at Asciano Limited, where he was initially the Director, Business Development & Strategy before being made the Managing Director of Patrick Ltd, one of Australia's leading stevedoring and terminal operators with terminal operations in Australia's 4 largest ports, coupled with stevedoring and logistics operations across Australia and New Zealand.

From 2007 to 2008, Mr Vitlich was the Chief Operating Officer at UGL Limited and spent 15 years with Wesfarmers Limited, an Australian based diversified conglomerate where he worked in a variety of operational areas including railroads, forestry and hardware retailing, as well as spending time in Wesfarmers Business Development group covering corporate strategy and mergers & acquisitions.

9. Vik Bansal

Chief Executive Officer – Boral Limited

B.Sc (Eng) (Hons), PG Dip Eng, MBA, AMP, LLM

Mr Vik Bansal commenced as Chief Executive of Boral in December 2022.

Prior to joining Boral, Mr Bansal was CEO & MD of InfraBuild, Australia's largest vertically integrated steel manufacturer servicing the construction and infrastructure segment. Mr Bansal is also Chairman of LGI Pty Ltd, a clean energy company based in Brisbane.

Mr Bansal was Group CEO & MD of Cleanaway waste management from 2015 to 2021. During his tenure, Cleanaway market cap increased five times, earnings more than doubled, and the company consistently delivered in the top quartile of TSR.

He is an Electrical Engineer and has an MBA and AMP from INSEAD and has completed a Master of Laws in Enterprise Governance.

10. Margaret Hall

Chief Executive Officer – SGH Energy

B.Eng. (Met) (Hons), GAICD, MIEAust, SPE

Ms Margaret Hall was appointed Chief Executive Officer of SGH Energy in September 2015 and is also a Director of SGH Energy.

The CEO role holds responsibility for delivering value from the SGH Energy oil and gas assets within Australia and the USA as well as driving growth of this business segment for the parent company.

Ms Hall has over 29 years of experience in the oil and gas industry, spanning both super-major and independent companies. From 2011 to 2014, she held senior management roles in Nexus Energy with responsibilities covering Development, Production Operations, Engineering, Exploration, Health, Safety and Environment. This was preceded by 19 years with ExxonMobil in Australia, across production and development in the Victorian Gippsland Basin and Joint Ventures across Australia.

Ms Hall has been a Director of Beach Energy Limited since November 2021.

Corporate Governance Overview

For the year ended 30 June 2023

This Corporate Governance Overview outlines the Company's main corporate governance practices that were in place throughout the financial year.

The Company's full 2023 Corporate Governance Statement, which sets out the Company's compliance with the 4th edition of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (ASX Recommendations), unless otherwise stated, is available in the "Corporate Governance" section of the Company's website at www.sevengroup.com.au/who-we-are/corporate-governance. Board and Committee Charters and a number of the corporate governance policies referred to in the 2023 Corporate Governance Statement are also available at the above link.

Role and Responsibilities of the Board

The Board is empowered to manage the business of the Company subject to the Corporations Act and the Company's Constitution. The Board is responsible for the overall corporate governance of the Group and has adopted a Board Charter, which is available on the Company's website. The Board Charter sets out the role and responsibilities of the Board as well as those functions delegated to Management.

Delegation to Management

Subject to oversight by the Board and the exercise by the Board of functions which it is required to carry out under the Company's Constitution, Board Charter and the law, it is the role of management to carry out functions that are expressly delegated to Management by the Board, as well as those functions not specifically reserved to the Board, as it considers appropriate, including those functions and affairs which pertain to the day-to-day management of the operations and administration of the Company.

Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively, including information concerning the Company's compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or Code of Conduct of the Company.

Board Composition

The Company's Constitution provides for a minimum of three Directors and a maximum of 12 Directors on the Board. As at the date of this statement, the Board comprises nine Directors, including eight Non-Executive Directors.

The Independent Directors in office are:

- Mr Terry Davis, Board Chairman;
- Ms Rachel Argaman (Herman) OAM, Director;
- Ms Annabelle Chaplain AM, Director;
- Ms Kate Farrar, Director;
- Mr David McEvoy, Director;
- Mr Christopher Mackay, Director; and
- Mr Richard Uechtritz, Director.

The Non-Independent Directors in office are:

- Mr Ryan Stokes AO, MD & CEO; and
- The Hon. Warwick Smith AO, Director.

The qualifications, experience, expertise and period in office of each Director of the Company at the date of this report are disclosed in the Board of Directors section of this Annual Report on pages 64 and 65.

Chairman

The roles of the Chairman and MD & CEO are separate.

Mr Terry Davis is Non-Executive Chairman of the Company. The Chairman is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and Management.

The Board has approved the Company's purpose as "Recognising and serving exceptional businesses". The Company's purpose is an aspirational reason for being that inspires a call to action for our people, operating businesses and stakeholders.

Board Independence

The Board comprises a majority of Independent Directors with seven Independent Directors and two Non-Independent Directors. In determining whether a Director is independent, the Board conducts regular assessments and has regard to whether a Director is considered to be one who:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, or represents or has been within the last three years an officer or employee of, a substantial shareholder of the Company;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- is, or has previously been, employed in an executive capacity by the Company or another Group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor of, or a material consultant to, the Company or another Group member, or an employee materially associated with the service provider;
- is a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has been a director of the entity for such a period that their independence from Management and substantial holders may have been compromised; or
- has a material contractual relationship with the Company or another Group member other than as a Director.

The Board determines the materiality of a relationship on the basis of fees paid or monies received or paid to either a Director or an entity which falls within the independence criteria above.

If an amount received or paid may impact the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of the Group in the previous financial year by more than five per cent, then a relationship will be considered material.

Due to his position as Managing Director & Chief Executive Officer, Mr Ryan Stokes AO is not considered to be independent.

The Hon. Warwick Smith AO is not considered to be independent as he is the chairman of the advisory board of Australian Capital Equity Group of companies, the entities deemed to be controlled by Mr Kerry Stokes AC and which are associated with the Company's major shareholder.

In the Board's view, the Independent Directors referred to above are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act with a view to the best interests of the Company.

The Board believes the management of the Company benefits from, and it is in the interests of shareholders for Directors on the Board to have a mix of tenures as currently represented by Directors on the Board, such that some Directors have served on the Board for a longer period and have a deeper understanding of the Company and its operations, and new Directors bring fresh ideas and perspectives.

While the Board does not consider that independence can be assessed with reference to an arbitrary and set period of time, the Board has specifically considered the independence of longer-serving Non-Executive Directors during the financial year. The Board determined that these Directors are independent and their periods of tenure do not interfere with the capacity of each of these Directors to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole.

The Board also considers that given the Company has diverse operations within a conglomerate structure that have grown considerably over time, the Company's performance and shareholders benefit from having an appropriate number of longer-serving Directors with detailed knowledge of the history and experience of the Group's operations as part of the overall composition of Directors on the Board.

As part of succession planning on the Board, the Board's management of tenure of Directors on the Board also aims to achieve a period of knowledge transfer between longer-serving and more recently appointed Directors, prior to the rotation of longer-serving Non-Executive Directors from the Board.

Appointment of Directors

The policy and procedure for the selection and appointment of new Directors is set out in an attachment to the Board Charter. Appointed Directors receive a formal letter of appointment which sets out the terms of their appointment. The date at which each Director was appointed to the Board is announced to the ASX and is provided in this Annual Report on pages 64 and 65.

Directors appointed to fill casual vacancies hold office until the next Annual General Meeting and are then eligible for election by shareholders. In addition, each Director must stand for re-election at the third Annual General Meeting of the Company since they were last elected. The Notice of Meeting for the Annual General Meeting discloses material information about Directors seeking election or re-election, including appropriate biographical details, qualifications and other key current directorships.

Company's Purpose and Strategic Objective

The Board has approved the Company's purpose as "Recognising and serving exceptional businesses". The Company's purpose is an aspirational reason for being that inspires a call to action for our people, operating businesses and stakeholders. "Recognising" refers to the potential of our assets and people, understanding the impact our actions and behaviours have, harnessing collective capability across the Group to realise future opportunities and ensuring operating businesses are accountable for delivering results. "Serving" refers to our individual and collective contributions, being valued by our people, customers and suppliers and facilitating problem solving opportunities across the business and outside the Group. "Exceptional businesses" applies to our investments, our substantive holdings and to our customers who are critical to the Company's success.

The Board and Management believe that fulfilling the Company's purpose will create more value for the Company's operating businesses and will achieve the Company's strategic objective which is "Maximising returns to stakeholders through long-term sustainable value creation." The Company will deliver its strategic objective and create stakeholder value through successful execution across the following five key areas:

- Diligent application of capital to maximise outcomes and returns.
- Unlocking the potential of our people with effective processes and systems.
- Focused execution of our strategies and ability to adapt to dynamic environments.
- Harnessing SGH's operating model to drive efficiencies and effectiveness across sectors, support customers, and to realise the full potential of our businesses.
- Contributing to our societies through creating better outcomes via our involvement.

Board Skills Matrix

The Board has developed a Board Skills Matrix set out in the table on the following page which is reviewed and updated each year to reflect the desired skills and experience required to be able to deliver the strategic objective of the Company. The Board believes that these skills and experiences are well represented by its current composition which provides a mix of Directors with specialised knowledge relating to particular industries in which the Group businesses operate as well as general corporate, executive and Director experience which are appropriate for the Company. The table also outlines percentage of current Directors possessing those skills and experience on a weighted average basis.

Corporate Governance Overview

Skills and Experience	Percentage
Executive leadership Significant business experience and success at a senior executive level.	100%
Financial analysis, risk management and reporting Executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls and an ability to probe the adequacies of financial and risk controls.	87%
Industrial services Executive or Board level experience in the industrial services industry, including aspects such as mining, infrastructure, construction/building materials and in-depth knowledge of the legislative and regulatory framework governing this industry.	73%
Media industry Executive or Board level experience in the media industry, including in-depth knowledge of the legislative and regulatory framework governing this industry.	63%
Energy, oil and gas Executive or Board level experience in the energy, oil and gas industry, including in-depth knowledge of the legislative and regulatory framework governing this industry.	73%
Information technology & cyber security Executive or Board level experience in the strategic use and governance of information management, information technology, cyber security as well as the oversight of implementation of major technology projects.	80%
Strategy and corporate activity Track record in identifying, developing and implementing a successful strategy, including appropriately probing and challenging Management on the delivery of strategic objectives and developing an asset or investment over the long-term.	100%
Corporate governance, regulatory, sustainability and community engagement Commitment to the highest standards of corporate governance (including sustainability and community and stakeholder relations) and Executive or Board experience with an organisation that is subject to rigorous governance and regulatory standards.	97%
People, culture and safety Board remuneration committee membership or Executive experience relating to human resource management, workplace health and safety, including incentive arrangements and the legislative framework governing employees and remuneration.	90%
Customer value proposition Experience in entities where the profitability and success is driven to a large degree, by the strong customer experience, effective pricing and price realisation, and superior customer value proposition.	93%

Board Committees

The Board is assisted in carrying out its responsibilities by the Audit & Risk Committee, the Remuneration & Nomination Committee and the Independent & Related Party Committee.

Each Committee has its own written Charter which is reviewed on an annual basis. The Charter of each Committee is available on the Company's website.

The Directors' Report on page 75 sets out the number of Board and Committee meetings held during the 2023 financial year under the heading "Meetings of Directors" as well as the attendance of Directors at those meetings.

Audit & Risk Committee

The Audit & Risk Committee comprises the following members, all of whom are Independent Directors except for The Hon. Warwick Smith AO:

- Ms Annabelle Chaplain AM (Chair);
- Ms Kate Farrar;
- Mr Chris Mackay;
- Mr David McEvoy; and
- The Hon. Warwick Smith AO.

Ms Chaplain possesses extensive professional experience on Audit and Risk Committees of substantial Australian listed companies and her career includes senior roles in investment banking, financial services, mining, engineering and major infrastructure services companies. Ms Farrar brings significant finance, investment and management and board experience to the Committee. Mr Mackay, a former investment banker and corporate and banking lawyer, has financial expertise and considerable experience in business management, capital allocation, risk management and investment. Mr McEvoy brings significant board experience and expertise in accounting matters and operations, including relating to the oil and gas industries as well as extensive risk management experience. Over the course of a highly distinguished career, Mr Smith AO has held a variety of senior roles in finance, banking and government and is considered to possess financial expertise. For further details, see the biographical details of the Committee members at pages 64 and 65.

The Board considers the Audit & Risk Committee is comprised of high-quality members who individually and collectively possess deep and invaluable knowledge and experience in financial and audit matters gained across multiple complex ASX companies. The Committee's collective financial expertise in recent years has been further strengthened by the appointment to the Committee of Ms Kate Farrar in August 2019, increasing the number of Committee members to five, providing greater breadth and depth of highly relevant experience on the Committee in executive, director and audit committee roles.

It is also noted that many CFOs in the ASX now come from a diverse set of backgrounds but are not necessarily professional accountants. Furthermore, most Chartered Accountants with Board roles would have completed their professional qualifications many years prior and may not necessarily have the most current expertise across preparation of financial statements and interpretation of international accounting standards.

Having regard to the experience of the Committee members, the Board is confident of the Committee's Chairman's and Committee's strong capability to perceptively review financial statements and engage constructively with the Company's External Auditors to ensure compliance with relevant reporting obligations and for the Committee to together satisfy any guidelines concerning audit and financial expertise on the Committee.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee comprises the following members, all of whom are Independent Directors except for The Hon. Warwick Smith AO:

- Ms Kate Farrar (Chair);
- Ms Rachel Argaman OAM;
- Ms Annabelle Chaplain AM;
- Mr Terry Davis;
- The Hon. Warwick Smith AO; and
- Mr Richard Uechtritz.

Attendance at Committee meetings by Management is at the invitation of the Committee. Directors who are non-Committee members may also attend any meeting of the Committee by invitation.

Independent & Related Party Committee

The Independent Directors (identified on page 68) are members of the Independent & Related Party Committee (IRPC), which has Mr Richard Uechtritz as its Chairman.

The Committee provides a forum for the review of material transactions between the Company and its related parties, including transactions with Australian Capital Equity Pty Limited and interests associated with Mr Kerry Stokes AC.

Review of related party transactions by the Committee occurs without Non-Independent Directors present.

In August 2022, the IRPC reviewed the Committee's function and the Company's governance requirements with regards to interests associated with entities controlled by Mr Kerry Stokes AC, noting that:

- Since the Company's inception the Committee has overseen the majority of the Company's complex related party transactions, being collapsed or externalised to unrelated third parties, with only a number of branch and residential property leases, on arm's length terms, with entities controlled by Mr Kerry Stokes AC remaining. This has principally involved the conclusion of legacy service arrangements or the transfer of property interests and leases relating to several key business sites to third parties.
- The IRPC was established when the Company's Executive Chairman of the Board was Mr Kerry Stokes AC, a non-independent Director. As such, the IRPC provided a forum to meet without non-independent Directors present. Following the retirement of Mr Kerry Stokes AC from the Board in November 2021, the appointment of Independent Director, Mr Terry Davis, as Board Chairman and the appointment of Ms Rachel Argaman OAM in February 2022, the Board has been comprised of seven Independent Directors and two non-independent Directors. Accordingly, the Board has strong majority Independent representation and is compliant with the recommendations of ASX Corporate Governance Principles with regard to the composition of the Board and appointment of an Independent Chair.
- As part of the review of the IRPC's function, the Board has approved a new SGH Related Party Transaction Policy (RPT Policy) which sets out processes and procedures for considering related party transactions whereby any such proposed transaction with interests associated with the Company's major shareholder is referred to the Committee for consideration.

Having regard to the foregoing matters, the Board determined that meetings of IRPC will be convened from time to time, as required, to review any proposed related party transactions with interests associated with the Company's major shareholder in accordance with the RPT Policy.

In view of the expected infrequency of such transactions, the IRPC and the Board decided that from August 2022 IRPC members do not receive separate IRPC fees.

Board, Committee and Director Performance Evaluation

During the financial year, Directors completed a Board Evaluation questionnaire concerning Board, Committee and Director, including Chairman, performance from which aggregated data and responses were provided to the Chairman and then presented to the Board for discussion and feedback.

The aggregated questionnaire results also provide the basis of individual discussions between Directors and the Chairman. The Chairman and each Board member consider the performance of that Board member in relation to the expectations for that Board member and consider any opportunities for enhancing future performance.

During the reporting period, performance evaluations of the Board, its Committees and individual Directors were carried out in accordance with this process.

Assessment of Management Performance

The performance of the MD & CEO is formally reviewed by the Board against the achievement of strategic and budgetary objectives in respect of the Group's operations and investments whilst also having regard for his personal performance in the leadership of the Group. The Board's review is carried out annually in regard to certain goals against which he is assessed, and throughout the year in regard to others, and forms the basis of the determination of the MD & CEO's performance-based remuneration.

The performance of senior executives of the Company are reviewed on an annual basis in a formal and documented interview process with either the MD & CEO or the particular executive's immediate supervisor, who evaluates performance against agreed performance goals and assessment criteria in relation to the senior executive's duties and material areas of responsibility, including management of relevant Business Units within budget, motivation and development of staff and achievement of, and contribution to, the Company's objectives. A performance evaluation of the MD & CEO and other senior executives took place during the year in accordance with this process.

Governance and SGH Subsidiary Operating Businesses

The Company's key operating businesses (subsidiaries), WesTrac, Coates and SGH Energy are each subject to the additional oversight of separate management committees which function as subsidiary 'boards' with the rigour and formality of a board structure involving regular meetings and reporting.

These 'boards' each consist of Group Executives, including the MD & CEO, CFO, COO, Chief People Officer and the subsidiary Chief Executive, as well as external personnel where appropriate, and provide a forum to review the operations of the business and to hold each subsidiary accountable.

The subsidiary business Chief Executive has overall operational accountability for their individual businesses including performance and day-to-day management, while the Company's Group level corporate resources provide central oversight of strategy, finance and accounting, legal and human resources.

The subsidiary operating business 'boards' are supplemented by specialised operating business committees which assist in relation to the oversight of key aspects of the business, such as finance, health and safety, remuneration and/or project management, as required.

Corporate Governance Overview

Each of the Company's key operating businesses reports to the Company's Board through regular comprehensive 'vertical' business board reports as well as through aggregated 'horizontal' Group-level reviews, including finance, health and safety, risk, human capital management, strategy and customer relations. This management structure enables the Company to set Group minimum standards, disseminate and reinforce a Group culture, implement compliance controls and procedures across the Group and ensure the Group's businesses maintain focus on shareholder returns. It also appropriately safeguards and reinforces the Group's processes in relation to integrity in corporate reporting, management of the Group's disclosure obligations and the Group's ability to manage risk.

Core Values

In accordance with its Charter, the Board has reviewed and approved the following core values of the Company below which function as guiding principles and expectations for behaviour and the culture the Board and Management are seeking to embed across all the Group.

- Respect
- Owner's Mindset
- Courage
- Agility

Diversity and Inclusion

The Board is committed to supporting open and inclusive workplaces that embrace and promote diversity and equal opportunity. The Group is an Equal Opportunity employer and actively invests in programs to build capability and foster a positive and inclusive culture. The Board values diversity, including in relation to age, gender, cultural background and ethnicity and recognises the benefits it can bring to the organisation. The Board has adopted a Diversity and Equal Employment Policy, which is available on the Company's website, that sets out the Board's commitment to working towards achieving an inclusive and respectful environment. Refer to pages 28, 40 and 41 of this Annual Report for reporting on the Diversity Policy and the measurable objectives and initiatives relating thereto.

Female Directors comprise 33 per cent of the Board. The Board will continue to review its composition to ensure that it remains appropriate for the Company, including with regard to gender diversity, as it manages succession on the Board.

The key accountabilities for the Board and Executive Team, to support this agenda are outlined below:

Board

- Sets objective and works to ensure that organisational behaviour is consistent with an inclusive workplace that embraces diversity.

Management

- Sets objectives and demonstrates behaviour consistent with an inclusive workplace that embraces diversity.
- Adheres to the minimum standards of behaviour outlined in the Code of Conduct and Diversity and Equal Employment Opportunity Policies.
- Reports unacceptable behaviour and appropriately deals with any complaints made.

Gender Balance

Regular updates are provided to the Board regarding progress against Measurable Objectives, including Flexible Work Practices, Equal Opportunity and Career Development and Progression. Where necessary, changes are made to the relevant strategies and/or policies that are in place, to ensure these remain relevant and effective in the context of the Group and emerging market practices and developments.

Indigenous Relations

The Group has a strong history of supporting and working closely with local Indigenous organisations. WesTrac and Coates have progressed their second "Innovate" Reconciliation Action Plan (RAP) during FY23, working with Indigenous-owned companies, chambers of commerce and not-for-profit organisations, to turn good intentions into measurable actions. Coates was also recognised by the NSW Indigenous Chamber of Commerce in FY23, Winning the APIC Partner of the Year award at the 2022 NSW Indigenous Chamber of Commerce (NSWICC) Infrastructure and Construction Awards.

Please refer to pages 28, 40 and 41 of this Annual Report for reporting on Our People and Diversity, Equality and Inclusion initiatives. The Company's Workplace Gender Equality Act Public Reports for 2022–2023 is available on its website, which contains the Company's Gender Equality Indicators, in the 'Corporate Governance' section of its website.

Code of Conduct and other Company Policies

The Board regularly reviews and approves the Code of Conduct, including for Directors, available on the Company's website, which establishes guidelines for their conduct in matters such as ethical standards and the disclosure and management of conflicts of interests.

The Board has implemented a number of other policies and procedures to maintain confidence in the Company's integrity and promote ethical behaviour and responsible decision-making, including the following policies which are available on the Company's website:

- Continuous Disclosure policy;
- Share Trading policy;
- Whistleblower policy;
- Fraud and Corruption policy;
- Modern Slavery statement;
- Diversity and Equal Employment Opportunity policy; and
- Workplace Health and Safety policy.

Communications with Security Holders

As disclosed in the Communications policy, which is available on the Company's website, the Board aims to ensure that security holders are informed of all major developments affecting the Company's state of affairs and that there is effective two-way communication with security holders. Shareholders are encouraged to participate in general meetings and are invited to put questions to the Chairman of the Board in that forum.

Security holders are given the option to receive communications from, and to send communications to, the Company and the Company's Share Registry electronically, to the extent possible. It is the Company's policy that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company's website www.sevengroup.com.au provides various information about the Company.

Risk Oversight and Management

The Board requires Management to design and implement a risk management and internal control system to manage the Group's material business risks and report to it on the management of those risks. During the reporting period, Management reported to the Board as to the effectiveness of the Company's management of its material business risks.

Internal Control Framework and Risk Management Policy

Throughout the financial year, the Company's Internal Audit and Process Improvement function evaluated the effectiveness of the Company's governance, risk management and internal control processes by conducting detailed reviews in the areas of accounting, technology, information and business processes and operations. The Audit & Risk Committee reviewed and approved the Internal Audit plan, its resourcing and monitored its independence and performance.

PricewaterhouseCoopers (PwC) has been appointed to conduct the Company's Internal Audit reviews under in-house oversight. The Board considers that this appointment provides an enhanced level of capability and technical depth which serves to embed a stronger risk and compliance culture across the organisation, whilst drawing on best practice and knowledge across operational and emerging issues. Additionally, efficiencies are gained by the externally resourced Internal Audit function working closely with the Group's external auditor, Deloitte, to ensure audit efforts are not duplicated and Internal Audit work can be relied upon.

The Company's Risk Management Policy is available on the Company's website.

Material Risks

Under the risk framework described above, the Company has identified investment, financial, operational, environmental and social risks which it manages and mitigates. Each of the foregoing material business risks is monitored and managed by appropriate senior management within the Company who are delegated responsibility to manage or escalate issues to the Company's senior executive team. Where appropriate, external advisers are engaged to assist in managing the risk. More detail concerning these risks, and how the Company manages these risks is set out in the Operating and Financial Review of this Annual Report on pages 52 to 63 and the Company's commentary on its environmental compliance and human capital related initiatives as well as its community engagement on pages 24 to 51 of this Annual Report.

Environment and Sustainability

The Company is mindful of climate change and managing the environmental impact of its operations. Environmental risks are considered as part of the Company's risk assessment processes. Refer to pages 24 to 51 of this Annual Report for the Company's sustainability and climate change-related commentary, including information on the Group's environmental practices and efforts to minimise the environmental footprint of its businesses.

External Audit Function

The Audit & Risk Committee meets periodically with the External Auditor without Management being present. Each reporting period, the External Auditor provides an independence declaration in relation to the audit. Additionally, the Audit & Risk Committee provides advice to the Board in respect of whether the provision of non-audit services by the External Auditor are compatible with the general standard of independence of auditors imposed by the Corporations Act.

The Company's External Auditor attends all Annual General Meetings and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the Auditor's report.

Declarations by the MD & CEO and CFO

Before the Board approves the financial statements for each of the half-year and full year, it receives from the MD & CEO and the CFO a written declaration that, in their opinion, the financial records of the Company have been properly maintained and the financial statements are prepared in accordance with the relevant accounting standards and present a true and fair view of the financial position and performance of the consolidated group. These declarations also confirm that these opinions have been formed on the basis of a sound system of risk management and internal compliance and control which is operating effectively.

The required declarations from the Chief Executive Officer and Chief Financial Officer have been given to the Board for the half-year ended 31 December 2022 and financial year ended 30 June 2023.

Verification of Integrity of Periodic Corporate Reports

Corporate reports which are not audited or reviewed by the external auditor are prepared by Executive Management by reference to company records and systems, with external professional assistance where appropriate. Such reports, as are included in the non-audited sections of this Annual Report, are submitted to a Committee or the Board for consideration.

Remuneration

The Directors consider that the attraction, retention and motivation of its Directors and senior executives is of critical importance in securing the future growth of the Company, its profits, share price and shareholder returns. The aggregate remuneration for Non-Executive Directors is approved by shareholders. Fees for Directors are set out in the Remuneration Report on pages 77 to 99.

The objective of the remuneration process for Executive Directors and senior executives is to ensure that remuneration packages properly reflect the duties and responsibilities of employees and that remuneration is at an appropriate but competitive market rate which enables the Company to attract, retain and motivate people of the highest quality and best skills from the industries in which the Company operates.

This policy provides for the MD & CEO to consider the remuneration packages paid within the industry and the impact these people are expected to have on the operational and financial performance of the Company.

Remuneration matters concerning WesTrac's and Coates' Executives who are Key Management Personnel (KMP) of the Company are brought to the Remuneration & Nomination Committee for its consideration. Otherwise, WesTrac's and Coates' remuneration arrangements and approvals are generally respectively overseen by a WesTrac People Committee and Coates People Committee within a budget approved by the Board and reported to the Remuneration & Nomination Committee.

Hedging Policy

The Company's Share Trading policy prohibits employees, Directors and KMP from dealing in the Company's shares, if the dealing is prohibited under the Corporations Act. Therefore, in accordance with this policy, all KMP are prohibited from entering into arrangements which operate to limit the executives' economic risk in connection with Seven Group Holdings securities which are unvested or remain subject to a holding lock. The ability to deal with unvested rights is restricted in the Employee Share Option Plan and LTI Plan rules, which apply to any options over shares in the Company which may be granted from time to time.

This Corporate Governance Overview and the Corporate Governance Statement, which is available in the "Corporate Governance" section of the Company's website at www.sevengroup.com.au/who-we-are/corporate-governance, have been approved by the Board and are current as at 17 August 2023.

Directors' Report

For the year ended 30 June 2023

The Directors present their report together with the consolidated financial statements of the Group consisting of Seven Group Holdings Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023 and the auditor's report thereon.

Board

The following persons were Board members of Seven Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Terry James Davis (Chairman)
- Ryan Kerry Stokes AO (Managing Director & Chief Executive Officer)
- Rachel Helen Argaman (Herman) OAM
- Sally Annabelle Chaplain AM
- Katherine Leigh Farrar
- Christopher John Mackay
- David Ian McEvoy
- The Hon. Warwick Leslie Smith AO
- Richard Anders Uechtritz

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed companies held within the last three years are set out in this Annual Report under the headings "Board of Directors" and "Corporate Governance Statement" on pages 64 to 65 and from page 68 and form part of this report.

Mr Warren Walter Coatsworth has been Company Secretary of Seven Group Holdings Limited since 28 April 2010 and has been Company Secretary of Seven West Media Limited since April 2013. Mr Coatsworth is a solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. He holds a Masters of Law in Media and Technology Law from the University of New South Wales as well as a Graduate Diploma in Applied Corporate Governance. He is a qualified Chartered Company Secretary and a Fellow and member of the Governance Institute of Australia. Mr Coatsworth has extensive experience as Legal Counsel at the Seven Network advising broadly across the company and was formerly a solicitor at Clayton Utz.

Principal Activities

The principal activities of the Group during the financial year were those of a diversified operating and investment group; with interests in heavy equipment sales and service, equipment hire, construction materials, media, broadcasting and energy assets.

During the year, the Group increased its investment in construction materials via further investment in Boral Limited.

Business Strategies, Prospects and Likely Developments

Information on the Group's operations and the results of those operations, financial position, business strategies and prospects for future financial years has been included in the "Operating and Financial Review" on pages 52 to 56.

The Operating and Financial Review also refers to likely developments in the Group's operations in future financial years and the expected results of those operations. Information in the Operating and Financial Review is provided to enable shareholders to make an informed assessment about the operations, financial position, business strategies and prospects for future financial years of the Group.

Significant Changes in the State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year.

Matters Subsequent to the End of the Financial Year

Subsequent to year end, the Company received two notices from convertible note holders to convert 61 Notes, totalling \$6.1 million, which were satisfied via the issuance of 254,166 ordinary shares in accordance with the terms of the Notes.

Subsequent to year end, there has been movement in the share prices of listed investments and as a result, the value of the Group's investments have varied from what is presented in this financial report. Refer to Note 29: Events subsequent to balance date for further detail.

Except for the above, in the opinion of the Directors no other matters or circumstances have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- (a) the Group's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the Group's state of affairs in future financial years.

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2023, and the number of those meetings attended by each Director, were:

Director	Board		Audit & Risk		Remuneration & Nomination		Independent & Related Party	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Terry James Davis	10	10	–	7	5	5	1	1
Ryan Kerry Stokes AO	10	10	–	9	–	5	–	–
Rachel Helen Argaman (Herman) OAM	10	10	–	1	5	5	1	1
Sally Annabelle Chaplain AM	10	10	9	9	5	5	1	1
Katherine Leigh Farrar	10	10	9	9	5	5	1	1
Christopher John Mackay	10	10	9	9	–	–	1	1
David Ian McEvoy	10	10	9	9	–	–	1	1
The Hon. Warwick Leslie Smith AO	10	10	9	9	5	5	–	–
Richard Anders Uechtritz	10	10	–	1	5	5	1	1

(a) The number of meetings held during the year when the person was a Board or Committee member.

(b) The number of meetings attended. Please note Directors may attend meetings of Committees of which they are not a formal member, and in these instances, their attendance is also included in the above. A Director may also have been absent from a meeting, or part thereof, if there was a conflict of interest.

Dividends – Ordinary Shares

Since the start of the financial year, a final fully franked dividend for the 2022 financial period of 23.0 cents per share, amounting to \$83.5 million, was paid on 28 October 2022.

Since the start of the financial year, an interim fully franked dividend for the 2023 financial year of 23.0 cents per share, amounting to \$83.6 million, was paid on 5 May 2023.

A final fully franked dividend for the 2023 financial year of 23 cents per share, amounting to \$83.5 million will be paid on 13 October 2023, based on the number of issued shares at the date of this report.

Environmental Disclosure

In respect of the environmental regulations under any laws of the States, Territories and Commonwealth of Australia, the significant regulations that apply to the media operations of the entities the Company holds investments in are those guidelines and standards issued by the Australian Communications and Media Authority.

It is the Directors' understanding that the Group is fully compliant with the provisions of these guidelines and standards. Various State Environmental Protection Authorities have issued licenses to the Company under the laws of the respective States. All requirements and conditions of these licenses have been complied with to the satisfaction of the issuing authority.

The Company assesses the Group as part of its compliance with the National Greenhouse and Energy Reporting Act and will be reporting relevant emissions and energy usage and production for the Group for the financial year to the Clean Energy Regulator.

The Group is also subject to significant environmental regulations in respect of resources exploration, development and production activities. The Group is committed to undertaking all of its exploration, development and production activities in an environmentally responsible manner. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any significant breach of those environmental requirements as they apply to the resources operations of the Group.

There are no other particular and significant environmental regulations under a law of the Commonwealth or of a State or Territory applying to the Group.

Directors' Report

Directors' Interests in Securities

The relevant interest of each Director in ordinary shares, options, performance rights or share rights issued by the companies within the Group at the date of this report is as follows:

Directors' holdings of Seven Group Holdings Limited securities

	Ordinary Shares	Options over Ordinary Shares	Performance Rights	Share Rights
Terry James Davis	104,000	Nil	Nil	Nil
Ryan Kerry Stokes AO	536,981	Nil	Nil	96,824
Rachel Helen Argaman (Herman) OAM	12,500	Nil	Nil	Nil
Sally Annabelle Chaplain AM	35,860	Nil	Nil	Nil
Katherine Leigh Farrar	17,587	Nil	Nil	Nil
Christopher John Mackay	11,521	Nil	Nil	Nil
David Ian McEvoy	32,860	Nil	Nil	Nil
The Hon. Warwick Leslie Smith AO	52,180	Nil	Nil	Nil
Richard Anders Uechtritz	335,063	Nil	Nil	Nil

Directors' holdings of Boral Limited securities

Directors' holdings of Boral Limited ordinary shares is outlined on page 95. No Director held an interest in options, performance rights or share rights of Boral Limited.

Options or Performance Rights granted over Ordinary Shares in Seven Group Holdings Limited

On 1 July 2023, 161,180 deferred share rights vested to Executives under the Company's FY21 STI Plan.

At the date of this report, there are 59,149 deferred share rights that were issued to Mr R Stokes AO and a further 184,010 deferred share rights to other Executives under the Company's FY22 STI Plan.

An award of 124,045 deferred share rights was made to KMP Executives on 1 July 2023 under the Company's FY23 STI Plan.

Award	Grant date	Expiry	Number
2021 LTI Plan ^(a)	1 Jul 20	1 Sep 23	369,067
2022 LTI Plan	1 Jul 21	1 Sep 24	380,594
2023 LTI Plan	1 Jul 22	1 Sep 25	573,934
2024 LTI Plan	1 Jul 23	1 Sep 26	401,776
Total			1,725,371

(a) 46,842 performance rights granted under the 2021 LTI Plan will forfeit following testing of the performance hurdles, with 87.3 per cent of the award vesting.

These rights do not carry an entitlement to participate in any share issue. Rights were granted for nil consideration. No other options or rights have vested or been exercised during or since the end of the financial year, nor have they expired.

Convertible Notes

The Company issued 3,500 Convertible Notes (Notes) in March 2018. The Notes are listed on the Singapore Stock Exchange and mature seven years from their issue date at their nominal value. Subsequent to year-end, 61 Notes were converted. Refer to Note 29: Events subsequent to balance date for further detail. At the date of this report, 403 Notes remain. The total number of ordinary shares which will be issued if the remaining Notes are converted is 1,687,256.

Exchangeable Bond

The Company issued 2,500 Exchangeable Bonds (Bonds) in October 2022. The Bonds have a fixed coupon of 4.625 per cent per annum and are exchangeable in fully paid ordinary shares of Boral Limited. The Bonds mature in October 2027, with an early redemption option in October 2025. The number of Boral Limited shares which would be exchanged if the Bonds were exercised is 66,312,997.

Remuneration Report

Year ended 30 June 2023

Message from the Chair of the Remuneration & Nomination Committee

Dear Shareholders,

On behalf of the Board and the Remuneration & Nomination Committee (RNC or the Committee), I am pleased to present the Remuneration Report for the financial year ended 30 June 2023 (FY23). This report outlines our approach to executive remuneration and provides an overview of the remuneration policies, practices and outcomes for our Key Management Personnel (KMP) Executives and Non-Executive Directors (NEDs) during the year.

The remuneration framework at SGH is designed to attract and retain top talent to drive business success and returns to shareholders while maintaining a strong focus on performance, sustainable returns and responsible risk management. Our key remuneration principles of market competitive, performance linked rewards that are aligned with shareholder interests are reflected in our reward decisions and remuneration outcomes for FY23.

Strong performance linked to remuneration outcomes

During the reporting period, the Group delivered a strong FY23 result with a significant growth in earnings and an uplift in operating performance across all our businesses.

The Group exceeded its financial performance gateway target under the Short Term Incentive (STI) plan, delivering record underlying EBIT of \$1,187 million, up 20% compared to the prior year. The RNC assessed individual performance against a predetermined set of stretch targets and strategic objectives, resulting in incentive outcomes for SGH executives ranging between 95% to 115% of their on-target STIs. Boral delivered above target performance resulting in a CEO pro-rata STI incentive outcome equivalent of 139% of his annualised STI target.

The strong business momentum and returns were further reflected in SGH's share price resulting in a Total Shareholder Return of 16.4% and 87.3% vesting of the FY21 Long Term Incentive (LTI) award. Further details on the remuneration outcomes and link to performance are included at Section 3 and Section 6 of the report.

There were no changes to NED fees for FY23 except for the discontinuance of fees for the Independent & Related Party Committee (IRPC), given the work done to reduce the number of related party transactions and consequently the frequency of meetings.

Stakeholder engagement

We value the input and feedback of our shareholders and their representatives and actively engage with shareholder advisory groups to seek their views through regular communication outside and during the Annual General Meeting (AGM).

The Board and RNC continue to review and strengthen the reward framework to ensure it supports the delivery of the Group's strategy, is aligned with good corporate governance and risk management, and ultimately, delivers sustainable value for our stakeholders.

Thank you for your ongoing support and we look forward to meeting with you at our upcoming AGM.



Kate Farrar

Chair of the Remuneration & Nomination Committee

Remuneration Report

Remuneration Report – Audited

The Remuneration Report for the year ended 30 June 2023 (FY23) outlines the remuneration arrangements of the Company and the Group in accordance with the *Corporations Act 2001* (Cth) (Corporations Act) and applicable accounting standards. This information has been audited as required by section 308(3C) of the Corporations Act.

The Remuneration Report is presented under the following main headings:

- | | |
|--|---|
| 1. Introduction | 6. Link between Remuneration and Group Performance |
| 2. Remuneration Governance | 7. Summary of Executive Contracts |
| 3. Summary of Group Performance and FY23 Incentive Outcomes | 8. KMP Equity Holdings |
| 4. FY23 KMP Executive Remuneration Framework | 9. KMP Related Party Transactions |
| 5. Chairman and NED Remuneration Framework | 10. Remuneration in Detail |

1. Introduction

The Remuneration Report outlines key aspects of the Group's remuneration policy and framework and provides details of remuneration awarded to KMP during FY23.

KMP includes Executive Directors, NEDs and certain senior executives of the Group who have authority and responsibility for planning, directing and controlling the activities of the Group (Group Executives). Executive Directors and Group Executives are hereafter collectively referred to in this report as KMP Executives.

The Group's KMP for FY23 are listed in the table below.

KMP	Title	FY23 Status	KMP Status
Executive Director			
Ryan Kerry Stokes AO	SGH Managing Director & Chief Executive Officer (MD & CEO)	Full Year	Current
Non-Executive Directors			
Terry James Davis	Non-Executive Chairman/Director	Full Year	Current
Rachel Helen Argaman (Herman) OAM	Director	Full Year	Current
Sally Annabelle Chaplain AM	Director	Full Year	Current
Katherine Leigh Farrar	Director	Full Year	Current
Christopher John Mackay	Director	Full Year	Current
David Ian McEvoy	Director	Full Year	Current
Warwick Leslie Smith AO	Director	Full Year	Current
Richard Anders Uechtritz	Director	Full Year	Current
Group Executives			
Vik Bansal ^(a)	Boral CEO & Managing Director (Boral CEO)	Part Year	Current
Gitanjali Bhalla	Group Chief People Officer	Full Year	Current
Jarvas Ernest Croome	Chief Executive, WesTrac Australia	Full Year	Current
James Nathan Goth	Group Chief Operating Officer	Full Year	Current
Richard Joseph Richards	Group Chief Financial Officer (CFO)	Full Year	Current
Murray John Vitlich	Chief Executive, Coates	Full Year	Current
Former Group Executives			
Zlatko Todorcevski ^(b)	Former Boral CEO	Part Year	Former

(a) On 10 October 2022, Mr Vik Bansal commenced as Boral CEO.

(b) On 7 October 2022, Mr Zlatko Todorcevski ceased as KMP.

2. Remuneration Governance

Role of the Remuneration & Nomination Committee

The role and responsibilities of the RNC are explained in detail in the Corporate Governance Statement available on the Company's website at www.sevengroup.com.au. The key responsibilities of the RNC are summarised below and include the following:

- To make recommendations to the Board in relation to the remuneration of the MD & CEO and NEDs, as necessary, or as requested by the Board;
- Review and make recommendations to the Board on all proposed equity offers and grants made pursuant to the Company's equity plans and the overall functioning of the equity plans; and
- Review and advise on senior management remuneration, diversity and inclusion strategies, succession planning and employee development policies, as requested by the Board or the MD & CEO.

During the financial year Ms Rachel Argaman (Herman) OAM joined the IRPC. There were no other changes to Committee memberships.

Engagement of remuneration advisors

During FY23, no remuneration advisors were engaged by the Company to make any remuneration recommendations relating to KMP as defined by the Corporations Act.

Remuneration Report approval at the 2022 Annual General Meeting

The FY22 Remuneration Report received positive shareholder support at the 2022 AGM, with 98.47 per cent of votes in favour of adoption.

3. Summary of Group Performance and FY23 Incentive Outcomes

The Group delivered a strong FY23 result with significant earnings and profit growth and margin optimisation across SGH's diverse portfolio of companies, including WesTrac, Coates and Boral. In addition, the Group delivered further improvement in operational and safety performance, resulting in incentives being awarded to KMP Executives.

Key Highlights

Strong financial performance and capital management

- Revenue \$9,627m up 20%, driven by strong customer focus and demand
- EBIT of \$1,187m up 20%, above long-run CAGR of 10%, reflecting disciplined execution and margin expansion
- Operating cashflow of \$1,570m up 55%, with EBITDA cash conversion of 93%
- Full year fully franked ordinary dividend per share of 46 cents
- Share price growth of 48% over FY22
- Leverage reduced to sub 2.3x, 12 months earlier than committed to market

Boral reset and performance uplift

- Reset of leadership team and implementation of new operating model delivering results
- EBIT of \$232m up 117%, margin of 6.7% up 309bp
- Strong volume and pricing outcomes with increased cost focus and operating discipline
- Revised capex review and approval process driving accretive investment decisions
- Investment in organisational redesign and uplift of performance culture through "Good to Great" strategy

Customer focus and disciplined operational excellence delivering results

- Stable and strong revenue growth and market share performance
- EBIT margins continue to grow across industrial businesses through a mixture of pricing discipline and active management of cost inflation
- Customer centricity at heart of operating model redesign and improvements, including to systems and processes

People, Safety and Sustainability

- Safety performance improvements including Group TRIFR improvement of 42% to 6.0 for FY23 (including Boral)
- Significant improvements in TRIFR safety performance at Coates and Boral of 42% and 47% respectively
- Year on year progress against Diversity, Equity and Inclusion objectives with overall female representation at 19.5% vs. 17.4% in the prior year and 0% like for like gender pay gap at WesTrac and Coates
- Coates recognised by NSWICC as the Aboriginal Participation In Construction Partner (APIC) of the Year
- Key ESG categories with initiatives to progress embedded in operating model, strategy and reward structure

These results, together with careful capital management demonstrates the resilience of SGH's operating businesses and strength of management capability to continue to drive business momentum and deliver strong, sustainable, commercial returns.

Remuneration Report

Linking FY23 Incentive Outcomes to Group Performance

The Group's reward structure comprises a significant component of KMP Executive remuneration tied to financial performance outcomes. Under the STI plan, award outcomes are adjusted for Group and Business Unit performance outcomes and differentiated for individual performance using a balanced scorecard approach. Key Performance Indicators (KPI) and Performance Measures used in the STI and LTI plan are approved by the Board and aligned with the Group's Strategy as outlined below:

Performance Measure	STI	LTI	Alignment to strategy
UEBIT	✓		Underlying EBIT (UEBIT) measures the underlying profitability and performance
Cash Flow	✓		Cash flow is a key measure of SGH's ability to generate cash to fund organic and acquisitive growth and provide returns to our shareholders via dividends and share buybacks
ROCE	✓		Return on Capital Employed (ROCE) is a key measure of SGH's ability to create value through excellent rewards on investments and capital employed
TSR		✓	Relative Total Shareholder Return (TSR) is a key measure of SGH's returns to shareholders
Strategic Objectives	✓		Personal strategic objectives enable a focus on specific factors aligned with SGH's short and medium-term strategic objectives that promote long-term performance
People	✓		People objectives take into account progress against clearly defined executive succession and transition objectives including performance interventions; development of key talent; robust IR framework; engagement objectives and progress against measurable diversity and inclusion objectives
Safety and Sustainability	✓		Safety and Sustainability objectives are included to drive progress against the Material Issues identified in the SGH Sustainability Strategy as well as a Safety First working environment and policies and practices

FY23 STI Outcomes

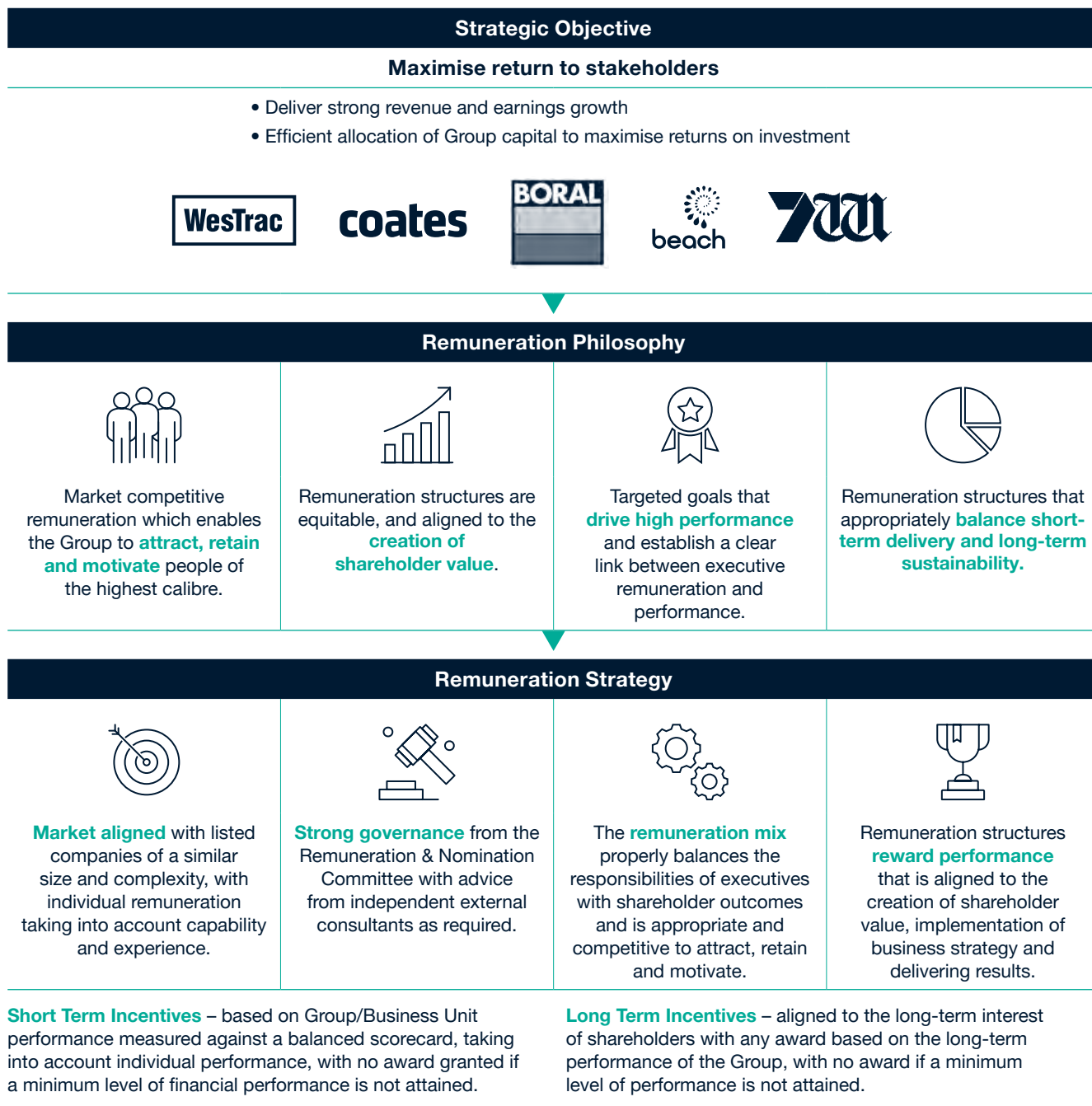
Based on performance for FY23, incentive outcomes for KMP Executives ranged from 95% to 115% of target, differentiated for executive performance against key financial, strategic and operational objectives. The Boral CEO received a pro-rata STI award equivalent of 139% of his annualised STI target, based on Boral's overall performance and his individual performance assessment. Further details on STI outcomes are included at Section 6.

LTI Vesting Outcomes

Under the FY21 LTI plan, the relative TSR performance hurdle was tested at the end of the three-year performance period ended 30 June 2023. The Company's relative TSR was ranked at the 68th percentile of the comparator peer group resulting in partial vesting of the FY21 LTI plan with 87.3% of the award vesting. The Boral 2020 LTI comprised two hurdles, namely Return on Funds Employed (ROFE) and relative TSR. Following testing of both LTI components, the Boral board determined an overall vesting outcome of 66.7%. Further details are included at Section 6.

4. FY23 KMP Executive Remuneration Framework

The Group's executive remuneration structure is designed to attract and retain high performing individuals, align executive reward to the Group's business objectives, and to create long-term shareholder value. The following diagram illustrates how the Group's remuneration principles are linked to, and support, the business' objectives and their alignment to the long-term interests of shareholders.



Remuneration Framework

The KMP Executive remuneration framework consists of both fixed and variable components, with the variable portion contingent upon meeting financial and non-financial performance measures. This approach ensures that executives are appropriately rewarded based on their position, responsibilities and performance within the Group, while also aligning with shareholder interests.

Total remuneration is comprised of three main elements, Fixed Annual Remuneration (FAR), STI and LTI and is designed to enable executives to earn rewards ranging from the median to the top quartile for outstanding performance against challenging stretch targets.

Remuneration Report

In order to determine the appropriate level of total remuneration for KMP Executives, the Group follows a policy of benchmarking against a peer group consisting of Australian listed companies that closely resemble Seven Group Holdings Limited in terms of financial and qualitative metrics. The peer group analysis also takes into account factors such as market capitalisation, portfolio composition, and the complexity, diversity, and breadth of the sectors in which SGH operates. By doing so, the Group ensures that its remuneration practices remain competitive within the industry.

A summary of the KMP Executive remuneration framework for FY23 is provided below.

		Remuneration		Delivery	Structure and Mechanism
		MD & CEO	Other Execs		
Fixed	FAR	\$1,900,000	\$700,000– \$1,200,000 <i>(Boral \$1,500,000)</i>	Cash and Superannuation	<ul style="list-style-type: none"> – Base pay and Superannuation – Aligned with market pay comparators – Set to reflect experience and role complexity – Ensures attraction and retention of best candidate
	STI	Target: 100% of FAR Maximum: 133% of FAR	Target: 75% of FAR <i>(Boral 100%)</i> Maximum: 100% of FAR <i>(Boral 150%)</i>	50% Cash 50% Deferred Equity <i>Vesting after 1 year (Boral after 2 years)</i>	<ul style="list-style-type: none"> – STI plan gateway is 90% of UEBIT – KPIs are set at the start of the financial year – KPIs are weighted between financial metrics, delivery against strategic initiatives and people, safety and sustainability metrics – 50% of STI paid in cash after the financial year end – 50% of STI deferred as equity, set to vest after one to two years
Variable (at risk) remuneration linked to performance	LTI	100% of FAR	75%–90% of FAR <i>(Boral 100%)</i>	Performance Rights <i>3 year vesting (Boral additional 1 year restriction)</i>	<ul style="list-style-type: none"> – Rights issued at the start of the performance year – Relative TSR 51st percentile for 50%, 75th for 100% vesting – No retesting – Vested awards count towards Minimum Shareholding Guidelines
	Minimum Shareholding Guidelines	To further align Executive KMP interests with shareholders, minimum shareholding guidelines are in place that provide for up to 100% of FAR to be accumulated in equity over a minimum, ranging from 5–10 years			

Remuneration Mix

The ratio between fixed and variable remuneration further incentivises executives to focus on the Group's short and long-term performance. In reviewing remuneration for KMP Executives, the Board has remained cognisant of shareholder feedback and of the remuneration mix for similar companies, with a greater focus on “at risk” reward that provides a strong link between shareholder experience and KMP Executive remuneration outcomes.

Total Remuneration Mix Fixed/At Risk

	At Target	At Maximum STI
MD & CEO	33% / 67%	30% / 70%
CFO	38% / 62%	34% / 66%
Other executives	40% / 60%	36% / 64%
Boral CEO	33% / 67%	29% / 71%

The diagram below shows the mix of cash and equity for at risk remuneration (STI and LTI).

At Risk Remuneration

Cash/Equity Mix at Target

SGH MD & CEO	25%	75%
Other KMP Executives (average)	25%	75%

Cash/Equity Mix at Maximum STI

SGH MD & CEO	29%	71%
Other KMP Executives (average)	28%	72%

● Cash ● Equity

Timing of Remuneration Outcomes

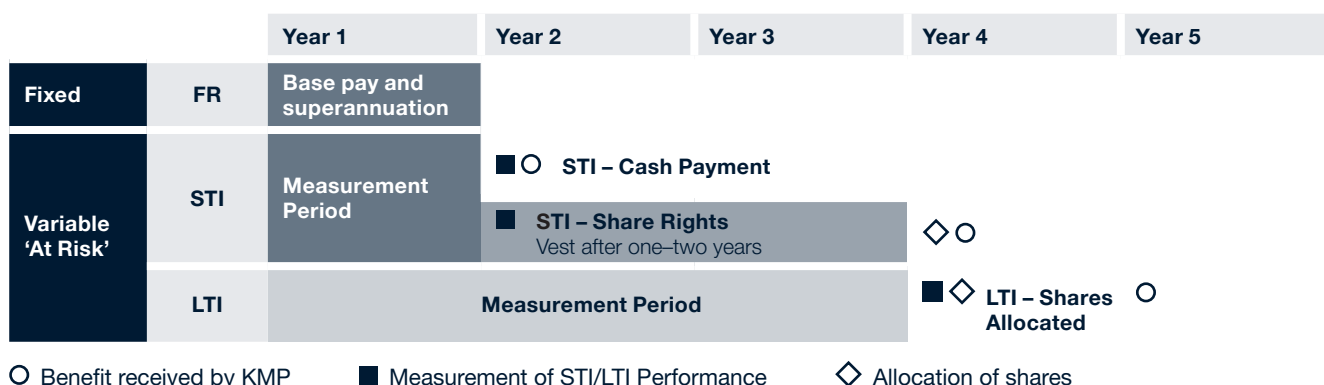
The amount an Executive KMP may earn in one financial year may not become available until a later date, and may be subject to further conditions including additional performance measures and continued employment. For example under the STI, equity awards are deferred for between one and two years from the date of grant and LTI awards are deferred for between three and four years.

Key Changes

In response to unprecedented competitive talent market dynamics in FY23, the Group made minor enhancements to the timing of value realisation under its remuneration framework to ensure it remained effective in attracting and retaining top talent across the Group.

The STI deferral period was revised down from two years to one year and for the three year LTI, the additional one year holding lock was removed. These changes more closely reflect market practice in industries in which SGH competes for talent whilst ensuring that our remuneration plans remain effective in balancing the interests of shareholders. Boral has retained the two year STI deferral period and the one year LTI holding lock to provide newly appointed executives with additional share price exposure.

The diagram below shows the maximum potential timing of remuneration outcomes with a significant component deferred up to three years for SGH Executives and four years for the Boral CEO.



STI and LTI Plans

The Board considers the design of the Group's STI and LTI plans on an annual basis to ensure they remain effective and aligned to the Group's performance and reward objectives. In addition, Boral's remuneration plans were further refined in FY23 to define clear accountabilities for all participants and align to the organisation goals and SGH's performance principles. Further details on the STI and LTI are set out below, with Boral's plans aligned unless otherwise stated.

STI Plan

KMP Executives participate in the Group's STI plan, which provides the opportunity to receive an annual incentive subject to the achievement of annual financial targets, strategic and operational performance measures and people, safety and sustainability objectives.

Financial Gateway

Before any awards accrue under the STI, a minimum level of financial performance above the 'gateway' must be achieved across the Group. This gateway helps to clearly align the interests of shareholders and executives by limiting STI awards where minimum financial performance by the Group is not achieved.

The financial gateway applied is Group UEBIT compared to target in accordance with the table below. Group UEBIT is the Group's audited statutory profit before significant items, net finance costs and income tax. If the Group does not achieve at least 90% of UEBIT, no STI awards become available and any outcomes are subject to the discretion of the Board.

% of Group UEBIT Achieved	<90	90-< 95	95-<100	100-120	120+
Potential % of On-Target STI Achieved	0	25	50	100-133	133

Boral STI vesting scale

% of Group UEBIT Achieved	90-< 95	95-<100	100-120	120+
Potential % of On-Target STI Achieved	0	50	100-150	150

STI Key Performance Indicators

The performance KPIs of each KMP Executive are set and measured using a balanced scorecard approach, based on measurable and quantifiable targets.

The KPIs for each KMP Executive are reviewed by the Committee and approved prior to the commencement of the new financial year. KPIs are set to be challenging and to focus management on strategic business objectives that ultimately create shareholder value. KPIs include financial and non-financial measures that are differentially weighted to reflect the focus of each KMP.

Remuneration Report

Financial KPIs are utilised as they represent value creation and reflect the Group's core financial metrics. Non-financial KPIs drive operational efficiencies, focus on key customer/project wins and improved safety and productivity in the workplace. People related KPIs consider progress against clearly defined turnover, executive succession, culture and engagement objectives and measurable progress against diversity and inclusion targets. Safety targets are based on the performance against lead and lag indicators and sustainability measures appropriate to each KMP Executive are also included.

Performance Assessments

The RNC assesses the performance of the MD & CEO and makes a recommendation on the STI award to the Board for its consideration, and if thought fit, approval. The MD & CEO assesses the performance of other KMP Executives against targets and recommends STI awards for each to the Committee for consideration and, if thought fit, approval. Similar to SGH, the Boral RNC assesses the performance of the Boral CEO and makes a recommendation on the STI award to the Boral Board for its consideration, and if thought fit, approval.

Target performance is set to ensure alignment with the Board approved budget for the financial year. The potential to receive an above-target STI award, up to the maximum, is triggered by financial outperformance at the Group or Business Unit level. The STI awards are then further calibrated based on individual contribution to business performance and the delivery of strategic priorities. STI awards are not provided in circumstances where individual performance is unsatisfactory or the financial performance gateway is not met. The Board retains discretion to determine whether STI awards are appropriate based on the overall performance of the KMP Executive and the Group, taking into account other factors such as conduct, risk and behaviours that are aligned to the Group's values.

STI Deferred Equity Award

The STI is designed so that 50% of any award accruing under the STI is delivered as cash and the remaining 50% is delivered as deferred share rights subject to retention and claw back provisions. Equity awards are deferred for between one to two years. Further details on the deferred share rights under the STI plan are set out below. Boral's deferred STI awards are consistent with the below unless otherwise stated.

STI – Deferred Share Rights

Who will participate?	All KMP Executives will have 50% of their STI award deferred into share rights.
What will be granted?	Subject to the achievement of KPIs for the relevant financial year, 50% of STI awards will be delivered as share rights which will be granted for nil consideration. For SGH Executives, each right entitles the participant to one ordinary share in the Company after a one year deferral period. For the Boral CEO, each right entitles him to one ordinary share in Boral at the end of a two year deferral period.
How many shares rights will be granted?	The number of share rights granted to each participating KMP Executive is equivalent to 50% of their STI award divided by the five-day SGH (or Boral) VWAP (Volume Weighted Average Price) to 30 June prior to the commencement of the vesting period. The SGH VWAP is adjusted for the value of expected dividends foregone over the vesting period.
What will be the vesting performance measures?	The share rights granted under the STI plan do not have any further performance hurdles and vest subject to continuous employment over the relevant vesting period.
Do the share rights carry dividend or voting rights?	The share rights do not carry dividend or voting rights.
What happens in the event of a change in control?	In the event of a change of control of the Company, any unvested deferred share rights will vest. For the Boral CEO, in the event of a change of control, the Boral Board will have discretion to determine whether, and the extent to which, unvested deferred share rights will vest. In the event of a de-listing and the Boral CEO no longer reports to the Boral Board, his unvested deferred share rights will vest in full.
What happens if the participant ceases employment?	If the participant ceases employment with the Company due to termination for cause or gross misconduct, or other reasons determined by the Board all unvested share rights will lapse. If the participant ceases employment other than for the reasons outlined above the share rights will not lapse, unless the Board determines otherwise.

LTI Plan

The purpose of the LTI plan is to drive sustained performance and long-term shareholder value creation, encourage retention of KMP Executives, and ensure alignment of executive remuneration outcomes with shareholder interests. LTI awards are structured as rights to acquire ordinary shares in the Company at no cost to the participant and are subject to a relative TSR hurdle measured against S&P/ASX100 companies (excluding financial services companies). Once granted, awards only vest if the performance hurdles over a three year performance period are met. For the FY23 award, the three-year performance period commenced on 1 July 2022 and will conclude on 30 June 2025.

Introduction of a second LTI measure from FY24

The Board reviewed the LTI performance measures to ensure they continue to remain appropriate and aligned with SGH's strategic objective of maximising shareholder returns. The Board considered a range of other potential earnings and return based measures for the LTI, considering several factors, including the Group's strategy, market developments and investor and shareholder feedback.

Based on its review, the Board approved the introduction of a second hurdle, namely EPS performance, alongside Relative TSR from FY24. Having two LTI measures provides a strong alignment with the Group's strategy to drive sustainable earnings growth and shareholder value over the long term.

LTI Award

The table below sets out the key features of the SGH and Boral LTI Plans. During the year, Boral's LTI plan was amended to align more closely to the SGH Plan, accordingly, unless otherwise stated, the Boral LTI Plan is aligned to the below.

LTI – Performance Rights

What will be granted?	Performance rights are granted for nil consideration. Each right entitles the participant to one ordinary share in the company, with vesting subject to the achievement of the performance hurdles. The Boral CEO receives his LTI award in Boral equity.										
How many performance rights will be granted?	The value of LTI granted annually is: MD & CEO – 100% of FAR; Boral CEO – 100% of FAR Other KMP Executives – 75% to 90% of FAR The number of performance rights granted to each KMP Executive is equivalent to the value of the LTI grant divided by the five-day VWAP to 30 June prior to the commencement of the performance period. SGH awards are adjusted for dividends foregone.										
What will be the vesting performance measures?	The vesting of 100% of performance rights granted under the LTI plan will be dependent on a relative TSR measure.										
Why was the TSR performance hurdle chosen, and how is performance measured?	<p>Relative TSR provides an indicator of shareholder value creation by comparing the Company's return to shareholders relative to other companies of similar size. TSR provides an external, market-based hurdle and creates alignment of executive remuneration outcomes to shareholder returns. Participants will not derive any benefit from this portion of the grant unless the Company's performance is at or above the 51st percentile of the comparator group.</p> <p>The comparator group chosen for assessing the Company's relative TSR consists of constituents of the S&P/ASX100 (excluding financial services companies). This comparator group was selected as it represents a broad base of companies against which investors may benchmark their investment.</p> <p>The comparator group is defined at the start of the performance period. The composition of the comparator group may change as a result of corporate events, such as mergers, acquisitions, de-listings etc. The Board has agreed guidelines for adjusting the comparator group following such events and has the discretion to determine any adjustment to the comparator group.</p> <p>The percentage of TSR performance rights that vest (if any) at the end of the performance period will be based on the following schedule:</p> <table border="1"> <thead> <tr> <th>Company's TSR ranking relative to comparator group companies</th> <th>Proportion of TSR performance rights that vest</th> </tr> </thead> <tbody> <tr> <td>Equal to or above 75th percentile</td> <td>100%</td> </tr> <tr> <td>Between the 51st and up to 75th percentiles</td> <td>50% vesting on a straight-line basis to 100%</td> </tr> <tr> <td>At the 51st percentile</td> <td>50%</td> </tr> <tr> <td>Below 51st percentile</td> <td>Nil</td> </tr> </tbody> </table>	Company's TSR ranking relative to comparator group companies	Proportion of TSR performance rights that vest	Equal to or above 75th percentile	100%	Between the 51st and up to 75th percentiles	50% vesting on a straight-line basis to 100%	At the 51st percentile	50%	Below 51st percentile	Nil
Company's TSR ranking relative to comparator group companies	Proportion of TSR performance rights that vest										
Equal to or above 75th percentile	100%										
Between the 51st and up to 75th percentiles	50% vesting on a straight-line basis to 100%										
At the 51st percentile	50%										
Below 51st percentile	Nil										
When will performance be tested?	<p>Awards will be subject to a three-year performance period with an additional one-year holding lock (trading restriction) in place for Boral. The three-year performance period commences at the beginning of the financial year to which the award relates. In the case of the FY23 award, the performance period commenced on 1 July 2022 and will complete on 30 June 2025. Immediately following the completion of the performance period, the performance hurdles are tested to determine whether, and to what extent, awards vest.</p> <p>Upon vesting of the rights, the Board has discretion to either issue new shares or acquire shares on market. Any performance rights that do not vest following testing of performance hurdles will lapse. There is no retesting. For Mr Ryan Stokes AO, who has an interest in shares in the Company which represents more than 10% of the Company's issued share capital, the LTI awards will be cash-settled, should the rights vest.</p>										
Do the performance rights carry dividend or voting rights?	Performance rights do not carry dividend or voting rights.										
What happens in the event of a change in control?	In the event of a change of control of the Company the Board will have discretion to determine whether, and the extent to which, unvested performance rights vest. The Board will consider when making its decision the extent to which performance hurdles have been achieved to the date of the event.										
What happens if the participant ceases employment?	<p>The LTI will only deliver benefits to participants if shareholder returns are achieved and the KMP Executive remains employed by the Company over the three-year performance period. If the participant ceases employment with the Company due to termination for cause or gross misconduct, or other reasons determined by the Board all unvested performance rights will lapse.</p> <p>If the participant ceases employment other than for the reasons outlined above, the performance rights will not lapse, unless the Board determines otherwise.</p>										

It is important to note that LTI awards will only deliver benefits to participants if shareholder returns are achieved at the end of the three-year performance period. In addition, although awards may not vest (as performance hurdles are not achieved), accounting standards require the expense relating to equity instruments (such as the performance rights allocated under the LTI plan) to be reflected over the performance period, notwithstanding executives may never receive any actual value from such a grant.

Remuneration Report

Prior LTI grants

Performance rights awarded at the commencement of the performance period to eligible KMP for prior years:

SGH LTI awards

Grant	Performance measure	Performance Period	Vest Date	Vesting Outcome
FY21	TSR	1 Jul 20 to 30 Jun 23	2023 (3 years) plus 1 year restriction	87.3%
FY22	TSR	1 Jul 21 to 30 Jun 24	2024 (3 years) plus 1 year restriction	In progress
FY23	TSR	1 Jul 22 to 30 Jun 25	2025 (3 years)	In progress

Boral LTI awards

Grant	Performance measure	Performance Period	Vest Date	Vesting Outcome
2020 (FY21)	TSR/ROFE	1 Jul 20 to 30 Jun 23	2023 (3 years) plus 1 year restriction	66.7%
2021 (FY22)	TSR	1 Jul 21 to 30 Jun 24	2024 (3 years) plus 1 year restriction	In progress
2022 (FY23)	TSR	1 Jul 22 to 30 Jun 25	2025 (3 years) plus 1 year restriction	In progress

Additional Equity Awards

As part of his employment arrangements, the Boral CEO was provided a “sign on” equity award equivalent to 100% of his FAR delivered in Boral equity and subject to continued employment. 50% of the award will vest after completion of two years (October 2024) and 50% on completion of three years in October 2025. Full vesting occurs in the event Boral ceases to be listed on a recognised stock exchange and the Boral CEO no longer reports to the Board, or on a company initiated termination for convenience.

During the year and after careful consideration, the Board made an equity retention award equivalent to 60% of his FAR to Mr J Croome, Chief Executive WesTrac Australia, subject to a two year continued employment condition. In making the award, the Board considered the criticality of Mr Croome’s role to WesTrac and Caterpillar and the need to retain his services in a highly competitive talent market to ensure business momentum and stability at a time of sustained growth and market opportunities. Subject to Mr Croome’s continued employment with the Group, the share rights will vest in October 2024.

SGH MD & CEO Remuneration Arrangements

For FY23, there were no changes to the MD & CEO’s FY23 FAR of \$1,900,000 and variable (at-risk) remuneration comprising an on target STI opportunity of 100% of FAR (and 133% of FAR at maximum opportunity) and LTI opportunity of 100% of FAR.

The MD & CEO’s remuneration is aligned with the Group’s benchmarking approach to position total reward for KMP Executives principally within a competitive range of peer group companies, of comparable size and complexity which includes S&P/ASX 100 (excluding financial services) listed entities. The peer group also considers market capitalisation i.e., ASX100 companies, the portfolio construct and the complexity, diversity and breadth of the sectors in which SGH operates.

Although the MD & CEO participates in the LTI plan on the same terms and conditions as the other KMP Executives, his award is cash settled. This is because tax deferral on equity incentive plans is not permitted where an executive has an interest in shares in the Company which represents more than 10% of the Company’s issued share capital. As such, an approach to achieve an equivalent outcome to other executives participating in the plan is to cash-settle the rights using the same terms and conditions as for the performance rights that are equity-settled under the LTI plan. As Mr RK Stokes AO has an interest in shares in the Company which represents more than 10% of the Company’s issued share capital, should the LTI award rights vest, they will be cash-settled.

Impact of accounting for cash settled awards

Accounting Standard AASB 2: Share Based Payments requires the fair value of cash-settled equity plans to be re-measured each year, unlike equity-settled plans where the fair value is calculated at the start of the performance period. The fair value is re-measured taking into consideration a number of inputs including share price from date of grant. The re-measurement of the fair value of the cash-settled equity for Mr RK Stokes AO has resulted in an increase of \$2,781,219 over the year due to the increase in the share price in FY23 from \$16.61 at 30 June 2022 to \$24.65 at 30 June 2023. It is important to note that if the awards had been equity-settled, the total remuneration reflected in the remuneration tables at 10.B would have been \$5,248,163 as compared to \$8,029,382 as currently stated in the table.

Minimum Shareholding Guidelines for KMP Executives

To drive a stronger alignment of executive interests with those of shareholders, and to foster an increased focus on building long-term shareholder value, the Group has in place minimum shareholding requirements for KMP Executives. During the year, the Board revised the minimum shareholding requirements to bring forward the timing of when KMP Executives are required to hold a minimum level of shareholding based on their length of service with the Group as set out below:

Years of service of KMP Executive	Minimum value of shares to be held by KMP Executive
3 (previously 5)	20% of FAR
5 (previously 10)	40% of FAR
7 (previously 15)	60% of FAR
10 (previously 20)	80% of FAR

The Board will continue to review the minimum shareholding requirements with a view to further align with market practice. The Boral CEO is required to hold 100% of their FAR in Boral equity over a period of five years from their date of appointment.

As of 30 June 2023, all KMP Executives were in compliance given time in role. Shareholding details for each KMP are included at Section 8.

5. Chairman and NED Remuneration Framework

At the 2022 AGM, shareholders approved an increase to the aggregate NED Fee Pool available for the payment of fees to the Chairman and NEDs to \$2.8million (previously \$2.4 million). The increase provides capacity for the Board to manage director succession over the coming years and also provides flexibility to appoint additional suitably qualified NEDs with a mix of skills, strategic competencies, qualifications and experience to oversee the Group's diverse range of operations, investments and growth.

Chairman and NED fees

The Chairman receives a fixed Director's fee which is paid in the form of cash and statutory superannuation contributions. The Chairman does not receive any additional fees for being a member of a Board Committee.

NEDs receive a fixed fee which includes a base fee and additional fees for being the Chair or member of a Board Committee. Board and Committee fees are paid in the form of salary and statutory superannuation contributions. From September 2022, fees paid to the IRPC Committee were discontinued following work done to reduce the frequency of related party transactions and therefore the number of meetings held by the IRPC. The Committee will still meet to review any key arrangements should the need arise to ensure adequate governance controls and approvals are in place.

The Chairman and the NEDs do not receive any variable remuneration or other performance related incentives such as options or rights to shares, and no retirement benefits are provided.

The table below sets out the annualised base and committee fee structure inclusive of superannuation as it applied in FY23. NED fees are benchmarked against ASX100 listed entities with similar revenues and market capitalisation as the Company. The benchmarking also considers the complexity of the Group structure and the industry sectors in which we operate.

Role	Base Fees		Committee Chair Fees		Committee Member Fees	
	2023	2022	2023	2022	2023	2022
Chairman	\$475,000	\$475,000	–	–	–	–
Non-Executive Director	\$180,000	\$180,000	–	–	–	–
Audit & Risk	–	–	\$80,000	\$80,000	\$30,000	\$30,000
Remuneration & Nomination	–	–	\$40,000	\$40,000	\$20,000	\$20,000
Independent & Related Party ^(a)	–	–	–	\$40,000	–	\$20,000

(a) Effective 1 September 2022, fees paid to the IRPC committee were discontinued following the reduction of significant related party transactions and consequently meetings held.

Remuneration Report

6. Link between Remuneration and Group Performance

The Remuneration Framework of the Group is designed to reward superior performance including returns to shareholders. The table below shows the Group performance in key areas for the last five financial years.

	2023	2022	2021	2020	2019
Statutory NPAT (\$m) ^{(a)(c)}	\$646.5	\$607.4	\$634.6	\$117.5	\$202.9
NPAT (excluding significant items) (\$m) ^{(a)(b)}	\$702.9	\$686.1	\$504.6	\$ 471.8	\$460.8
Significant items (\$m) ^(a)	\$(56.4)	\$(78.7)	\$130.0	\$(354.3)	\$(257.9)
Profit before significant items, net finance costs and tax (Group underlying EBIT) (\$m)	\$1,186.5	\$987.1	\$792.1	\$737.9	\$727.9
Dividends declared per ordinary share	\$0.46	\$0.46	\$0.46	\$0.42	\$0.42
Share price at financial year end	\$24.65	\$16.61	\$20.35	\$17.18	\$18.49
Statutory basic EPS ^(a)	\$1.64	\$1.54	\$1.84	\$0.34	\$0.60
EPS (excluding significant items) ^(a)	\$1.80	\$1.73	\$1.46	\$1.39	\$1.37
Diluted EPS (excluding significant items) ^(a)	\$1.78	\$1.73	\$1.45	\$1.38	\$1.37
Total Shareholder Return	53.2%	(15.8)%	22.3%	(3.0)%	0.2%
Relative Total Shareholder Return	38.9%	(10.1)%	(2.2)%	5.3%	12.0%
Short Term Incentive Outcomes					
KMP STI achievement against target (Average) ^(d)	110.7%	95.7%	108.6%	91.8%	91.9%

(a) 2023 and 2022 figures are for continuing and discontinued operations.

(b) NPAT (excluding significant items) is a non-IFRS measure. This measure is applied consistently year on year and used internally by management to assess the performance of the business and hence is provided to enable an assessment of remuneration compared to Group performance. Refer to the Operating and Financial Review for a reconciliation to statutory net profit after tax.

(c) The 2023 and 2022 results include Boral Limited.

(d) Excludes Boral CEO for 2022 and prior.

FY23 KPIs Outcomes

The KPI process is core to how the Group drives alignment on performance expectations and the delivery of key financial and strategic objectives to drive shareholder value.

The FY23 KPIs for the MD & CEO and KMP Executives are based on the outcomes of the annual budget (including Boral) and strategic planning process that includes an in-depth review by the Board. The Board endorses the strategic focus and direction of the Group, taking into account market opportunity, economic environment and shareholder expectations. This is a rigorous process which includes setting challenging performance targets for management and which directly aligns executive incentives to the achievement of those targets. Where performance does not meet targets, executives derive no benefit from their variable incentive components. Conduct risk and alignment to Group Values is also assessed when determining individual outcomes.

Before any awards accrue under the STI, the Group's financial performance gateway, being Group UEBIT, must be achieved. Thereafter, performance outcomes are differentiated based on Group and Business Unit financial and individual KMP Executive performance.

The performance of each KMP Executive is measured against a balanced scorecard based on measurable KPI targets which are weighted to appropriately reflect the focus of each KMP Executive in driving the overall business strategy. KPIs are set across three main areas of focus namely Financial, Strategic and People, Safety & Sustainability priorities

- Financial KPIs** are utilised as they represent value creation and reflect the Group's core financial metrics and are based on SGH Board approved budgets for FY23, including elements such as UEBIT, Operating Cash Flows and Funds from Operations.
- Strategic KPIs** include financial and non-financial targets to drive portfolio optimisation and operational efficiencies, focus on key customer/project wins and improved safety and productivity in the workforce.
- People, Safety and Sustainability KPIs** measure and rewards progress against clearly defined turnover, executive succession, culture and engagement objectives and measurable progress against diversity and inclusion targets. Safety targets are based on the performance of lead and lag time indicators and sustainability measures appropriate to each KMP Executive are also included.

A summary of the key KPIs and assessment outcomes for the MD & CEO and other KMP Executives are included in the tables below, specific targets are not shown due to their commercially sensitive nature:

MD & CEO and Group Executive Performance against FY23 KPIs

Scorecard Measure	Weighting/Performance
Financial	50% / Above target
Group Underlying EBIT (UEBIT)	SGH delivered UEBIT of \$1,187m up 20% and above market guidance.
Free Cash Flow (FCF)	Revenue of \$9,627m up 20% on pcp. Operating cash flow up 55%, EBITDA cash conversion of 93%. FCF was above budget.
Working Capital as % Sales	
Group Return on Capital Employed (ROCE)	ROCE was above budget reflecting outperformance in the SGH UEBIT and reduction in debt through improved operating cash flow performance.
Strategic	30%-35% / At target
Boral Performance	Successful Executive transition delivered at Boral with performance turnaround, Boral EBIT up 117% on pcp.
Portfolio optimisation	Boral Operating Model on track with Profit Growth Plan to unlock operating leverage and improve EBIT% and ROCE. Portfolio simplification on track with progress across key aspects.
Debt, deleveraging and capital management	Successful delivery of capital management initiatives, leverage of 2.3x delivered (vs target of 2.5x and prior year 2.8x), 12 months earlier than committed to market.
Customer focus and stakeholder relationships	Delivery of customer focused initiatives delivering market share growth across all businesses. Improved Corporate Confidence Index (CCI) results.
People, Safety & Sustainability	15%-20% / At target
Safety (including TRIFR and LTIFR indicators)	Significant improvement in Safety performance, including 42% and 27% reduction in TRIFR (6.0) and LTIFR (1.9) respectively. Focus on Safety First culture, reinforced by visible safety leadership and early intervention and remediation plans delivering results.
Engagement, leadership and diversity targets	Continued improvement in leadership effectiveness and performance focus across the team.
Sustainability/ESG targets	Year on year increase in engagement and culture scores across WesTrac and Coates. On track with ESG commitment including continued progress against reducing Scope 2 emissions, established pipeline of solar rollout and plans in place to address water and waste across businesses.

Remuneration Report

Business Unit CEO Performance against FY23 KPIs

Scorecard Measure	Weighting/Performance
Financial	50% / Above target
BU EBIT	WesTrac delivered EBIT of \$500m up 18% on pcp and above budget. Revenue of \$4,905m up 24%.
Operating Cash Flow (OCF) and Free Cash Flow (FCF)	WesTrac's OCF up 467% to \$682m, Cash conversion of 117% up 93%, ROCE is above target. Coates delivered EBIT of \$300m up 22% and above budget. Revenue of \$1,143m up 13%.
Working capital as % Sales	Coates' FCF was above budget, ROCE 16.8% up 250bp.
Return on Capital Employed (ROCE)	Boral delivered EBIT of \$232m up 117%. Revenue of \$3,461m up 17%. Boral's OCF was above budget. ROCE 10.4% up 515bp.
Strategic	30% / At target
Delivery of customer focused initiatives, major contract wins, strategic goals and growth opportunities	<p>Strong performance across all key strategic KPIs, in particular:</p> <p><i>WesTrac</i></p> <ul style="list-style-type: none"> – Above-trend performance in both new machine sales and service revenue despite service revenue being constrained by skilled labour availability, particularly in WA. – Revenue up 24%, outperforming long-run CAGR of 9%, Machine sales up 25%, Product support up 23%. – Capacity expansion project delivered with Digital initiatives on-track to deliver efficiencies. <p><i>Coates</i></p> <ul style="list-style-type: none"> – Customer focus and sales initiatives delivered increase in customer activity and service. – Effective delivery and conversion of internal productivity improvements, including asset utilisation, network optimisation, duration, and fleet management. – Growth in Solutions business delivering targets ahead of schedule. – Implementation of strategic initiatives including Project Equipped. <p><i>Boral</i></p> <ul style="list-style-type: none"> – Delivered strong volume and pricing outcomes – sales volume up and pricing traction achieved across all products and regions. – Delivery of increased profitability and cost optimisation/efficiencies. Overhead expenses down 7%. – Progress on other strategic initiatives including digital integration of 'call to cash' transaction process and Auto-Allocations.
People, Safety & Sustainability	20% / At target
Safety (including TRIFR and LTIFR Indicators)	Significant uplift in safety performance across all BUs. Coates' TRIFR and LTIFR improved by 42% and 43% respectively, with Boral TRIFR and LTIFR improved by 47% and 29% respectively.
Engagement, leadership and diversity targets	Improvement in lead indicators with effective early intervention and remediation plans delivering results. Increased training and inductions with 'return to basics' initiatives rolled out across sites.
Sustainability / ESG targets	Increase in overall female representation from 17.4% to 19.5%, and female leaders from 17.2% to 22.2%. Continued improvement in employee engagement and culture survey metrics. Business Units progressing with delivery against ESG commitments in line with business unit plans.

STI Outcomes – differentiated for individual performance

The table below provides details of the level of performance achieved against balanced scorecard KPIs and the resulting STI outcome awarded for FY23. In the table, a clear link is demonstrated between individual KMP Executive performance and STI outcomes.

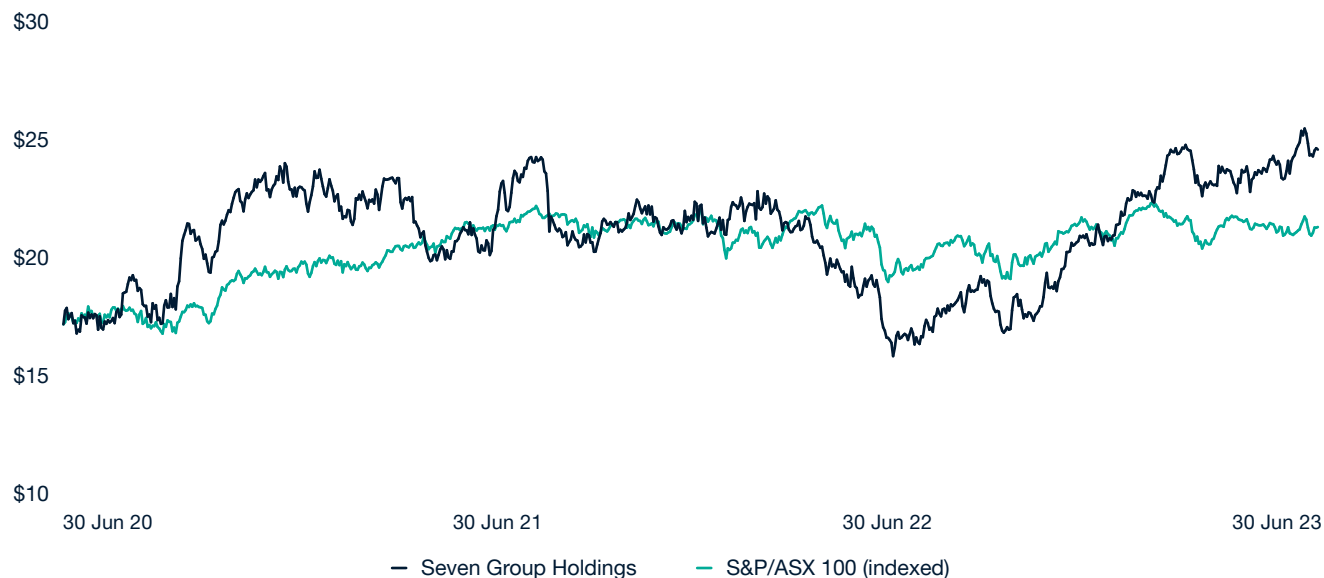
KMP Executive	Percentage of Target STI Awarded	Percentage of Maximum STI Forfeited	Outcome Against Maximum STI Target	
			0%	100%
RK Stokes AO	107.7%	25.3%		
G Bhalla	106.5%	26.5%		
JE Croome	95.3%	37.7%		
JN Goth	103.1%	29.9%		
RJ Richards	107.7%	25.3%		
MJ Vitlich	115.3%	17.7%		
V Bansal, Boral CEO	139.3%	10.7%		

■ Target STI ■ Max STI Forfeited

LTI Outcomes

The following graph shows the Group's share price relative to the performance of the ASX100 over the performance period.

SGH share price vs S&P/ASX 100



FY21 LTI – partial vesting outcome

The FY21 LTI award was tested following the end of the performance period on 30 June 2023. The Company's relative TSR was ranked at the 68th percentile of the comparator peer group resulting in 87.3% of the award vesting. The award is subject to an additional one year holding lock with restrictions lifted in August 2024.

Award	Performance Period	Performance Hurdle
FY21 LTI	1 July 20–30 June 23 – 3 years	Relative TSR

The 2020 Boral LTI Grant was tested at the end of the performance period resulting in partial vesting of the award.

Remuneration Report

7. Summary of Executive Contracts

The key terms of the KMP Executives' contracts including the term of the contract, the period of notice required to terminate the contract (by either the Company or Executive) and any contractual termination payments are set out below.

KMP Executive	Contract Term	Notice period required by the Company	Notice period required by the Executive	Contractual termination payments
RK Stokes AO	On-going	6 months	6 months	No contractual termination payments
G Bhalla	On-going	6 months	6 months	No contractual termination payments
JE Croome	On-going	6 months	6 months	No contractual termination payments
JN Goth	On-going	6 months	6 months	No contractual termination payments
RJ Richards	On-going	6 months	6 months	No contractual termination payments
MJ Vitlich	On-going	6 months	6 months	No contractual termination payments
V Bansal	On-going	6 months	6 months	No contractual termination payments

Non-Executive Directors

There are no formal employment contracts for NEDs that provide notice provisions or contractual termination payments. Each NED has a formal appointment letter agreed with the Company which confirms their appointment in accordance with the Constitution of the Company and provides information in relation to the structure and practices of the Board and the Company.

Hedging policy

The Company's Share Trading Policy prohibits employees (including KMP) from dealing in SGH shares, if the dealing is prohibited under the *Corporations Act 2001*. Therefore, in accordance with this policy, all KMP are prohibited from entering into arrangements in connection with Seven Group Holdings Limited shares which operate to limit the executives' economic risk under any equity-based incentive schemes.

The ability to deal with unvested rights is restricted in the relevant equity plan rules which apply to the options over shares in the Company which have been granted. The Company will continue to monitor the appropriateness of this approach.

Boral's Share Trading Policy prohibits the Boral CEO from entering into hedge and other derivative transactions in relation to rights granted under the LTI Plan. Shares allocated upon vesting the LTI may only be dealt with in accordance with the Share Trading Policy. Any contravention of the Policy will result in disciplinary action. A holding restriction on the sale of Boral shares will apply for 12 months post termination, except where the sale of shares is required to meet tax obligations.

Clawback and malus provisions

The Company maintains clawback and malus provisions within the variable pay plans. If in the Board's opinion, an employee:

- Acts fraudulently or dishonestly;
- Is in breach of their obligations to the Company or another Group company; or
- Received awards based on financial accounts which are later restated,

The Board may determine that unvested performance rights lapse and deem that any vested but unexercised performance rights also lapse.

Appointment of Boral CEO

On 10 October 2022, Mr Vik Bansal commenced as Boral CEO. His terms of appointment are as previously announced including the following:

- FAR: \$1,500,000 inclusive of superannuation.
- STI: 100% of FAR with a maximum opportunity of 150% of target STI, delivered as 50% cash and 50% deferred Boral equity subject to employment conditions for a two-year period.
- LTI: Eligible to receive 100% of FAR delivered as performance rights to acquire shares, subject to performance hurdles tested after a three-year period, with any vested equity subject to a further 12 month holding lock.
- Sign on equity award equivalent to 100% of FAR delivered in Boral equity and subject to continued employment where 50% of the award will vest after completion of two years (October 2024) and 50% on completion of three years in October 2025. Full vesting occurs in the event Boral ceases to be listed on a recognised stock exchange and the Boral CEO no longer reports to the Board, or on a company initiated termination for convenience.

Separation arrangements of Boral CEO

Separation payments in respect of the former Boral CEO were made in accordance with his contractual arrangements made prior to SGH's controlling stake acquisition in 2022. Under the pre-agreed terms of employment, Mr Zlatko Todorovski was entitled to up to 12 months FAR, subject to the limits on termination benefits under the *Corporations Act 2001*. In addition, he retained a portion of his unvested LTI awards, subject to meeting certain performance conditions and in accordance with the terms and conditions of the Boral LTI plan. For FY21, partial vesting of the award resulted in some payments being made. The testing of the FY22 award will be carried out at the end of FY24.

8. KMP Equity Holdings

Deferred share rights granted as remuneration

The Group offered certain KMP Executives the opportunity to participate in the Group's deferred STI share rights plan in respect of performance and awarded KMP Executives deferred share rights that vest two years after grant (for FY23 SGH rights will vest after one year).

Details of the vesting profile of the deferred share rights held by KMP Executives during FY23 under the STI plan are detailed below. Note there are no STI deferred share rights outstanding for the Boral CEO who commenced during the year.

Deferred share rights

KMP	Grant Date	Vesting date	Fair value per share at grant date	Held at 1 July 2022	Granted	Forfeited	Vested	Held at 30 June 2023
RK Stokes AO	1 Jul 22	1 Jul 24	\$15.34	–	59,149	–	–	59,149
	1 Jul 21	1 Jul 23	\$19.25	37,675	–	–	–	37,675
	1 Jul 20	1 Jul 22	\$16.08	35,247	–	–	(35,247)	–
				72,922	59,149	–	(35,247)	96,824
G Bhalla	1 Jul 22	1 Jul 24	\$15.34	–	14,717	–	–	14,717
	1 Jul 21	1 Jul 23	\$19.25	9,757	–	–	–	9,757
	1 Jul 20	1 Jul 22	\$16.08	9,308	–	–	(9,308)	–
				19,065	14,717	–	(9,308)	24,474
JE Croome	14 Oct 22	14 Oct 24	\$16.74	–	46,946 ^(a)	–	–	46,946
	1 Jul 22	1 Jul 24	\$15.34	–	25,300	–	–	25,300
	1 Jul 21	1 Jul 23	\$19.25	16,828	–	–	–	16,828
	1 Jul 20	1 Jul 22	\$16.08	25,993	–	–	(25,993)	–
				42,821	72,246	–	(25,993)	89,074
JN Goth	1 Jul 22	1 Jul 24	\$15.34	–	17,680	–	–	17,680
	1 Jul 21	1 Jul 23	\$19.25	13,378	–	–	–	13,378
	1 Jul 20	1 Jul 22	\$16.08	3,533	–	–	(3,533)	–
				16,911	17,680	–	(3,533)	31,058
RJ Richards	1 Jul 22	1 Jul 24	\$15.34	–	28,079	–	–	28,079
	1 Jul 21	1 Jul 23	\$19.25	25,901	–	–	–	25,901
	1 Jul 20	1 Jul 22	\$16.08	21,787	–	–	(21,787)	–
				47,688	28,079	–	(21,787)	53,980
MJ Vitlich	1 Jul 22	1 Jul 24	\$15.34	–	24,709	–	–	24,709
	1 Jul 21	1 Jul 23	\$19.25	12,358	–	–	–	12,358
	1 Jul 20	1 Jul 22	\$16.08	10,458	–	–	(10,458)	–
				22,816	24,709	–	(10,458)	37,067

(a) Relates to one off equity retention award equivalent of 60% of Mr Croome's FAR. These rights vest after two years continued employment in October 2024.

Performance rights granted as remuneration

The Group offered certain KMP Executives the opportunity to participate in the Group's LTI. A summary of the LTI plans is provided below.

SGH LTI awards

Grant	Performance Measure	Performance Period	Vest Date	Vesting Outcome
FY21	TSR	1 Jul 20 to 30 Jun 23	2023 (3 years) plus 1 year restriction	87.3%
FY22	TSR	1 Jul 21 to 30 Jun 24	2024 (3 years) plus 1 year restriction	In progress
FY23	TSR	1 Jul 22 to 30 Jun 25	2025 (3 years)	In progress

Boral LTI awards

Grant	Performance measure	Performance Period	Vest Date	Vesting Outcome
2020 (FY21)	TSR/ROFE	1 Jul 20 to 30 Jun 23	2023 (3 years) plus 1 year restriction	66.7%
2021 (FY22)	TSR	1 Jul 21 to 30 Jun 24	2024 (3 years) plus 1 year restriction	In progress
2022 (FY23)	TSR	1 Jul 22 to 30 Jun 25	2025 (3 years) plus 1 year restriction	In progress

Remuneration Report

LTI awards are structured as rights to acquire ordinary shares in the Company (Boral for the Boral CEO) at no cost or a cash-settled equivalent to the executive. Details of the vesting profiles of the performance rights held by KMP Executives during FY23 under the LTI plan are provided below.

Performance rights held by KMP

KMP	Grant Date	Expiry date	Fair Value per right at grant date ^(a)		Held at 1 July 2022	Granted	Forfeited ^(b)	Vested	Held at 30 June 2023
			TSR Component	EPS Component					
G Bhalla	1 Jul 22	1 Sep 25	\$8.62	–	–	35,788	–	–	35,788
	1 Jul 21	1 Sep 24	\$10.86	–	25,550	–	–	–	25,550
	1 Jul 20	1 Sep 23	\$11.46	–	26,018	–	–	–	26,018
	1 Jul 19	1 Sep 22	\$10.53	\$5.81	19,292	–	(19,292)	–	–
					70,860	35,788	(19,292)	–	87,356
JE Croome	1 Jul 22	1 Sep 25	\$8.62	–	–	61,348	–	–	61,348
	1 Jul 21	1 Sep 24	\$10.86	–	44,191	–	–	–	44,191
	1 Jul 20	1 Sep 23	\$11.46	–	52,999	–	–	–	52,999
	1 Jul 19	1 Sep 22	\$10.53	\$5.81	39,300	–	(39,300)	–	–
					136,490	61,348	(39,300)	–	158,538
JN Goth	1 Jul 22	1 Sep 25	\$8.62	–	–	40,898	–	–	40,898
	1 Jul 21	1 Sep 24	\$10.86	–	32,139	–	–	–	32,139
	1 Jul 20	1 Sep 23	\$11.46	–	38,545	–	–	–	38,545
	16 Mar 20	1 Sep 22	\$4.34	\$3.70	14,290	–	(14,290)	–	–
					84,974	40,898	(14,290)	–	111,582
RJ Richards	1 Jul 22	1 Sep 25	\$8.62	–	–	73,617	–	–	73,617
	1 Jul 21	1 Sep 24	\$10.86	–	57,850	–	–	–	57,850
	1 Jul 20	1 Sep 23	\$11.46	–	57,818	–	–	–	57,818
	1 Jul 19	1 Sep 22	\$10.53	\$5.81	35,728	–	(35,728)	–	–
					151,396	73,617	(35,728)	–	189,285
MJ Vitlich	1 Jul 22	1 Sep 25	\$8.62	–	–	51,123	–	–	51,123
	1 Jul 21	1 Sep 24	\$10.86	–	36,156	–	–	–	36,156
	1 Jul 20	1 Sep 23	\$11.46	–	43,363	–	–	–	43,363
	1 Jul 19	1 Sep 22	\$10.53	\$5.81	32,154	–	(32,154)	–	–
					111,673	51,123	(32,154)	–	130,642
Performance rights (cash settled)									
RK Stokes AO	1 Jul 22	1 Sep 25	\$8.62	–	–	129,512	–	–	129,512
	1 Jul 21	1 Sep 24	\$10.86	–	101,772	–	–	–	101,772
	1 Jul 20	1 Sep 23	\$11.46	–	102,787	–	–	–	102,787
	1 Jul 19	1 Sep 22	\$10.53	\$5.81	57,164	–	(57,164)	–	–
					261,723	129,512	(57,164)	–	334,071
Boral Performance rights									
V Bansal	1 Sep 22	1 Sep 25	\$2.73	–	–	548,507	–	–	548,507
	1 Oct 22	1 Oct 25	\$2.85	–	–	262,992	–	–	262,992
	1 Oct 22	1 Oct 24	\$2.85	–	–	262,992	–	–	262,992
					–	1,074,491	–	–	1,074,491
Former Boral CEO									
Z Todorcevski	1 Sep 21	1 Sep 24	\$2.84	–	652,480	–	(326,239) ^(d)	–	326,241
	1 Sep 20	1 Sep 23	\$2.52 ^(c)	\$3.61 ^(c)	1,986,889	–	(1,103,784)	(883,105) ^(e)	–
					2,639,369	–	(1,430,023)	(883,105)	326,241

No amount is paid or payable by KMP Executives in relation to these LTI grants.

Further details about the LTI plan are set out in section 4 of the Remuneration Report.

(a) Reflects the fair market value of LTI Rights granted calculated using a Monte Carlo simulation analysis.

(b) Reflects the lapsing of the FY20 LTI award as performance conditions were not met.

(c) Reflects the fair market value of LTI Rights granted on 1 September 2020, calculated using a Monte Carlo simulation. Two-thirds of the grant relates to the relative TSR measure and one-third of the grant relates to the ROFE measure.

(d) Reflects the lapsing of a portion of the former Boral CEO's LTI Grant following his separation from Boral.

(e) Reflects the partial vesting of the 2020 LTI award in accordance with Plan Rules.

Equity granted as remuneration affecting future periods

The fair value of equity granted as remuneration is amortised over the service period and therefore remuneration in respect of equity grants may be reported in future years. The following table summarises the maximum value of these grants that will be reported in the remuneration tables in future years, assuming all vesting conditions are met. The minimum value of the grant is nil should vesting conditions not be satisfied.

Equity-settled

KMP	2024 \$	2025 \$
RK Stokes AO	813,807	–
V Bansal ^(a)	757,417	1,510,211
G Bhalla	409,321	102,831
JE Croome	1,072,970	274,499
JN Goth	478,944	233,857
RJ Richards	806,740	211,527
MJ Vitlich	620,223	146,893

(a) Represents value of Boral equity granted at the time of grant.

B. Shareholdings and transactions

Movements in the holdings of ordinary shares and by KMP held directly, indirectly, beneficially and including their personally-related entities are set out in the tables below.

Ordinary shares

KMP	Held at 1 July 2022	Purchases and other changes during the year	Shares granted as remuneration during the year	Rights converted to shares during the year	Held at 30 June 2023
TJ Davis	104,000	–	–	–	104,000
RH Argaman (Herman) OAM	–	12,500	–	–	12,500
SA Chaplain AM	35,860	–	–	–	35,860
KL Farrar	17,587	–	–	–	17,587
CJ Mackay	11,521	–	–	–	11,521
DI McEvoy	32,860	–	–	–	32,860
WL Smith AO	49,760	2,420	–	–	52,180
RA Uechtriz	335,063	–	–	–	335,063
Executive KMP					
RK Stokes AO	501,734	–	–	35,247	536,981
V Bansal	–	–	–	–	–
G Bhalla	240	216	–	9,308	9,764
JE Croome	174,963	(110,000)	–	25,993	90,956
JN Goth	–	4,133	–	3,533	7,666
RJ Richards	296,566	32,849	–	21,787	351,202
MJ Vitlich	74,404	(34,810)	–	10,458	50,052
Former Executive KMP					
Z Todorcevski ^(a)	–	–	–	–	–

Subsidiary – Boral Limited

Movements in the holdings of ordinary shares of Boral Limited, a related body corporate, by KMP held directly, indirectly, beneficially and including their personally-related entities are set out in the tables below. Other than as outlined below, no other KMP held shares in Boral.

Non-Executive Directors and Executive KMP

WL Smith AO	26,250	–	–	–	26,250
RK Stokes AO	1,000	–	–	–	1,000
V Bansal	–	–	–	–	–
JN Goth	2,000	–	–	–	2,000
RJ Richards	1,000	–	–	–	1,000
Z Todorcevski ^(a) (former Executive KMP)	190,464	–	–	–	190,464

(a) Reflects shareholding at the time of ceasing to be an Executive KMP on 7 October 2022.

Remuneration Report

9. KMP Related Party Transactions

A number of Key Management Personnel, or their personally related entities, hold positions in other entities that can result in them having control or significant influence over those entities. A number of these entities transacted with the Company or its subsidiaries during the year.

The Group transacted with entities of which the Directors of the Company, were Directors or Officers (excluding equity accounted investees, which are disclosed in Note 33 of the Financial Statements) or otherwise had an interest.

The aggregate value of the related party transactions with Director and Director related entities was as follows:

	2023 \$	2022 \$
Revenue		
Equipment sales and hire	445,143	398,428
Total revenue	445,143	398,428
Expenses		
Lease of premises and related outgoings	3,611,053	3,394,877
Other net expenses	98,966	30,127
Total expenses	3,710,019	3,425,004

Loans and other transactions with Key Management Personnel

During the year ended 30 June 2023, Mr RK Stokes AO was a Director on the Board of Seven West Media Limited, representing Seven Group Holdings Limited. Mr RK Stokes AO received Director's fees by Seven West Media Limited for services provided. Mr RJ Richards receives director's fees for his services provided to Beach Energy Limited (and Mr RK Stokes AO in the prior year). Mr RK Stokes AO and Mr RJ Richards have elected to not receive Director's fees for their services provided to Boral Limited. As the amounts are not paid or payable by Seven Group Holdings Limited, they have not been included in the remuneration disclosures.

	2023 \$	2022 \$
Other director fees (SGH Appointed)		
RK Stokes AO	145,000	211,900
RJ Richards	157,075	152,500

Other transactions with the Group

A number of Directors hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions not more favourable than those available on an arm's-length basis.

10. Remuneration in Detail

A. Remuneration earned by KMP Executives in FY23 (non-statutory disclosures)

The remuneration detailed in this table is aligned to the current performance periods and therefore is particularly useful in assessing pay received in the current year and its alignment with long-term performance. The values in this table will not reconcile with those provided in the statutory disclosures in table 10.B. For example, table 10.B discloses the value of equity grants which may or may not vest in future years, whereas this table discloses the value of grants from previous years which vested in FY23.

KMP Executive	Year	Fixed Rem \$(^a)	STI Cash \$(^b)	STI Vesting \$(^c)	LTI Vesting \$(^d)	Total \$
RK Stokes AO	2023	1,900,000	1,022,833	636,480	606,973	4,166,286
MD & CEO	2022	1,900,000	907,156	906,300	1,559,991	5,273,447
V Bansal^(e)	2023	1,095,740	752,794	–	–	1,848,534
CEO, Boral	2022	–	–	–	–	–
G Bhalla	2023	700,000	277,519	168,081	152,353	1,297,953
CPO	2022	636,000	225,708	212,039	428,980	1,502,727
JE Croome	2023	1,200,000	428,962	469,374	347,737	2,446,073
CE, WesTrac	2022	1,200,000	388,017	529,341	1,072,484	3,189,842
JN Goth	2023	800,000	309,400	63,798	–	1,173,198
COO	2022	800,000	271,150	–	–	1,071,150
RJ Richards	2023	1,200,000	484,500	393,423	379,356	2,457,279
CFO	2022	1,200,000	430,650	902,144	974,992	3,507,786
MJ Vitlich	2023	1,000,000	432,250	188,847	260,807	1,881,904
CE, Coates	2022	1,000,000	378,961	299,480	804,357	2,482,798
Total KMP Executives	2023	7,895,740	3,708,258	1,920,003	1,747,226	15,271,227
	2022	6,736,000	2,601,642	2,849,304	4,840,804	17,027,750
Former KMP Executive						
Z Todorcevski^(e)	2023	518,500	–	–	–	518,500
CEO, Boral	2022	1,900,000	–	–	–	1,900,000

(a) Fixed Rem is the annual contracted remuneration that includes base salary, superannuation and any amounts salary sacrificed unless otherwise stated.

(b) The STI Cash is for the year it has been earned, which is paid in the following year.

(c) STI vesting in FY23 is for the FY20 deferred STI share rights that vested on 1 July 2022 (For FY22 this is for the FY19 deferred STI share rights that vested on 1 July 2021). For Ms G Bhalla, the STI vesting in FY22 is based on the value of the cash settlement.

(d) LTI vesting in FY23 is for the FY19 LTI plan with performance based on period 1 July 2018 to 30 June 2021 with the 12-month holding lock released in August 2022 (for FY22, this relates to the FY18 LTI plan with performance based on the period 1 July 2017 to 30 June 2020, with the 12 month holding lock released in August 2021). For Mr RK Stokes AO and Ms G Bhalla, the LTI vesting is based on the value of the cash settlement.

(e) Fixed Rem for Mr V Bansal is from 10 October 2022 to 30 June 2023. Fixed Rem for Mr Z Todorcevski is for the period from 1 July 2022 to 7 October 2022.

Remuneration Report

B. Remuneration earned by KMP Executives in FY23 (statutory disclosures)

The following table sets out the audited remuneration details for the KMP Executives for the year ended 30 June 2023, calculated in accordance with statutory accounting requirements.

KMP Executive	Year	Salary & fees \$	STI cash bonus \$	Non-monetary benefits \$ ^(a)	Super-annuation benefits \$	Termination benefits \$	Long service & annual leave \$	Performance rights \$ ^(b)	Deferred shares/shares rights \$	Cash settled equity – employee expense \$ ^(b)	Cash settled equity – re-fair value \$ ^(c)	Total \$	Performance related remuneration %
RK Stokes AO	2023	1,900,000	1,022,833	23,792	-	-	112,736	-	1,055,611	1,133,191	2,781,219	8,029,382	75%
MD & CEO	2022	1,875,000	907,156	22,792	-	-	269,777	-	733,127	1,293,600	(1,627,839)	3,473,613	38%
V Bansal^(d)	2023	1,125,296	752,794	-	18,969	-	17,695	240,312	418,000	-	-	2,573,066	55%
CEO, Boral	2022	-	-	-	-	-	-	-	-	-	-	-	-
G Bhalla	2023	653,708	277,519	18,452	28,949	-	45,427	294,710	276,620	-	17,831	1,613,216	54%
CFO	2022	603,779	225,708	17,952	27,221	-	(5,133)	264,572	187,756	-	(1,192)	1,320,663	51%
JE Croome	2023	1,169,773	428,962	-	30,227	-	46,522	538,702	746,503	-	-	2,960,689	58%
CE, WestTrac	2022	1,167,833	388,017	-	23,568	-	130,837	510,509	376,679	-	-	2,597,443	49%
JN Goth	2023	774,708	309,400	13,452	25,292	-	(5,917)	381,099	330,944	-	-	1,828,978	56%
COO	2022	776,432	271,150	12,952	23,568	-	18,699	310,708	200,594	-	-	1,614,103	48%
RJ Richards	2023	1,174,708	484,500	13,452	25,292	-	66,587	641,807	552,033	-	-	2,958,379	57%
CFO	2022	1,176,432	430,650	12,952	23,568	-	85,048	564,906	426,572	-	-	2,720,128	52%
MJ Vitlich	2023	974,708	432,250	-	25,292	-	(2,565)	443,424	421,758	-	-	2,294,867	57%
CE, Coates	2022	926,432	378,961	-	23,568	-	41,070	417,687	261,691	-	-	2,049,409	52%
Total Current KMP Execs	2023	7,772,901	3,708,258	69,148	154,021	-	280,485	2,540,054	3,801,469	1,133,191	2,799,050	22,258,577	
	2022	6,525,909	2,601,642	66,648	121,493	-	540,298	2,068,382	2,186,419	1,293,600	(1,629,031)	13,775,360	
Former KMP													
Z Todorcevski^(e)	2023	545,115	-	-	12,646	1,928,243	8,385	891,728	-	-	-	3,386,117	26%
	2022	1,734,228	-	7,554	23,600	-	31,200	1,997,500	-	-	-	3,794,082	53%

(a) Non-monetary benefits include costs relating to Company events and the associated fringe benefits tax.

(b) These values have been calculated under accounting standards. The values may not represent the future value that the KMP Executive will receive, as the vesting of the performance rights and cash-settled equity is subject to the Company achieving pre-defined performance hurdles.

(c) Under AASB 2: Share Based Payments, the fair value of cash settled equity awards is re-measured each reporting period. The movement in the fair value of the cash settled equity awards is driven by the movement in share price since grant date. As a result, the fair value of the cash settled equity awards for Mr RK Stokes AO increased by \$2,781,219. If the awards had been equity settled, the total remuneration reflected in the remuneration table would be \$5,248,163 compared to \$8,029,382.

(d) Mr V Bansal's remuneration is included from date of his appointment 10 October 2022. In the prior year, following the acquisition of Boral effective 7 July 2021, Mr Z Todorcevski became a KMP of the Group and his Salary and non-monetary benefits are pro-rata for the time as KMP in FY22 (i.e. from 7 July 2021 to 30 June 2022) and up to date of his termination in FY23 of 7 October 2022.

C. Remuneration for Non-Executive Directors in FY23

The following table sets out the audited remuneration details for the Non-Executive Directors for the year ended 30 June 2023, calculated in accordance with statutory accounting requirements.

Non-Executive Director	Year	Salary & fees \$	Non-monetary benefits \$	Super-annuation benefits \$	Total \$
TJ Davis (Chairman)	2023	449,708	-	25,292	475,000
	2022	369,993	-	23,568	393,561
RH Argaman (Herman) OAM (Non-Executive Director)	2023	180,995	-	19,005	200,000
	2022	72,727	-	7,273	80,000
SA Chaplain AM (Non-Executive Director)	2023	270,687	-	12,646	283,333
	2022	300,000	-	-	300,000
KL Farrar (Non-Executive Director)	2023	229,321	-	24,012	253,333
	2022	232,146	-	22,677	254,823
CJ Mackay (Non-Executive Director)	2023	203,039	-	10,294	213,333
	2022	230,000	-	-	230,000
DI McEvoy (Non-Executive Director)	2023	193,062	-	20,271	213,333
	2022	209,091	-	20,909	230,000
WL Smith AO (Non-Executive Director)	2023	219,072	-	10,928	230,000
	2022	209,091	-	20,909	230,000
RA Uechtritz (Non-Executive Director)	2023	184,012	-	19,321	203,333
	2022	200,000	-	20,000	220,000
Total Non-Executive Directors	2023	1,929,896	-	141,769	2,071,665
	2022	1,823,048	-	115,336	1,938,384

End of audited Remuneration Report

Directors' Report

Indemnity

The Constitution of the Company provides an indemnity to any current or former Director and secretary of the Company against any liabilities incurred by that person, or arising out of, the discharge of duties as an officer of the Company or the conduct of the business of the Company, including associated legal costs defending any proceedings relating to that person's position with the Company in specified circumstances.

As permitted by the Constitution of the Company, the Company has entered into deeds of access, insurance and indemnity with each Director as at the end of the financial year.

No amounts were paid and no actions taken pursuant to these indemnities during the year.

Insurance Premiums

The Company has paid insurance premiums in respect of a directors' and officers' liability insurance contract insuring against certain liabilities (subject to exclusions) of all current and former officers of the Company and its subsidiaries, including all Directors named in this report, the Company Secretary and all persons concerned in, or taking part in the management of, the Company and its controlled entities, and former Directors and officers who have retired or relinquished their positions.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies and the nature of the liabilities insured by the policies.

Non-Audit Services

During the year Deloitte Touche Tohmatsu, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Audit & Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board in terms of the Company's formal Auditor Independence Policy to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 101.

Amounts paid or payable by the Group to the auditor, Deloitte Touche Tohmatsu, for non-audit services provided during the year are set out in Note 34 to the Financial Report.

Rounding Off

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.



Terry James Davis
Chairman



Sally Annabelle Chaplain AM
Chair of the Audit & Risk Committee

Sydney
17 August 2023

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

17 August 2023

The Board of Directors
Seven Group Holdings Limited
Level 30, 175 Liverpool Street
Sydney NSW 2000

Dear Board Members

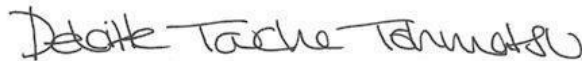
Auditor's Independence Declaration to Seven Group Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Seven Group Holdings Limited.

As lead audit partner for the audit of the financial report of Seven Group Holdings Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



H Fortescue
Partner
Chartered Accountants

Financial Report

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Primary Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2023

CONTINUING OPERATIONS	Note	2023 \$m	2022 \$m
Revenue	4	9,626.5	8,013.4
Other income		41.4	57.4
Share of results from equity accounted investees	11	199.6	257.2
Revaluation of equity accounted interest arising from acquisition of Boral Limited	3	–	756.8
Impairment of intangible assets	3	–	(728.4)
Impairment of equity accounted investee	3	(75.9)	(83.4)
Expenses excluding depreciation and amortisation	4	(8,139.0)	(6,961.0)
Profit before depreciation, amortisation, net finance expense and income tax		1,652.6	1,312.0
Depreciation and amortisation		(511.6)	(474.5)
Profit before net finance expense and income tax		1,141.0	837.5
Finance income	5	23.2	6.2
Finance expense	5	(298.0)	(271.9)
Net finance expense		(274.8)	(265.7)
Profit before income tax		866.2	571.8
Income tax expense	6	(209.8)	(128.6)
Profit for the year from continuing operations		656.4	443.2
(Loss)/profit for the year from discontinued operations	32	(9.9)	164.2
Profit for the year		646.5	607.4
Profit for the year attributable to:			
Equity holders of the Company		596.6	558.4
Non-controlling interest		49.9	49.0
Profit for the year		646.5	607.4
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of financial assets at fair value through other comprehensive income		(8.0)	(153.5)
Income tax relating to items that will not be reclassified subsequently to profit or loss		(5.0)	135.5
Total items that will not be reclassified subsequently to profit or loss		(13.0)	(18.0)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges: effective portion of changes in fair value		(40.9)	24.5
Foreign currency differences for foreign operations		1.9	46.5
Foreign currency translation reserve transferred to profit or loss		–	(52.9)
Income tax relating to items that may be reclassified subsequently to profit or loss		12.2	9.9
Total items that may be reclassified subsequently to profit or loss		(26.8)	28.0
Total comprehensive income for the year		606.7	617.4
Total comprehensive income for the year attributable to:			
Equity holders of the Company		561.6	562.4
Non-controlling interest		45.1	55.0
Total comprehensive income for the year		606.7	617.4
Statutory earnings per share (EPS)		\$	\$
From continuing operations			
Basic earnings per share	7	1.66	1.22
Diluted earnings per share	7	1.65	1.22
From continuing and discontinued operations			
Basic earnings per share	7	1.64	1.54
Diluted earnings per share	7	1.63	1.53

The Consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Primary Statements

Consolidated Statement of Financial Position As at 30 June 2023

	Note	2023 \$m	2022 \$m
Current assets			
Cash and cash equivalents	18	876.5	1,254.6
Trade and other receivables	8	1,629.3	1,499.0
Inventories	10	1,501.0	1,347.6
Current tax assets		25.6	40.4
Other current assets		189.7	139.0
Derivative financial instruments	23	37.7	32.5
Assets classified as held for sale		3.2	3.7
Total current assets		4,263.0	4,316.8
Non-current assets			
Other receivables	8	20.0	35.7
Inventories	10	345.7	345.2
Investments accounted for using the equity method	11	1,701.3	1,628.6
Other financial assets	22	96.2	162.7
Right of use assets	12	711.8	706.9
Property, plant and equipment	13	3,497.9	3,424.7
Producing and development assets	14	476.5	365.7
Intangible assets	15	2,222.2	2,229.0
Deferred tax assets	6	108.8	167.4
Other non-current assets		36.1	24.8
Derivative financial instruments	23	150.4	185.9
Total non-current assets		9,366.9	9,276.6
Total assets		13,629.9	13,593.4
Current liabilities			
Trade and other payables	9	1,124.6	1,007.4
Lease liabilities	12	71.3	75.5
Interest bearing loans and borrowings	20	450.4	1,365.0
Deferred income		555.1	259.7
Current tax liability		25.2	28.6
Provisions	16	101.8	134.0
Employee benefits	17	199.5	186.7
Derivative financial instruments	23	7.6	3.2
Total current liabilities		2,535.5	3,060.1
Non-current liabilities			
Other payables		2.0	0.5
Lease liabilities	12	913.2	888.8
Interest bearing loans and borrowings	20	4,442.8	4,297.6
Deferred tax liabilities	6	572.0	520.3
Provisions	16	470.3	457.2
Employee benefits	17	17.4	22.5
Derivative financial instruments	23	61.4	62.7
Total non-current liabilities		6,479.1	6,249.6
Total liabilities		9,014.6	9,309.7
Net assets		4,615.3	4,283.7
Equity			
Contributed equity	24	3,375.3	3,410.5
Reserves	25	(1,526.6)	(1,495.8)
Retained earnings		2,061.6	1,634.8
Total equity attributable to equity holders of the Company		3,910.3	3,549.5
Non-controlling interest		705.0	734.2
Total equity		4,615.3	4,283.7

The Consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity For the year ended 30 June 2023

	Note	Contributed equity \$m	Reserves \$m	Retained earnings \$m	Total \$m	Non-controlling interest \$m	Total equity \$m
YEAR ENDED 30 JUNE 2023							
Balance as at 1 July 2022		3,410.5	(1,495.8)	1,634.8	3,549.5	734.2	4,283.7
Effect of accounting policy change	1(H)	–	–	(2.7)	(2.7)	–	(2.7)
Adjusted balance as at 1 July 2022		3,410.5	(1,495.8)	1,632.1	3,546.8	734.2	4,281.0
Profit for the year		–	–	596.6	596.6	49.9	646.5
Net change in fair value of financial assets measured at fair value through OCI	25	–	(8.4)	–	(8.4)	0.4	(8.0)
Cash flow hedges: effective portion of changes in fair value	25	–	(33.6)	–	(33.6)	(7.3)	(40.9)
Foreign currency differences for foreign operations	25	–	1.9	–	1.9	–	1.9
Income tax on items of OCI	25	–	5.1	–	5.1	2.1	7.2
Total comprehensive income for the year		–	(35.0)	596.6	561.6	45.1	606.7
Transactions with owners recognised directly in equity							
Dividends paid	26	–	–	(167.1)	(167.1)	(3.2)	(170.3)
Acquisition of non-controlling interest	25	–	(24.9)	–	(24.9)	(71.1)	(96.0)
Recognition of exchangeable bond	25	–	22.7	–	22.7	–	22.7
Repurchase of convertible notes		(27.5)	(0.2)	–	(27.7)	–	(27.7)
Treasury shares acquired	24	(11.1)	–	–	(11.1)	–	(11.1)
Shares vested and transferred to employees	24	3.4	(3.4)	–	–	–	–
Share based payments		–	10.0	–	10.0	–	10.0
Total contributions by and distributions to owners		(35.2)	4.2	(167.1)	(198.1)	(74.3)	(272.4)
Total movement in equity for the year		(35.2)	(30.8)	429.5	363.5	(29.2)	334.3
Balance as at 30 June 2023		3,375.3	(1,526.6)	2,061.6	3,910.3	705.0	4,615.3
YEAR ENDED 30 JUNE 2022							
Balance as at 1 July 2021		3,405.2	(599.8)	1,243.5	4,048.9	16.7	4,065.6
Profit for the year		–	–	558.4	558.4	49.0	607.4
Net change in fair value of financial assets measured at fair value through OCI	25	–	(152.4)	–	(152.4)	(1.1)	(153.5)
Cash flow hedges: effective portion of changes in fair value	25	–	19.4	–	19.4	5.1	24.5
Foreign currency differences for foreign operations	25	–	33.5	–	33.5	13.0	46.5
Recycling of foreign currency translation		–	(36.8)	–	(36.8)	(16.1)	(52.9)
Income tax on items of OCI	25	–	140.3	–	140.3	5.1	145.4
Total comprehensive income for the year		–	4.0	558.4	562.4	55.0	617.4
Transactions with owners recognised directly in equity							
Dividends paid	26	–	–	(167.1)	(167.1)	(24.9)	(192.0)
Non-controlling interest on acquisition		–	–	–	–	3,094.2	3,094.2
Acquisition of non-controlling interest		–	(872.7)	–	(872.7)	(1,518.2)	(2,390.9)
Capital return to non-controlling interest		–	–	–	–	(888.6)	(888.6)
Treasury shares acquired	24	(1.4)	–	–	(1.4)	–	(1.4)
Shares vested and transferred to employees	24	6.7	(6.7)	–	–	–	–
Share based payments		–	(20.6)	–	(20.6)	–	(20.6)
Total contributions by and distributions to owners		5.3	(900.0)	(167.1)	(1,061.8)	662.5	(399.3)
Total movement in equity for the year		5.3	(896.0)	391.3	(499.4)	717.5	218.1
Balance as at 30 June 2022		3,410.5	(1,495.8)	1,634.8	3,549.5	734.2	4,283.7

The Consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Primary Statements

Consolidated Cash Flow Statement For the year ended 30 June 2023

	Note	2023 \$m	2022 \$m
Cash flows related to operating activities			
Receipts from customers		10,663.7	9,737.7
Payments to suppliers and employees		(9,142.1)	(8,753.2)
Dividends and distributions received from equity accounted investees	11	44.8	22.1
Other dividends received		4.0	3.6
Interest and other items of a similar nature received		22.3	6.7
Interest and other costs of finance paid		(280.4)	(257.4)
Income taxes paid		(84.0)	(196.2)
Restructure and transaction costs paid		(34.7)	(50.9)
Net operating cash flows	19	1,193.6	512.4
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		(498.2)	(622.0)
Proceeds from sale of property, plant and equipment		37.7	28.3
Payments for purchase of intangible assets		(2.3)	(6.2)
Payment for production, development and exploration expenditure		(103.3)	(14.5)
Payments for other investments		(0.5)	(1.8)
Proceeds from sale of other financial assets		54.4	122.4
Return of capital from investment in equity accounted investee		13.9	–
Proceeds from sale of controlled entities, net of cash disposed and transaction costs		14.5	3,980.5
Acquisition of controlled entities, net of cash acquired		–	552.7
Acquisition of equity accounted investees		(45.1)	(1,218.3)
Proceeds from sale of other non-current assets		–	17.0
Net investing cash flows		(528.9)	2,838.1
Cash flows related to financing activities			
Ordinary dividends paid	26	(167.1)	(167.1)
Acquisition of non-controlling interest		–	(2,159.9)
Dividend paid to non-controlling interest		(3.2)	(24.9)
Capital return by controlled entity		–	(1,068.7)
Proceeds from borrowings		1,439.7	5,248.1
Repayment of borrowings		(2,387.9)	(3,991.2)
Proceeds from exchangeable bond		135.7	–
Repayment of lease liabilities		(85.1)	(115.2)
Purchase of treasury shares	24	(11.1)	(1.4)
Net financing cash flows		(1,079.0)	(2,280.3)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		1,254.6	160.9
Effect of exchange rate changes on cash and cash equivalents		36.2	23.5
Cash and cash equivalents at end of the year	18	876.5	1,254.6

The Consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

Basis of Preparation

1. Basis of Preparation

Seven Group Holdings Limited (the Company) is a for profit company limited by shares and the shares are publicly traded on the Australian Securities Exchange (ASX). The Company is domiciled in Australia. These consolidated financial statements are in respect of the year ended 30 June 2023 and comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in equity accounted investees.

The financial report was authorised for issue in accordance with a resolution of the Directors on 17 August 2023.

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial report is prepared on the historical cost basis except for the following items:

- financial instruments that are measured at amortised cost or fair value through other comprehensive income;
- derivative financial instruments are measured at fair value through profit or loss; and
- liabilities for cash-settled share based payments are measured at fair value through profit or loss.

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and consolidated financial statements have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars.

Certain comparative amounts in this financial report have been reclassified to conform to the current period's presentation or to correct a misstatement.

(A) Accounting policies

Note 1 sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. This note also outlines new accounting policies and the expected impact on the financial position and performance of the Group.

The accounting policies set out in this financial report have been consistently applied by group entities and equity accounted investees.

(B) Dividend income

Dividend income is recognised net of any related taxes. Dividend income is recognised when the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(C) Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Where there is loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All inter-company balances and transactions, including unrealised gains arising from intra-group transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Non-controlling interests in the equity and the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and consolidated statement of changes in equity.

(D) Critical accounting estimates and judgements

The preparation of financial statements requires that management make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are incorporated and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined in the relevant note.

(E) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial report is presented in Australian Dollars, which is the Company's functional and presentation currency.

Transactions

Foreign currency transactions are translated into the respective functional currencies of Group entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity such as for qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets are included in the fair value through other comprehensive income reserve in equity.

Foreign group entities

The results and financial position of all the Group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from Australian Dollars are translated into Australian Dollars as follows:

- assets and liabilities are translated at the closing rate at the balance date;
- income and expenses of foreign entities are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transaction); and
- all resulting exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve.

Basis of Preparation

1. Basis of Preparation (continued)

Borrowings and other financial instruments designated as hedges of any net investment in a foreign entity are recognised in other comprehensive income and presented in the foreign currency translation reserve. When a foreign entity is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are transferred to profit or loss as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(F) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(G) New Accounting Standards

Amendments to Australian Accounting Standards

A number of new standards, amendments to standards and interpretations are effective for future reporting periods. These have not been applied in preparing this financial report. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early however they are not expected to materially impact the Group's results.

i) AASB 17 – Insurance Contracts

AASB 17: Insurance Contracts (AASB 17) sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts and investment contracts with discretionary participation. Contractual obligations will have to be recognised at present value under AASB 17. The new standard is mandatory for the Group from 1 July 2023. The Group has conducted an analysis and does not expect it to have a material impact to the Group's results.

ii) Amendments to AASB 112 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under AASB 112, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. These amendments apply from 1 July 2023.

Several other amendments to standards and interpretations will apply on or after 1 July 2023, and have not yet been applied, however they are not expected to materially impact the Group's results. While these Amendments introduce new disclosure requirements, they do not materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

(H) New or amended accounting policies

A number of new standards, amendments to standards and interpretations were effective for the current reporting period.

i) Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before intended use

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the

manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss. These amendments applied from 1 July 2022.

ii) Amendments to AASB 137 – Onerous Contracts – Costs of fulfilling a contract

The amendments provide clarification on which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. These amendments applied from 1 July 2022. As a result of the impact of these adjustments, the Group has recognised an opening balance sheet adjustment of \$2.7 million. This reflects the Group's share of Seven West Media's adjustment to increase their onerous contract provision, with a corresponding change in opening retained earnings.

iii) Amendments to AASB 101 – Classification of Liabilities as Current or Non-Current

The amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendments also clarify what it means when it refers to the 'settlement' of a liability. These amendments apply from 1 July 2024, and it is yet to be determined what the impact on the Group would be as a result of this amendment to the Standard.

iv) AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules

The AASB has issued AASB 2023-2, which provides temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD's) international tax reform. The amendments will introduce a mandatory temporary exception to accounting for deferred taxes arising from the implementation of the Pillar Two model rules published by the OECD; and targeted disclosure requirements to help financial statement users better understand an entity's exposure to income taxes arising from the reform, particularly in periods before legislation implementing the rules is in effect. This Standard applies to annual periods beginning on or after 1 January 2023 that end on or after 30 June 2023. Earlier application is permitted.

v) International Sustainability Standards

In June 2023, the International Sustainability Standards Board (ISSB) issued two new standards:

- IFRS S1 General Requirements of Sustainability-related Financial Information; and
- IFRS S2 Climate-related Disclosures.

The Standards are designed to support the integration of sustainability with financial reporting, and support users of Financial Statements with more meaningful and comparable sustainability and climate change disclosures and intended to provide investors and other stakeholders with enhanced and consistent disclosure in relation to a reporting entity's sustainability related risks and opportunities, the connection between them, and potential financial impacts now and into the future. Following consultation in the second half of calendar 2023, detailed disclosure standards will be formally established by the AASB with the intention that the Australian standards will be aligned as far as practicable with the final standards developed by the ISSB. It is envisaged that IFRS S1 and IFRS S2 will be applicable to SGH for annual reporting periods after 1 July 2024 with transitional relief expected to be provided in relation to some requirements. The Group is assessing differences between current Sustainability reporting contained from page 24 of this Annual Report and the requirements of IFRS S1 and S2 with a view of developing an S1 and S2 implementation plan. It is not currently envisaged that there will be any material financial statement consequences of this enhanced sustainability disclosure.

Results for the Year

2. Operating segments

Recognition and measurement

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's executive management team and Board to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the executive management team and Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses. Cash and cash equivalents, derivatives, interest bearing loans and borrowings and income tax assets and liabilities are also unallocated, except for Boral's which are included within the Boral segment.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, producing and development assets, exploration and evaluation assets and intangible assets other than goodwill.

The operating segments are identified by management based on the manner in which products are sold, the nature of services provided and country of origin.

WesTrac	WesTrac is the authorised Caterpillar dealer in Western Australia, New South Wales and the Australian Capital Territory, providing heavy equipment sales and support to customers.
Coates	Coates is Australia's largest general equipment hire company and provides a full range of general and specialist equipment to a wide variety of markets including engineering, building construction and maintenance, mining and resources, manufacturing, government and events.
Boral	Boral is a construction materials group with operations in all Australian States and Territories.
Energy	Energy relates to the Group's joint operation in the Bivins Ranch basin in Texas USA, the Group's wholly-owned interest in SGH Energy Pty Limited and the Group's equity accounted investment in Beach Energy Limited (Beach).
Media investments	Media investments relate to investments in listed and unlisted media organisations, including Seven West Media Limited and private equity investments in China.
Other investments	Other investments incorporates listed investments, property, Allight and Sykes. Allight is a market leader in designing, manufacturing, assembly, distribution and support of mobile lighting towers, distribution of FG Wilson generators and Perkins engines. Sykes is a market leader in designing, manufacturing, assembly, distribution and support of pumps and dewatering equipment.

The Group is domiciled in Australia and operates predominantly in Australia. Further details of other countries in which the Group operates is provided in this Note.

Results for the Year

	WESTRAC ^(a)		COATES ^(a)		BORAL ^(a)		ENERGY		MEDIA INVESTMENTS ^(b)		OTHER INVESTMENTS ^(a)		TOTAL	
	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m
CONTINUING OPERATIONS														
Segment revenue														
Building material sales	-	-	-	-	3,163.6	2,668.0	-	-	-	-	-	-	3,163.6	2,668.0
Product sales	1,747.0	1,397.4	19.4	2.0	-	-	-	-	-	-	78.2	59.2	1,844.6	1,458.6
Product support	3,124.7	2,541.7	8.4	10.0	-	-	-	-	-	-	35.3	22.7	3,168.4	2,574.4
Hire of equipment	33.5	22.6	1,115.4	997.3	-	-	-	-	-	-	-	-	1,148.9	1,019.9
Rendering of services	-	-	-	-	94.8	80.6	-	-	-	-	-	-	94.8	80.6
Contracting businesses	-	-	-	-	202.2	207.3	-	-	-	-	-	-	202.2	207.3
Oil, gas and condensate sales	-	-	-	-	-	-	4.0	4.6	-	-	-	-	4.0	4.6
Sales to external customers	4,905.2	3,961.7	1,143.2	1,009.3	3,460.6	2,955.9	4.0	4.6	-	-	113.5	81.9	9,626.5	8,013.4
by geographic segment														
Australia	4,905.2	3,961.7	1,112.0	986.6	3,460.6	2,955.9	-	-	-	-	77.0	56.1	9,554.8	7,960.3
International	-	-	31.2	22.7	-	-	4.0	4.6	-	-	36.5	25.8	71.7	53.1
Segment result														
Segment EBITDA excluding Significant items ^(c)	583.3	496.0	496.2	434.2	454.4	324.5	113.8	153.2	61.2	79.6	8.6	2.4	1,717.5	1,489.9
Depreciation and amortisation	(83.2)	(70.4)	(196.0)	(188.1)	(222.9)	(218.0)	-	-	-	-	(0.2)	(1.3)	(502.3)	(477.8)
Segment EBIT excluding Significant items^(d)	500.1	425.6	300.2	246.1	231.5	106.5	113.8	153.2	61.2	79.6	8.4	1.1	1,215.2	1,012.1
Other segment information														
Share of results of equity accounted investees included in segment EBIT	2.8	1.8	-	-	18.9	19.9	116.1	154.2	57.9	76.7	(0.7)	0.3	195.0	252.9
Significant items														
Revaluation of equity accounted investment	-	-	-	-	-	756.8	-	-	-	-	-	-	-	756.8
Impairment of assets	-	-	-	-	-	-	-	-	(75.9)	(83.4)	-	-	(75.9)	(83.4)
Impairment of intangibles	-	-	-	-	-	(728.4)	-	-	-	-	-	-	-	(728.4)
Acquisition and transformation	-	-	-	-	8.4	(73.0)	-	-	-	-	-	-	8.4	(73.0)
Share of equity accounted significant items	-	-	-	-	-	-	4.8	(1.1)	(0.2)	5.4	-	-	4.6	4.3
Transaction costs	-	-	-	-	-	(8.1)	-	-	-	-	-	-	-	(8.1)
Fair value adjustments	-	-	-	-	12.9	(5.7)	-	-	-	-	-	-	12.9	(5.7)
Gain/(loss) on equity accounted investment	-	-	-	-	-	-	-	-	2.3	(10.2)	-	-	2.3	(10.2)
Property segment EBIT	-	-	-	-	-	(1.9)	-	-	-	-	-	-	-	(1.9)
Fair value movement on power agreement	-	-	-	-	2.2	-	-	-	-	-	-	-	2.2	-
Capital expenditure	(36.5)	(90.7)	(221.8)	(166.8)	(204.1)	(301.3)	(103.3)	(14.6)	-	-	(0.3)	(0.3)	(566.0)	(573.7)
Equity accounted investments	37.8	35.5	-	-	185.8	180.9	1,239.4	1,137.9	232.0	244.4	6.3	29.9	1,701.3	1,628.6
Other segment assets ^(f)	3,224.6	2,949.0	2,510.1	2,402.5	5,078.1	5,555.4	477.3	366.1	96.2	110.7	94.6	126.7	11,480.9	11,510.4
Segment assets^{(e)(f)}	3,262.4	2,984.5	2,510.1	2,402.5	5,263.9	5,736.3	1,716.7	1,504.0	328.2	355.1	100.9	156.6	13,182.2	13,139.0
Segment liabilities^{(e)(f)}	(1,641.6)	(1,238.1)	(473.2)	(442.7)	(2,663.1)	(3,181.2)	(85.6)	(74.7)	-	-	(29.4)	(19.1)	(4,892.9)	(4,955.8)

(a) Segment results above have been reduced in relation to the elimination of sales between Group entities.

(b) Media investments comprise investments accounted for using the equity method and financial assets fair valued through other comprehensive income.

(c) Segment EBITDA comprises profit before depreciation and amortisation, net finance expense, income tax and significant items. Segment EBIT comprises profit before net finance expense, income tax and significant items.

(d) Segment EBITDA, EBIT and share of results of equity accounted investees excludes the share of results from equity accounted investees attributable to significant items.

(e) Coates segment assets includes assets classified as held for sale of \$3.2 million (2022: \$3.7 million) which relate to hire fleet assets available for immediate sale and are expected to be disposed of within 12 months.

(f) Boral segment assets/(liabilities) includes Boral's cash holdings, derivative financial instruments, interest bearing liabilities and tax balances.

* Refer to Note 3: Significant items for further details on significant items.

Analysis by geographical area

Revenue and non-current assets by geographical area	SEGMENT REVENUE		NON-CURRENT ASSETS ^(a)	
	2023 \$m	2022 \$m	2023 \$m	2022 \$m
Australia	9,554.8	7,960.3	7,289.1	7,091.7
United Arab Emirates	29.3	19.3	3.7	2.3
Indonesia	31.2	22.7	17.2	14.3
United States of America	11.2	10.2	0.2	23.3
New Zealand	–	0.9	–	0.4
Total revenue and non-current assets	9,626.5	8,013.4	7,310.2	7,132.0

^ Comparative has been reclassified to align with current period presentation.

(a) Non-current assets excluding other financial assets, derivative financial instruments, investments accounted for using the equity method and deferred tax assets.

Segment revenues are allocated based on the country in which the customer is located. Segment assets are allocated to countries based on where the assets are located.

Major Customer

The Group did not derive revenue greater than 10 per cent of the Group's total revenue from a single major customer (2022: nil).

Segment reconciliations

Reconciliation of segment EBIT to profit before income tax per Consolidated statement of profit or loss	2023 \$m	2022 \$m
Segment net operating profit before net finance expense and income tax (EBIT)	1,215.2	1,012.1
Corporate operating costs	(28.7)	(25.0)
Share of significant items relating to results from equity accounted investees	4.6	4.3
Impairment of equity accounted investee	(75.9)	(83.4)
Revaluation of equity accounted interest arising from acquisition of Boral	–	756.8
Impairment of intangible assets	–	(728.4)
Fair value adjustments arising from acquisition of Boral	12.9	(5.7)
Boral property segment EBIT	–	(1.9)
Gain/(loss) arising from investment in equity accounted investee	2.3	(10.2)
Transaction costs incurred in relation to Boral	–	(8.1)
Boral transformation and restructure benefits/(costs)	8.4	(73.0)
Fair value movement of power purchase agreement	2.2	–
Net finance expense	(274.8)	(265.7)
Profit before income tax per consolidated statement of profit or loss	866.2	571.8
Reconciliation of segment operating assets to total assets per Consolidated statement of financial position		
Segment operating assets	13,182.2	13,139.0
Corporate cash holdings	218.4	147.5
Deferred tax assets	1.1	0.8
Derivative financial instruments	163.2	191.3
Assets held at corporate level	65.0	114.8
Total assets per consolidated statement of financial position	13,629.9	13,593.4
Reconciliation of segment operating liabilities to total liabilities per Consolidated statement of financial position		
Segment operating liabilities	(4,892.9)	(4,955.8)
Interest bearing loans and borrowings – current	(84.9)	(480.9)
Interest bearing loans and borrowings – non-current	(3,568.9)	(3,447.8)
Current tax liability	(24.6)	(28.0)
Deferred tax liabilities	(350.2)	(303.0)
Derivative financial instruments	(48.3)	(54.6)
Liabilities held at corporate level	(44.8)	(39.6)
Total liabilities per consolidated statement of financial position	(9,014.6)	(9,309.7)

Results for the Year

3. Significant items

Profit before income tax includes the following income and expenses for which disclosure is relevant in explaining the underlying financial performance of the Group.

	2023 \$m	2022 \$m
CONTINUING OPERATIONS		
Share of results from equity accounted investees attributable to significant items	4.6	4.3
Impairment of equity accounted investee	(75.9)	(83.4)
Gain/(loss) arising from investment in equity accounted investee	2.3	(10.2)
Impairment of intangible assets	–	(728.4)
Revaluation of equity accounted interest arising from acquisition of Boral	–	756.8
Boral property segment EBIT	–	(1.9)
Fair value adjustments arising from acquisition of Boral	12.9	(5.7)
Boral transformation and restructure benefits/(costs)	8.4	(73.0)
Fair value movement of power purchase agreement	2.2	–
Transaction costs incurred in relation to Boral	–	(8.1)
Total significant items before net finance expense and income tax – continuing operations	(45.5)	(149.6)
Significant items in net finance expense	8.6	(12.1)
Total significant items before income tax – continuing operations	(36.9)	(161.7)
Income tax (expense)/benefit on significant items	(9.6)	27.6
Total significant items – continuing operations	(46.5)	(134.1)
DISCONTINUED OPERATIONS		
North America operations exit costs	–	(3.6)
Previously disposed businesses	(10.9)	6.1
Net gain on sale of discontinued operations	–	52.9
Total significant items before income tax – discontinued operations	(10.9)	55.4
Income tax benefit on significant items	1.0	–
Total significant items – discontinued operations	(9.9)	55.4

Share of results from equity accounted investees attributable to significant items relates to the Group's share of significant items included in the results of equity accounted investees, such as the gain or loss on the sale of properties or investments, redundancy and acquisition costs, impairment of assets and onerous contracts. In the current year, it includes the Group's share of Seven West Media's IT implementation costs and gains on sale of property and income relating to investments comprising fair value gains as well as the Group's share of Beach Energy's significant items for reversal of accrued acquisition costs. In the prior year, it included the Group's share of Seven West Media's transaction costs, gain on disposals and borrowing costs written off as well as the Group's share of Beach's significant items.

Impairment of equity accounted investee relates to the impairment of the Group's investment in the ordinary equity of Seven West Media. Refer also to Note 11: Investments accounted for using the equity method.

Gain/(loss) arising from investment in equity accounted investee relates to the change of the Group's ownership interest in Seven West Media as a result of Seven West Media's on-market share buy-back. In the prior year, it was a dilution loss arising from the issue of new ordinary shares by Seven West Media in order to satisfy performance incentive schemes. Refer also to Note 11: Investments accounted for using the equity method.

Fair value adjustments on acquisition of Boral relates to the unwind of fair value adjustments arising from the acquisition of the Group's investment in Boral.

Boral transformation and restructure benefits/(costs) relate to the restructuring and transformation program undertaken by Boral. In the current year, it includes a benefit arising from the favourable settlement of onerous contracts recognised in prior periods. In the prior year, it included costs incurred in resetting the operating model, consulting costs to support the major initiatives and IT related transformation costs.

Fair value movement of power purchase agreement relates to a gain realised on the mark to market movement in a power purchase agreement derivative contract in Boral.

Significant items in net finance expense relate to the gain on Boral's early repayment of US Senior Notes. It also includes the expense relating to the unwind of discount on provisions recognised on the acquisition of Boral.

In the prior year, Impairment of intangible assets related to the impairment of Boral's goodwill. The Revaluation of equity accounted interest arising from acquisition of Boral related to the difference between the fair value and carrying value of the Group's investment in Boral on acquisition date. Boral property segment EBIT related to the sale of sites previously operated by Boral. The Group does not consider this income stream to form part of the underlying operations of the Group. Transaction costs incurred and significant items in finance expense in the prior year related to costs incurred from the takeover offer for Boral. Transaction costs are allocated to the Boral segment.

Significant items for discontinued operations relate to costs incurred for the exit of Boral's North American operations. In the prior year, it also included the net gain on sale of Boral's discontinued operations related to the recycling of the foreign currency translation reserve to the profit or loss following the disposal. Refer to Note 32: Discontinued operations for further detail.

4. Revenue and expenditure

Accounting policy

Revenues from contracts with customers are recognised at the amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring control of goods or services to a customer. Revenue is recognised net of goods and services tax (GST).

Sales revenue is recognised at the point in time that control of the good or service has passed to the customer and performance obligations have been met. Where required, amounts relating to future performance obligations are deferred and recognised over time as the obligation is performed. Amounts are estimated using judgement, historical experience and the specific terms of the agreement with the customer to determine the amount and timing of revenue recognised.

Revenue from contracts with customers

Revenue from building material sales	Revenue from the sale of goods is recognised at the point in time the customer obtains control of the goods, which is typically at the time of delivery to the customer. Revenue earned from asphalt and spray seal services are recognised progressively over the period of time that the performance obligation is satisfied and the customer obtains control of the goods being provided in the contract, with the Group having a right to payment for performance to date. The Group predominantly uses the output method, based on volumes delivered, to determine the amount of revenue to recognise in a given period.
Revenue from product sales	Revenue associated with the sale of goods is recognised at the point in time when each performance obligation of the sale has been fulfilled and control of the goods has passed to the customer. Product and service warranties and training provided on new product sales are distinct performance obligations and part of the sale consideration is deferred and recognised over time as the performance obligation is met.
Revenue from product support	Revenue from product support is recognised in the accounting period in which the services are rendered. Revenue from contracts is recognised when distinct performance obligations under the contract are met. For maintenance and repair contracts (MARC)s, an assessment is made on a contract by contract basis, except where a portfolio approach is adopted. The portfolio approach is applied to a group of contracts (or performance obligations) with similar characteristics where it is reasonably expected that the effects on the financial results are not materially different to the effects of applying the standard on a contract by contract basis. Under the portfolio approach, the MARCs have been deemed as a distinct performance obligation to continuously make available a fleet of machinery to a customer. WesTrac's MARCs are assessed to consider whether modifications or extensions create a separate contract for services. These obligations are recognised in deferred income and taken to revenue as the future service is provided.
Revenue from hire of equipment	The recognition of hire of equipment revenue commences on receipt of equipment by the customer which is when control passes. Revenue is recognised over the period of the hire agreement, which in the majority of cases is on a daily basis.
Revenue from rendering of services	Revenue from the rendering of logistics and lab services is allocated across each service or performance obligation based on their stand-alone selling price, and is recognised as the service or performance obligation is performed.
Contracting businesses	Revenue from concrete placing business is recognised progressively over the period of time the performance obligation is satisfied and the customer obtains control of the goods being provided in the contract, with the Group having a right to payment for performance to date. The business predominantly uses the output method based on volumes delivered, to determine the amount of revenue to recognise in a given period. When estimating the transaction price, variable consideration is considered, which typically relates to claims or variations submitted in connection with the performance of a contract. Assumptions are made in order to determine the amount of variable consideration that can be recognised, including assessing whether the variable consideration is constrained. Claims and variations are included to the extent they are approved. Contracts with customers, particularly in concrete and asphalt, may contain revenue items for ancillary services such as mobilisation and demobilisation of plant, concrete testing and other related services. These services are typically combined into the core performance obligation of delivering concrete, or the supply and lay of asphalt. On occasion, ancillary services may be deemed to have a stand-alone value to the customer, and are accounted for as a separate performance obligation.
Revenue from sale of oil, gas and condensate	Revenue is derived from the sale of oil, gas and condensate and is recognised based on volumes sold under contracts with customers at the point in time where performance obligations are considered to be met. Generally, the performance obligation will be met when the product is delivered to a specified measurement point (gas) or point of loading/unloading (liquids).
Other revenue	Other revenue is recognised at the point in time that all performance obligations have been met. In the case of property sales, it is on completion of the contract and transfer of title.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Revenue recognition – MARC

Contract revenues and expenses are recognised over time for each identified component of the contract. In determining revenue and expense for MARC, management makes assumptions and estimates regarding the work performed to date as a percentage of the total work to be performed and estimated revenues and expenses over the life of the contract. Contract variations are accounted for as modifications when they have been approved by the customer. Depending on the nature of the modification they are treated as either a separate performance obligation or a modification of an existing performance obligation.

Results for the Year

4. Revenue and expenditure (continued)

CONTINUING OPERATIONS	2023 \$m	2022 \$m
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Building material sales	3,163.6	2,668.0
Product sales	1,844.6	1,458.6
Product support	3,168.4	2,574.4
Hire of equipment	1,148.9	1,019.9
Rendering of services	94.8	80.6
Contracting business	202.2	207.3
Oil, gas and condensate	4.0	4.6
Total revenue	9,626.5	8,013.4
EXPENDITURE EXCLUDING DEPRECIATION AND AMORTISATION		
Materials cost of inventory sold and used in product sales and product support	(3,524.5)	(2,785.8)
Materials cost of inventory sold and used in building materials, rendering of services and contracting	(2,539.9)	(2,270.2)
Repairs, maintenance and consumables used on equipment hire	(144.5)	(119.7)
Employee benefits	(1,168.4)	(1,061.2)
Other expenses	(761.7)	(724.1)
Total expenses excluding depreciation and amortisation	(8,139.0)	(6,961.0)

The Group disaggregates revenue by operating segment. Disaggregation of sales by geographic area is based on customer location. Refer to Note 2: Operating segments for revenue by operating segment and geographical split. As at 30 June 2023, the Group has remaining performance obligations to be recognised on MARCs with a duration of more than 12 months. The Group will recognise this revenue when the performance obligations are satisfied. The aggregate amount of the transaction price allocated to the remaining performance obligations is \$128.0 million (2022: \$130.0 million). Approximately 62 per cent (2022: 50 per cent) of remaining performance obligations are expected to occur within the next 12 months, with the remaining expected to occur over a period of up to three years. In addition for Boral, payments received in advance of services being rendered are recognised as contract liabilities within trade payables of \$37.7 million (2022: \$20.1 million), with the majority expected to be recognised as revenue in the next financial year.

Other expenses includes \$10.4 million (2022: \$11.3 million) in relation to the net impairment loss on trade receivables. Refer to Note 21: Financial risk management for further detail.

5. Net finance expense

Accounting policy

Interest income includes interest on funds invested and is recognised in profit or loss as the income accrues.

Finance expense comprises interest payable on borrowings and lease liabilities calculated using the effective interest method, including borrowing costs, unwinding of discount on provisions and deferred consideration. Interest expense also includes the net fair value adjustment for cash-settled share-based payments. Finance expenses that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset up to the time the asset is ready for its intended use. The asset is then amortised over the expected economic life.

CONTINUING OPERATIONS	2023 \$m	2022 \$m
FINANCE INCOME		
Interest income on bank deposits	10.8	5.5
Other	12.4	0.7
Total finance income	23.2	6.2
FINANCE EXPENSE		
Interest expense	(223.7)	(189.8)
Interest expense on lease liabilities	(57.1)	(55.4)
Amortisation of capitalised borrowing costs	(6.5)	(18.7)
Unwind of discount on provisions	(10.7)	(8.0)
Total finance expense	(298.0)	(271.9)
Net finance expense	(274.8)	(265.7)

Other finance income includes a net gain of \$11.2 million recognised on the early repayment of Boral US Senior Notes. Interest expense includes a fair value gain of \$6.7 million recognised in relation to the early repurchase of convertible notes and \$2.8 million expense (2022: \$1.6 million benefit) in relation to the fair value movement for cash-settled share-based payments. Interest expense and amortisation of capitalised borrowing costs in the prior year includes \$12.1 million of expenses incurred in relation to fees on the Bridge facility.

Interest of \$nil (2022: \$4.7 million) was paid to other parties and capitalised in respect of qualifying assets. The capitalisation rate used in the prior year was 3.9 per cent.

6. Income tax

Accounting policy

Income tax expense comprises current and deferred tax expense. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax expense for the period is the expected tax payable on the current period's taxable income based on the enacted or substantively enacted income tax rate for each jurisdiction adjusted by changes to tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences arising between the expected tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities that will impact tax expense in the period if such a determination is made.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Seven Group Holdings Limited. Boral Limited and its wholly-owned Australian resident entities are part of a separate tax-consolidated group, with the head entity of the Boral tax-consolidated group being Boral Limited.

CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgement is required in determining the provision for income taxes and the tax cost base of assets and liabilities.

Management judgement is also applied in assessing the recoverability of revenue and capital losses recognised as deferred tax assets by the Group. Deferred tax assets have been recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities and joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and/or it is probable that the differences will not reverse in the foreseeable future.

Assumptions are made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectations which may impact the amount of deferred tax assets, liabilities and provision for income taxes recorded in the statement of financial position. In these circumstances the carrying amount of deferred tax assets, liabilities and provision for income taxes may change impacting the profit or loss of the Group.

Results for the Year

6. Income tax (continued)

CONTINUING OPERATIONS	Note	2023 \$m	2022 \$m
INCOME TAX EXPENSE			
Current tax expense		(119.9)	(99.2)
Deferred tax expense		(102.9)	(35.5)
Adjustment for prior years		13.0	6.1
Total income tax expense – continuing operations		(209.8)	(128.6)
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:			
Income tax using the domestic corporation tax rate 30%		(259.9)	(171.5)
Franked dividends		–	0.4
Share of equity accounted investee's net profit		58.3	75.0
Other assessable income		(1.8)	(18.5)
Non-assessable income		1.8	1.0
Non-deductible expenses		(1.7)	(5.3)
Revaluation of equity accounted interest arising from acquisition of Boral		–	227.0
Impairment of equity accounted investee		(22.8)	(28.1)
Impairment of intangible assets		–	(218.5)
Recognition of deferred tax assets on revenue losses		0.8	3.1
Other items		(1.1)	–
Adjustment for prior years		13.0	6.1
Difference in overseas tax rates		3.6	0.7
Income tax expense – continuing operations		(209.8)	(128.6)
DEFERRED INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME OR EQUITY			
Relating to financial assets at fair value through other comprehensive income or equity		(6.6)	135.5
Relating to cash flow hedge reserve		12.2	(6.8)
Relating to foreign currency translation		–	16.7
Total deferred income tax recognised directly in OCI or equity		5.6	145.4
DISCONTINUED OPERATIONS			
INCOME TAX EXPENSE			
Current tax expense		1.0	(209.0)
Deferred tax expense		–	167.6
Adjustment for prior years		–	3.9
Total income tax benefit/(expense) – discontinued operations	32	1.0	(37.5)
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:			
Income tax using the domestic corporation tax rate 30%		3.2	(60.5)
Recognition of deferred tax asset on capital and revenue losses, not previously recognised		(1.5)	7.8
Share of equity accounted investees' net profit		–	0.4
Fair value adjustment on acquisition		–	(87.8)
Non-assessable income		–	13.7
Additional tax benefit from sale of business		–	41.7
Difference in overseas tax rates		(0.8)	43.3
Other items		0.1	–
Adjustment for prior years		–	3.9
Income tax benefit/(expense) – discontinued operations		1.0	(37.5)

	Opening balance \$m	Recognised in profit \$m	Recognised in OCI or equity \$m	Balances disposed \$m	Acquisitions and other \$m	Closing balance \$m
YEAR ENDED 30 JUNE 2023						
DEFERRED TAX ASSETS AND LIABILITIES						
Investments	(102.7)	5.1	(6.6)	–	–	(104.2)
Derivative financial instruments	(9.8)	(1.7)	12.2	–	(0.1)	0.6
Inventories and receivables	(122.7)	1.7	–	–	–	(121.0)
Property, plant and equipment	(320.6)	(43.6)	–	–	(11.4)	(375.6)
Intangible assets	(166.5)	–	–	–	–	(166.5)
Trade and other payables	20.4	3.0	–	–	–	23.4
Provisions	226.0	13.1	–	–	–	239.1
Interest bearing loans and borrowings	101.9	6.4	–	–	–	108.3
Tax losses	33.0	(33.0)	–	–	–	–
Transaction costs deducted over five years	1.8	(0.5)	–	–	–	1.3
Unrealised foreign exchange	47.9	(58.5)	–	–	–	(10.6)
Other	(61.6)	5.1	–	–	(1.5)	(58.0)
Net deferred tax liability	(352.9)	(102.9)	5.6	–	(13.0)	(463.2)
Deferred tax asset						108.8
Deferred tax liability						(572.0)
Net deferred tax liability						(463.2)
YEAR ENDED 30 JUNE 2022						
DEFERRED TAX ASSETS AND LIABILITIES						
Investments	(227.8)	237.7	135.5	–	(248.1)	(102.7)
Derivative financial instruments	5.0	(12.9)	(6.8)	–	4.9	(9.8)
Inventories and receivables	–	2.2	–	(1.5)	(123.4)	(122.7)
Property, plant and equipment	(150.0)	(4.9)	–	(21.4)	(144.3)	(320.6)
Intangible assets	(136.9)	0.3	–	169.8	(199.7)	(166.5)
Trade and other payables	19.2	(3.2)	–	–	4.4	20.4
Provisions	32.7	(3.6)	–	(3.6)	200.5	226.0
Interest bearing loans and borrowings	71.9	0.3	–	(2.0)	31.7	101.9
Tax losses	–	(139.4)	–	–	172.4	33.0
Transaction costs deducted over five years	2.9	(1.1)	–	–	–	1.8
Unrealised foreign exchange	–	34.0	16.7	–	(2.8)	47.9
Other	(0.9)	22.6	–	(67.7)	(15.6)	(61.6)
Net deferred tax liability	(383.9)	132.0	145.4	73.6	(320.0)	(352.9)
Deferred tax asset						167.4
Deferred tax liability						(520.3)
Net deferred tax liability						(352.9)

There are no uncertain tax positions as at 30 June 2023.

As at 30 June 2023, the Group had not recognised:

- deferred tax assets of \$327.9 million (2022: \$324.2 million) for deductible temporary differences relating to unrealised tax benefits as it is not probable that future gains will be realised against which it could utilise the benefits;
- deferred tax asset of \$651.2 million (2022: \$627.8 million) for deductible temporary differences relating to Petroleum Resource Rent Tax credits;
- deferred tax assets of \$120.8 million (2022: \$150.8 million) for tax losses where recovery is not probable; and
- deferred tax liabilities of \$140.9 million (2022: \$113.6 million) in respect of assessable temporary differences in relation to investments where management controls the timing of the reversal of the temporary difference and the temporary difference is not expected to reverse in the foreseeable future.

Results for the Year

7. Earnings per share

Accounting policy

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Underlying earnings per share is statutory earnings per share adjusted for significant items. The weighted average number of shares used to calculate underlying earnings per share is the same as the weighted average number of shares used to calculate statutory earnings per share.

	BASIC		DILUTED	
	2023 \$	2022 \$	2023 \$	2022 \$
STATUTORY EARNINGS PER SHARE				
From continuing operations	1.66	1.22	1.65	1.22
From discontinued operations	(0.02)	0.32	(0.02)	0.31
Statutory earnings per share – total	1.64	1.54	1.63	1.53

	2023 \$m	2022 \$m
EARNINGS RECONCILIATION BY CATEGORY OF SHARE – ORDINARY SHARES		
Net profit attributable to equity holders of the Company – continuing operations	603.8	444.1
Net (loss)/profit attributable to equity holders of the Company – discontinued operations	(7.2)	114.3
Net profit attributable to equity holders of the Company – continuing and discontinued operations	596.6	558.4

	Note	2023 Million	2022 Million
WEIGHTED AVERAGE NUMBER OF SHARES			
Ordinary shares for basic earnings per share			
Issued shares as at 1 July		363.3	363.3
Issued shares as at 30 June	24	363.3	363.3
Weighted average number of shares (basic) as at 30 June		363.3	363.3
Weighted average number of shares (diluted) as at 30 June ^(a)		366.5	364.6

(a) Weighted average number of shares adjusted for effect of share rights issued under employee share plans net of treasury shares and convertible notes issued 5 March 2018. At 30 June 2023, there were 3.2 million potential ordinary shares that were dilutive (2022: 1.3 million).

	BASIC		DILUTED	
	2023 \$	2022 \$	2023 \$	2022 \$
UNDERLYING EARNINGS PER SHARE (NON-IFRS MEASURE)				
From continuing operations	1.80	1.52	1.78	1.52
From discontinued operations	–	0.21	–	0.21
Underlying earnings per share – total	1.80	1.73	1.78	1.73

Underlying earnings per share is a non-IFRS measure and is reconciled to statutory profit or loss as follows:

	2023 \$m	2022 \$m
UNDERLYING EARNINGS RECONCILIATION BY CATEGORY OF SHARE – ORDINARY SHARES		
Net profit attributable to equity holders of the Company	596.6	558.4
Less: significant items attributable to equity holders of the Company	57.5	71.0
Net underlying profit attributable to equity holders of the Company – continuing and discontinued operations	654.1	629.4

Operating Assets and Liabilities

8. Trade and other receivables

Accounting policy

Trade receivables are initially recognised at the fair value of the invoice sent to the customer and subsequently at the amounts considered recoverable less provision for expected credit loss allowance (amortised cost). Trade receivables are generally due for settlement no more than 30 days from the date of recognition with the exception of certain customers with alternative settlement terms.

The Group has an established credit policy under which new customers are analysed individually for creditworthiness before the Group's standard payment, delivery terms and conditions are offered. The Group's review includes external ratings, when available. Purchase limits are established for each customer and these limits are reviewed annually or upon request. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group upon lodging of a bank guarantee as a security document or on a strictly pre-paid (cleared funds) only basis.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. Under the expected credit loss model, an impairment provision for receivables is established based on the expected credit losses over the lifetime of expected credit losses for the financial asset. The calculation of expected credit loss considers the impact of past events and exercises judgement over the impact of current and future economic conditions. The amount of the provision is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

	2023 \$m	2022 \$m
CURRENT		
Trade receivables	1,336.4	1,132.0
Contract assets	140.6	152.0
Other receivables	176.7	233.8
Loss allowance	(24.4)	(18.8)
Total trade and other receivables – current	1,629.3	1,499.0
NON-CURRENT		
Other receivables	20.0	35.7
Total other receivables – non-current	20.0	35.7

Due to the short term nature of these receivables their carrying value is assumed to approximate their fair value. The creation and release of the provision for expected credit loss has been included in other expenses in profit or loss. For further detail on the Group and the Company's expected exposure to credit risk refer to Note 21: Financial risk management.

Contract assets relate to revenue earned from ongoing service contracts in WesTrac. As such, the balances of this account vary and depend on the number of ongoing refurbishment services at the end of the year. At 30 June 2023, \$0.3 million (2022: \$0.2 million) was recognised as a provision for expected credit loss on contract assets.

Other receivables (current) includes \$65.6 million (2022: \$112.5 million) for cash collateral provided in relation to equity swaps. Other receivables also includes amounts owing by associated entities, of which nil is current and \$19.0 million is non-current (2022: \$4.3 million and \$19.3 million respectively).

9. Trade and other payables

Accounting policy

Trade payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within normal trading terms.

	2023 \$m	2022 \$m
Trade payables	560.0	526.2
Other payables	187.1	153.3
Accruals	375.3	327.2
Accruals – cash settled share based payments	2.2	0.7
Total trade and other payables – current	1,124.6	1,007.4

The Group's trade payables and other payables are due to mature within one year. Due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

The Company has entered into a Deed of Cross Guarantee with certain subsidiaries as described in Note 31: Controlled entities. Under the terms of the Deed, the Company has guaranteed the repayment of all current and future creditors in the event that any of the entities party to the Deed are wound up. Details of the consolidated financial position of the Company and parties to the Deed are set out in Note 31.

Operating Assets and Liabilities

10. Inventories

Accounting policy

Inventories are measured at the lower of cost and net realisable value.

Cost is based on the actual costs, with the exception of exchange component inventory and parts inventory for which cost is based on weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is determined on the basis of the Group's normal selling pattern. Expenses for marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value. For land development projects, cost includes the cost of acquisition, development and holding costs during development. Costs incurred after completion of development are expensed as incurred.

CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT

Management is required to make judgements regarding writedowns to determine the net realisable value of inventory. These writedowns consider factors such as the age and condition of goods, machine population in service for parts as well as recent market data to assess the estimated future demand for the goods.

	2023 \$m	2022 \$m
CURRENT		
Raw materials – at cost	126.6	109.6
Work-in-progress – at cost	147.2	65.9
Finished goods		
– at cost	1,203.8	1,150.5
– at net realisable value	17.9	19.0
Total finished goods	1,221.7	1,169.5
Land development projects	5.5	2.6
Total inventories – current	1,501.0	1,347.6
NON-CURRENT		
Land development projects	345.7	345.2
Total inventories – non-current	345.7	345.2

Land development projects includes \$1.6 million (2022: \$5.5 million) of development costs capitalised during the year.

11. Investments accounted for using the equity method

Accounting policy

Investments accounted for using the equity method comprise investments in associates and joint ventures (equity accounted investees). Investments in equity accounted investees are initially recognised at cost and subsequently accounted for using the equity method.

Under the equity method, where the Group has in substance an ownership interest as a result of transactions giving access to returns associated with ownership, such as equity settled swaps, the Group takes into account eventual exercise of potential voting rights in determining ownership interest.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence generally exists when the Group holds between 20 and 50 per cent of the voting rights of another entity, unless it can be clearly demonstrated that this is not the case.

Joint ventures are those entities over whose activities the Group has joint control and rights to the net assets of the arrangement, rather than rights to the assets and obligations for its liabilities.

The Group's investments includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of post acquisition income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group. When the Group's share of losses equals or exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Dividends received or receivable from equity accounted investees are recognised as a reduction in the carrying amount of the investment.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Control, joint control or significant influence

Significant judgement and assumptions are made in determining whether an entity has control, joint control or significant influence over another entity and the type of the joint arrangement. In considering the classification, management considers whether control, significant influence or joint control exists, the nature and structure of the relationship and other facts and circumstances.

Beach Energy Limited (Beach Energy)

The Group holds a 30.0 per cent (2022: 30.0 per cent) interest in Beach Energy and has two representative directors on the Beach Energy board. The Group continues to classify its investment as an associate. The Group has the ability to significantly influence, but not control or jointly control, the financial and operating decisions through its investment and board representation.

Seven West Media Limited (Seven West Media)

The Group has classified its investment in Seven West Media as an associate. The Group holds a 39.8 per cent (2022: 38.9 per cent) ownership interest in Seven West Media and equivalent voting rights. The Group has one representative director on the Seven West Media board. Management have concluded that the Group has the ability to significantly influence, but not control or jointly control, the financial and operating decisions of Seven West Media.

Impairment of investments accounted for using the equity method

In accordance with AASB 136: Impairment of Assets, the recoverable amount of assets is the greater of its value-in-use (VIU) and its fair value less cost of disposal (FVLCD). In the absence of quoted market prices, an asset's VIU is calculated by estimating the present value of future cash flows using an asset specific discount rate. These calculations also require the use of assumptions regarding profit margins, growth rates and discount rates.

In determining the amount of impairment for equity accounted investees that are listed, management has made judgements in identifying financial assets that are impaired due to industry factors or whose decline in fair value below original cost is considered significant or prolonged. A significant decline is assessed based on the percentage decline from acquisition cost of the share, while a prolonged decline is based on the length of the time over which the share price has been depressed below cost. Management considers a decline of 30 per cent to be significant and a period of 12 months to be prolonged.

Investee	Principal activities	Country of incorporation	Balance date	OWNERSHIP INTEREST	
				2023 %	2022 %
ASSOCIATES					
Beach Energy Limited	Oil and gas exploration, development, production	Australia	30 Jun	30.0	30.0
Bitumen Importers Australia Pty Limited ^(a)	Bitumen importer	Australia	30 Jun	50.0	50.0
ConnectSydney Pty Ltd ^(a)	Road maintenance	Australia	30 Jun	38.5	38.5
Energy Power Systems Australia Pty Ltd	Distribution and rental of Cat engine products	Australia	30 Jun	40.0	40.0
Flyash Australia Pty Ltd ^(a)	Fly ash collection	Australia	31 Dec	50.0	50.0
Mo's Mobiles Pty Limited	Mobile phone retailer	Australia	30 Jun	25.0	25.0
Penrith Lakes Development Corporation Limited ^(a)	Property development	Australia	30 Jun	40.0	40.0
Seven West Media Limited ^(b)	Media	Australia	30 Jun	39.8	38.9
South Australian Road Services Pty Limited ^(a)	Road maintenance	Australia	30 Jun	50.0	50.0
South East Asphalt Pty Limited ^(a)	Asphalt road maintenance	Australia	30 Jun	50.0	50.0
Sunstate Cement Limited ^(a)	Cement manufacturer	Australia	30 Jun	50.0	50.0
JOINT VENTURES					
Flagship Property Holdings Pty Limited ^(c)	Property management	Australia	31 Dec	46.6	45.8
Kings Square Pty Ltd	Property development	Australia	30 Jun	50.0	50.0
Kings Square No. 4 Unit Trust	Property development	Australia	30 Jun	50.0	50.0

(a) Ownership interest reflects Boral's ownership, of which the Group has a 72.6 per cent interest (2022: 69.6 per cent interest).

(b) During the year, Seven West Media bought shares on-market and subsequently cancelled the shares. This increased the Group's ownership interest in Seven West Media to 39.8 per cent.

(c) During the year, the Group's interest in Flagship Property Holdings Pty Limited increased to 46.6 per cent as a result of a reduction in the number of shares on issue.

The country of incorporation of the above associates and joint ventures is also their principal place of business.

Operating Assets and Liabilities

11. Investments accounted for using the equity method (continued)

	2023 \$m	2022 \$m
Investments in associates		
Beach Energy Limited	1,239.4	1,137.9
Seven West Media Limited	232.0	244.4
Individually immaterial associates	223.6	216.4
Investments in joint ventures		
Individually immaterial joint ventures	6.3	29.9
Total investments accounted for using the equity method	1,701.3	1,628.6

Beach Energy is a listed oil and gas exploration, development and production company based in Australia with investments in the resource industry. The Group's investment in Beach Energy is held for strategic purposes and is disclosed within the Energy segment.

Seven West Media is the leading listed national multi-platform media business based in Australia. The Group's investment in Seven West Media is held for strategic purposes and disclosed within the Media investments segment.

	2023 \$m	2022 \$m
SHARE OF RESULTS FROM EQUITY ACCOUNTED INVESTEEES		
Investments in associates		
Beach Energy Limited	120.9	153.1
Seven West Media Limited	57.7	82.1
Individually immaterial associates	21.7	21.7
Investments in joint ventures		
Individually immaterial joint ventures	(0.7)	0.3
Total share of results from equity accounted investees	199.6	257.2

A bargain purchase gain of \$2.3 million (2022: \$10.2 million dilution loss) has been recognised as a result of the change in ownership of Seven West Media arising from a change in the number of shares on issue. The share of results from equity accounted investees does not include the gain/(loss) on events that occurred. This gain/(loss) is included within the Media Segment in Note 2: Operating segments.

	2023 \$m	2022 \$m
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Beach Energy Limited		
Book value	1,239.4	1,137.9
Market value	924.4	1,171.0
Seven West Media Limited		
Book value	232.0	244.4
Market value	232.0	244.4

An impairment of \$75.9 million (2022: \$83.4 million) relating to the Group's investment in Seven West Media was recognised in profit or loss during the year.

During the year, the Group received cash dividends and distributions from equity accounted investees of \$44.8 million (2022: \$22.1 million).

The summarised financial information for the Group's material associates is detailed below. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not the Group's share of those amounts.

	ASSOCIATE		ASSOCIATE	
	BEACH ENERGY		SEVEN WEST MEDIA	
	2023 \$m	2022 \$m	2023 \$m	2022 [^] \$m
SUMMARISED FINANCIAL INFORMATION OF INVESTEES (100%)				
Summarised Statement of Financial Position				
Current assets				
Cash and cash equivalents	218.9	254.5	57.4	37.9
Other current assets	451.2	441.3	446.0	386.9
Total current assets	670.1	695.8	503.4	424.8
Non-current assets				
Goodwill	57.1	57.1	–	–
Intangible assets	20.5	20.0	714.8	720.3
Other non-current assets	5,147.2	4,329.2	282.6	239.2
Total non-current assets	5,224.8	4,406.3	997.4	959.5
Current liabilities				
Financial liabilities ^(a)	11.0	14.7	13.5	12.1
Other current liabilities	433.2	476.9	373.8	394.4
Total current liabilities	444.2	491.6	387.3	406.5
Non-current liabilities				
Financial liabilities ^(a)	14.2	18.3	484.3	480.6
Other non-current liabilities	1,558.6	1,052.3	250.4	233.6
Total non-current liabilities	1,572.8	1,070.6	734.7	714.2
Net assets	3,877.9	3,539.9	378.8	263.6
Group's share (%)	30.02%	30.02%	39.83%	38.91%
Group's share of net assets	1,164.1	1,062.7	150.2	102.6
Share of impairment not recognised as previously impaired	–	–	571.0	571.0
Adjustment to align accounting policies	–	–	(18.5)	(18.5)
Share of rights issue not taken up	–	–	(125.2)	(125.2)
Change in ownership interest	73.3	73.3	153.0	150.7
Impairment	–	–	(512.1)	(436.2)
Other	2.0	1.9	13.6	–
Carrying amount	1,239.4	1,137.9	232.0	244.4
Summarised Statement of Comprehensive Income				
Revenue	1,646.4	1,771.4	1,487.4	1,539.6
Depreciation and amortisation	(391.7)	(376.2)	(139.5)	(133.6)
Net interest expense	(27.0)	(13.5)	(35.2)	(40.3)
Income tax expense	(158.5)	(215.8)	(50.3)	(72.3)
Profit for the year	400.8	500.8	145.7	211.1
Other comprehensive income	3.0	(5.5)	(10.1)	(20.4)
Total comprehensive income for the year	403.8	495.3	135.6	190.7
Dividends received by the Group	20.5	13.7	–	–

[^] Comparative has been reclassified to align with current period presentation.

(a) Financial liabilities excluding trade and other payables and provisions.

Operating Assets and Liabilities

12. Right of use assets and lease liabilities

Accounting policy

The Group assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether the contract is dependent on an identified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

The Group as a lessee

The Group recognises a right of use asset and a lease liability at the lease commencement date. The lease commencement date is the date the underlying asset is available for use by the lessee.

The right of use asset is initially measured at cost, comprising the initial lease liability, any lease payments already made less lease incentives received, initial direct costs and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

The lease liability is measured at the present value of the lease payments discounted at the rate implicit in the lease, or if that cannot be determined, at the lessee's incremental borrowing rate specific to the entity, term, country and currency of the contract. Lease payments can include fixed payments, variable payments that depend on a specified rate or index, extension option payments or purchase options if the Group is reasonably certain to exercise the option and termination payments if the lease term reflects the Group exercising a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured with a corresponding adjustment to the right of use asset when there is a change in future lease payments resulting from a rent review, a change in an index or rate such as inflation, or a change in the Group's assessment of whether it is reasonably certain to exercise a purchase or extension option or not exercise a break option.

Leases of low value assets and short term leases of 12 months or less are expensed to the profit or loss, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Group is an intermediate lessor the sub-lease classification is assessed with reference to the head lease right of use asset. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment into the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the lease. Rental income from operating leases is recognised on a straight line basis over the term of the lease.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The most significant judgement is the selection of an appropriate discount rate to calculate the lease liability. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Group uses the incremental borrowing rate for all leases. Incremental borrowing rates depend on the entity, term, country, currency and commencement date of the lease. The incremental borrowing rate is determined as required on a series of inputs including the risk free rate based on government bond rates, a credit risk adjustment based on the actual or inferred credit rating of an entity and a country specific risk adjustment.

Management exercises judgement in determining the likelihood of exercising break or extension options in determining the lease term. Break and extension options are included to provide operational flexibility should the economic outlook for an asset be different to expectations. At commencement of the lease, break or extension options are not normally considered reasonably certain to be exercised, unless there is a valid business reason otherwise.

Movement in right of use assets

	Land and buildings \$m	Plant and equipment \$m	Hire fleet \$m	Motor vehicles \$m	Total \$m
YEAR ENDED 30 JUNE 2023					
Carrying amount at beginning of the year	605.0	34.5	8.0	59.4	706.9
Additions	15.8	5.0	0.2	32.0	53.0
Modifications	49.1	0.2	0.8	6.1	56.2
Impairment	(0.4)	(1.5)	–	(0.2)	(2.1)
Disposals	(0.3)	(0.3)	–	(2.1)	(2.7)
Depreciation	(62.7)	(5.1)	(5.9)	(28.2)	(101.9)
Transfers	–	2.3	–	–	2.3
Exchange differences	0.1	–	–	–	0.1
Carrying amount at end of the year	606.6	35.1	3.1	67.0	711.8
At cost	1,086.1	61.5	33.2	182.9	1,363.7
Accumulated depreciation	(479.5)	(26.4)	(30.1)	(115.9)	(651.9)
Total right of use assets	606.6	35.1	3.1	67.0	711.8

YEAR ENDED 30 JUNE 2022

Carrying amount at beginning of the year	538.9	2.3	16.9	36.9	595.0
Additions	50.4	3.9	0.4	28.7	83.4
Modifications	10.6	0.7	1.7	3.0	16.0
Impairment	(0.7)	(0.1)	–	(0.1)	(0.9)
Disposals	(0.7)	–	(2.0)	(0.6)	(3.3)
Depreciation	(64.1)	(7.5)	(9.0)	(26.9)	(107.5)
Amounts acquired in a business combination	70.0	32.3	–	20.4	122.7
Transfers	0.3	2.9	–	(2.0)	1.2
Exchange differences	0.3	–	–	–	0.3
Carrying amount at end of the year	605.0	34.5	8.0	59.4	706.9
At cost	1,047.9	58.3	46.3	163.1	1,315.6
Accumulated depreciation	(442.9)	(23.8)	(38.3)	(103.7)	(608.7)
Total right of use assets	605.0	34.5	8.0	59.4	706.9

	Note	2023 \$m	2022 \$m
Amounts recognised in profit or loss			
Depreciation expense on right of use assets		101.9	107.5
Interest expense on lease liabilities	5	57.1	55.4
Expense relating to short-term leases		79.0	63.0
Expense relating to leases of low value assets		8.2	7.8
Lease liabilities			
Amounts due for settlement within 12 months (shown under current liabilities)		71.3	75.5
Amounts due for settlement after 12 months (shown under non-current liabilities)		913.2	888.8
Total lease liabilities		984.5	964.3
Lease Liabilities (undiscounted) maturity analysis:			
Not later than one year		133.2	130.2
Later than one year but not later than two years		115.3	108.4
Later than two years but not later than five years		291.0	270.6
Later than five years but not later than ten years		379.4	354.5
Later than ten years but not later than 20 years		625.2	618.4
Later than 20 years		92.4	150.3
Total undiscounted lease liabilities		1,636.5	1,632.4

Operating Assets and Liabilities

13. Property, plant and equipment

Accounting policy

Property, plant and equipment is measured at historical cost less accumulated depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is capitalised in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance is charged to the profit or loss during the reporting period in which they are incurred.

Freehold land is not depreciated. The cost of improvements to or on leasehold properties is amortised over the shorter of the unexpired period of the lease or the estimated useful life of the improvement to the Group.

Depreciation on the following assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	10 – 100 years
Leasehold improvements	1 – 25 years
Hire fleet	3 – 13 years
Plant and equipment	2 – 20 years

Mineral reserves, licences and quarry stripping assets are depreciated over the expected life of the identified resources using the units of production method.

Mineral reserves, licences and quarry stripping	1 – 100+ years
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Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimation of useful lives of assets has been based on historical experience. In addition, the condition of assets is assessed at least annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Movement in property, plant and equipment

YEAR ENDED 30 JUNE 2023	Freehold land and buildings \$m	Leasehold improvements \$m	Mineral reserves, licences and quarry stripping \$m	Hire fleet \$m	Plant and equipment \$m	Total \$m
Carrying amount at beginning of the year	1,044.8	40.6	291.3	869.4	1,178.6	3,424.7
Additions	0.7	16.7	15.5	248.5	230.2	511.6
Transfer	65.1	16.9	13.8	7.8	(115.0)	(11.4)
Disposals	(0.1)	–	–	(20.6)	(3.1)	(23.8)
Depreciation	(33.9)	(7.2)	(27.9)	(165.7)	(166.1)	(400.8)
Exchange differences	0.2	–	–	0.5	0.1	0.8
Other ^(a)	(0.1)	–	(0.1)	0.1	(3.1)	(3.2)
Carrying amount at end of the year	1,076.7	67.0	292.6	940.0	1,121.6	3,497.9
At cost	1,283.4	145.1	573.9	2,046.1	3,724.6	7,773.1
Accumulated depreciation	(206.7)	(78.1)	(281.3)	(1,106.1)	(2,603.0)	(4,275.2)
Total property, plant and equipment	1,076.7	67.0	292.6	940.0	1,121.6	3,497.9

(a) Other includes net transfer from inventory, impairments or reclassifications.

	Freehold land and buildings \$m	Leasehold improvements \$m	Mineral reserves, licences and quarry stripping \$m	Hire fleet \$m	Plant and equipment \$m	Total \$m
YEAR ENDED 30 JUNE 2022						
Carrying amount at beginning of the year	46.2	43.5	–	771.6	105.9	967.2
Additions	12.7	5.1	35.7	271.4	299.2	624.1
Transfer	86.2	(2.5)	12.6	(3.4)	(104.2)	(11.3)
Disposals	(6.1)	–	–	(20.1)	(4.7)	(30.9)
Depreciation	(14.0)	(5.5)	(26.3)	(148.3)	(164.2)	(358.3)
Exchange differences	–	–	–	0.9	0.2	1.1
Amounts acquired in a business combination	919.8	–	269.3	–	1,049.4	2,238.5
Other ^(a)	–	–	–	(2.7)	(3.0)	(5.7)
Carrying amount at end of the year	1,044.8	40.6	291.3	869.4	1,178.6	3,424.7
At cost	1,214.0	112.6	548.5	1,960.9	3,744.1	7,580.1
Accumulated depreciation	(169.2)	(72.0)	(257.2)	(1,091.5)	(2,565.5)	(4,155.4)
Total property, plant and equipment	1,044.8	40.6	291.3	869.4	1,178.6	3,424.7

(a) Other includes net transfer from inventory, impairments and reclassifications.

14. Producing and development assets

Accounting policy

Producing and development assets are carried at historical cost less accumulated depreciation.

Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within development assets.

Depreciation/amortisation

Producing oil and gas properties are depreciated/amortised on a unit of production basis over the total proved developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Assessment of recoverable amount and key assumptions used

Producing and development asset valuations are based on the expected production profile of reserves and resources and various estimates and assumptions. For the purposes of assessing impairment, the recoverable amount of an asset or cash generating unit (CGU) is based on the greater of its fair value less costs of disposal (FVLCD) and its value-in-use (VIU), using a discount rate specific to the asset. Where the carrying value is less than the recoverable value, an impairment is expensed in the profit or loss.

The estimated future cash flows for the VIU calculation are based on various estimates, the most significant of which are reserves, future production profiles, commodity prices, operating costs and any future development costs necessary to produce the reserves. For the FVLCD calculation, future cash flows are based on estimates of reserves in addition to other relevant factors such as value attributable to additional resources and additional tolling arrangements.

The cash flow projections for Bivins Ranch and Longtom reflect the expected production profile of reserves and resources. The discount rates applied to the forecast cash flows are based on the weighted average cost of capital adjusted for risks where appropriate including the functional currency of the asset and the risk profile of the country in which the asset operates. The post-tax discount rates that have been applied range between 8.2 to 9.1 per cent (2022: between 8.0 to 8.6 per cent).

The cash flow projections for the Crux Joint Operation (Crux JO) include assumptions on the expected production profile of reserves and resources, facility design, project development cost (including input price escalation), a long-term oil price assumption of US\$72/bbl (2022 US\$72/bbl) has been used to estimate a long-term LNG price and post-tax discount rate of 8.2 per cent (2022: 8.0 per cent). It is possible a change in these assumptions could result in an adjustment to the carrying value of the Crux JO.

Project development costs

Estimates of project development costs are integral to cash flow projections. The Group's best estimate of project development costs is made with reference to internally derived cost estimates or joint venture project development budgets. These estimates and budgets require assumptions to be made regarding cost of construction and installation of surface and subsurface assets, including design, engineering, procurement and input price escalation, labour and vessel availability and the project schedule. The project schedule may require modification for items including but not limited to task dependencies, changes in scope, for project uncertainty. An adverse change to the Group's estimates of project development costs, if it were to occur may require an adjustment to the carrying amount of producing and development assets.

Operating Assets and Liabilities

14. Producing and development assets (continued)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Estimates on reserve quantities and quality

The estimated quantities and quality of reserves and resources are integral to the calculation of amortisation expense and the assessment of the recoverable amount of assets. Estimated reserve and resource quantities and quality is based on interpretations of geological and geophysical models and assessments of technical feasibility and commercial viability of future production. These estimates require assumptions to be made regarding future development and production costs, commodity prices and exchange rates. The estimates of reserves and resources may change from period to period, and as additional geological data is generated or obtained from the operator during the course of the operations. Reserves and resource estimates are prepared in accordance with relevant local guidelines, including SPE-PRMS guidelines in Australia prepared by the Society of Petroleum Engineers.

Pipeline and gas processing availability

The Longtom gas and condensate field is connected to the Patricia Baleen pipeline and the Orbest Gas Plant. The estimated cash flows are predicated on achieving contractual access to this infrastructure in order to transport and process gas and condensate produced by the field. Negotiations in respect of securing access to these facilities are ongoing, and should this not be secured, it is reasonably possible that an adjustment to the carrying amount of the Longtom asset of \$119.6 million (2022: \$112.2 million) could be required.

Estimation on commodity prices

The Group's best estimate of future commodity prices is made with reference to internally derived forecast data, current spot prices, external market analysts forecast and forward curves. Future commodity price assumptions impact the recoverability of carrying values and are reviewed at least annually.

Climate change

Current climate change legislation is considered in estimating cash flows. Estimates of cashflows include impact of current climate change legislation, including the Safeguard Mechanism. Recent changes to Safeguard Mechanism base lines and potential application of the Trade Exposed Baseline Adjustment are still being assessed by the Group and joint ventures and where applicable may have a direct cost impact and increase exposure to availability or cost of carbon offsets. Once finalised, these changes may require an adjustment to the carrying amount of producing and development assets. Climate change risks may result in a proportion of reserves becoming incapable of economic extraction, demand for hydrocarbons decreasing due to policy, regulation including carbon pricing, legal, technological, market or societal responses to climate change and physical aspects related to extreme weather events or climate change.

Movement in producing and development assets

	2023 \$m	2022 \$m
Carrying amount at beginning of the year	365.7	112.2
Additions	110.8	–
Transfer from exploration and evaluation	–	253.5
Carrying amount at end of the year	476.5	365.7
At cost	620.9	505.0
Accumulated depreciation	(23.3)	(22.7)
Accumulated impairment	(121.1)	(116.6)
Total producing and development assets	476.5	365.7

The Group's operating interests in producing and development assets are held through the Group's wholly-owned subsidiaries as follows:

- the Longtom gas and condensate field located in the Bass Strait off the coast of Victoria through SGH Energy VICP54 Pty Limited;
- the Crux AC/L10 oil and gas project located off the coast of Western Australia through SGH Energy WA Pty Limited; and
- the Bivins Ranch oil and gas asset located in the Texas Panhandle region of the United States through Seven Network (United States) Inc.

Asset	Operator of joint operation	UNINCORPORATED INTEREST	
		2023 %	2022 %
Crux AC/L10	Shell Australia Pty Limited	15.5	15.5
Bivins Ranch	Presidio Petroleum LLC	11.2	11.2

The Crux AC/L10 natural gas and condensate field is off the coast of Western Australia. The Crux asset is a primary source of back fill gas supply to the Shell Operated Prelude floating liquefied natural gas facility (Prelude FLNG). Both the Prelude FLNG and Crux AC/L10 projects are operated by Shell Australia. The Crux asset is in the construction phase with first gas expected in 2027.

As at 30 June 2023, the Group performed an impairment review of its producing and development assets in accordance with AASB 136: Impairment of Assets. The review has not indicated any trigger events or indicator that the Longtom or Crux asset may be impaired or that the Bivins Ranch impairment be reversed.

Contingent liabilities in respect of joint venture operations are detailed in Note 27: Contingent liabilities and development expenditure commitments and capital commitments in respect of joint venture operations are detailed in Note 28: Commitments.

15. Intangible assets

Accounting policy

Distribution networks

The distribution networks of the Group are considered by the Directors to be identifiable intangible assets.

The Directors are of the opinion that the distribution networks have an indefinite useful life, and as such the distribution networks are not subject to amortisation but rather are tested annually for impairment or more frequently if events or changes in circumstances indicate impairment. The basis for the classification of indefinite life is that the dealership agreements do not require specific renewal over set intervals thus the distribution rights continue uninterrupted unless a cause to terminate is triggered.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/equity accounted investee at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is not amortised, but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs (or groups of CGUs) for the purpose of impairment testing. Each of those CGUs (or groups of CGUs) represents the Group's investment in each country of operation by each operating segment.

Brand names

Brand names have been assessed as having an indefinite useful life and as a result are not amortised. Instead, brand names are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and are carried at cost less accumulated impairment losses.

Impairment of intangible assets

Goodwill and intangible assets that have an indefinite life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less cost of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in profit or loss.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Dependency on key suppliers

WesTrac is dependent on Caterpillar to maintain its authorisation as an authorised dealer of Caterpillar equipment and parts in Western Australia and New South Wales/Australian Capital Territory. WesTrac has maintained a strong relationship with Caterpillar and although WesTrac expects this relationship to continue, as is customary in dealer agreements with Caterpillar, the dealer agreement can be terminated by either party upon 90 days notice at any time.

The Group is dependent on Caterpillar for timely supply of equipment and parts from their global manufacturing factories and distribution warehouses. During periods of intense demand or in the event of disruption to Caterpillar's business there may be delays in the supply of equipment and parts to WesTrac. This has not in the past proven to be an impediment to WesTrac.

Management judgement is required to estimate the impact of the loss of key suppliers on future earnings, supporting existing goodwill and intangible assets.

Impairment of intangible assets

In accordance with AASB 136: Impairment of Assets, the recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less cost of disposal. In the absence of quoted market prices, an asset's or CGU's value-in-use or fair value less cost of disposal is calculated by estimating the present value of future cash flows using an asset specific discount rate. These calculations also require the use of assumptions regarding profit margins, growth rates and discount rates.

Operating Assets and Liabilities

15. Intangible assets (continued)

Movement in intangible assets

	Goodwill \$m	Distribution network \$m	Brand names \$m	Other ^(a) \$m	Total \$m
YEAR ENDED 30 JUNE 2023					
Carrying amount at beginning of the year	1,652.4	328.8	207.6	40.2	2,229.0
Additions	–	–	–	3.2	3.2
Disposals	–	–	–	(1.1)	(1.1)
Amortisation	–	–	–	(8.9)	(8.9)
Carrying amount at end of the year	1,652.4	328.8	207.6	33.4	2,222.2
At cost	2,380.8	328.8	207.6	94.2	3,011.4
Accumulated impairment	(728.4)	–	–	–	(728.4)
Accumulated amortisation	–	–	–	(60.8)	(60.8)
Total intangible assets	1,652.4	328.8	207.6	33.4	2,222.2
YEAR ENDED 30 JUNE 2022					
Carrying amount at beginning of the year	1,145.5	329.9	126.4	25.6	1,627.4
Additions	1.3	–	–	6.9	8.2
Disposals	–	–	–	(1.4)	(1.4)
Amounts acquired in a business combination	1,232.9	–	81.2	17.7	1,331.8
Impairment	(728.4)	–	–	–	(728.4)
Amortisation	–	–	–	(8.6)	(8.6)
Transfers	1.1	(1.1)	–	–	–
Carrying amount at end of the year	1,652.4	328.8	207.6	40.2	2,229.0
At cost	2,380.8	328.8	207.6	92.1	3009.3
Accumulated impairment	(728.4)	–	–	–	(728.4)
Accumulated amortisation	–	–	–	(51.9)	(51.9)
Total intangible assets	1,652.4	328.8	207.6	40.2	2,229.0

(a) Other includes the following finite lived intangibles; intellectual property, contracts from acquisition (useful life 5 years) and software (useful life 4–10 years).

Impairment of intangible assets

Impairment tests for goodwill, distribution network and brand names

Goodwill, distribution network and brand name costs are allocated to the Group's CGUs identified according to the appropriate operating segment. A segment level summary of the allocation is presented below.

	Goodwill \$m	Distribution network \$m	Brand names \$m	Total \$m
YEAR ENDED 30 JUNE 2023				
WesTrac	98.2	326.8	–	425.0
Coates	1,049.9	2.0	126.4	1,178.3
Boral	504.3	–	81.2	585.5
Total goodwill, distribution network and brand names	1,652.4	328.8	207.6	2,188.8
YEAR ENDED 30 JUNE 2022				
WesTrac	98.2	326.8	–	425.0
Coates	1,049.9	2.0	126.4	1,178.3
Boral	504.3	–	81.2	585.5
Total goodwill, distribution network and brand names	1,652.4	328.8	207.6	2,188.8

Goodwill, distribution network and brand names

The carrying amount of goodwill and other indefinite life intangibles is tested for impairment annually at 30 June and whenever there is an indicator that the asset or CGU may be impaired. Where an asset or CGU is deemed to be impaired, it is written down to its recoverable amount. The recoverable amount is based on value-in-use calculations. These recoverable amount calculations use discounted cash flow projections based on financial budgets and forecasts approved by management. Cash flow projections utilised for value-in-use financial budgets cover a five year period with a growth rate used to extrapolate cash flow projections for subsequent years.

Key assumptions used for value-in-use calculations

	2023 Growth rate ^(a) %	2023 Discount rate (pre-tax) %	2022 Growth rate ^(a) %	2022 Discount rate (pre-tax) %
WesTrac	2.0	12.57	2.0	11.76
Coates	2.0	12.86	2.0	11.64
Boral	2.5	12.14	2.5	11.43

(a) The weighted average growth rate used to extrapolate cash flows beyond the budget or forecast period.

Growth rate assumptions have been determined with reference to historical company experience and expectations of long-term operating conditions. The growth rates do not exceed long-term industry growth rates for the industry in which the business operates. Discount rate assumptions above reflect the Group's estimate of the time value of money and specific risks to the relevant segments and the countries in which they operate. In determining appropriate discount rates, consideration has been given to the estimated Weighted Average Cost of Capital for the Group, adjusted for business specific risks to the CGU.

Impairment of goodwill

In the prior year, an impairment loss of \$728.4 million was recognised relating to Boral goodwill recognised on acquisition. There was no impairment trigger in relation to the current year and no further impairment was required to be recognised.

Sensitivity analysis

Based on sensitivity analysis performed no reasonable change in the key assumptions above would give rise to an impairment for WesTrac, Coates or Boral.

Operating Assets and Liabilities

16. Provisions

Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required on settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities assumed in a business combination where the fair value of contingent liabilities of the acquiree are present obligations arising from a past event and the fair values can be reliably estimated, even if it is not probable that an outflow of resources will occur, are included in provisions.

Restoration and environmental rehabilitation	<p>A provision for restoration or decommissioning is recognised when there is a legal or constructive obligation to do so. A corresponding restoration or decommissioning asset is created equivalent to the amount of the provision. The amount recognised is the estimated cost of restoration, discounted to its net present value. This is reassessed each year in accordance with local conditions and requirements.</p> <p>The restoration and environmental rehabilitation provision comprises mainly:</p> <ul style="list-style-type: none"> – rehabilitation obligations for decommissioning, removal and repair of site and restoration of quarries; – remediation obligations for any identified environmental contamination of sites owned by the Group, or contamination that the Group has caused, to enable ongoing use of the land as an industrial property or future development; – makegood provisions included in the lease agreements for which the Group has a legal or constructive obligation; and – restoration and decommissioning costs associated with environmental obligations.
Claims	<p>A provision is raised for liabilities arising from the ordinary course of business in relation to claims against the Group, including self-insurance, workers compensation insurance, legal and other claims. Where recoveries are considered virtually certain in respect of such claims, these are included in other receivables.</p>
Other	<p>Other provisions includes provisions for:</p> <ul style="list-style-type: none"> – rationalisation and restructuring which are recognised when steps have been taken to implement a detailed plan, including discussions with affected personnel, with employee related costs recognised over the period of any required future service; – onerous contracts in which the unavoidable cost of meeting the obligations under the contract exceeds the economic benefit expected to be received; – unfavourable contracts acquired in a business combination where the fair value of contracts are unfavourable when compared with current market terms; and – fair value of make-whole costs for debt holders early repayment on fixed term debt on restructure.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Restoration and environmental rehabilitation

Management is required to make judgements regarding content level of disturbance, remaining asset life, removal method, future legislation, reclamation activities required, engineering estimating methodologies, future removal technologies and discount rates to determine the present value of the cash flows.

Most of these decommissioning events are many years in the future and the precise requirements that have to be met when the removal event occurs are uncertain. Changes in the estimates of restoration cost are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the restoration asset.

Oil and gas

The Group holds provisions for the future removal costs of oil and gas production facilities and pipelines at different stages of the development, construction and end of their economic lives. The provision includes the following costs:

- for offshore assets, provision has been made for restoration plans including installation of permanent well barriers, sever casings and conductors, recovery of nearshore subsea flowlines, umbilicals and manifolds. It is currently the Group's intention to leave all subsea pipelines in-situ on the basis of restoration plans delivering equal or better environmental, safety and well integrity outcomes than removal. In the event that removal of all or a substantial portion was required, the Group estimates the additional cost would lead to an increase to the provision of approximately \$22.0 million.
- for non-operated joint venture assets, the provision recorded represents the Group's share of the relevant Joint Venture operator estimate as responsibility for the restoration will reside with the operator who has the best knowledge and understanding of the assets. The Group regularly assesses the operator estimates with the assistance of experts appointed by the Group.

Actual costs and cash outflows can materially differ from the current estimate as a result of changes in regulations and their application, prices, analysis of site conditions, further studies, timing of restoration, achievability of restoration efficiencies (such as joint campaigning or use of vessels in the vicinity) and changes in removal technology.

The discount rate used to determine the present value of future cash flows was 4.0 per cent (2022: 3.6 per cent), based on applicable government bonds with a tenure aligned to the tenure of the liability. If the discount rate was decreased by 0.5 per cent, it would lead to an increase in the provision of approximately \$6.8 million.

Quarries

The Group holds provisions for the future rehabilitation costs of quarries. The Group's provision includes cost of demolition of quarry plant and equipment and rehabilitation of pits.

Alternate end-use outcomes, such as earth exchange or landfill, is considered in the calculation of the rehabilitation provision.

This is based on a range of factors, including whether a current approval for earth exchange or landfill is in place, the location of the quarry, ABS data supporting expected long-term urban development, and underlying demand for earth exchange or landfill over a time period. Whilst we believe that the mitigation of outflows is probable, in the event that the expected earth exchange or land fill mitigation of outflows are not fully realised or available, the Group estimates this would lead to an increase to the provision of approximately \$70.0 million.

Actual costs and cash outflows can materially differ from the current estimate as a result of changes in regulations and their application, prices, analysis of site conditions, further studies, timing of demolition and restoration, potential for site for earth exchange or landfill and changes in removal or restoration technology.

The discount rate used to determine the present value of future cash flows was 4.0 per cent, based on applicable government bonds with a tenure aligned to the tenure of the liability. If the discount rate was decreased by 0.5 per cent it would lead to an increase to the provision of approximately \$12.7 million.

Operating Assets and Liabilities

16. Provisions (continued)

Movement in provisions

	Restoration and environmental rehabilitation \$m	Claims \$m	Other \$m	Total \$m
YEAR ENDED 30 JUNE 2023				
Balance at beginning of the year	296.8	69.8	224.6	591.2
Amounts provided for	11.3	22.3	18.9	52.5
Amounts used	(12.3)	(10.4)	(14.0)	(36.7)
Release of provision	–	–	(47.2)	(47.2)
Exchange differences	1.4	0.2	–	1.6
Transfer	–	(5.8)	5.8	–
Unwind of discount	8.1	–	2.6	10.7
Balance at end of the year	305.3	76.1	190.7	572.1
Current	24.0	24.9	52.9	101.8
Non-current	281.3	51.2	137.8	470.3
Total provisions	305.3	76.1	190.7	572.1
YEAR ENDED 30 JUNE 2022				
Balance at beginning of the year	61.8	–	38.4	100.2
Amounts assumed in a business combination	198.5	65.7	194.8	459.0
Amounts provided for	15.0	10.2	29.4	54.6
Amounts used	(4.5)	(7.3)	(17.1)	(28.9)
Release of provision	–	–	(6.0)	(6.0)
Exchange differences	3.1	1.2	–	4.3
Transfer	14.9	–	(14.9)	–
Unwind of discount	8.0	–	–	8.0
Balance at end of the year	296.8	69.8	224.6	591.2
Current	37.8	26.9	69.3	134.0
Non-current	259.0	42.9	155.3	457.2
Total provisions	296.8	69.8	224.6	591.2

Provisions above include contingent liabilities assumed through the acquisition of Boral in the prior year including:

- Restoration and environmental rehabilitation – includes non-current environmental remediation with a carrying amount at the end of the year of \$18.9 million. No amounts have been used during the year.
- Claims and Other – includes provisions in respect of environmental and legal matters where further disclosure of the matters and the amounts provided can be expected to prejudice the position of the Group.

17. Employee benefits

Accounting policy

Employee benefits

Employee benefits include provisions for annual leave and long service leave.

The current provision for long service leave includes all unconditional entitlements where employees have completed the required service period and those where employees are entitled to pro-rata payments in certain circumstances. The majority of the amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in provisions in respect of employee services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

The Group contributes to a superannuation fund which provides accumulated contribution plans. Contributions are charged against the profit or loss in the period to which they relate.

Share based payments

The fair value of options granted under the Company's cash-settled option plan is recognised as an employee benefit expense with a corresponding increase in liability. The expense and the liability incurred are measured at the fair value of the liability. The liability is recorded within Other payables.

The fair value at grant date is independently determined using Black-Scholes and Binomial option pricing models that take into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity remeasures the fair value of the options, with any changes in value recognised in the profit or loss as a finance cost.

The fair value of equity-based entitlements settled in equity instruments is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is estimated at grant date and recognised over the period during which the employees become unconditionally entitled to the equity instrument.

The amount recognised as an expense is adjusted to reflect the actual number of entitlements that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

	2023 \$m	2022 \$m
CURRENT		
Annual leave	93.3	93.4
Long service leave	88.2	88.0
Other employee benefits	18.0	5.3
Total employee benefits – current	199.5	186.7
NON-CURRENT		
Long service leave	17.4	22.5
Total employee benefits – non-current	17.4	22.5

Superannuation contributions

The Group makes contributions on behalf of employees to defined contribution superannuation funds. The amount recognised as an expense was \$123.6 million (2022: \$113.5 million) for the year.

Share-based payments

The amounts recognised as an expense for equity-settled share-based payments during the year was \$10.0 million (2022: \$5.8 million) and is included within Employee benefits expense. A further \$1.1 million (2022: \$1.3 million) was recognised in relation to cash-settled share-based payments and is included within Employee benefits expense and Other payables.

Cash Management

18. Cash and cash equivalents

Accounting policy

Bank balances includes cash on hand and deposits held at call with financial institutions. Call deposits include other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2023 \$m	2022 \$m
Bank balances	288.6	381.7
Call deposits	587.9	872.9
Cash and cash equivalents	876.5	1,254.6

19. Notes to the cash flow statement

	2023 \$m	2022 \$m
Reconciliation of profit for the year to net cash flows related to operating activities		
Profit for the year	646.5	607.4
Income tax expense	208.8	166.1
Income taxes paid	(84.0)	(196.2)
Depreciation and amortisation:		
Right of use assets	101.9	107.5
Property, plant and equipment	400.8	358.3
Intangible assets	8.9	8.6
Capitalised borrowing costs amortised	6.5	13.5
Employee share movements in equity	10.0	5.8
Gain on sale of property, plant and equipment	(15.1)	(16.7)
Revaluation of equity accounted investment arising from acquisition of Boral	–	(756.8)
Gain on disposal of discontinued operations	(18.9)	(52.9)
Impairment of equity accounted investee	75.9	83.4
(Gain)/loss from investment in equity accounted investee	(2.3)	10.2
Impairment of intangible assets	–	728.4
Share of results from equity accounted investees	(199.6)	(257.2)
Gain on settlement of interest bearing liabilities	(11.2)	–
Dividends received from equity accounted investees	44.8	22.1
Unwind of interest on convertible note and exchangeable bond	8.5	9.3
Accrued investing flows for property, plant and equipment and other investments	(78.0)	157.1
Other	6.1	0.2
Movement in:		
Trade and other receivables	(114.6)	(171.4)
Inventories	(153.4)	(347.8)
Other assets	(50.7)	(11.4)
Trade and other payables and deferred income	414.1	62.5
Provisions and employee benefits	(11.4)	(17.6)
Net operating cash flows	1,193.6	512.4

During the year, \$96.0 million (2022: \$51.0 million) was incurred as non-cash investing expenditure in relation to the Group's investment in Boral. Refer to Note 20: Interest bearing loans and borrowings for further detail.

20. Interest bearing loans and borrowings

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities which are not incremental costs relating to the actual draw down of the facility, are recognised on a net basis against borrowings and amortised on a straight line basis over the term of the facility.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. Where borrowings have prepayment rights, modification of the borrowing may be treated as the equivalent of a prepayment, resulting in derecognition of the existing borrowing and origination of a new borrowing. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or any liabilities assumed, is recognised in other income or expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

	2023 \$m	2022 \$m
CURRENT		
Interest bearing liabilities	367.4	363.1
Fixed term US dollar notes and bonds	83.0	682.0
Convertible notes	–	322.5
Less: capitalised borrowing costs net of accumulated amortisation	–	(2.6)
Total interest bearing loans and borrowings – current	450.4	1,365.0
NON-CURRENT		
Interest bearing liabilities	1,565.4	1,644.3
Convertible notes	44.1	–
Exchangeable bond	221.4	–
Fixed term US dollar notes and bonds	2,687.5	2,697.7
Fair value adjustment – cross currency swaps	(58.2)	(28.7)
Less: capitalised borrowing costs net of accumulated amortisation	(17.4)	(15.7)
Total interest bearing loans and borrowings – non-current	4,442.8	4,297.6

At 30 June 2023, the Group had available undrawn borrowing facilities of \$1,226.0 million (2022: \$1,081.2 million). The Group's interest bearing liabilities (including derivatives) as at 30 June 2023 had a weighted average interest rate of 5.6 per cent (2022: 4.0 per cent) including margins and unused line fees.

Details of the fair values of each of the borrowings as well as the Group's exposure to interest rate, foreign currency and liquidity risk related to interest bearing loans and borrowings is disclosed in Note 21: Financial risk management.

Interest bearing liabilities

Current interest bearing liabilities include the Group's equity swaps, current portion of US private placement notes and short-term working capital facilities. Of the working capital facilities, \$1.5 million is secured against plant and equipment.

Non-current interest bearing liabilities include amounts drawn from the Group's revolving syndicated loan facility, long-term Inventory Rental Assistance Program Facility and subsidiary bank debt.

Equity settled swaps

In October 2022, the Group entered into further equity-settled swaps for Boral shares of \$96.0 million. Equity swaps had a notional value totalling \$365.5 million at June 2023 (2022: \$270.1 million). The swaps mature in October 2023. In February 2023, the Group settled the equity-settled swap over Beach shares of \$45.1 million. Margin of \$65.6 million (2022: \$112.5 million) has been deposited and is reflected in the accounts under Trade and other receivables. AASB 9: Financial Instruments does not apply to interests in controlled entities for the Boral swap, or interests in associates accounted for using the equity method for the Beach swap in the prior year.

Syndicated loan facility

The syndicated loan facility comprises three tranches A, B and C. In October 2022, Tranche B of the syndicated loan facility was amended to increase the limit by \$50.0 million and in June 2023 the limit was increased by a further \$80.0 million. Tranche A provides a \$558 million limit until September 2024, Tranche B provides a \$1,030 million limit until September 2027 and Tranche C provides a limit of \$280 million to April 2027. The facility is unsecured and is supported by guarantees by the Company and certain subsidiaries within the Group.

Convertible notes and Exchangeable bond

The Company issued 3,500 convertible notes (Notes) on 5 March 2018 at a nominal value of \$350.0 million and paying a cash coupon of 2.2 per cent per annum. Shareholder approval was obtained at the Company's 2018 Annual General Meeting. The Notes are listed on the Singapore Exchange and mature in March 2025 at their nominal value. Alternatively, they can be converted into ordinary shares at the holder's option at a conversion price of \$24 per ordinary share (subject to adjustments as stipulated in the terms of the convertible notes), with an early redemption option which was exercisable in January 2023. The fair value of the liability for the Notes was calculated with reference to market interest rates for an equivalent corporate bond without a conversion feature.

In October 2022, the Company announced an Exchangeable bond (Bonds) transaction which resulted in the part repurchase of the existing Notes and the issuance of \$250.0 million Bonds. Approximately 32.6 per cent (1,142 Notes for \$114.2 million) of the Notes were repurchased at par value of \$100,000 per Note, which was funded by the Bonds. In January 2023, note holders exercised their early redemption option on the Notes resulting in a further 1,894 Notes (\$189.4 million) being repurchased and cancelled. The total number of ordinary shares which will be issued if the remaining 464 Notes are converted is 1,941,422. Refer to Note 29: Events subsequent to balance date for details of Notes converted subsequent to year end.

The Bonds have a fixed coupon of 4.625 per cent per annum and are exchangeable into fully paid ordinary shares of Boral Limited. The fair value of the liability for the Bonds was calculated with reference to market interest rates for an equivalent corporate bond without a conversion feature. The equity component was recognised in the Equity reserve. The Bonds mature in October 2027, with a note holder early redemption option in October 2025.

Cash Management

20. Interest bearing loans and borrowings (continued)

Fixed term US dollar notes

The Private Placement notes are unsecured and issued in US Dollar and Australian Dollar. The US144A notes are issued in US Dollars. Principal and coupon payments for the US Dollar denominated notes issued by WesTrac and Coates are hedged by cross currency interest rate swaps. The US Dollar denominated notes issued by Boral are hedged by cross currency interest rate swaps and US Dollar cash reserves. The Group has issued USPP notes denominated in US currency of US \$1,137.0 million (2022: US \$1,182.0 million) and A\$753.8 million with maturities ranging from 2023 to 2041. US144A notes total US\$200.0 million (2022: US\$626.9 million), maturing in 2028. Interest is payable half yearly in arrears. Subsequent to year end, on 7 July 2023, WesTrac repaid US\$55.0 million of the USPP notes. The amount and maturity of the notes, including the effective hedge position, is summarised below.

Notes	Agreement	2023 Amount USD \$m	2023 Spot amount AUD \$m	2022 Amount USD \$m	2022 Spot amount AUD \$m	2023 Hedge amount AUD \$m	Interest rate (incl. margin) %	Maturity date
US\$ PRIVATE PLACEMENT NOTES								
WesTrac Series A	2011	–	–	45.0	65.3	–	6.29%	7 Jun 23
WesTrac Series B	2011	55.0	83.0	55.0	79.8	53.6	6.55%	7 Jul 23
WesTrac Series C	2011	75.0	113.1	75.0	108.9	73.1	6.35%	7 Jun 26
WesTrac Series D	2011	100.0	151.0	100.0	145.2	97.4	6.62%	7 Jul 26
WesTrac Series A	2020	75.0	113.1	75.0	108.9	115.2	7.96%	7 Jul 27
WesTrac Series B	2020	75.0	113.1	75.0	108.9	115.2	8.14%	7 Jul 32
Boral Series A	2018	41.0	61.8	41.0	59.5	61.8	4.16%	1 May 27
Boral Series B	2018	24.0	36.2	24.0	34.8	36.2	4.31%	1 Mar 30
Boral Series C	2018	225.0	339.4	225.0	326.6	339.4	4.05%	16 Apr 26
Boral Series B	2020	100.0	150.8	100.0	145.2	150.8	4.58%	28 May 27
Coates Series A	2022	125.0	188.5	125.0	181.4	171.9	3.84%	12 Jan 29
Coates Series B	2022	108.0	162.9	108.0	156.8	148.5	4.17%	12 Jan 32
Coates Series C	2022	134.0	202.1	134.0	194.5	184.2	4.38%	12 Jan 34
US\$ 144A NOTES								
Boral Series A	2017	–	–	126.9	184.2	–	3.00%	1 Nov 22
Boral Series B	2017	200.0	301.7	500.0	725.8	295.9	4.74%	1 May 28
Total US\$ Notes		1,337.0	2,016.7	1,808.9	2,625.8	1,843.2	5.04%	
A\$ PRIVATE PLACEMENT NOTES								
WesTrac Series E	2011	–	48.8	–	48.8	48.8	7.96%	7 Jul 41
WesTrac Series C	2020	–	230.0	–	230.0	230.0	4.27%	7 Jul 30
WesTrac Series A	2021	–	75.0	–	75.0	75.0	3.12%	23 Aug 31
Coates Series D	2022	–	140.0	–	140.0	140.0	3.76%	12 Jan 29
Coates Series E	2022	–	130.0	–	130.0	130.0	4.09%	12 Jan 32
Coates Series F	2022	–	130.0	–	130.0	130.0	4.30%	12 Jan 34
Total A\$ Notes		–	753.8	–	753.8	753.8	4.27%	

Reconciliation of liabilities arising from financing activities

Changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes, are detailed below. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	At Jun 2022 \$m	Financing cash flows \$m	Effect of exchange rates \$m	Other ^(a) \$m	At Jun 2023 \$m
INTEREST BEARING LOANS AND BORROWINGS					
Interest bearing liabilities	2,007.4	(77.8)	–	3.2	1,932.8
Fixed term US dollar notes and bonds	3,379.7	(672.5)	63.3	–	2,770.5
Convertible notes	322.5	(189.4)	–	(89.0)	44.1
Exchangeable bond	–	135.7	–	85.7	221.4
Capitalised borrowing costs	(18.3)	(8.5)	–	9.4	(17.4)
Fair value adjustment	(28.7)	–	–	(29.5)	(58.2)
Total interest bearing loans and borrowings	5,662.6	(812.5)	63.3	(20.2)	4,893.2
LEASE LIABILITIES					
Lease liabilities	964.3	(85.1)	7.0	98.3	984.5
Total lease liabilities	964.3	(85.1)	7.0	98.3	984.5
Total	6,626.9	(897.6)	70.3	78.1	5,877.7

(a) Other includes a settlement of Convertible notes by issue of Exchangeable bond, a non-cash net increase in liabilities related to equity-settled swaps and liabilities, profit on settlement of US Notes and discount unwind of Convertible notes and Exchangeable bond.

Financial Assets and Liabilities

21. Financial risk management

Overview

Risk management policies are established to identify and demonstrate that the Group understands and manages risk and seeks to ensure that there is consistency to the methods used in assessing, monitoring and communicating risks and that risk management efforts are aligned with the Group's strategic and business objectives.

The Group has exposure to the following risks through the normal course of its operations and from its use of financial instruments:

- (a) Market risk
- (b) Liquidity risk
- (c) Credit risk

The following presents information, both qualitative and quantitative, about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Board has established a sound system of risk oversight and management and internal control which includes the establishment of the Audit & Risk Committee (ARC). The ARC has been constituted with the function of assisting the Board to ensure that its corporate governance and oversight responsibilities are fulfilled in relation to risk management and compliance with applicable laws and regulations.

The ARC is responsible for reviewing, evaluating and making recommendations to the Board in relation to:

- assessing the risk management, compliance and control environment as it relates to the external and internal audit plans;
- overseeing financial reporting; and
- evaluating internal and external audit.

At the reporting date the Group held the following financial instruments:

	Note	2023 \$m	2022 \$m
Financial assets/(liabilities)			
Cash and cash equivalents	18	876.5	1,254.6
Financial assets/(liabilities) carried at amortised cost			
Trade and other receivables	8	1,649.3	1,534.7
Trade and other payables (excluding accruals)		(749.1)	(680.0)
Fixed term US dollar notes	20	(2,770.5)	(3,379.7)
Fair value adjustment relating to US dollar notes	20	58.2	28.7
Convertible notes and Exchangeable bond	20	(265.5)	(322.5)
Interest bearing loans and borrowings	20	(1,932.8)	(2,007.4)
Financial assets carried at fair value through other comprehensive income			
Listed equity securities (excluding derivatives)	22	–	52.0
Unlisted equity securities	22	96.2	110.7
Derivative financial instruments designated and effective and carried at fair value through profit or loss			
Derivative financial assets	23	188.1	218.4
Derivative financial liabilities	23	(69.0)	(65.9)
Total financial assets and financial liabilities		(2,918.6)	(3,256.4)

(a) Market risk

The Group is exposed to market risk through foreign exchange, interest rate, equity price, commodity price and energy price risk.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group is exposed to fluctuations in foreign currency, predominantly in United States Dollar (USD).

The Group will seek to minimise exposure to foreign exchange risk by initially seeking contracts effectively denominated in AUD where possible. Where this is not possible the Group will manage foreign exchange risk as follows:

- in certain circumstances the Group invoices customers in USD. Where the Group invoices in USD it may seek to match the USD receipt with USD denominated vendor payments. As a result, an economic hedge is created by minimising exposure to changes in the AUD/USD exchange rate. Payments and receipts are made from and to the Group's USD denominated bank account.
- external forward contracts and options are used to manage foreign exchange risk. Contracts are entered into on a transaction by transaction basis to hedge specific purchases, sales and borrowings.

Financial Assets and Liabilities

21. Financial risk management (continued)

The Group's foreign exchange risk from recognised assets and liabilities arises primarily from long-term USD denominated borrowings (refer to Note 20: Interest bearing loans and borrowings). The Group effectively hedges its long-term foreign denominated borrowings using a combination of designated forward exchange contracts and cross currency swaps. At times, the Company may choose to hold cash positions in USD to hedge against anticipated weakening in the AUD.

The financial statements for foreign group companies that have a functional currency different from Australian Dollars are translated into Australian Dollars on consolidation in accordance with Note 1(E): Foreign currency translation. Exchange differences arising from the translation are taken to reserves and as such the individual account balances of these Group companies are excluded from the table below.

Excluding assets and liabilities for foreign Group entities translated in accordance with Note 1(E), the Group's exposure to foreign currency risk was as follows, based on notional amounts:

FOREIGN CURRENCY RISK	2023 US\$m	2022 US\$m
Cash and cash equivalents	31.0	10.3
Trade and other receivables	69.2	98.9
Trade and other payables	(391.8)	(247.6)
Borrowings	(1,237.0)	(1,708.9)
Unlisted equity securities	63.8	76.3
Derivative financial instruments	104.2	99.8
Closing exchange rates(a)	0.6630	0.6889

(a) Closing rate per the Reserve Bank of Australia at 4pm (AEST) on 30 June 2023.

Sensitivity analysis

As at 30 June 2023, the closing AUD/USD exchange rate was 0.6630 (2022: 0.6889) as reported by the Reserve Bank of Australia. A foreign currency sensitivity of +/- five per cent has been selected and is considered reasonable given the historical AUD/USD exchange rates prevailing in the year ended 30 June 2023. During the year, the average AUD/USD exchange rate was 0.6734 (2022: 0.7258) and traded within a range of 0.6230 to 0.7150 (2022: 0.6879 to 0.7615).

At 30 June 2023, had the AUD/USD exchange rate moved by five per cent, with all other variables held constant, post tax profit/(loss) and equity would have been affected as illustrated in the table below:

JUDGEMENT OF REASONABLY POSSIBLE MOVEMENTS	2023 Profit/(loss) \$m	2023 Equity \$m	2022 Profit/(loss) \$m	2022 Equity \$m
AUD to USD +5%	15.5	(6.6)	6.9	0.9
AUD to USD -5%	(17.1)	11.8	(7.7)	(0.4)

A sensitivity of five per cent is considered reasonable given the current level of prices and the volatility observed both on a historical basis and market expectations for future movements.

Adverse versus favourable movements are determined relative to the net underlying exposure. An adverse movement in exchange rates implies an increase in the Group's foreign currency exposure leading to deterioration in the Group's financial position. A favourable movement in exchange rates implies a decrease in the Group's foreign currency exposure and an improvement in the Group's financial position.

The Group's exposure to other foreign exchange movements is not material.

(ii) Interest rate risk

The Group's exposure to interest rate risk arises from AUD cash deposits and short to medium term borrowings which are at variable interest rates in AUD. Generally, long-term fixed rate borrowings are obtained in the USA and Australia, while shorter term variable borrowings are denominated in Australian currency and expose the Group to interest rate risk. The Group manages this risk by using derivative financial instruments including interest rate swaps and collars to hedge interest rate exposure.

As at 30 June 2023, 46 per cent (2022: 49 per cent) of the Group's total borrowings were subject to fixed interest rates or were effectively hedged with derivative financial instruments.

At 30 June 2023, the Group had the following mix of financial assets and liabilities exposed to Australian and United States variable interest rate risk.

	2023 \$m	2022 \$m
Financial assets		
Cash and cash equivalents	288.6	674.0
	288.6	674.0
Financial liabilities		
Interest bearing liabilities	(2,656.9)	(2,913.7)
	(2,656.9)	(2,913.7)

The following table shows the annualised impact on profit or loss and equity of interest bearing assets and liabilities if floating interest rates at balance date had been one per cent (100 basis points) higher or lower for the year, with all other variables held constant.

	2023 Profit/(loss) \$m	2023 Equity \$m	2022 Profit/(loss) \$m	2022 Equity \$m
If interest rates were 1% (100 basis points) higher with all other variables held constant – increase/(decrease)	(17.6)	(16.9)	(17.7)	(22.9)
If interest rates were 1% (100 basis points) lower with all other variables held constant – increase/(decrease)	17.6	18.0	17.7	24.7

During the year, the Group had interest rate derivatives that reference the US Dollar London Interbank Offer Rate (USD LIBOR) or which incorporate USD LIBOR rates in valuation and hedge accounting methods. As a result of the regulatory reform on benchmark rates, LIBOR will be discontinued and replaced by an alternative benchmark rate from 1 July 2023. The Group has adhered to the International Swaps and Derivatives Association (ISDA) IBOR Fallback Protocol and as such on the cessation of USD LIBOR, it will be replaced with the Secured Overnight Financing Rate (SOFR). Existing derivatives will incorporate the SOFR and fallback margin over benchmark which will be used for valuation from 1 July 2023 onwards. There is no change to the Group's risk management activities as a result of the reform.

(iii) Equity price risk

Equity price risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in the underlying share prices.

The Group has exposure to equity price risk arising from its portfolio of listed equity securities. The Group utilises derivatives to hedge this exposure as well as to gain economic exposure to equity securities.

The Group may also be exposed to equity price risk through its holdings of listed investments accounted for using the equity method and as part of the Group's impairment assessment process.

The following table shows the impact on the profit or loss and equity of the Group if equity prices (excluding equity accounted investments) at balance date had been 20.0 per cent higher or lower, with all other variables held constant (2022: 20.0 per cent). A sensitivity of 20.0 per cent is considered reasonable given the current level of prices and the volatility observed both on a historical basis and market expectations for future movement.

	2023 Profit/(loss) \$m	2023 Equity \$m	2022 Profit/(loss) \$m	2022 Equity \$m
If share prices were 20% higher with all other variables held constant – increase/(decrease)	–	7.6	–	15.5
If share prices were 20% lower with all other variables held constant – increase/(decrease)	–	(7.6)	–	(15.5)

(iv) Commodity and energy price risk

The Group has an operating interest in oil and gas assets located in Australia and the United States of America. These investments expose the Group to commodity price risk from fluctuations in the prices of oil, natural gas and other condensates and natural gas liquids (NGLs). The Group does not currently hedge its exposure to energy price risk relating to the future sale of these energy products. The Group is exposed to price risk relating to the purchases of electricity, diesel, natural gas, coal, clinker and other oil and gas based products. The Group hedges a portion of these exposures using fixed price contracts, swaps and options. Boral has a power purchase agreement that operates as a contract for difference derivative with valuation inputs including a Level 3 unobservable input of NSW electricity spot prices. For further detail, refer to Boral Limited 2023 Annual Report Note 4.2 Financial risk management.

(b) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet its financial commitments as and when they fall due.

The Group employs a prudent liquidity risk management approach. This involves maintaining a large amount of liquid reserves (cash deposits, listed shares and available credit lines) that can be drawn or sold at short notice to meet the Group's financial commitments. Management monitors the Group's ongoing cash flow requirements on a daily basis. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping credit lines available.

The Group's foreign exchange risk arises primarily from:

- borrowings denominated in a foreign currency; and
- firm commitments of highly probable forecast transactions for receipts and payments settled in foreign currency.

Financial Assets and Liabilities

21. Financial risk management (continued)

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

	2023 \$m	2022 \$m
FLOATING RATE		
Expiring within one year	304.3	282.3
Expiring beyond one year	921.7	798.9
	1,226.0	1,081.2
ADDITIONAL LIQUIDITY		
Cash and cash equivalents	876.5	1,254.6
Financial assets carried at fair value through other comprehensive income – listed equity securities	–	52.0
Unutilised short dated lines of credit	6.5	6.5
	883.0	1,313.1

Subject to continued compliance with facility terms, the facilities may be drawn at any time. The average maturity for drawn facilities is 4.6 years (2022: 4.6 years) and 2.9 years (2022: 2.5 years) for undrawn facilities.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities (including derivative financial instruments) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Gross cash flows include principal, coupon and premium (on put options) payments at contracted rates. The amounts disclosed are the contracted undiscounted cash flows.

	Within 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	Over 5 years \$m	Total contractual cash flows \$m	Carrying amount \$m
YEAR ENDED 30 JUNE 2023						
Trade and other payables (excluding accruals)	747.1	2.0	–	–	749.1	749.1
Borrowings – variable rate						
– principal (including derivative)	422.2	413.6	1,436.4	265.9	2,538.1	2,548.9
– coupon interest and derivative	147.6	106.6	226.8	102.9	583.9	–
Borrowings – fixed rate						
– principal (including derivative)	–	46.4	250.0	1,997.5	2,293.9	2,229.1
– coupon interest and derivative	96.9	96.9	281.9	411.8	887.5	–
	1,413.8	665.5	2,195.1	2,778.1	7,052.5	5,527.1
YEAR ENDED 30 JUNE 2022						
Trade and other payables (excluding accruals)	679.5	0.5	–	–	680.0	680.0
Borrowings – variable rate						
– principal (including derivative)	404.3	908.6	962.4	381.1	2,656.4	2,645.7
– coupon interest and derivative	146.2	87.2	149.5	118.0	500.9	–
Borrowings – fixed rate						
– principal (including derivative)	–	–	350.0	2,589.4	2,939.4	2,893.5
– coupon interest and derivative	111.9	111.9	320.4	636.3	1,180.5	–
	1,341.9	1,108.2	1,782.3	3,724.8	7,957.2	6,219.2

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables, cash and cash equivalents and investment securities.

The Group's maximum exposure to credit risk at the reporting date was:

	Note	2023 \$m	2022 \$m
Cash and cash equivalents	18	876.5	1,254.6
Trade and other receivables	8	1,649.3	1,534.7
Listed equity securities (excluding derivatives)	22	–	52.0
Equity securities		–	5.7
Unlisted equity securities	22	96.2	110.7
Derivative financial instruments	23	188.1	218.4
		2,810.1	3,176.1

The Group's and the Company's exposure to credit risk is predominately in Australia.

Expected credit loss and ageing – trade receivables

The Group's exposure to expected credit loss and ageing in relation to trade receivables is outlined below.

The ageing analysis of these trade receivables is as follows:

	2023 \$m	2022 [^] \$m
Past due 1–30 days	118.4	126.1
Past due 31–60 days	32.4	16.2
Past due 61–90 days	13.5	9.0
> 91 days	27.6	13.1
Total trade receivables past due	191.9	164.4

[^] Comparative has been reclassified to align with current period presentation.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2023 \$m	2022 \$m
Balance at beginning of the year	18.8	10.0
Amounts acquired in a business combination	–	1.8
Impairment loss recognised in profit or loss	10.4	11.3
Impairment loss reversed in profit or loss	–	(0.5)
Receivables expensed as uncollectable during the year	(4.8)	(3.8)
Balance at end of the year	24.4	18.8

In certain circumstances the Group enters into guarantees as part of ordinary trading operations. These guarantees are included within financial guarantees in Note 27: Contingent liabilities.

(d) Fair value measurements

Financial instruments measured at fair value

The fair value of:

- financial instruments traded in active markets are based on quoted market prices at the reporting date. The quoted market prices used for financial assets held by the Group are the closing bid prices for the assets. The Group has elected that the fair value adjustments on the Group's existing listed and unlisted equity securities will be recorded in other comprehensive income and not subsequently reclassified to profit or loss.
- forward foreign exchange contracts are determined using quoted forward exchange rates at the reporting date.
- interest rate swaps and collars and cross currency interest rate swaps are calculated using the present value of the estimated future cash flows of these instruments.
- commodity and energy derivatives are determined using quoted commodity prices and forward rates at the reporting date.
- equity derivatives are calculated based on the closing bid price of the underlying equities.

Financial instruments not measured at fair value

The interest rates used to discount estimated cash flows relating to the fixed term US dollar notes were 5.5 to 7.2 per cent (2022: 3.5 to 6.7 per cent) and are based on the government yield curve at the reporting date plus an adequate credit spread.

The interest rate used to discount estimated cash flows relating to other borrowings was 3.1 to 8.2 per cent (2022: 2.0 to 6.4 per cent).

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – fair value is estimated using quoted prices in active markets.

Level 2 – fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3 – fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The Group has a power purchase agreement with a fair value of \$2.2 million at 30 June 2023 included within Commodity swaps and options used for hedging. This has valuation inputs in Level 3 of the hierarchy. Refer Note 21 (a)(iv) Commodity and energy price risk.

The methods used in estimating fair value of financial assets and liabilities are disclosed on the following page.

Financial Assets and Liabilities

21. Financial risk management (continued)

	Note	Level in fair value hierarchy	2023 Carrying amount \$m	2023 Fair value \$m	2022 Carrying amount \$m	2022 Fair value \$m
Financial assets measured at fair value						
Listed equity securities (excluding derivatives)	22	1	–	–	52.0	52.0
Unlisted equity securities	22	3	96.2	96.2	110.7	110.7
Forward foreign exchange contracts – used for hedging	23	2	8.3	8.3	13.6	13.6
Commodity swaps and options – used for hedging	23	2/3	3.4	3.4	18.9	18.9
Cross currency swaps – used for hedging	23	2	176.4	176.4	185.9	185.9
			284.3	284.3	381.1	381.1
Financial assets not measured at fair value						
Cash and cash equivalents	18	–	876.5	876.5	1,254.6	1,254.6
Trade and other receivables	8	–	1,649.3	1,649.3	1,534.7	1,534.7
			2,525.8	2,525.8	2,789.3	2,789.3
Financial liabilities measured at fair value						
Forward foreign exchange contracts – used for hedging	23	2	3.2	3.2	3.2	3.2
Commodity swaps and options – used for hedging	23	2	4.8	4.8	–	–
Cross currency swaps – used for hedging	23	2	49.0	49.0	57.4	57.4
Interest rate swaps and options – used for hedging	23	–	12.0	12.0	5.3	5.3
			69.0	69.0	65.9	65.9
Financial liabilities not measured at fair value						
Trade and other payables (excluding accruals)		–	749.1	749.1	680.0	680.0
Fixed term US dollar notes	20	2	2,770.5	2,530.5	3,379.7	3,214.9
Fair value adjustment relating to US dollar notes	20	–	(58.2)	(58.2)	(28.7)	(28.7)
Convertible note and Exchangeable bond	20	2	265.5	265.1	322.5	317.6
Other borrowings	20	2	1,932.8	1,932.8	2,007.4	2,007.4
			5,659.7	5,419.3	6,360.9	6,191.2

There were no transfers between the fair value hierarchy levels during the year.

Valuation techniques – Level 3

Unlisted equity securities

Unlisted equity securities comprise of the Group's investment in an unlisted investment fund (investment fund), which is accounted for as a financial asset measured at fair value through other comprehensive income. Whilst this investment fund invests in both foreign listed and unlisted equity securities, the investment is not quoted in an active market and accordingly the fair value of this investment is included within Level 3 of the hierarchy.

Audited information is obtained from the investment fund regarding the fair value of the investment. The Group recognises any movement in the fair value of the investment in equity through the fair value reserve. The methodology followed by the investment fund in valuing its underlying investments is outlined below.

Under the market based method, the investment fund's manager determines comparable public companies (peers) based on industry size, leverage and strategy and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value.

Valuation process for Level 3 valuations

The valuation of unlisted equity securities is performed on a quarterly basis by the investment fund's manager and reviewed by their investment committee. The valuations are also subject to quality assurance procedures performed within the investment fund.

The investment fund manager verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the four preceding quarters as well as with the valuations of the two preceding annual periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by the fund's investment committee.

The fund's investment committee considers the appropriateness of the valuation methods and inputs, and may request that alternate valuation methods are applied to support the valuations arising from the method chosen. Any changes in valuation methods are discussed and agreed with the investment partners. The investment fund presents the valuation results on a quarterly basis to the Group. The report includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments and investments with fair value changes outside of the relevant thresholds set out above. The Group's investment committee regularly reviews this information and assesses the performance of the Group's investment.

Quantitative information on significant unobservable inputs – Level 3

Description	Valuation technique	Unobservable input	2023 Range	2022 Range
Unlisted equity investments	Recent transactions	Not applicable	n/a	n/a
	P/E multiple	Average P/E multiple of peers	31.7x	26.5x
		Discount for lack of liquidity	25%	25%
	EBITDA multiple	Average EBITDA multiple of peers	11.7x	14.7x
		Discount for lack of liquidity	25%	25%
	EV/sales multiple	Average price/sales multiple of peers	2.6–4.1x	2.3–9.5x
Discount for lack of liquidity		25%	25%	

Reconciliation – Level 3

The following table shows a reconciliation of movements in the fair value of unlisted equity securities categorised within Level 3.

	2023 \$m	2022 \$m
Balance at the beginning of the year	110.7	250.2
Contributions, net of capital returns	(0.3)	(7.6)
Fair value losses	(14.2)	(131.9)
Balance at the end of the year	96.2	110.7

(e) Master Netting or Similar Arrangements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, e.g. when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

(f) Capital management

The Group manages its capital to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure while maximising shareholder value. As such, the Board regularly reviews the Group's capital structure in order to take advantage of favourable costs of capital and returns on assets. The Company maintains a diversified capital base with a mixture of equity and debt funding. Equity funding comprises ordinary shares.

The Group's dividend policy is to distribute cash from operating activities after financing costs, subject to the retention of adequate cash reserves to capitalise on investment opportunities. Dividends are franked to the greatest extent possible.

Refer to Note 26: Dividends for details of dividends paid and proposed but not provided for during the year.

22. Other financial assets

Accounting policy

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income (FVTOCI) and amortised cost financial assets. The classification depends on the Group's business model for managing the financial asset as well as its contractual cash flow characteristics.

Management determines the classification of its investments at initial recognition. In the case of financial assets classified as FVTOCI, this designation is irrevocable.

Financial assets at fair value through other comprehensive income

The Group's existing listed and unlisted equity securities have been designated as financial assets at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either financial assets held for trading which are acquired principally for the purpose of selling with the intention of making a profit or financial assets that are managed and have their performance regularly evaluated by management and the Directors on a fair value basis. Derivatives are also categorised as held for trading unless they are designated as hedges.

Financial Assets and Liabilities

22. Other financial assets (continued)

Recognition and de-recognition

Regular purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Financial assets at fair value through profit or loss and financial assets at FVTOCI are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category, are presented in the profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets is recognised in the profit or loss as other income.

Gains or losses arising from changes in the value of financial assets at FVTOCI category are taken to the fair value through OCI reserve. In accordance with AASB 9, any gain or losses realised on the sale of these assets remain in the fair value reserve rather than being transferred to the profit or loss.

	2023 \$m	2022 \$m
NON-CURRENT		
Listed equity securities	–	52.0
Unlisted equity securities	96.2	110.7
Total other financial assets – non-current	96.2	162.7

Listed equity securities are designated as financial assets at FVTOCI in accordance with the Group's accounting policies. The carrying amounts are determined based on their quoted market price at 30 June 2023. Unlisted equity securities comprise of the Group's investments in an unlisted private equity media investment fund (refer also to Note 21: Financial risk management).

Dividends and distributions totalling \$4.0 million (2022: \$3.6 million) were received from the Group's financial assets at FVTOCI. A cumulative net loss of \$29.3 million relating to the disposal of listed equity securities was recognised in the fair value reserve (2022: net gain \$25.5 million).

23. Derivative financial instruments

Accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within interest expense, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in other comprehensive income are recycled in the profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within interest expense.

The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within sales. However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as a cost of goods sold in the case of inventory, or as depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

	2023 \$m	2022 \$m
CURRENT ASSETS		
Cross currency interest rate swaps	29.4	–
Forward foreign exchange contracts	7.7	13.6
Commodity swaps and options	0.6	18.9
	37.7	32.5
NON-CURRENT ASSETS		
Cross currency interest rate swaps	147.0	185.9
Forward foreign exchange contracts	0.6	–
Commodity swaps and options	2.8	–
	150.4	185.9
CURRENT LIABILITIES		
Forward foreign exchange contracts	(3.2)	(3.2)
Commodity swaps and options	(4.4)	–
	(7.6)	(3.2)
NON-CURRENT LIABILITIES		
Cross currency interest rate swaps	(49.0)	(57.4)
Interest rate swaps and collars	(12.0)	(5.3)
Commodity swaps and options	(0.4)	–
	(61.4)	(62.7)
Net derivative financial instruments	119.1	152.5

The Group is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates, foreign exchange rates, commodity and energy prices in accordance with the Group's financial risk management policies. The Group also enters into equity derivatives from time to time to hedge the value of listed investments or to gain exposure to certain market sectors. Refer to Note 21: Financial risk management for further details.

Interest rate swaps

The Group's policy is to hedge a portion of its interest bearing liabilities from exposure to changes in interest rates. The gain or loss from remeasuring the hedging instruments to fair value is deferred in equity in the hedge reserve and reclassified into profit or loss when the hedged interest expense is recognised. To the extent that the hedge is ineffective or undesignated, the fair value movement is recognised as fair value through profit or loss.

Forward foreign exchange contracts

The Group has entered into forward foreign currency exchange contracts to hedge USD denominated debt in conjunction with cross currency swaps. The Group from time to time also enters into forward foreign exchange contracts to hedge certain known trading commitments predominantly denominated in US Dollars. The terms of these commitments are generally shorter than one year.

Commodity swaps

The Group uses commodity swaps and options to hedge a component of exposure to commodity and energy price risk. The maximum permitted term for a hedge transaction is two years. Refer to Boral Limited's 2023 Annual Report Note 4.2 for further detail on Power Purchase Agreement.

Cross currency swaps

The Group has obligations to repay the principal and interest relating to USD denominated debt. The Group enters into cross currency swap contracts to hedge these obligations.

At 30 June 2023, the Group held various types of derivative financial instruments that were designated as cash flow hedges of future forecast transactions. These were hedging of:

- future foreign currency operational payments by exchange derivative contracts (forwards);
- future foreign currency principal and coupon payments by exchange derivative contracts (forwards, swaps); or
- future interest payments by interest rate derivative contracts (swaps).

Financial Assets and Liabilities

23. Derivative financial instruments (continued)

Derivatives that do not qualify for hedge accounting

Certain derivative instruments may not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss. The effective portion of the cumulative net change in the value of derivative financial instruments designated as a cash flow hedge are included in the hedge reserve. The periods in which the related cash flows are expected to occur are summarised below.

	Within 1 year \$m	Between 1 to 5 years \$m	Over 5 years \$m	Total \$m
YEAR ENDED 30 JUNE 2023				
Contracts to hedge				
Future operational (sales and purchases)	4.5	0.6	–	5.1
Future principal and interest on borrowings	(20.7)	(38.5)	16.8	(42.4)
Future commodity and energy purchases	(3.8)	2.4	–	(1.4)
Total net (loss)/gain included in the hedge reserve	(20.0)	(35.5)	16.8	(38.7)
YEAR ENDED 30 JUNE 2022				
Contracts to hedge				
Future operational (sales and purchases)	10.4	–	–	10.4
Future principal and interest on borrowings	(18.8)	(61.5)	61.9	(18.4)
Future commodity and energy purchases	18.9	–	–	18.9
Total net gain/(loss) included in the hedge reserve	10.5	(61.5)	61.9	10.9

CARRYING AMOUNT

HEDGE ACCOUNTING YEAR ENDED 30 JUNE 2023	Notional amount of hedging instrument & hedged item	Hedge rates	Assets \$m	Liabilities \$m	Change in value of hedging instrument \$m	Change in value of hedged item \$m	Hedge ineffective- ness recognised in profit or loss \$m	Amount reclassified from hedge profit or loss \$m
Cash flow hedges								
Operational (sales and purchases) – foreign exchange contracts (up to 12 months)	AUD 596.8	AUD/USD 0.65–0.72	8.3	(3.2)	4.3	(4.3)	–	2.3
Cross currency interest rate swaps (up to 3 years)	AUD 224.1	AUD/USD 1.03	122.7	–	(21.9)	22.7	–	31.0
Cross currency interest rate swaps (up to 7 years)	AUD 867.4	AUD/USD 0.68	18.0	(0.9)	23.0	(23.0)	–	(5.9)
Cross currency interest rate swaps (up to 10 years)	AUD 230.4	AUD/USD 0.65	–	(6.2)	(0.5)	(0.8)	–	(3.0)
Cross currency interest rate swaps (up to 11 years)	AUD 504.6	AUD/USD 0.73	35.7	–	43.0	(45.3)	–	(4.4)
USD diesel costs – commodity swaps (up to 2 years)	AUD 64.6	USD/Bbl 86.84–110.2	0.8	(2.1)	(1.3)	1.3	–	–
Electricity costs – commodity swaps and options (up to 2 years)	AUD 21.8	MWh \$56.5–150.5	0.2	(2.3)	(19.0)	19.0	–	16.9
Natural gas costs – commodity options (up to 1 year)	AUD 5.4	AUD/ Gj 19.5	0.3	(0.4)	(0.2)	0.2	–	–
Fair value hedges								
Cross currency interest rate swaps (up to 3 years)	AUD 224.1	AUD/USD 1.03	–	(3.1)	14.1	(14.1)	(0.2)	–
Cross currency interest rate swaps (up to 10 years)	AUD 230.4	AUD/USD 0.65	–	(38.8)	8.9	(8.1)	(0.9)	–
Interest on USD borrowings – interest rate swaps (up to 7 years)	AUD 100.0	Floating rate	–	(12.0)	(6.8)	6.9	0.1	–

Boral's power purchase agreement with a carrying value of \$2.2 million is not hedge accounted and is not included in the above table.

Capital Structure

24. Capital

Accounting policy

Contributed equity

Ordinary shares, convertible notes and other equity securities are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in other comprehensive income and presented as contributed equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs is recognised as a deduction from equity.

Treasury shares

Treasury shares consist of shares held in trust for the Group's executives in relation to employee equity benefits.

	2023 \$m	2022 \$m
CONTRIBUTED EQUITY		
363,260,588 ordinary shares, fully paid (2022: 363,260,588)	3,382.2	3,382.2
Convertible notes, fully paid	4.2	31.7
459,450 treasury shares, fully paid (2022: 170,627)	(11.1)	(3.4)
Balance at end of the year	3,375.3	3,410.5
MOVEMENT IN ORDINARY SHARES		
Balance at beginning of the year	3,382.2	3,382.2
Balance at end of the year	3,382.2	3,382.2
MOVEMENT IN TREASURY SHARES		
Balance at beginning of the year	(3.4)	(8.7)
Shares vested and transferred to employees	3.4	6.7
On-market share acquisition	(11.1)	(1.4)
Balance at end of the year	(11.1)	(3.4)

The Company does not have authorised share capital or par value in respect of its issued shares. All issued shares are fully paid. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds on liquidation.

Convertible notes

The Company issued 3,500 convertible notes (Notes) on 5 March 2018 at a nominal value of \$350.0 million and paying a cash coupon of 2.2 per cent per annum. The Notes are listed on the Singapore Exchange and mature in March 2025 at their nominal value. Alternatively, they can be converted into ordinary shares at the holder's option at a conversion price of \$24 per ordinary share (subject to adjustments as stipulated in the terms of the convertible note). Shareholder approval was granted at the Company's 2018 Annual General Meeting in November 2018, thereby converting the derivative liability to shareholder equity. In October 2022, 1,142 Notes were repurchased at par value of \$100,000 for \$114.2 million. In January 2023, note holders exercised their early redemption option resulting in a further 1,894 Notes being repurchased for \$189.4 million and cancelled. The total number of ordinary shares which will be issued if the 464 Notes remaining at 30 June 2023 are converted is 1,941,422. Refer to Note 29: Events subsequent to balance date for details of Notes converted subsequent to year end.

Treasury shares

The Company acquired 0.5 million shares on market for \$11.1 million (2022: 0.1 million shares on market for \$1.4 million) to satisfy employee share scheme obligations in future periods.

Capital Structure

25. Reserves

Nature and purpose of reserves

Acquisitions reserve	The acquisitions reserve is used to record the difference between the fair value of consideration paid for the non-controlling interest of subsidiaries and the book value of those subsidiaries' share of net assets at date of acquisition.
Equity benefits reserve	The equity benefits reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.
Common control reserve	The acquisition of WesTrac Group by the Company during the period ended 30 June 2010 was accounted for as a common control transaction. As a consequence, the difference between the fair value of the consideration paid and the existing book values of assets and liabilities of the WesTrac Group was debited to a common control reserve. Upon disposal of all interests in WesTrac Group by the Group this reserve would be transferred to retained earnings.
Hedge reserve	The hedge reserve records the effective portion of the cumulative net change in fair value of hedging instruments related to cash flow hedged transactions that have not yet occurred.
Fair value through OCI reserve	The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income under AASB 9. The net change in the fair value of financial assets measured at fair value through other comprehensive income (FVTOCI) will be shown in this reserve and not be subsequently reclassified to profit or loss.
Foreign currency translation reserve	The foreign currency (FX) translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations.
Equity reserve	The equity reserve records the difference arising on the Exchangeable bond embedded option to convert the liability into equity.

	Acqui- sitions reserve \$m	Equity benefits reserve \$m	Common control reserve \$m	Hedge reserve \$m	Fair value through OCI reserve \$m	FX translation reserve \$m	Equity reserve \$m	Total \$m
YEAR ENDED 30 JUNE 2023								
As at 1 July 2022	(936.2)	(20.5)	(642.6)	(12.0)	114.2	1.3	-	(1,495.8)
Fair value movement on financial assets measured at FVTOCI	-	-	-	-	(14.3)	-	-	(14.3)
Deferred tax effect of net gain on financial asset measured at FVTOCI	-	-	-	-	(5.0)	-	-	(5.0)
Net gain on cash flow hedges	-	-	-	(33.6)	-	-	-	(33.6)
Tax effect of net gain on cash flow hedges	-	-	-	10.1	-	-	-	10.1
Movement in reserves of equity accounted investees	-	-	-	-	5.9	1.1	-	7.0
Acquisition of non-controlling interest	(24.9)	-	-	-	-	-	-	(24.9)
Transfer	(28.1)	-	-	28.1	-	-	-	-
Currency translation differences	-	-	-	-	-	0.8	-	0.8
Recognition of exchangeable bond	-	-	-	-	-	-	22.7	22.7
Repurchase of convertible notes	-	-	-	-	-	-	(0.2)	(0.2)
Share based payments	-	10.0	-	-	-	-	-	10.0
Share based payment options settled	-	(3.4)	-	-	-	-	-	(3.4)
As at 30 June 2023	(989.2)	(13.9)	(642.6)	(7.4)	100.8	3.2	22.5	(1,526.6)
YEAR ENDED 30 JUNE 2022								
As at 1 July 2021	(63.5)	6.8	(642.6)	(24.6)	131.1	(7.0)	-	(599.8)
Fair value movement on financial assets measured at FVTOCI	-	-	-	-	(152.4)	-	-	(152.4)
Deferred tax effect of net gain on financial asset measured at FVTOCI	-	-	-	-	135.5	-	-	135.5
Net gain on cash flow hedges	-	-	-	19.5	-	-	-	19.5
Tax effect of net gain on cash flow hedges	-	-	-	(6.8)	-	-	-	(6.8)
Movement in reserves of equity accounted investees	-	(26.4)	-	(0.1)	-	(1.4)	-	(27.9)
Acquisition of non-controlling interest	(872.7)	-	-	-	-	-	-	(872.7)
Recycling of foreign currency translation reserve	-	-	-	-	-	(36.8)	-	(36.8)
Currency translation differences	-	-	-	-	-	34.9	-	34.9
Tax effect of net currency translation	-	-	-	-	-	11.6	-	11.6
Share based payments	-	5.8	-	-	-	-	-	5.8
Share based payment options settled	-	(6.7)	-	-	-	-	-	(6.7)
As at 30 June 2022	(936.2)	(20.5)	(642.6)	(12.0)	114.2	1.3	-	(1,495.8)

26. Dividends

	Date of payment	Franked/unfranked	Amount per share	Total \$m
YEAR ENDED 30 JUNE 2023				
DIVIDENDS PAID				
Ordinary shares				
Final dividend in respect of 2022 year	28 Oct 22	Franked	\$0.23	83.5
Interim dividend	5 May 23	Franked	\$0.23	83.6
				167.1
Subsequent event				
Current period final dividend on ordinary shares proposed but not provided for				
Ordinary shares				
Final dividend in respect of 2023 year	13 Oct 23	Franked	\$0.23	83.5
Balance of franking account at 30%				299.6
YEAR ENDED 30 JUNE 2022				
DIVIDENDS PAID				
Ordinary shares				
Final dividend in respect of 2021 year	29 Oct 21	Franked	\$0.23	83.5
Interim dividend	6 May 22	Franked	\$0.23	83.6
				167.1
Ordinary shares				
Final dividend in respect of 2022 year	28 Oct 22	Franked	\$0.23	83.5
Balance of franking account at 30%				256.0

The balance of the dividend franking account as at the reporting date has been adjusted for:

- franking credits/debits that will arise from the payment/refund of current tax liabilities;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the reporting date; and
- franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by \$35.8 million (2022: \$35.8 million).

Unrecognised Items

27. Contingent liabilities

The nature of the Group's and equity accounted investees' activities are such that, from time to time, claims are received or made by the Group. The Directors are of the opinion that no claims are expected to have a material adverse effect on the financial statements of the Group and as such do not require disclosure as a contingent liability.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Environmental risk and regulation

The Group and the industries in which it operates are subject to a broad range of environmental laws, regulations and standards (including certain licensing requirements) including air, soil and water quality, waste handling and disposal.

This could expose the Group to legal liabilities or place limitations on the development of its operations. In addition, there is a risk that property utilised by the Group from time to time may be contaminated by materials harmful to human health (such as hazardous chemicals). In these situations the Group may be required to undertake remedial works on contaminated sites and may be exposed to third party compensation claims and other environmental liabilities. Management judgement is therefore required to estimate the impact of such factors on future earnings supporting existing goodwill and intangible assets.

Performance guarantees

Performance guarantees of \$113.1 million (2022: \$108.9 million) relate to guarantees provided to customers in support of equipment and contract performance.

Financial guarantees

The Group has issued a number of financial guarantees to third parties for various operational and financing purposes, totalling \$36.1 million (2022: \$41.2 million). To the extent that the Directors expect these third party guarantees to be called upon, a provision has been recorded in the consolidated statement of financial position as at 30 June 2023.

The Group has entered into a number of financial guarantees in relation to subsidiary debt facilities and other financing arrangements. The drawn amount of these facilities are recorded as interest bearing liabilities in the consolidated statement of financial position and disclosed in Note 20: Interest bearing loans and borrowings.

Bank guarantees

The Group has granted indemnities to banks to cover bank guarantees given on behalf of controlled entities to a maximum exposure of \$34.5 million (2022: \$41.0 million).

Indemnities

The Company has provided a limited indemnity in relation to potential claims on Directors of acquired subsidiaries prior to them becoming part of the Group. This obligation has been partially insured.

Environmental contingent liabilities

The Group's activities involve the extraction of resources as well as the processing and subsequent handling of materials that could contaminate the environment. As a consequence of these activities, the Group has incurred and may continue to incur costs associated with closure, remediation, aftercare and monitoring. Provisions have been recognised for the sites where obligations are known to exist, and the cost can be reliably measured. However, additional costs may be incurred due to factors outside the Group's current knowledge or control, such as changes in the laws and regulations that govern land use and environmental protection across the various jurisdictions in which we operate.

Boral shareholder class action

Boral Limited continues to defend two shareholder class action proceeds filed against it in the Federal Court of Australia by Maurice Blackburn and Phi Finney McDonald which are being case managed together. It is not possible to determine the ultimate impact, if any, of the proceedings on Boral. Boral continues to vigorously defend the proceedings.

28. Commitments

	2023 \$m	2022 \$m
Capital expenditure commitments		
Payable:		
Not later than one year	185.4	223.1
Later than one year but not later than five years	4.5	8.5
	189.9	231.6
Development and exploration expenditure commitments		
Payable:		
Not later than one year	101.3	46.2
Later than one year but not later than five years	120.0	130.9
	221.3	177.1
The above commitments include development and exploration expenditure commitments relating to joint venture operations in relation to Crux:		
Not later than one year	101.3	46.2
Later than one year but not later than five years	101.3	112.2
	202.6	158.4
Other commitments		
Payable:		
Not later than one year	1.5	4.3
Later than one year but not later than five years	–	0.1
	1.5	4.4

Development commitments relate to joint operations for Crux. Exploration expenditure commitments relate to exploration permits WA-377P (cancelled 22 December 2020). Estimates for future development and exploration expenditure commitments are based on joint venture estimated contracted development costs and estimated exploration costs determined in current dollars translated into Australian dollars on an undiscounted basis. The exploration obligations may vary significantly as a result of renegotiations with relevant parties, including regulators in relation to any Good Standing agreement on expired or cancelled permits.

Other commitments includes the Group's commitment to invest in an unlisted investment fund.

29. Events subsequent to balance date

Other than as outlined below, there has not arisen in the interval between 30 June 2023 and the date of this Report any other event that would have had a material effect on the Financial Statements as at 30 June 2023.

Subsequent to year end, the Company received two notices from convertible note holders to convert 61 Notes, totalling \$6.1 million, which were satisfied via the issuance of 254,166 ordinary shares in accordance with the terms of the Notes.

Movement in share prices of listed investments

Subsequent to year end, there has been movement in the share prices of listed investments and as a result, the value of the Group's investments have varied from what is presented in this financial report. The market value of listed investments at 16 August 2023 compared to their market value at 30 June 2023 is outlined below.

	MARKET VALUE	
	16 August 2023 \$m	30 June 2023 \$m
Listed investments accounted for using the equity method	1,286.6	1,156.4

Group Structure

30. Parent entity disclosures

As at and throughout the year ended 30 June 2023 the parent company of the Group was Seven Group Holdings Limited. The individual financial statements for the parent entity show the following aggregate amounts.

	COMPANY	
	2023 \$m	2022 \$m
Financial position of parent entity at end of the year		
Current assets	875.7	917.3
Total assets	3,966.6	4,032.6
Current liabilities	32.3	362.3
Total liabilities	299.7	362.9
Total equity of the parent entity comprising of:		
Contributed equity	3,375.3	3,410.5
Reserves	34.8	5.6
Retained earnings	256.8	253.6
Total shareholders equity	3,666.9	3,669.7
Result of the parent entity		
Profit for the year	170.3	193.1
Total comprehensive income for the year	170.3	193.1
Other information		
Contingent liabilities of the parent entity ^(a)	139.7	140.6

(a) Relates to financial guarantees provided to third parties by the parent entity for subsidiary debt facilities and other financing arrangements. These facilities are held by entities that are outside of the Deed of Cross Guarantee disclosed in Note 31: Controlled entities.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts with certain subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the Deed are disclosed in Note 31: Controlled entities.

In addition to the contingent liabilities shown above, the parent entity guarantees a number of debt facilities held by various controlled entities who are part of the Deed of Cross Guarantee.

31. Controlled entities

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			2023 %	2022 %
PARENT ENTITY				
Seven Group Holdings Limited	(a)	Australia		
SUBSIDIARIES				
All Hire Pty Limited		Australia	100	100
Allen's Asphalt Pty Ltd	(b)	Australia	73	70
Allight Holdings Pty Limited	(a)	Australia	100	100
AllightPrimax FZCO		UAE	100	100
Allight Pty Limited	(a)	Australia	100	100
AllightSykes SA (Proprietary) Limited		South Africa	100	100
Allplant Services Pty Limited		Australia	100	100
Alsafe Premix Concrete Pty Ltd	(b)	Australia	73	70
Australian Highway Plant Services Pty Limited		Australia	100	100
Barnu Pty. Ltd.	(b)	Australia	73	70
Bayview Pty Limited	(b)	Australia	73	70
Bayview Quarries Proprietary Limited	(b)	Australia	73	70
BCM Oklahoma LLC	(b)(f)	USA	–	70
Bitumax Pty. Limited	(b)	Australia	73	70
Bitupave Ltd	(b)	Australia	73	70
Boral (UK) Ltd	(b)	UK	73	70
Boral Bricks Pty Ltd	(b)	Australia	73	70
Boral Bricks Western Australia Pty Ltd	(b)	Australia	73	70
Boral Building Materials Pty Limited	(b)	Australia	73	70
Boral Building Products Limited	(b)	Australia	73	70
Boral Canada Ltd	(b)(d)	Canada	–	70
Boral Cement Limited	(b)	Australia	73	70
Boral Concrete (1992) Limited	(b)	Thailand	73	70
Boral Construction Materials Group Ltd	(b)	Australia	73	70
Boral Construction Materials Limited	(b)	Australia	73	70
Boral Construction Materials LLC	(b)(f)	USA	–	70
Boral Construction Related Businesses Pty Ltd	(b)	Australia	73	70
Boral Contracting Pty Ltd	(b)	Australia	73	70
Boral Corporate Services Pty Limited	(b)	Australia	73	70
Boral Finance Pty Limited	(b)	Australia	73	70
Boral Holdings Inc.	(b)	USA	73	70
Boral Industrie GmbH	(b)(e)	Germany	–	70
Boral Industries Inc.	(b)	USA	73	70
Boral Insurance Pty Limited	(b)	Australia	73	70
Boral International Pty Limited	(b)	Australia	73	70
Boral Investments BV	(b)	Netherlands	73	70
Boral Investments Pty Limited	(b)	Australia	73	70
Boral IP Holdings (Australia) Pty Limited	(b)	Australia	73	70
Boral IP Holdings LLC	(b)(f)	USA	–	70
Boral Klinker GmbH	(b)(g)	Germany	–	70
Boral Limited	(b)	Australia	73	70
Boral Masonry Ltd	(b)	Australia	73	70
Boral Mecklenburger Ziegel GmbH	(b)(g)	Germany	–	70
Boral Meridian Holdings Inc.	(b)(h)	USA	–	70
Boral Precast Holdings Pty Ltd	(b)	Australia	73	70
Boral Recycling Pty Limited	(b)	Australia	73	70
Boral Resources (Country) Pty. Limited	(b)	Australia	73	70
Boral Resources (NSW) Pty Ltd	(b)	Australia	73	70
Boral Resources (QLD) Pty. Limited	(b)	Australia	73	70
Boral Resources (SA) Limited	(b)	Australia	73	70
Boral Resources (VIC.) Pty. Limited	(b)	Australia	73	70
Boral Resources (W.A.) Ltd	(b)	Australia	73	70
Boral Roofing de Mexico, S. de R.L. de C.V.	(b)	Mexico	73	70

Group Structure

31. Controlled entities (continued)

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			2023 %	2022 %
Boral Shared Business Services Pty Ltd	(b)	Australia	73	70
Boral Timber Fibre Exports Pty Ltd	(b)	Australia	73	70
Boral Transport Limited	(b)	Australia	73	70
Boral USA	(b)	USA	73	70
C7 Pty Limited	(a)	Australia	100	100
Coates Fleet Pty Limited		Australia	100	100
Coates Group Holdings Pty Limited		Australia	100	100
Coates Group Pty Limited		Australia	100	100
Coates Hire (NZ) Limited		New Zealand	100	100
Coates Hire Access SPV Pty Limited		Australia	100	100
Coates Hire Holdco SPV Pty Limited		Australia	100	100
Coates Hire Limited		Australia	100	100
Coates Hire Operations Pty Limited		Australia	100	100
Coates Hire Overseas Investments Pty Limited		Australia	100	100
Coates Hire Traffic Solutions Pty Limited		Australia	100	100
Concrete Pty Ltd	(b)	Australia	73	70
Covol Engineered Fuels, LLC	(b)(f)	USA	–	70
Covol Fuels Chinook, LLC	(b)(f)	USA	–	70
Covol Fuels No.2, LLC	(b)	USA	73	70
Covol Fuels No.4, LLC	(b)(f)	USA	–	70
Covol Fuels Rock Crusher, LLC	(b)(f)	USA	–	70
Dandenong Quarries Pty. Limited	(b)	Australia	73	70
Davegale Pty Limited	(c)	Australia	73	70
De Martin & Gasparini Contractors Pty Limited	(b)	Australia	73	70
De Martin & Gasparini Pty Limited	(b)	Australia	73	70
De Martin & Gasparini Pumping Pty Limited	(b)	Australia	73	70
De Martin & Gasparini Queensland Pty Limited	(b)(i)	Australia	73	70
Direct Target Access Pty Limited	(a)	Australia	100	100
Dunmore Sand & Soil Pty. Limited	(b)	Australia	73	70
DWB (NH) Pty Limited		Australia	100	100
E.U.M. Tejas De Concreto Servicios, S. DE R.L. DE C.V.	(b)	Mexico	73	70
FGW Pacific Pty Limited		Australia	100	100
Flexi Industrial Services Pty Limited	(j)	Australia	100	100
Found Concrete Pty Ltd	(b)	Australia	73	70
Headwaters Building Products Inc.	(b)(f)	USA	–	70
Headwaters Energy Services Corp.	(b)	USA	73	70
Headwaters Stone LLC	(b)(f)	USA	–	70
Hebburn Pty Limited		Australia	100	100
Industrial Investment Holdings Pty Limited		Australia	100	100
Kimlin Holdings Pty Limited		Australia	100	100
Manooka Holdings Pty Limited	(a)	Australia	100	100
Miltonstar Pty Limited	(a)	Australia	100	100
Nahi Pty Limited		Australia	100	100
National Hire Equipment Pty Limited		Australia	100	100
National Hire Facilitation Pty Limited	(a)	Australia	100	100
National Hire Finance Pty Limited		Australia	100	100
National Hire Group Limited	(a)	Australia	100	100
National Hire Operations Pty Limited		Australia	100	100
National Hire Properties Pty Limited		Australia	100	100
National Hire Trading Pty Limited		Australia	100	100
Ned Finco Pty Limited		Australia	100	100
Network Investment Holdings Pty Limited	(a)	Australia	100	100
Point Pty Limited	(a)	Australia	100	100
Primax USA Inc		USA	100	100
PT AllightSykes		Indonesia	100	100
PT Coates Hire Indonesia		Indonesia	100	100
PT Coates Services Indonesia		Indonesia	100	100

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			2023 %	2022 %
Pump Rentals Pty Limited	(a)	Australia	100	100
Q-Crete Premix Pty Ltd	(b)	Australia	73	70
Realtime Reporters Pty Limited		Australia	100	100
Road Surfaces Group Pty. Ltd.	(b)	Australia	73	70
Seven (National) Pty Limited	(a)	Australia	100	100
Seven (WAN) Pty Limited		Australia	100	100
Seven Broadcast Properties Trust		Australia	100	100
Seven Custodians Pty Limited	(a)	Australia	100	100
Seven Entertainment Pty Limited		Australia	100	100
Seven Media Group Pty Limited	(a)	Australia	100	100
Seven Network (United States) Inc		USA	100	100
Seven Network International Limited	(a)	Australia	100	100
Seven Network Investments Pty Limited	(a)	Australia	100	100
Seven Network Limited	(a)	Australia	100	100
Seven Network Nominees Pty Limited	(a)	Australia	100	100
Seven Resources Pty Limited	(a)	Australia	100	100
SGH Communications Pty Limited		Australia	100	100
SGH Energy (No 1) Pty Limited		Australia	100	100
SGH Energy (No 2) Pty Limited		Australia	100	100
SGH Energy Aust. Pty Limited		Australia	100	100
SGH Energy NTP66 Pty Ltd		Australia	100	100
SGH Energy Pty Ltd		Australia	100	100
SGH Energy VICP54 Pty Ltd		Australia	100	100
SGH Energy VICP56 Pty Ltd		Australia	100	100
SGH Energy WA Pty Ltd		Australia	100	100
SGH Energy WA377P Pty Ltd		Australia	100	100
SGH Productions Pty Limited	(a)	Australia	100	100
Sitech (WA) Pty Limited		Australia	51	51
Sitech Solutions Pty Limited		Australia	51	51
SMG Executives Pty Limited		Australia	100	100
SMG FINCO Pty Limited	(a)	Australia	100	100
SNZ Pty Limited	(a)	Australia	100	100
Specialised Investments Pty Limited		Australia	100	100
Sykes Fleet Services Pty Limited		Australia	100	100
Sykes Group Pty Limited	(a)	Australia	100	100
Sykes New Zealand Limited		New Zealand	100	100
Tallgen Pty Limited	(a)	Australia	100	100
Tile Service Company LLC	(b)	USA	73	70
Tru Blu Hire Australia Pty Limited		Australia	100	100
WA Regional Asset Holdings Pty Limited		Australia	100	100
Warrah Engineering Pty Limited		Australia	100	100
WesTrac Holdings Pty Limited	(a)	Australia	100	100
WesTrac Pty Limited		Australia	100	100

(a) Pursuant to ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785 these controlled entities are relieved from the Corporations Act 2001 requirements for the preparation, audit and lodgement of financial reports.

(b) This company was acquired as part of the Boral acquisition. An additional 3 per cent was acquired during the year.

(c) This company was acquired during the prior year.

(d) This company was deregistered in January 2023.

(e) This company merged into Boral Investments BV in January 2023.

(f) This company was deregistered in July 2022.

(g) This company was merged into Boral Industrie GmbH in August 2022.

(h) This company was deregistered in August 2022.

(i) This company changed its name in March 2023, formerly Pro Concrete Group Pty Limited.

(j) This company changed its name in November 2022, formerly WesTrac Machinery Distribution Pty Limited.

Group Structure

31. Controlled entities (continued)

Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785 (Instrument) the wholly-owned controlled entities marked (a) in the preceding table are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports.

It is a condition of the Instrument that the Company and each of the wholly-owned controlled entities (marked (a)) enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the parties to the Deed under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

A combined statement of comprehensive income and combined statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, are set out below.

	COMBINED	
	2023 \$m	2022 \$m
STATEMENT OF COMPREHENSIVE INCOME		
Revenue	131.4	104.9
Other income	314.7	286.0
Share of results from equity accounted investees	177.9	235.5
Impairment of equity accounted investee	(75.9)	(83.4)
Expenses excluding depreciation and amortisation	(156.2)	(145.0)
Depreciation and amortisation	(0.6)	(2.3)
Profit before net finance expense and tax	391.3	395.7
Net finance expenses	(113.0)	(82.2)
Profit before tax	278.3	313.5
Income tax benefit	33.8	16.5
Profit for the year	312.1	330.0
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	8.3	(14.3)
Income tax on items of other comprehensive income	(11.1)	83.1
Total items that will not be reclassified subsequently to profit or loss	(2.8)	68.8
Items that may be reclassified subsequently to profit or loss:		
Foreign currency differences for foreign operations	1.1	(1.4)
Income tax on items of other comprehensive income	–	0.1
Total items that may be reclassified subsequently to profit or loss	1.1	(1.3)
Total comprehensive income for the year	310.4	397.5
MOVEMENT IN RETAINED EARNINGS		
Retained profits at beginning of the year	998.0	835.1
Profit for the year	312.1	330.0
Dividends paid during the year	(167.1)	(167.1)
Retained earnings at end of the year	1,143.0	998.0

	COMBINED	
	2023 \$m	2022 \$m
STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	6.6	15.5
Trade and other receivables	89.3	124.0
Inventories	39.6	31.3
Other current assets	0.6	0.4
Total current assets	136.1	171.2
Non-current assets		
Investments in controlled entities	4,654.2	4,558.2
Investments accounted for using the equity method	1,477.7	1,412.2
Other financial assets	–	52.0
Right of use assets	4.9	3.7
Property, plant and equipment	1.7	0.5
Intangible assets	0.6	0.6
Derivative financial instruments	–	0.2
Total non-current assets	6,139.1	6,027.4
Total assets	6,275.2	6,198.6
Current liabilities		
Trade and other payables	54.7	41.9
Lease liabilities	1.5	3.0
Interest bearing loans and liabilities	365.5	677.7
Loans from related parties	571.5	521.1
Current tax liabilities	24.6	28.6
Provisions	4.9	4.3
Total current liabilities	1,022.7	1,276.6
Non-current liabilities		
Other payables	2.0	0.5
Interest bearing loans and liabilities	1,819.6	1,635.0
Deferred tax liabilities	74.0	69.4
Lease liabilities	3.5	1.0
Provisions	0.6	0.6
Total non-current liabilities	1,899.7	1,706.5
Total liabilities	2,922.4	2,983.1
Net assets	3,352.8	3,215.5
Equity		
Issued capital	3,375.3	3,410.5
Reserves	(1,165.5)	(1,193.0)
Retained earnings	1,143.0	998.0
Total equity	3,352.8	3,215.5

Group Structure

32. Discontinued operations

Disposal of businesses

During the year, the Group recognised a net loss relating to completion settlements and other divestment related matters for previously divested businesses. In the prior year, the earnings in relation to the divested businesses, including North American Building Products, North American Fly Ash, Meridian Brick joint venture and Australian Building Products businesses, had been classified as Discontinued Operations in the income statement and are summarised in the table below. The earnings have been reclassified to 'Discontinued operations' in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

	2023 \$m	2022 \$m
(Loss)/profit for the year from discontinued operations		
Revenue	–	952.3
Share of results from equity accounted investee	–	7.4
Net (loss)/gain on sale of discontinued operations	(10.9)	52.9
Expenses excluding depreciation and amortisation	–	(806.4)
(Loss)/profit before depreciation, amortisation, net finance expense and income tax	(10.9)	206.2
Depreciation and amortisation	–	–
(Loss)/profit before net finance expense and income tax	(10.9)	206.2
Net finance expense	–	(4.5)
(Loss)/profit before income tax	(10.9)	201.7
Income tax benefit/(expense)	1.0	(37.5)
(Loss)/profit for the year from discontinued operations	(9.9)	164.2
(Loss)/profit for the year from discontinued operations attributable to:		
Equity holders of the Company	(7.2)	114.3
Non-controlling interest	(2.7)	49.9
(Loss)/profit for the year from discontinued operations	(9.9)	164.2
Cash flows from discontinued operations		
Net operating cash flows	–	44.1
Net investing cash flows	14.5	3,940.9
Net financing cash flows	–	(25.1)
Net cash flows from discontinued operations	14.5	3,959.9

Other

33. Related party disclosures

Key Management Personnel compensation

Detailed remuneration disclosures, including movements in equity holdings for KMP, are disclosed in the Remuneration Report section of the Director's Report.

The aggregate compensation made to the Key Management Personnel of the Group is set out below:

	2023 \$000	2022 \$000
Short-term employee benefits	14,025	12,918
Post-employment benefits	308	271
Termination benefits	1,928	–
Other long-term employee benefits	289	571
Share-based payments (equity-settled and cash-settled)	11,166	5,917
Total key management personnel compensation	27,716	19,677

No Director has entered into a material contract with the Group in the current or prior year other than those disclosed in the Remuneration Report or this note.

Director related party transactions

Details of related party transactions with director related entities are outlined on page 96.

Other transactions with related parties

A number of Directors and KMP of the Company hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions no more favourable than those available on an arm's length basis. Consulting fees of \$0.5 million (2022: \$0.3 million) were paid to a related party, Mr KM Stokes AC, for strategic consulting advice.

Subsidiaries

Interests in subsidiaries are set out in Note 31: Controlled entities.

Other related party transactions

The aggregate value of transactions between the Group and its equity accounted investees is outlined below.

	2023 \$m	2022 \$m
Sales revenue		
Associates	55.5	46.4
Other income		
Associates	–	0.1
Other expenses		
Associates	(166.7)	(124.4)
Finance expense		
Joint ventures	–	(0.3)
Outstanding balances arising from transactions with equity accounted investees:		
Trade and other receivables		
Associates	19.0	24.1
Trade and other payables		
Associates	(7.2)	(2.2)
Interest bearing loans and borrowings		
Joint ventures	–	(40.0)
Contingent liabilities at year end, arising from transactions with equity accounted investees:		
Financial guarantees (refer to Note 27: Contingent liabilities).	–	–

Other

34. Auditor's remuneration

The Company's external auditor is Deloitte Touche Tohmatsu (Deloitte). The external auditor is only appointed to assignments additional to their statutory audit duties where they are able to maintain their audit independence. All amounts payable to the auditors of the Company were paid by Group subsidiaries.

Amounts received or due and receivable by auditors of the Company are set out below.

	2023 \$000	2022 \$000
Deloitte and related network firms		
Audit or review of financial reports	1,766	1,843
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	101	60
Other services:		
Taxation services ^{(a) (b)}	163	3,359
Other taxation services	24	21
Other advisory services ^(b)	–	1,183
Total auditor's remuneration	2,054	6,466

(a) In the prior year, Taxation services relate to compliance and advice provided in respect of discontinued operations.

(b) The services provided in the prior year were arranged prior to Deloitte's appointment as auditor of Boral Limited.

Directors' Declaration

For the year ended 30 June 2023

- In the opinion of the Directors of Seven Group Holdings Limited (the Company):
 - the consolidated financial statements and notes that are set out on pages 103 to 162 are in accordance with the Corporations Act 2001, including:
 - giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- As at the date of this declaration, there are reasonable grounds to believe that the Company and the group entities identified in Note 31 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
- The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director & Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2023.
- The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



Terry James Davis
Chairman

Sydney
17 August 2023



Sally Annabelle Chaplain AM
Chair of the Audit & Risk Committee

Independent Auditor's Report



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of Seven Group Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Seven Group Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor’s Report



Key audit matter	How the scope of our audit responded to the key audit matter
<p>Recoverability of producing and development assets</p> <p>As disclosed in Note 14, the Group has producing and development assets of \$476.5 million, comprising the carrying amount of the Longtom asset and Crux Joint Operation.</p> <p>Management are required to exercise significant judgement in determining whether there is any impairment of the carrying value of the producing and development assets including:</p> <ul style="list-style-type: none"> • Commercial operating assumptions including production profile of expected reserves and resources, facility design, project development cost (including price escalation), pipeline and gas processing availability and market demand; • Future commodity prices; • Climate change related risk and the impact this may have on asset useful lives and future capital expenditure and carbon offset requirements; and • Discount rates applied to forecast cash flows to estimate the recoverable amount of the assets. 	<p>Our procedures performed in conjunction with our valuation specialists included, but were not limited to:</p> <ul style="list-style-type: none"> • Critically evaluating management’s assessment in accordance with the specific requirements of AASB 136 <i>Impairment of Assets</i> for each producing and development asset as at 30 June 2023 including: <ul style="list-style-type: none"> ○ Evaluating management’s process to identify indicators of impairment, including testing design and implementation of the relevant controls; ○ Reviewing minutes of meetings of those charged with governance and performing inquiries with executive management to understand the basis for the commercial operating assumptions and agreeing to supporting evidence, where relevant; ○ Considering any impact of current economic, regulatory and industry factors, including climate change related risk, to the estimated recoverable amount of producing and development assets, including comparing management’s forecast future commodity prices, inflation and discount rates to market observable assumptions and third party reports; ○ Agreeing forecast cash flows to Operator and Board approved forecasts for each producing and development asset; and ○ Evaluating the current year financial performance of each producing and development asset against budget. • Assessing the adequacy of the relevant disclosures in the notes to the financial statements.

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Key audit matter	How the scope of our audit responded to the key audit matter
<p>Recoverability of goodwill attributable to Boral</p> <p>As disclosed in Note 15, the Group has goodwill attributable to Boral of \$504.3 million.</p> <p>In the year ended 30 June 2022 there was an impairment of the goodwill associated with Boral of \$728.4 million as a result of Boral's financial performance against budget and the consequential impact on forecast cash flows included in management's discounted cash flow modelling to determine the recoverable amount of the cash generating unit ("CGU").</p> <p>In the current year management have determined the recoverable amount of the Boral CGU which involves the exercise of significant judgement in respect of key assumptions including:</p> <ul style="list-style-type: none"> • Future cash flows, particularly in relation to volume and pricing in the context of broader macroeconomic conditions; • Discount rate; and • Long term growth rate. 	<p>Our procedures performed in conjunction with our valuation specialists included, but were not limited to:</p> <ul style="list-style-type: none"> • Evaluating management's process, including testing design and implementation of controls in respect of the preparation and review of forecasts; • Assessing the appropriateness of the valuation model methodology in accordance with the specific requirements of the Australian Accounting Standards , including the appropriate inclusion and exclusion of relevant cash flows; • Challenging key inputs and assumptions used in the valuation model including discount rate and long term growth rate against external industry data and macroeconomic forecasts; • Agreeing relevant data in the valuation model to Boral Board approved budgets and forecasts; • Testing the mathematical accuracy of the valuation model; and • Assessing the adequacy of the relevant disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Independent Auditor's Report

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In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

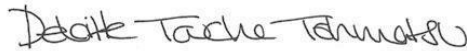
Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Seven Group Holdings Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



H Fortescue
Partner
Chartered Accountants
Sydney, 17 August 2023

Shareholder Information

Substantial Shareholders – Ordinary Shares

The number of ordinary shares held by the Substantial Shareholders based on the most recent notifications contained in the Company's Register of Substantial Shareholders as at 31 July 2023 are as follows:

Shareholder	No. of Shares	% Held**
KM Stokes; North Aston Pty Limited, Wroxby Pty Limited, Tiberius (Seven Investments) Pty Limited and Ashblue Holdings Pty Limited; Tiberius Pty Limited, Redlake Pty Limited and Tiberius group entities; Australian Capital Equity Pty Limited, Clabon Pty Limited and Australian Capital Equity Pty Limited group entities.*	207,304,349	57.08
Australian Super Pty Limited**	19,186,237	5.28

* Based on number of shares disclosed in the Notice of Change of Interests of Substantial Holder given to ASX on 27 April 2021.

** Based on number of shares disclosed in the Notice of Initial Substantial Holder given to ASX on 7 June 2022.

*** Based on the number of ordinary shares on issue at 31 July 2023.

Distribution of Ordinary Shares

Category (No.s)	Ordinary Shareholders
1 – 1,000	9,440
1,001 – 5,000	5,146
5,001 – 10,000	648
10,001 – 100,000	329
100,001 – and over	43
Total No. of Holders	15,606
No. of Holdings less than a Marketable Parcel	390

Twenty Largest Ordinary Shareholders

Name of Shareholder	No. of Shares	% Held
North Aston Pty Limited	95,537,558	26.31
Ashblue Holdings Pty Limited	64,462,442	17.75
JP Morgan Nominees Australia Pty Limited	44,168,789	12.16
North Aston Pty Limited	42,304,249	11.65
HSBC Custody Nominees (Australia) Limited	39,602,617	10.91
Citicorp Nominees Pty Limited	19,602,192	5.40
National Nominees Limited	8,711,996	2.40
Ashblue Holdings Pty Limited	4,999,900	1.38
BNP Paribas Nominees Pty Limited	3,538,567	0.97
HSBC Custody Nominees (Australia) Limited	2,671,258	0.74
BNP Paribas Nominees Pty Limited	2,295,938	0.63
Citicorp Nominees Pty Limited	627,665	0.17
BNP Paribas Nominees Pty Limited Hub24 Custodial Serv Limited	494,707	0.14
HSBC Custody Nominees (Australia) Limited	470,510	0.13
Netwealth Investments Limited	414,490	0.11
Certane CT Pty Limited	396,691	0.11
First Samuel Limited	387,143	0.11
HSBC Custody Nominees (Australia) Limited	318,332	0.09
Neweconomy.com.au Nominees Pty Limited	315,663	0.09
BNP Paribas Noms Pty Limited	306,041	0.08
Total Twenty Largest Ordinary Shareholders	331,626,748	91.34

Voting Rights

Ordinary Shares

On a show of hands, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote. On a poll, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote for every share held.

Investor Information

Shareholder Inquiries

Investors seeking information regarding their shareholding or dividends or wishing to advise of a change of address should contact the Share Registry at:

Boardroom Pty Limited
Level 8
210 George Street
Sydney NSW 2000

GPO Box 3993
Sydney NSW 2001

Telephone: (02) 9290 9600

Alternatively, visit the online service at boardroomlimited.com.au

Boardroom Pty Limited has an online service for investors called InvestorServe. This enables investors to make online changes, view balances and transaction history, as well as obtain information about recent dividend payments and download various forms to assist in the management of their holding. To use this service, visit the Boardroom Pty Limited website.

For other general inquiries visit the website at www.sevengroup.com.au.

Stock Exchange Listing

The Company is listed with the Australian Securities Exchange Limited and the home exchange is Sydney.

The Company is also listed on the Singapore Exchange Limited from 6 March 2018.

Tax File Number Information

The company is obliged to record Tax File Numbers or exemption details provided by shareholders. While it is not compulsory for shareholders to provide a Tax File Number or exemption details, Seven Group Holdings Limited is obliged to deduct tax from unfranked dividends paid to investors resident in Australia who have not supplied such information. Forms are available upon request from the Share Registry or shareholders can submit their Tax File Number via the Boardroom website.

The Chess System

Seven Group Holdings Limited operates under CHESS – Clearing House Electronic Subregister System – an Australian Securities Exchange system which permits the electronic transfer and registration of shares. Under CHESS, the company issues a Statement of Holdings to investors, instead of share certificates, and the statement will quote the Holder Identification Number (HIN). The HIN number should be quoted on any correspondence investors have with the Share Registry.

The company will maintain investors' holdings in an Issuer Sponsored facility, which enables investors to maintain their holding without the need to be tied to any particular stockbroker.

Company Information

Company Secretary

Warren Walter Coatsworth

Share Registry

Boardroom Pty Limited
Level 8
210 George Street
Sydney NSW 2000

Auditor

Deloitte Touche Tohmatsu
Quay Quarter Tower
50 Bridge Street
Sydney NSW 2000

Legal Advisors

Herbert Smith Freehills
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Corporate Directory

Head Office and Registered Office

Seven Group Holdings Limited

ABN: 46 142 003 469
Level 30, 175 Liverpool Street
Sydney NSW 2000
02 8777 7574

Key Operating Businesses

WesTrac WA

128-136 Great Eastern Highway
South Guildford WA 6055
08 9377 9444

WesTrac NSW

1 WesTrac Drive
Tomago NSW 2322
02 4964 5000

WesTrac ACT

78 Sheppard Street
Hume ACT 2620
02 6290 4500

Coates – Head Office

Level 1, 201 Coward Street
Mascot NSW 2020
13 15 52

Coates – East Business Unit

6 Greenhills Avenue
Moorebank NSW 2170
13 15 52

Coates – South Business Unit

120 South Gippsland Highway
Dandenong VIC 3175
13 15 52

Coates – North Business Unit

56-61 Meakin Road
Meadowbrook QLD 4131
13 15 52

Coates – West Business Unit

18 Wheeler Street
Belmont WA 6104
13 15 52

Boral

Level 3, Triniti 2
39 Delhi Road
North Ryde NSW 2113
02 9220 6300

Concrete

1300 267 251

Quarries

1300 267 253

Cement and Lime

1300 267 254

Asphalt

1300 267 255

Logistics

1300 267 258

De Martin & Gasparini

02 9748 5100

Allight

12 Hoskins Road
Landsdale WA 6065
08 9302 7000

Sykes Group

42 Munibung Road
Cardiff NSW 2285
02 4954 1400

SGH Energy

Level 4, 160 Harbour Esplanade
Docklands VIC 3008
03 8628 7277