

SUSTAINABILITY REPORT 2019



A FOCUS ON GROWTH AND INNOVATION

CSR's building products and services reach homes and buildings across Australia and New Zealand where people live, work and play. We are investing in new building systems designed and manufactured in Australia which help our customers reduce construction time and deliver better energy efficiency, comfort and design.

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Cover and featured: Hebel's \$75 million factory expansion showcases the best in class in automation and manufacturing expertise.

MESSAGE FROM THE CHAIRMAN

Workplace Health, Safety & Environment (WHSE) Commitment from WHSE Chairman Penny Winn.



SHARING OUR PROGRESS ON SUSTAINABILITY AT CSR

In 2019, we continued to improve the sustainability of our operations, whilst also helping our customers in the construction market by making substantial progress in energy efficiency, comfort and the performance of homes and buildings.

This year we have put this knowledge into practice with the completion in April 2019 of the new \$75 million Hebel AAC (autoclaved aerated concrete) panel plant in Somersby on the NSW Central Coast. A number of CSR products were utilised during production including AFS Rediwall for below ground storage, Bradford glasswool for industrial grade insulation and Hebel's own external panels to showcase new designs and coatings.

This project is an example of how CSR is evolving its business to ensure we are minimising our impact on the climate as the plant showcases the latest technology in automation and energy, water and waste management.

We are also investing across our operations to achieve our environmental reduction targets including the \$20 million CSR Energy Improvement Fund to deliver major energy saving projects.

To ensure we are monitoring and meeting our targets across a range of sustainability initiatives, we have completed the transition to a real time system known as WHSE Live. This system facilitates improved collection and recording of data and helps us share learnings from incidents and root causes across CSR.

2020 sustainability targets

We are in the final stages of developing our sustainability targets to 2030 which follows on from our four intensity targets set by CSR in 2009. These targets set a ten year goal of a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas emissions, solid waste to landfill and potable water usage using 2009/10 as the base year. At the end of this ten year period, we have reached our target for waste to landfill with a reduction of over 50% since 2009.

Our CO₂e emissions also achieved the target with a 24% reduction. We also significantly reduced water usage – down 17% and energy consumption – down 16% during the 10 year period. Although we were short of the 20% target for water and energy, key learnings were gained throughout the last 10 years which will improve operational efficiency and our use of resources in future years.

People

We continue to invest in our people to create a workplace that is safe, rewarding and diverse. We have seen a significant improvement this year with a 21% reduction in the rate of total recordable injuries down to 10.3 (per million work hours) as of 30 June 2019. While it's encouraging to see an improvement in safety this year, we have more work to do to keep people safe.

Community

We continue to partner with a number of organisations. This includes engagement with local communities located near our sites, in addition to extensive involvement with mentoring local students where our employees donated 633 hours during the year.

Welcome to CSR's new CEO & Managing Director Julie Coates

I am also very pleased to welcome Julie Coates as CSR's new CEO & Managing Director. Julie joined CSR on 2 September 2019. In the last three months, she has undertaken extensive visits across CSR's network of manufacturing sites and distribution network. Her experience across a range of manufacturing operations and large-scale complex supply chains will be invaluable as we progress our sustainability agenda at CSR.

CSR continued to make good progress on sustainability during the past year and I would like to thank all CSR employees and contractors for their contribution.

I hope you find this report informative and I encourage you to provide feedback to us via the CSR website (www.csr.com.au).

Penny Winn

Chairman Workplace Health, Safety & Environment Committee

MESSAGE FROM OUR CEO & MANAGING DIRECTOR

Sustainability is a core part of how we operate.



“Sustainability is a core part of how we operate and this is underpinned by targets we have set across our key areas of the environment, our people and the community.”

Julie Coates

Since starting my role on 2 September, I have visited many CSR factories and I am very impressed with the passionate people working in our business.

Sustainability is a core part of how we operate and this is underpinned by targets we have set across our key areas of the environment, our people and the community.

We are also in a unique position to help our customers by improving energy efficiency, comfort and the performance of homes and buildings.

Featured in this report are a number of case studies where CSR’s products and services are improving building performance and energy efficiency. We are also a leader in the supply of energy solutions and solar batteries to the new home market. We are working with builders to increase the adoption of solar and battery systems to enable homeowners to maximise their use of renewable energy.

ENVIRONMENT

We also recognise that we must reduce the climate impacts of our businesses through optimising our energy use and managing emissions within our manufacturing sites and supply chain. All new investments we make also have requirements around sustainability.

We are continuing to invest in projects with our \$20 million CSR Energy Improvement Fund as rising energy costs have also accelerated projects that may not have been financially viable a few years ago. To date, eight projects have been approved with work underway on a number of key opportunities across our businesses.

We are also in our final stages of developing our sustainability targets for CSR for the period out to 2030. The development of our 2030 targets is being undertaken with reference to two key frameworks: Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Sustainable Development Goals (SDG). These new targets to 2030 will be published in CSR’s Annual Report in May 2020.

PEOPLE

Safety is clearly a top priority for CSR and for me. While we are seeing improvement in some key metrics, there remains more work to do to improve performance.

COMMUNITY

CSR has a large and valuable property portfolio with a very strong development capability across our team. A key part of the development process involves working with the local community, councils and government regarding zoning and rehabilitation of our development projects. Our project at the Warner quarry located in Moreton Bay in southeast Queensland highlights how CSR is working with the local community to facilitate feedback and ensure all stakeholders are aware of future plans for the area and the protection of local flora and fauna.

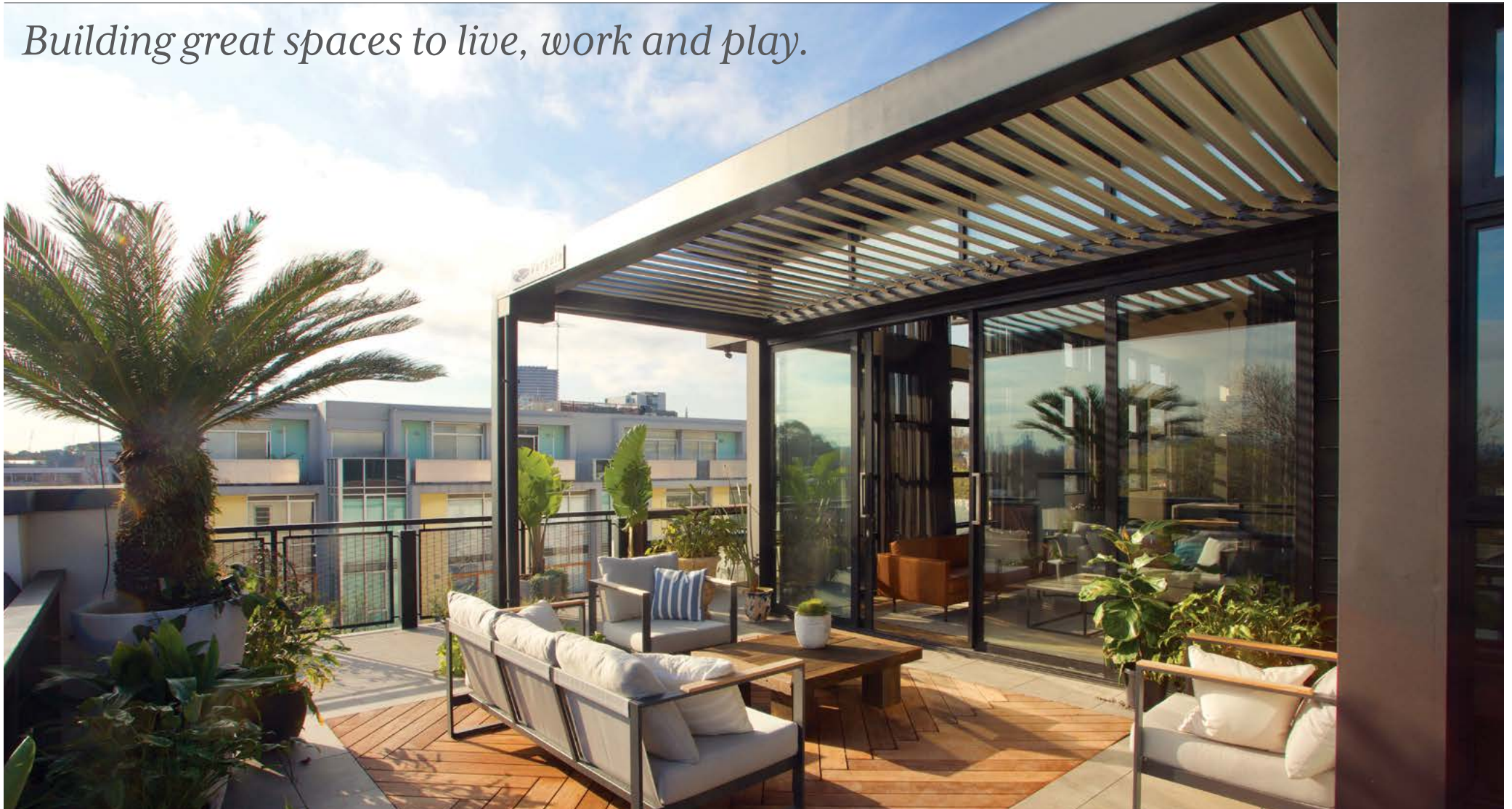
I look forward to sharing more with you on our sustainability journey in the year ahead.

Julie Coates

CEO & Managing Director

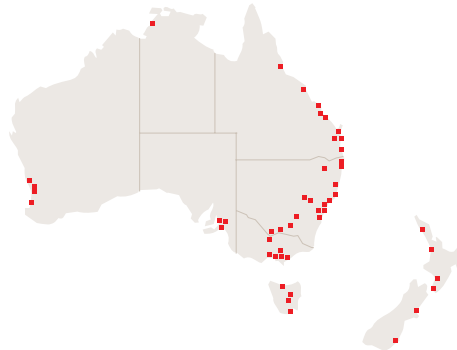
SUSTAINABILITY OVERVIEW

Building great spaces to live, work and play.

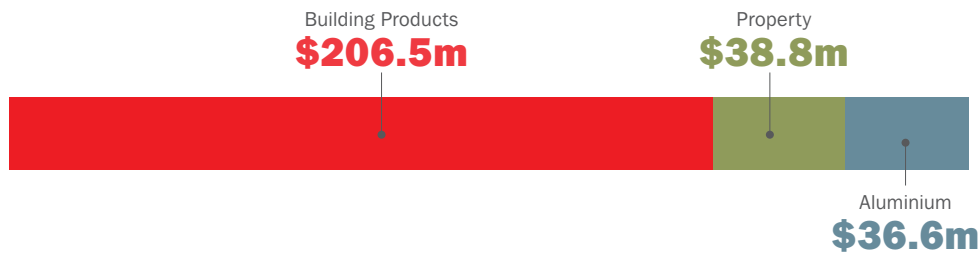


ABOUT CSR

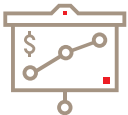
Formed in 1855, CSR is one of Australia's oldest manufacturing companies. Today it is a leading building products company in Australia and New Zealand and is the name behind some of the market's most trusted and recognised brand names.



EBIT BY BUSINESS Year ended 31 March 2019 (YEM19) – A\$ million



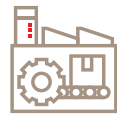
KEY FACTS



\$2.3b
YEM19 Revenue



2,900+
CSR employees



180+
Manufacturing and
distribution sites



18,000+
Customers across
Australia and New Zealand



BUILDING PRODUCTS



\$206.5m
YEM19 EBIT

CSR's building products are used primarily in residential, multi-residential and commercial construction. Through our innovation programs, we are developing new products and systems across our portfolio targeting sustainable buildings of the future.

PROPERTY



\$38.8m
YEM19 EBIT

CSR also generates additional earnings from its Property division which focuses on maximising financial returns by developing former manufacturing sites and industrial land for sale.

ALUMINIUM



\$36.6m
YEM19 EBIT

Through its 70% shareholding in Gove Aluminium Finance Limited, CSR holds an effective 25.2% interest in the Tomago aluminium smelter, located in New South Wales. Tomago produces around 590,000 tonnes of aluminium annually, some 25% of Australia's primary aluminium production. Tomago employs 950 people (full time equivalent) as well as 170 contractors.

CSR PRODUCTS

CSR's products and systems reach homes and buildings across Australia and New Zealand.

LIGHTWEIGHT SYSTEMS



GYPROCK®

Australia's leading manufacturer of gypsum based products including plasterboard, cornice and compounds.

Provides engineered fibre cement systems and internal lining products.

CONSTRUCTION SYSTEMS



A leader in load bearing permanent formwork walling solutions to deliver faster, lower cost construction.

Australia's only manufacturer of autoclaved, aerated concrete (AAC) that is used in residential, commercial and infrastructure applications.

ENERGY AND ROOFING SOLUTIONS



Supplies a full range of thermal, acoustic and fire insulation and energy saving products for homes and commercial buildings.

Manufactures environmentally sustainable, high-quality thermal and acoustic polyester fibre products for a variety of applications.



One of Australia's leading roofing experts, with over 100 years of manufacturing quality roofing products underpinned by its commitment to innovation.

BRICKS



One of Australia's largest manufacturers, innovators and marketers of clay bricks, walling systems and façade solutions for homes and commercial applications.

2019 SUSTAINABILITY AT A GLANCE

CSR is committed to sustainable practices by contributing to a positive impact on the environment while also improving the energy efficiency, comfort and performance of homes and buildings. This report covers CSR's activities (including safety performance, emissions and energy, waste and water use) for the period of 1 July 2018 to 30 June 2019 to be consistent with the National Greenhouse Reporting (NGER) scheme.



ENVIRONMENT

CSR is committed to contributing to an overall positive impact on the environment and reducing reliance on non-renewable resources.

1 Excludes Viridian glass operations in the comparison to 2018.



↓ 3%
decrease in CO₂e
in 2019¹



↓ 4%
decrease in potable water
usage in 2019¹



↓ 2%
reduction in waste
production in 2019¹



↓ 3%
decrease in energy use
in 2019¹



PEOPLE

CSR recognises that a sustainable workplace is one that provides a safe, rewarding and diverse environment for our employees.



21%
improvement in safety TRIFR
to **10.3** from **13.1** in June 2018
(per million hours worked).



17%
improvement in safety LTIFR
to **2.5** from **3.0** in June 2018
(per million hours worked).



21%
female participation in the
business in YEM19,
up from **18%**



\$3.1m
invested in training
programs in 2019



COMMUNITY

CSR maintains ongoing dialogue with our key stakeholders and the community to ensure we are meeting our social licence to operate.



6 years
CSR volunteers have donated their
time for Business Clean Up Day
at sites across Australia



\$156,402
donated to CSR Community
Support Program in 2019



633 hours
CSR volunteers with ABCN
Student Mentor Program



519 students
mentored
by CSR employees

CSR SUSTAINABILITY PILLARS

Our sustainability commitment is based on three sustainability pillars. These pillars are overseen by the Board and the Workplace Health, Safety and Environment Committee.

At CSR, we care for and protect each other, our business, our customers, the community and our environment; with the aim of building a sustainable, profitable and growing enterprise. The workplace health and safety of our people and the preservation of the environment in which we operate are core values at CSR.



Resilience and resource self-sufficiency

STRENGTHENING ORGANISATIONAL RESILIENCE AND RESOURCE SELF-SUFFICIENCY

We are focused on a number of opportunities for CSR to reduce its reliance on non-renewable inputs. This includes energy self-sufficiency – where possible we produce and consume our own energy; eliminating waste; incorporating closed loop water systems; reducing or eliminating packaging and most importantly encouraging innovation and resource efficiency – re-imagining how we do things.



Positive environmental impact

CONTRIBUTING TO AN OVERALL POSITIVE IMPACT ON THE ENVIRONMENT

CSR recognises that it must ensure that it eliminates and/or mitigates its environmental and climate impacts across its manufacturing operations and supply chain, through the most efficient use of energy and raw materials and the use of renewable sources where possible.



Social licence to operate

PROACTIVELY MAINTAIN OUR SOCIAL LICENCE TO OPERATE

Our relations with the community can have a significant impact on our ability to successfully operate each of our sites. To proactively maintain our social licence to operate, we are pursuing greater interaction with our communities through site level engagement programs. We also partner with a number of organisations to support community programs.

CSR'S WORKPLACE HEALTH, SAFETY AND ENVIRONMENT POLICY

Consistent with this, CSR will strive to achieve zero harm, in respect to workplace health, safety and the environment by:

- Complying with the laws, regulations and CSR operational policies and standards;
- Establishing measurable WHSE objectives and targets, recognising and celebrating their achievement;
- Identifying, assessing and controlling hazards and adopting a proactive approach that will strive to eliminate or reduce the risk to an acceptable level;
- Communicating with employees, contractors, visitors and external stakeholders of hazards and aspects that may impact them, our business and/or the environment;
- Identifying, implementing, monitoring and reinforcing the safe behaviours we expect in our business to eliminate unsafe acts and practices;
- Providing appropriate workplace health, safety and environmental training to employees and contractors;
- Considering the environmental lifecycle implications of our operations and products;
- Investigating incidents and sharing the learnings with all applicable stakeholders to prevent recurrences;
- Consulting with employees and contractors, and communicating with external stakeholders to continually improve the workplace health, safety and environmental performance in our workplaces.

Creating sustainable buildings of the future

INNOVATION

Creating sustainable buildings of the future



Cemintel used in the Casey Hospital, Melbourne, Victoria

Creating sustainable buildings of the future

AFS AWARDED SILVER STATUS FOR PVC STEWARDSHIP PROGRAM

AFS Rediwall achieved Silver Status for the PVC Stewardship Program for the second consecutive year which is administered by the Vinyl Council of Australia.

The program is an ongoing long-term voluntary undertaking by the Australian PVC industry to recognise and progressively address, relevant environmental, health and safety issues along with the PVC product life-cycle within deliverable timeframes.

Silver status focuses on five key themes associated with the PVC lifecycle:

- Best Practice Manufacturing
- Safe and Sustainable Use of Additives
- Energy & Greenhouse Gas Management
- Resource Efficiency
- Transparency & Engagement



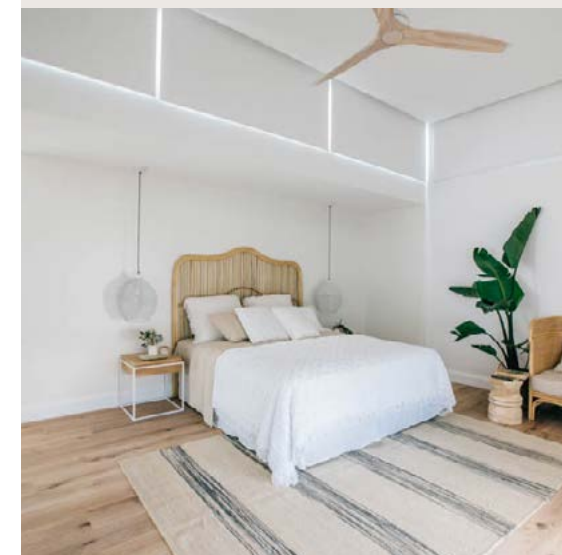
ALLERGY AND ASTHMA SMART BUILDING AND RENOVATIONS

Gyprock and Bradford are partners of the National Asthma Council Australia's Sensitive Choice program.

Research indicates that 2.3 million Australians suffer from asthma and over 30% of the population has allergies. Sensitive Choice is a program designed to be a guide for asthma and allergy sufferers to help identify products and services that may benefit their health and wellbeing.

CSR is continually researching and developing new manufacturing processes and products to meet the changing demands of the construction market – including products that are more sensitive to the needs of asthma and allergy sufferers.

These innovations include Gyprock Sensitive, ECO8 Complete and Ultra-Base 60 which are low VOC products with superior mould and mildew resistance while Bradford has developed the Bradford Black insulation products which are hypoallergenic and made with sustainable organic binders.



WHERE SCIENCE AND SOUND MEET DESIGN

CSR Martini has over 25 years of manufacturing experience in the design of acoustic products that have been specifically engineered to perform across different environments. Martini has developed a number of products using a specific blend of low denier fibres which increases the amount of insulation fibres per square metre. Many of these fibres are made with up to 80% of post-consumer (PET) packaging such as empty drink bottles. The greater the surface area for absorption translates into superior acoustic performance. Martini has also designed the hardware used to install their products for an integrated design benefit. Our products are regularly used in some of the most challenging acoustic spaces such as airports, recording studios, open learning spaces, concert halls and auditoriums. Over 80 of Martini's products have completed a life cycle assessment as part of its Australasia Environmental Product Declaration.



Creating sustainable buildings of the future



CEMINTEL'S TERRITORY FIBRE CEMENT RANGE SECURES AS5113EW FIRE SAFETY RATING

Introduced in March 2016 by Standards Australia, the AS5113 Standard sets out procedures for a large-scale test that provides an indication of the facade system's resistance to the spread of fire.

Cemintel has secured the AS5113 EW classification which is the first fibre cement system in Australia to receive this cladding system rating. This updated rating has been added to its existing CodeMark certificate, demonstrating conformance to the rigorous standard. By securing the AS5113 EW classification – the most comprehensive fire rating for external walls available in Australia – the Territory range assures designers and property owners that they are making a safe choice backed by CSR's commitment to quality, locally engineered building solutions.

Cemintel is also assisting the market in the understanding of fire performance in building products with the publication of the [White Paper – Fire Performance Guide for Fibre Cement Cladding](#). This paper contains more information on the pathway to achieve fire safety and compliance with Cemintel fibre cement cladding.

CEMINTEL®

BRADFORD ENVIROSEAL AND NCC 2019 IMPROVING BUILDING HEALTH

In 2019, the National Construction Code (NCC) has included for the first time requirements to manage condensation risk in residential and commercial buildings.

The new requirement will make vapour permeable wall wraps such as Bradford Enviroseal a compliant solution in colder climates to minimise mould growth and improve building health.

In cold regions, well insulated homes have exceptional thermal performance, however, internally generated moisture can easily accumulate within the home and turn into condensation. If condensation forms inside the wall or roof cavity, it becomes difficult to dry and can be absorbed into the timber frame leading to mould growth and decay.

By installing Bradford Enviroseal and complying with the new NCC 2019 regulations, it allows water vapour to safely escape the home and minimises risk of water related damage in buildings.



Bradford™



CUTTING THE NOISE WITH HEBEL

The selection of building materials is a key step to ensure the acoustic comfort of new homes and buildings.

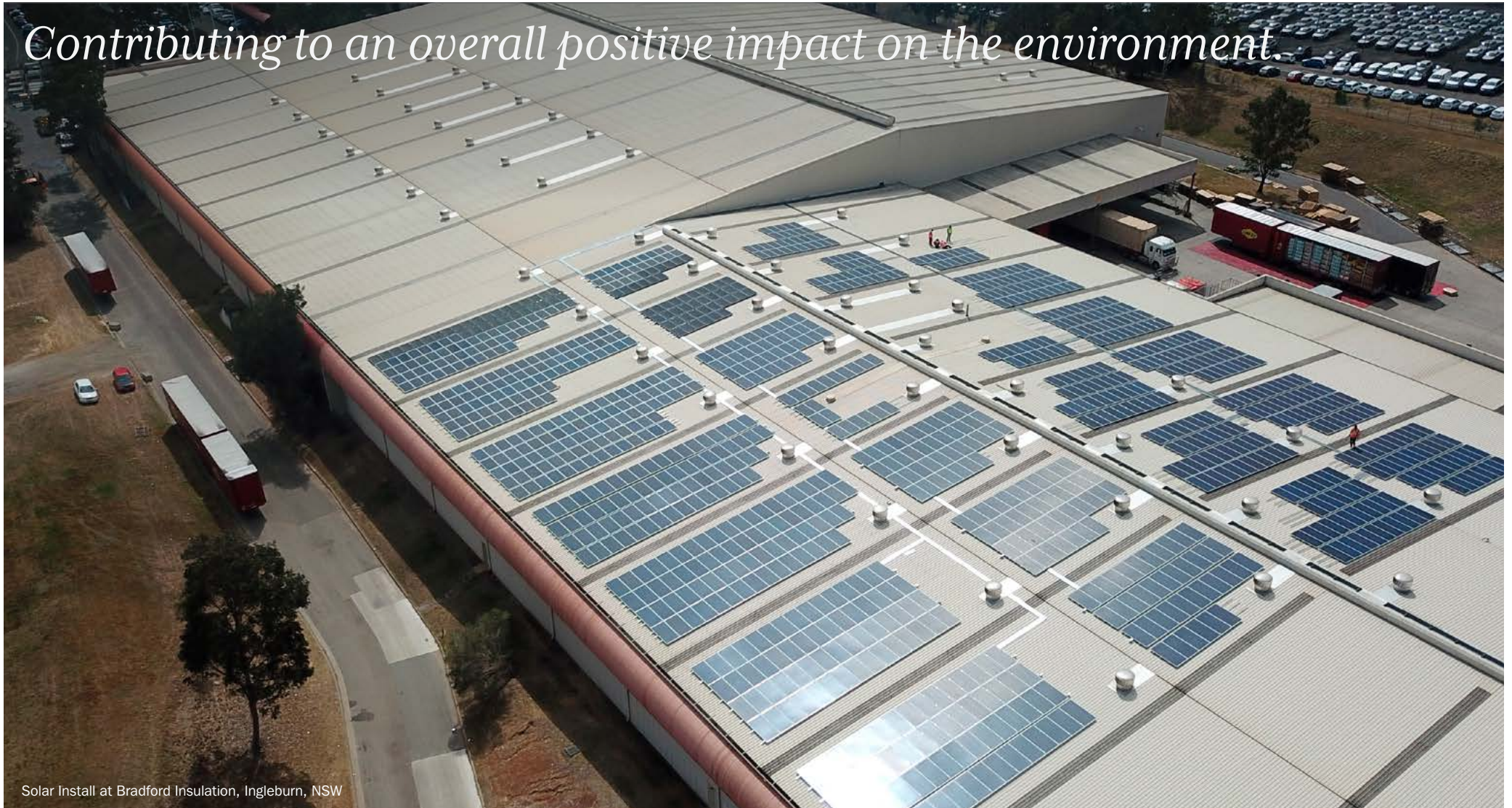
This includes both external noise issues such as aircraft and traffic noise as well as internal noise transference between rooms. Sound proofing needs to be incorporated at the design stage to ensure that internal noise is managed. Hebel has excellent acoustic properties for walling and flooring.

The Hebel PowerFloor system delivers the solid feel of a concrete floor at a lower cost. The 75mm steel-reinforced concrete panels are installed over steel or timber joists to provide an outstanding flooring solution for suspended ground floors or mid-floors with excellent thermal and acoustic performance.

hebel
The better way to build

ENVIRONMENT

Contributing to an overall positive impact on the environment.



Solar Install at Bradford Insulation, Ingleburn, NSW

ENVIRONMENT OVERVIEW

We have continued to improve the environmental performance of our operations this year.



CSR's WHSE Committee at Bradford Insulation at Scoresby, Victoria

Our goal is to ensure our businesses remain compliant with their operating licences and contribute to an overall positive impact on the environment and the communities in which we operate.

CSR has an active program to reduce its impact on the environment which is overseen by the Board and the WHSE Committee.

Each business in CSR has a plan which commits site management to:

- Comply with government environmental regulations;
- Identify and address key environmental risks;
- Improve environmental awareness of employees and contractors;
- Reduce greenhouse gas emissions and use of resources;
- Continued focus on improving the energy efficiency of our operations.

We continue to comply with the requirements of the various regulatory programs and jurisdictions where we operate.

We remain committed to providing transparent and accurate reporting on how our operating activities impact the environment.

We provide information through a number of channels in addition to the CSR Sustainability Report:

- Annual reporting as part of site licensing activities;
- Emissions data to the National Pollutant Inventory;
- Australian Packaging Covenant Organisation;
- Federal Government's National Greenhouse and Energy Reporting scheme.

Environmental Performance of Joint Ventures

This report covers all activities in which CSR has a majority equity interest. For these activities, CSR has reported 100% of all data regarding the environment including emissions, energy and water use and waste production.

CSR also holds a minority position in a number of entities including an effective 25.2% interest in the Tomago Aluminium Company, through its 70% shareholding in Gove Aluminium Finance Limited. Data from these investments is reported directly by other entities.



**Australian
Packaging
Covenant
Organisation**

APPROACH TO CLIMATE RISK AND OPPORTUNITIES

The transition to a low carbon economy creates risks and opportunities.

As the world transitions to a low carbon future, we anticipate that there will be economy-wide impacts from this transition, including impacts that have the potential to affect CSR.

These impacts could vary depending on the future decarbonisation pathway that Australia follows including how advancements in technology influence that pathway.

The Paris Agreement, to which Australia is a signatory, creates a global framework for country-level emission reductions. The Agreement calls for, among other things, the global peaking of greenhouse gas emissions (GHGs) as soon as possible to achieve a balance between anthropogenic (i.e human) emissions by sources and removals by sinks of GHGs (i.e. net zero) in the second half of the century. Yet the policy environment in which this decarbonisation occurs remains unclear, creating uncertainty for business around types and magnitudes of climate-related transition risks and opportunities that it will face.

Understanding the potential impacts of transition climate risks is an important aspect of our overall understanding of climate risk for the business. Transition risks could have the potential to affect the costs that CSR faces, both directly from its own manufacturing activities, and indirectly through the cost of goods and services on which we rely.

Climate risk management

Climate risks are assessed as part of CSR's risk framework which is outlined on page 42. CSR supports the Task Force on Climate-related Financial Disclosures (TCFD) framework to assess and disclose climate-related risks and opportunities. We developed a staged approach in 2018 to assess these risks and opportunities and continue to integrate them into our risk management approach across the business. As part of this staged approach, in 2019, we conducted a climate scenario analysis of the CSR's Gyprock plasterboard from 2020 to 2030, under three modelled scenarios.

Gyprock is CSR's largest business by revenue within the Building Products portfolio. The scenario analysis focused on transition (market, policy & regulatory) risks, complementing earlier work undertaken on the physical (weather) risks impacting sites and supply chain risks.

The transition risks that CSR Gyprock face are a product of the interaction between potential Government intervention accelerating progress towards meeting Australia's Paris Target commitment; economic changes related to climate change and changes to CSR Gyprock's own emissions profile.

The three modelled scenarios broadly align with:

- **1.5°C global average temperature rise (high ambition)**
- **2°C global average temperature rise (Paris Agreement ambition)**
- **4°C global average temperature rise (low ambition)**

THE THREE MODELLED SCENARIOS

SCENARIO	POLICY ENVIRONMENT	GYPROCK EMISSIONS PROFILE	ALIGNMENT WITH PHYSICAL RISK ANALYSIS	PROJECTED DIRECT FINANCIAL LIABILITY FROM TRANSITION CLIMATE RISK IN 2030
1.5°C High ambition	Economy-wide policy changes result in greater costs from emissions	Emissions growth in response to increased demand is offset by efficiency gains and renewable electricity sourcing.	Baseline physical risk scenario (i.e., no additional physical risk from climate change)	Not material – business is resilient to 2030 based on carbon price of \$43/tCO ₂ e
2°C Paris ambition	Incremental policy changes result in some additional costs from increased emissions.	Emissions increases in response to increased demand are offset by efficiency gains and reduction in emissions intensity of the electricity grid.	Medium impact physical risk scenario	Not material – business is resilient to 2030 based on a carbon price of \$25/tCO ₂ e
4°C Low ambition	No change in current policy settings	Emissions increase in response to increased demand, with no mitigation through investment in energy efficiency or renewable electricity sourcing.	High impact physical risk scenario	No additional financial liability as there are no changes to climate policy that are projected to impact Gyprock.

Note: Analysis is based on CSR's year ending March 2019 with all financial figures expressed in current (2019) terms; with no adjustment made for future growth or inflation; the scenarios modelled included limited Scope 3 emissions.

APPROACH TO CLIMATE RISK AND OPPORTUNITIES(CONTINUED)

The analysis of CSR Gyprock under these three modelled scenarios confirmed that there will not be a material impact on the business to 2030. There are a number of implications from this analysis which will be important for Gyprock's continued approach to assessing and managing climate risk:

- **Climate policy is the most significant driver of transition risk** – This remains the greatest area of uncertainty in understanding the potential transition risk.
- **Energy efficiency and renewable energy sourcing reduce projected liabilities** – Investment in energy efficiency and greenhouse emissions reduction initiatives, assists in the mitigation of transition risks and have been included in the scenario analysis, however for projects to be implemented they must meet internal benchmarks and target returns.
- **Gyprock's risk will be impacted by its position relative to its peers** – The transition risk factors, and mitigation opportunities, that have been included in the model are also applicable to Gyprock's competitors. With limited substitution available for plasterboard products (for both Gyprock and its competitors), the significance of Gyprock's exposure to transition risk will be partly dependent on its emissions intensity of production relative to its peers.

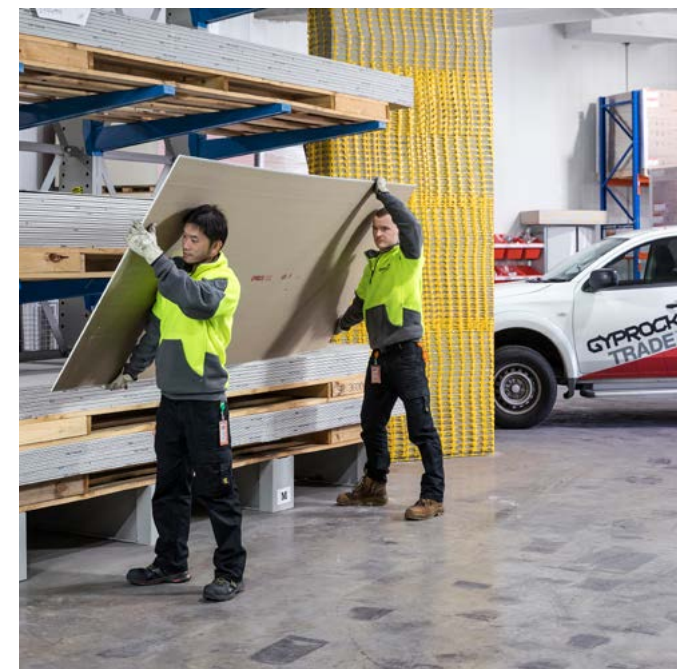
Incorporating climate risk management into strategy

Outcomes from the work will be included in CSR's annual strategic, capital and business planning.

The next steps in CSR's approach will be to undertake further scenario analysis within another business unit within the CSR Building Products portfolio. Learnings from the CSR Gyprock project will help inform the scope of this analysis.

Metrics and targets to 2030

In 2009, CSR set ten year intensity targets with a goal of a 20% reduction in energy consumption, greenhouse gas emissions, solid waste to landfill and potable water usage (per tonne of saleable product) using 2009/10 as the base year. As we approach 2020, we are developing our new targets to 2030. This process includes consultation with internal and external stakeholders to identify key target areas for CSR. The 2030 targets will be published in CSR's Annual Report in May 2020.



Gyprock Trade Centre, Pyrmont NSW

PROGRESS TOWARDS 2020 GOAL

We have previously articulated our commitment to contribute to an overall positive impact on the environment with specific ten year targets to reduce greenhouse gas emissions and waste production and the consumption of energy and water used in production.

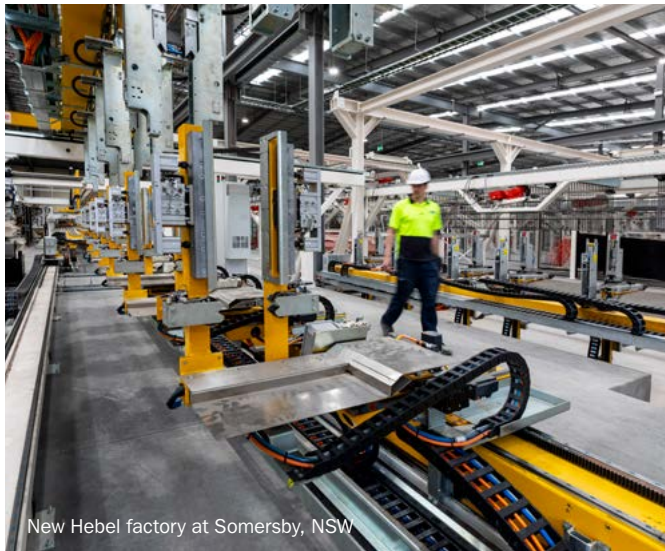
Each CSR business unit sets goals to improve performance and reduce environmental impact and these are regularly reviewed by senior management and the WHSE Committee.

CSR set four intensity targets in 2009 with a ten year goal of a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas emissions, solid waste to landfill and potable water usage using 2009/10 as the base year.

At the end of this ten year period, we have reached our target for waste to landfill with a reduction of over 50% since 2009.

Our CO₂e emissions also achieved the target with a 24% reduction. We also significantly reduced in water usage – down 17% and energy consumption – down 16% during the 10 year period.

Although we were short of the 20% target for water and energy, key learnings were gained throughout the last ten years which will improve operational efficiency and our use of resources in future years.



New Hebel factory at Somersby, NSW

CSR ENERGY IMPROVEMENT FUND

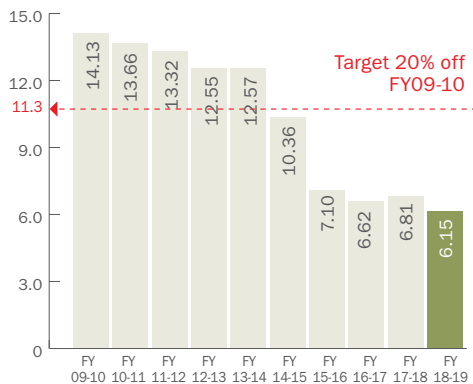
In 2018, CSR established a \$20 million fund specifically targeting energy saving reduction projects to reduce reliance on external providers. The key aim of the fund is to bring forward projects that may not have met the internal business benchmarks and payback periods.

To date eight projects have been approved and four completed for a total investment of \$5.4 million including:

- 367kw Solar project at Bradford Insulation – Ingleburn, NSW
- Heat exchange project at Monier Roofing – Darra, QLD
- Upgraded raw material crushing system at Hebel – Somersby, NSW
- 1MW solar project at PGH Bricks – Golden Grove, SA

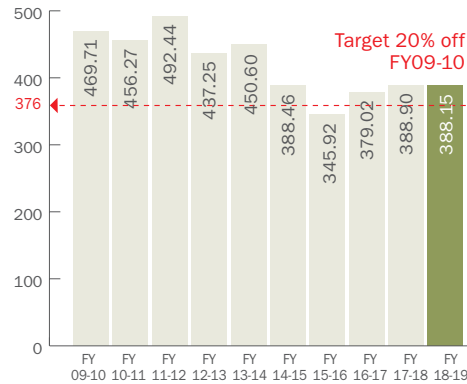
WASTE PRODUCTION

Kg/Tonne of Product



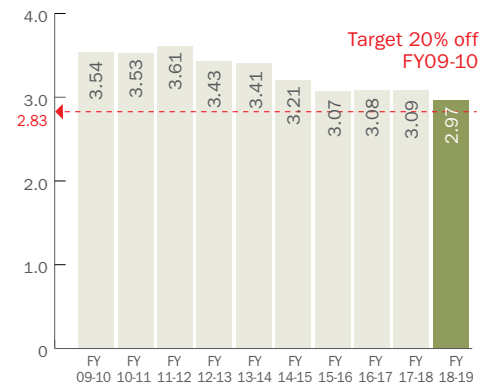
WATER CONSUMPTION

Ltr/Tonne of Product



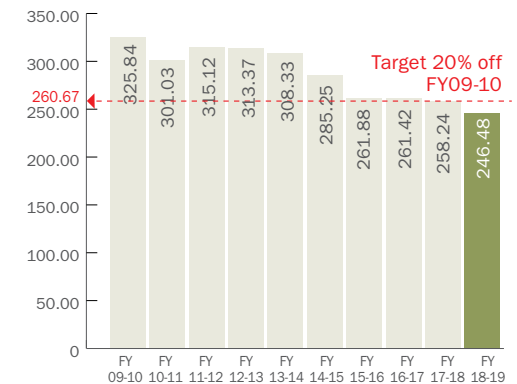
ENERGY CONSUMPTION

GJ/Tonne of Product



TOTAL SCOPE CO₂e

Kg/Tonne of Product



ENERGY

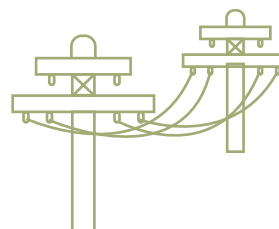
CSR seeks to reduce greenhouse gas emissions by improving energy efficiency across its network of manufacturing facilities and through the roll-out of renewable energy solutions to its industrial sites.

For the period on 1 July 2018 to 30 June 2019, total greenhouse gas emissions from CSR's majority owned businesses were 509,841 tonnes of CO₂e which was 3% lower than the previous year. This data excludes the Viridian glass operations which were sold on 31 January 2019. All external data reporting requirements have been transferred to the new owner upon the sale of the business.

CSR engaged Deloitte Touche Tohmatsu to provide limited assurance over CSR Limited's total Scope 1 and 2 greenhouse gas emissions, total energy consumed and total energy produced for Australia prepared in accordance with the National Greenhouse and Energy Reporting (NGER) Act 2007. A copy of the unqualified limited assurance statement is found on page 46.



SCOPE 1 OR DIRECT
Emissions emitted from sources within the plant or factory boundary.

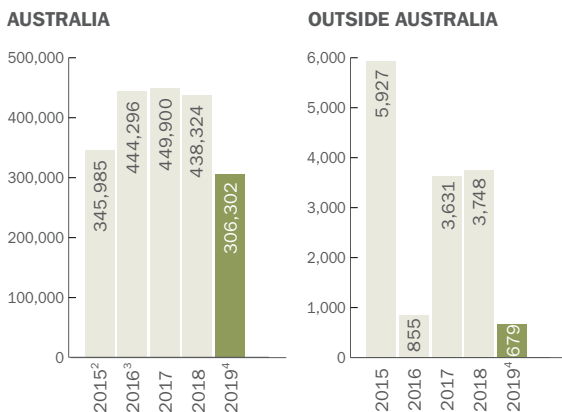


SCOPE 2 OR INDIRECT
Emissions associated with the consumption of imported electricity, heat or steam.



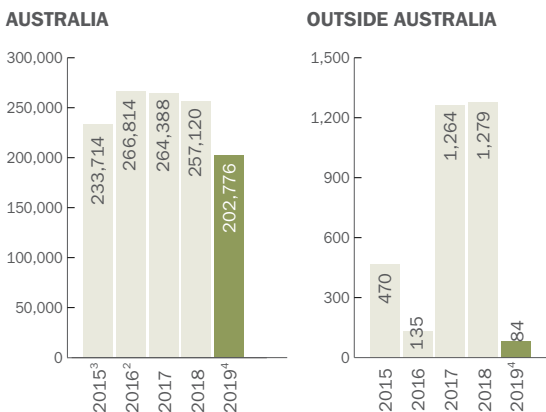
SCOPE 1 DIRECT EMISSIONS¹

As at 30 June (Tonnes of CO₂e)



SCOPE 2 INDIRECT EMISSIONS¹

As at 30 June (Tonnes of CO₂e)



BRADFORD BRENDALE SOLAR

In 2019, Bradford completed installation of a new 280kw solar project at the Bradford glasswool insulation plant at Brendale in Queensland. The system included investment of over \$400,000 to increase renewable electricity used on site.

This project follows the \$2 million solar project completed at the PGH Bricks factory in Golden Grove in South Australia in 2018.

These projects are examples of how CSR is reducing its reliance on non-renewable energy with further solar projects under review across CSR's sites.

1 Data excludes contractor emissions.
 2 2015 includes 2 months data for the six additional factories from the PGH Bricks JV.
 3 2016 includes 12 months data for the six additional factories from the PGH Bricks JV.
 4 Excludes 12 months data for Viridian glass operations which were sold on 31 January 2019.

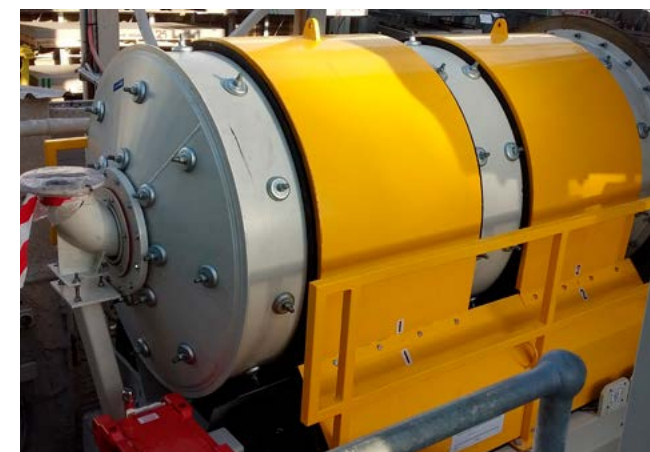
WATER

CSR recognises the importance of using water efficiently. Our storm water and groundwater management, together with the treatment and disposal of water used at our manufacturing facilities is central to our on-site environmental targets.

CSR is targeting a number of investments to upgrade water recycling and future water use. The new Hebel factory is a good example of utilising new technology to recycle all water and steam utilised at the site as part of a “Zero Water Waste” policy at the site. This is an important initiative as many parts of Australia are impacted by a severe drought. Water management will be a key criteria for all new investments by the company.

CSR consumed 862,435 kilolitres of potable water during the year ended 30 June 2019 – a 4% decrease on the previous year (which excludes the Viridian glass operation in the comparison).

The decline in water use is attributed to improved use of water saving measures across CSR’s sites as well as lower levels of production as construction activity has slowed over the past year. However lower rain levels during the year has limited the ability to use water in recycling tanks. CSR continued to implement water saving measures across manufacturing sites to reduce potable water usage.



NEW WASTE WATER RECYCLING MILL TO IMPROVE WATER MANAGEMENT AT CEMINTEL

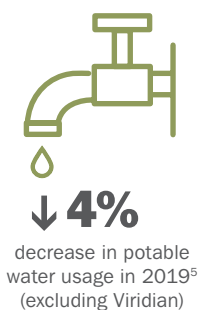
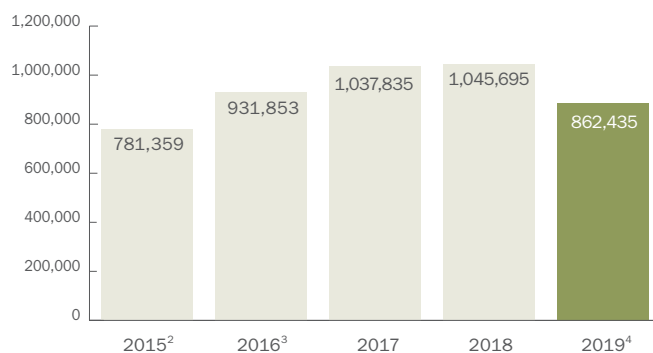
Cemintel has installed a new \$500,000 waste sludge recycling mill to reduce its consumption of potable water.

The new mill enables the Wetherill Park, NSW site to recycle a higher percentage of waste material back into the production process. This investment also provides more effective water management ensuring that process water is usable for longer periods on site.

Installation was completed in October 2019 and the system is expected to reduce water use by over 10%.

TOTAL POTABLE WATER CONSUMED¹

As at 30 June (Kilolitres)



1 Only metered potable water data is included.

2 2015 includes 2 months data for the six additional factories from the PGH Bricks JV.

3 2016 includes 12 months of data for the six additional factories from PGH Bricks JV.

4 Excludes 12 months data for Viridian glass operations which was sold on 31 January 2019.

5 Excludes the Viridian glass operations in the comparison with 2018.

WASTE

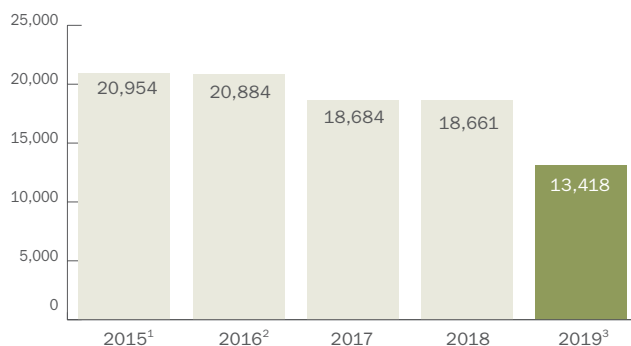
Reducing waste remains a key priority for the company.

CSR produced a total of 13,418 tonnes of solid waste to landfill in the year ended 30 June 2019 – down 2% on the previous year. This comparison excludes the Viridian glass operations which were sold on 31 January 2019. Numerous waste reduction initiatives over the last five years has resulted in a 36% reduction in waste since 2015.

CSR Building Products Limited is a member of the Australian Packaging Covenant (APC) which sets out how Governments and businesses share the responsibility for managing the environmental impacts of packaging. APC supports sustainable design and recycling initiatives and projects that reduce waste to landfill. As a signatory to the APC, we are committed to reducing the impacts of packaging within our supply chain. As part of our commitment to the APC, CSR sites across Australia have participated in Australia Business Clean Up Day for the past six years.

TOTAL SOLID WASTE TO LANDFILL

As at 30 June (Tonnes)



1 2015 includes 2 months data for the six additional factories from the PGH Bricks JV.

2 2016 includes 12 months of data for the six additional factories from PGH Bricks JV.

3 Excludes 12 months data for Viridian glass operations which was sold on 31 January 2019.

4 Excludes the Viridian glass operation in the comparison with 2018.

Where possible, CSR uses recycled materials in production which significantly reduces the amount of new raw materials used in the production process.

Examples include:

- **Recycled glass cullet:** Bradford glasswool insulation uses up to 80% recycled glass.
- **Post-consumer (PET) packaging:** Martini manufacturers a range of insulation products with thermally-bonded polyester fibres, of which up to 80% is made from post-consumer (PET) packaging, such as empty drink bottles.
- **Fly ash:** Fly ash is a waste by-product of coal combustion in power stations which can improve the performance and quality of concrete. Monier has transitioned its production process to incorporate 15-20% of its cement requirements with waste fly-ash.
- **Biosolids:** PGH is investigating a project which utilises biosolids as a feedstock for the kiln system, reducing the consumption of gas. Biosolids are also under review as a possible additive in the brick production process.

CSR is also working with our customers to minimise waste at building sites and provide services to pick-up pallets and unused building products so that they can be recycled or re-used.



↓ **2%**

decrease in waste sent to landfill in 2019⁴ (excluding Viridian)



AFS RECYCLING PALLETS FOR USE AT BRADFORD VENTILATION

CSR's AFS operations in Minto, NSW imports resin from an international supplier which is delivered on high quality export pallets.

These shipments provide over 4,000 pallets per year which are available for further use. CSR is using its network of operations to deliver these pallets to other sites which can re-use the pallets as part of packaging CSR products for delivery to customers.

Bradford ventilation is currently using approximately 100 pallets per month with Martini insulation and PGH Bricks reviewing options for further use at their sites. This program extends the life of valuable pallets which would otherwise be disposed at landfill.

CASE STUDIES: **WASTE REDUCTION****CLAY WASTE FROM MELBOURNE'S METRO TUNNEL RECYCLED TO PRODUCE BRICKS**

Clay waste from the Metro Tunnel Parkville Station project will be converted into new bricks for residential construction.

PGH Bricks has joined up with the team building the new Parkville Station to convert the excavated material into bricks at its Thomastown, Victoria factory.

More than 80 Olympic sized swimming pools worth of material will be excavated as part of the project to make way for the new underground station. The new station connects this world-class education, health and research precinct to the rail network for the first time, and includes station entrances on the doorstep of the University of Melbourne and some of Victoria's biggest hospitals.

There are three stages to the project, with the first stage expected to provide around 300,000 tonnes of clay, enough to produce around 10 million bricks.

Following completion of the final two future stages, there is a potential to produce around 30 million bricks which will be used to build new homes and buildings in the suburbs of Melbourne.

This project also extends the life of CSR's quarries as clay is sourced from the tunnel project and minimises the amount of excavated waste being sent to landfill.

The first train is expected to run through the tunnel in 2025.

**MONIER SOFT PLASTIC WRAP CONVERTED TO I-BEAM GLUTS FOR GYROCK PACKAGING**

CSR is utilising its network of operations to convert plastic waste packaging into new i-beam gluts used for packaging Gyprock plasterboard pallets.

Monier Springvale, VIC has established a program to collect the soft plastic wrap required to transport concrete roof tiles to building sites. This plastic wrapping is collected, baled and sent to Plastic Forests, a specialist plastic film recycling company for further processing.

The plastic wrap is reprocessed into plastic resin which is used to manufacture plastic i-beam gluts that are used as separators in the pallet loading process for Gyprock plasterboard. Over 28 tonnes of plastic wrap has been collected to date for completion of the production trial.



ENVIRONMENTAL INCIDENT REPORTING

We report environmental incidents based on five levels with breaches reported to regulatory authorities as required.

For the year ending 30 June 2019, CSR reported 113 environmental incidents of Level 1 or higher compared to 115 incidents in the previous year, a reduction of 2%.

Level 3 serious incidents can vary in nature and while classed as serious in CSR’s internal system, may not have caused material harm to the environment. However this classification ensures that investigations and remedial actions are appropriately monitored by the management teams and the WHSE board committee.

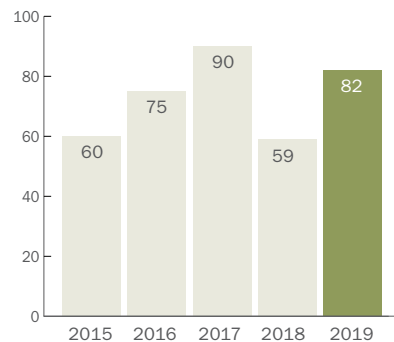
CSR has not reported a Level 4 (Severe) or Level 5 (Extreme) in the past 10 years. All reported incidents are investigated in line with CSR processes with remedial actions implemented as appropriate.

CSR also reported the following notices received during the year:

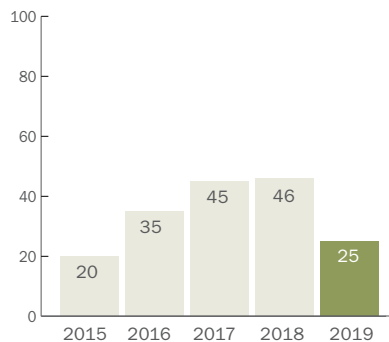
- In July 2018, a default notice was received by Gyprock Wetherill Park, NSW from Sydney Water for a breach in sulphide levels for its trade waste discharge. Corrective actions were undertaken to ensure discharge is within consent limits. No penalties were applied by Sydney Water.
- In August 2018, a Pollution Abatement Notice (PAN) was received for PGH Thomastown, VIC to undertake investigations to reduce the exposure of wildlife to fluoride within 200m of the boundary. A fauna impact assessment was prepared and submitted to the EPA concluding the assessment area presents a low risk of harm. The EPA revoked the PAN in December 2018. No penalties were applied by the EPA.
- In December 2018, a Clean Up Notice was issued by the EPA for illegally dumped material by persons external to CSR at our PGH Badgerys Creek, NSW site. The material was removed and disposed by CSR, at CSR’s cost, at the appropriate licensed facility.



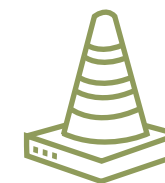
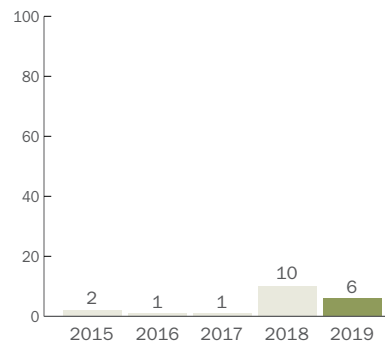
LEVEL 1 – MINOR
(Incidents)



LEVEL 2 – SIGNIFICANT
(Incidents)



LEVEL 3 – SERIOUS
(Incidents)



113
environmental incidents
across CSR



↓ 2%
decrease in total
environmental incidents

PEOPLE AND SAFETY

Inspiring our people by creating a safe and diverse place to work and grow.



WORKPLACE HEALTH AND SAFETY

CSR recognises that a sustainable workplace is one that is safe, rewarding and diverse for our employees.

Our safety strategy focuses on both the leadership and behavioural dimensions of safety as well as the structural or physical risks in our operations.

We promote an engaging and proactive approach to safety including the use of lead indicators that cover both behavioural and structural safety risks.

Importantly CSR management is held accountable for safety performance and driving engagement, compliance and improvement initiatives. We promote and support our employees to take personal ownership for their safety and that of their workmates.

PROACTIVE SAFETY

The collection and tracking of data was enhanced this year with the adoption of the WHSE Live system. The proactive safety plans are loaded into the WHSE Live system to enable teams across CSR to work continuously to identify, implement and monitor our activities to ensure we eliminate unsafe acts and practices. These activities range from tool box talks with teams prior to the start of a new shift to detailed workplace inspections at all sites throughout the year.



WORKPLACE STATISTICS



3,198

Tool box talks

Focus on team sharing key learnings and experience



874

Safety committee meetings

Discuss events, hazards and reporting as well as progress on plans



4,644

Safety condition inspections

Maintain standards and ensure that controls are in place



2,188

Work instruction reviews

We do what we say we do



5,725

Safety walks

Walk the talk, listen and support

LEADING SAFETY AT CSR

CSR is bringing minds together to build a foundation and vision for a better future.

At CSR, we want our leaders to accept new challenges, adapt to change and look for every opportunity to improve.

We want to create an environment of innovation, productivity and trust where people can operate efficiently and effectively.

CSR has designed a Leading Safety training program to help our leaders perform at their best and develop safety leaders of the future. This two day program is designed to help our leaders focus on a number of issues including:

- Awareness of what can go wrong and a proactive approach toward it.
- Know your people – talk honestly about what is important.
- Be open to sharing – sharing experiences and drawing from successes and mistakes rather than seeking blame.
- Develop personal leadership skills.

In September 2019, CSR hosted its third annual Safety Summit which brings together WHSE Leaders including safety, operations, HR, EGMs and GMs across all business units. This year's summit focused on a number of areas to share key learnings across CSR including "The Leader in Me", Mental Health and Risk Reduction.



LEADING SAFETY@CSR – KEY FOCUS AREAS



Leadership Capability

We are all leaders when it comes to safety

- Coaching conversations
- Leading Safety @ CSR certification
- Injury and critical risk areas



High performance people & environment

Foundation – understanding, relevance & trust:

- New starters
- Mental health first aid
- Effective connection and use of EAP
- Initiating forums to open conversations



Risk Reduction

Follow insights on key exposures. Ensure we have a focused approach which is practical and productive:

- Anchor chain of responsibility
- Fixed plant & equipment – Hazardous energy
- Supply & fix – Customer site safety



Live Insights & user mobility

WHSE Live – Informed decisions and outcomes:

- Easy to use and access
- Live dashboards
- Event (injury, incident & hazard) reporting
- Progress on proactive safety

CASE STUDY: **PEOPLE**

COACHING ON COACHING

During the last six years over 600 people have participated in the Leading Safety @ CSR training & certification program across CSR.

In 2019, we are creating the capability of having quality safety conversations that are engaging and influential by adopting “a coaching approach”. We want to focus on ‘being’ a coach rather than ‘doing’ coaching. The program also includes three hours of one-on-one coaching, aimed at embedding the skills and knowledge included in the initial session.



“One of the most important skills for a leader is coaching. It is not only a skill that will be invaluable to any leader, it is a life skill that will be very useful both at work and outside work. I would encourage anyone in a leadership role to make use of the opportunity of learning the skills of a good coach.” Ray Farrell, Bradford Group Operations Manager



“As we strive to create a high performing culture, how we communicate and hold conversations is the single most powerful lever to influence this change. The art of listening is applicable in every aspect of work...in this example it was applied to safety, and how it improves our ability as leaders to coach for higher performance.” Steve Zebib, Hebel Group Operations Manager



LEADING SAFETY PROGRAM



Part 1

Initial one-day, interactive session



Part 2

Being shadowed by a coach followed by a coaching session and “chatters that matter” plan targeting proactive and reactive safety skills



Part 3

Follow up one-hour coaching and reflection session

SAFETY RISK REDUCTION

Safety risk management is looking at more ways to reduce risk and leverage key learnings across CSR.

Our risk management approach seeks to eliminate or reduce risks with a simple, common sense approach which can be applied across all operations. Key focus areas: Hazardous Energy, Chain of Responsibility and Mental Health Awareness.

HAZARDOUS ENERGY

Our highest injury risk remains working with mobile and fixed plant equipment (hazardous energy). We are using our CSR Way innovation process which fosters collaboration across the various business units and sites to refine our approaching to reducing hazardous energy risks.

This includes further review of specific injury insights and the drivers and adopting a broader approach to improve the identification of hazardous energy which has been commonly identified as guarding and electrical isolation. The goal is to take new steps to anchor improvements made in standards, process and practice to become more business as usual to minimise risks in this area.

PGH Bricks has piloted a proactive safety approach to raise awareness of hazardous energy risks. The training includes a discovery activity where each person is asked to explore a work area using a safety discovery guide to assess hazardous energy risks. Upon returning to the group, teams present back on proposed findings and areas for improvement.



CHAIN OF RESPONSIBILITY

CSR is committed to manufacturing, distribution and delivery of our building products in the safest way possible for our employees, people working within our supply chain and the general public.

We have been working for a number of years to ensure that our training and systems will provide excellent risk management processes to focus on safety outcomes. This is a critical process for CSR as Heavy Vehicle National Laws (HVNL) were amended in October 2018 to effectively provide that every party in the heavy vehicle transport supply chain has a duty to ensure the safety of their transport activities.

For CSR, chain of responsibility (COR) means that even though contractors deliver most of CSR's products, we are still responsible for making sure that they are transported and delivered safely.

- For 3 years CSR has partnered with the Australian Logistics Council to ensure current and future industry standards operating principles are applied across the chain.
- COR steering committee is chaired by a business unit sponsor and supported by a safety professional representing each business who is responsible for the supply chain.
- COR steering committee presents to the Board WHSE Committee a strategic plan which includes the following areas of focus:
 - Finalise load restraint certification
 - Contractor monitoring & management
 - Code compliant audit with a focus on eliminating duplication

MENTAL HEALTH AWARENESS

In recent years, there has been an increased understanding of wellness and in particular what this means in the specific area of mental health. Mental health issues are the leading cause of sickness absence in the Australian workplace, with employees with a mental health issue 40% more likely to be involved in a safety incident.

Investing in mental health training

At CSR we have recognised that what happens at home and at work ultimately ends up at work. With awareness and occurrence of mental health challenges rising, CSR is working to understand our people and their needs, and adopt a whole life approach for our people. A pilot program was recently completed which will be assessed with data from our 2019 culture survey, workers compensation claims and employee feedback to determine priorities for mental health risk reduction over the coming year.

Access EAP

We continue to maintain a well-established Employee Assistance Program (EAP) which is a confidential counselling service, designed to assist employees and their immediate families with a wide range of personal and work related problems. The program encourages self-referral but can also be accessed following a recommendation from a fellow employee or manager.

Mental health first aid

Two day training program which provides improved confidence and skills when dealing with mental health problems in the workplace. This training enables mental health first aiders to be "go to" contacts for employees struggling with stress or other issues.

SYSTEMS PERFORMANCE

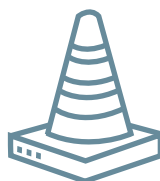
Understanding our data.

The WHSE LIVE program provides anytime, anywhere access to reporting and analysis.

In 2019, CSR has ramped up adoption of the WHSE Live system which is an online tool to track to report hazards and incidents and monitor proactive initiatives across CSR.

WHSE Live provides 24/7 access to all CSR employees with live analytics to review performance progress and key risks across all sites, businesses and divisions within CSR.

The digital tool provides our teams with immediate access to all of the issues on sites, the ability to record important data and easy access to themes and trends which can improve safety and environmental outcomes. This initiative provides a real time digital replacement to previous systems where data had to be manually input and aggregated to understand trends and issues.



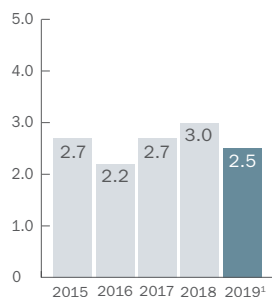
21%

improvement in TRIFR to 10.3 as of June 2019



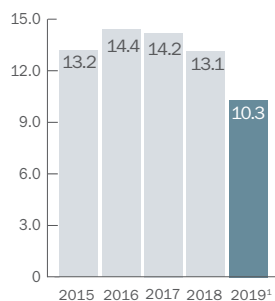
LOST TIME INJURY FREQUENCY RATE

As at 30 June (per million work hours)



TOTAL RECORDABLE INJURY FREQUENCY RATE

As at 30 June (per million work hours)



¹ 2019 data includes the Viridian Glass operations until 31 January 2019.

DIVERSITY

Increasing diversity of our workforce brings a range of benefits to our business.

CSR places great importance on our people and remains committed to promoting an inclusive workplace by applying policies and practices designed to improve both gender equality and diversity within our organisation.

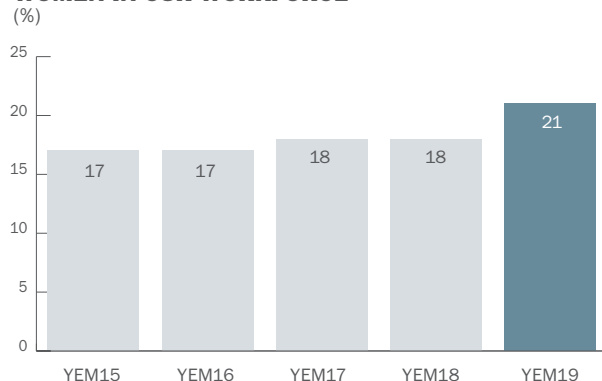
Having a diverse workplace brings a range of benefits to our business, such as improved business decision making, wider range of skills, fosters innovation and ultimately better solutions for our customers.

Year on year we strive to improve our recruitment and retention strategies and practices in order to further support gender diversity and equity in our workplace.

We have maintained monthly reporting on attraction, selection and retention of female employees by business unit tracking metrics on:

- The number of women that have joined CSR in the last month.
- Women who have left CSR in the last month and the reason for leaving.
- An overview of current vacant positions and the number of women on the shortlist for each position.
- The gender participation ratio for CSR as well for each business unit.

WOMEN IN CSR WORKFORCE



Carwatha College school students

Attracting new students to manufacturing

CSR is also focused on attracting younger people to the manufacturing industry. Since 2016, Monier Roofing has partnered with Carwatha College to include career days with the Victorian Certificate of Applied Learning at the Springvale, VIC factory. Students participate in site tours and sessions on sales, estimating, customer service construction and finance.

Measurable objectives

Improving diversity requires cultural change driven by the leadership and commitment of the board and senior management. CSR has structured its management performance objectives around this commitment which are included in CSR's 2019 Annual Report.



50%
of current CSR board members are women

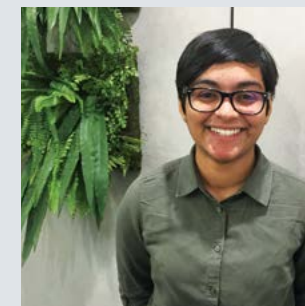
CASE STUDY: DIVERSITY

UTS WOMEN IN ENGINEERING & IT PROGRAM

In partnership with University Technology Sydney (UTS) CSR Lightweight Systems has invested \$68,000 in a scholarship over four years. The scholarship incorporates financial support, industry experience, mentoring, networking and leadership development.

The UTS Women in Engineering and IT (WiEIT) Program fosters a network of people who are actively involved in the development of the next generation of young engineering and IT professionals.

Scholarship recipient, Graceann Tathyaril completed a 3 month internship with CSR's group engineering department.



"The value of the internship has allowed me to connect my theoretical studies to practical real life experiences, enabling me to obtain soft skills and having access to friendly and approachable mentors. I really enjoyed the great culture and values CSR holds and the flexibility provided to me to balance my studies and work commitments, even as an intern." Graceann Tathyaril

flexibility provided to me to balance my studies and work commitments, even as an intern." Graceann Tathyaril

SUPPORTING DIVERSITY

CSR provides a number of initiatives to make it easier for employees to work flexibly and provides assistance to parents.

FLEX@CSR

Flex@CSR recognises that work needs can change for CSR, our customers and individuals over time.

This year, CSR launched Flex@CSR which includes a set of guidelines that are designed to promote a combination of opportunities and benefits to enable various ways of working that suit the individual, team, customer and business.

The guidelines are built to promote a spirit of trust and co-operation so we can achieve what needs to be accomplished at work while the wellbeing of our employees is supported.

Flexible working can mean different things to different people and can include the following:



FlexLeave

Purchasing flexi leave, parental leave assist, annual leave



FlexPlace

Working at different sites, working from home



FlexBenefits

Novated leases, additional Super, share plans, salary sacrifice



FlexHours

Part time work, varied shift times, time in lieu



FlexCommunity

Community service leave, support programs, mentoring school kids



FlexCareer

Study leave, career breaks, education support

PARENTAL LEAVE ASSIST

On 1 April 2018, CSR launched a new and improved parental leave offering for Australian employees.

Being a working parent can often create an additional set of challenges and additional support may be required at key points including prior, during and when returning to work from parental leave.

CSR formed a team to re-design and implement a new Parental Leave Assist program in Australia to support new parents during this important time in their lives.

A dedicated intranet site provides information on the parental leave procedure and information on how our internal Parental Leave Assist team can provide support so working parents can achieve their work and family commitments. This site also provides our people with Keeping in Touch Guidelines, application forms and many more supporting documents to help when parental leave is taken.



CASE STUDY: PARENTAL LEAVE ASSIST



“During my parental leave it was good to touch base so when I came back to work, I had some idea of the priorities and reasons behind the decisions made whilst I was away.

I try to utilise working from home around one day per week. I am very productive on these days. I get a lot crossed off my list and I feel that I am getting into the swing of motherhood and working at the same time.” Elly Drummond, Supply Chain Optimisation Program Manager

MEASURING OBJECTIVES TO IMPROVE DIVERSITY

Improving diversity requires cultural change driven by the commitment of the board and senior management.

MEASURABLE OBJECTIVE	YEM19 ACHIEVEMENTS	OVERVIEW OF YEM20 INITIATIVES
Leadership and culture	<ul style="list-style-type: none"> Over 2,500 on-line training modules focusing on Fairness, Respect and Diversity were completed Achieved gender pay equity through established bi-annual processes and detailed pay reporting by job grade Diversity reporting within the organisation was maintained to drive more informed recruitment decisions The CEO led diversity council meetings throughout the year to implement and review diversity initiatives Diversity initiatives were promoted, shared and leveraged throughout the organisation through targeted communication 	<ul style="list-style-type: none"> Continue to provide opportunities for women to develop and enhance their careers through attending CSR leadership programs Convene specific diversity forums with senior leaders to promote discussion on what has worked well and where we can make future improvements in gender diversity Maintain gender pay equity through established bi-annual processes including reviews by the executive team and CSR board Continue to promote, share and leverage diversity initiatives and achievements through targeted and regular communication
Career Management	<ul style="list-style-type: none"> Developed Flex@CSR framework to promote a range of flexible work and remuneration practices Launched Parental Assist Team to help support women through their parental leave and return to work program Insights from the female talent review were leveraged to further support female talent within the business units Promoted and sponsored the Women in Industry Awards with 10 finalists nominated and two category winners from CSR 	<ul style="list-style-type: none"> Continue to leverage learnings from the detailed review of female talent, and maintain focus on pay equity, development and career aspirations Develop and promote Female Career Champions to support other women in CSR to grow their careers Finalise and deploy Experience Maps for all job families to promote career planning Complete a comprehensive rollout of the Flex@CSR framework sharing examples of how employees have used this to improve their working experience at CSR
Recruitment and retention	<ul style="list-style-type: none"> Female applications and appointments both improved during YEM19 Voluntary turnover of women reduced by 5% during YEM19 	<ul style="list-style-type: none"> Implement recommendations from our review of strategic workforce planning and recruitment Continue to report and track operational diversity metrics such as female applications, appointments and turnover

ACHIEVING A HIGH PERFORMANCE CULTURE AT CSR

Measuring our culture to highlight achievements and plan specific improvements.

CSR measures its culture every two years using the Organisational Cultural Inventory (OCI) and the Organisational Effectiveness Inventory (OEI).

The OCI describes the culture or “expected behaviours” as seen by the workforce. The OEI is a deeper tool that describes the drivers of the culture and hence is a better tool to help measure and plan specific improvements.

We use this tool consistently across all business units. Recognising that culture takes time to shift we commenced this process in 2010. In 2019, 2,046 employees completed the survey, representing 75% of CSR’s total employee base. This is strong engagement and helps CSR to make more informed decisions to improve our business. All data is benchmarked against other organisations that have measured their culture.

The premise we use at CSR is that leaders drive the culture and a more constructive (blue) approach drives superior customer and employee experiences and outcomes. CSR has made significant progress on improving culture since the company commenced using OEI and our business performance is far better as a result.

How do we measure organisational culture?

Organisational culture is the way that a group of people work together. Behavioural styles are collected in three groups:

- **Blue Constructive styles** – working together and achieving results
- **Green Passive Defensive styles** – making sure other people are kept happy with little attention to achieving goals
- **Red Aggressive Defensive styles** – making sure tasks get done without consideration for the other people involved, their ideas and contribution.

Looking ahead, we will invest further in our supervisory and team leaders so we can further improve our constructive culture.

We are also developing new technology focussed on our Employee Experience and providing more real time data on achievements or areas for improvement.

Key highlights from the 2019 survey include:

- CSR achieved a substantial reduction in the aggressive (red) and passive (green) styles
- Opposition styles improved by 9% resulting in better collaboration across CSR
- Motivation increased by 8% reflecting investments in our new Performance Management System – ACHIEVE@CSR
- ACHIEVE@CSR investment resulted in greater goal alignment, clarity and acceptance, fairness of appraisals and increased belief that employees have the authority and influence to achieve their goals.
- Our customer performance has improved with both quality and responsiveness to changing needs of customers improving significantly



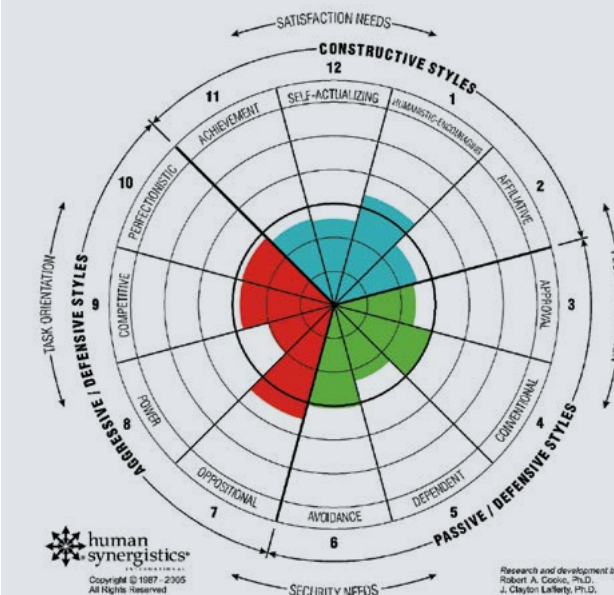
The Monier team at Darra, Queensland



CASE STUDY: OUR CULTURE

PROJECT BLUEPRINT

CSR commenced its Organisational Culture Improvement program in 2010 with the aim to create a more constructive “blue” culture. Known as Project Blueprint, this program drives superior customer and employee experiences which is fundamental to our success.



human synergistics
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Research and development by:
Robert A. Coles, Ph.D.
J. Clayton Latham, Ph.D.

BLUEPRINT 2019

INVESTING IN OUR PEOPLE

CSR's leadership programs are designed to provide our leaders with the knowledge, skills and support to enable them to perform at their best. CSR is committed to investing in its employees and developing leadership skills.

LEADERSHIP DEVELOPMENT

Over the past seven years we have developed a suite of leadership training programs designed to provide our leaders with the knowledge, skills and networks to enable them to perform at their best. These programs have become a well-regarded part of our employee value proposition.

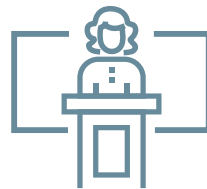
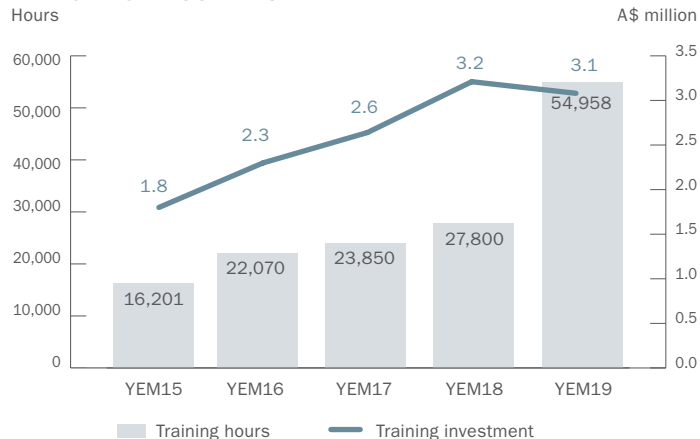
In addition, additional training is provided across a wide range of areas including:

- Strengthening your leadership
- Diversity – breaking bias
- Finance
- Compliance
- Workplace health, safety and environment
- Technology

We have three leadership development programs in our suite:

- **CSR Leaders Program** – for senior leaders
- **CSR Constructive Leaders Program** – for middle/line managers
- **CSR Foundations of Leadership Program** – for team leaders & supervisors

INVESTING IN OUR PEOPLE



\$3.1m
invested in internal training programs during YEM19



54,958
hours of training completed in YEM19

CASE STUDY: OUR PEOPLE

ACHIEVE@CSR

The significant increase in training hours in 2019 followed the roll-out of the ACHIEVE@CSR contemporary performance management process used for employees.

Feedback from our culture surveys identified that our performance management system was a pain point and an impediment to productivity and unlocking employee potential.

In 2016 we commenced work to re-design the performance management process used for salaried employees. We set about a re-imagining this process through immersing with our employees and external companies. We then used a design thinking approach to create a new solution – ACHIEVE@CSR, which was rolled out across all CSR's salaried staff employees during 2019.

The HR team delivered over 300 days of training across Australia and New Zealand. Supporting employees and creating the right mindset has been fundamental to the success of ACHIEVE@CSR.

Key benefits of ACHIEVE@CSR

- aligned to CSR's performance objectives
- regular performance check-ins
- coaching to drive performance and improvement
- use of real-time peer-to-peer feedback
- a more contemporary and fair approach to assessing and rewarding performance
- supporting the growth and development of its employees





CSR VALUES CHAMPIONS AWARDS

Our values are important to our culture, to the sustainability of our business and how we deliver great outcomes to our internal and external customers.

The CSR Values Champions Awards is a great way to recognise the achievements of CSR employees. It was initiated following feedback from employees in our culture survey in 2010.

Annually, CSR employees nominate colleagues for an award as part of the CSR values champions recognition scheme, which encourages our employees to demonstrate the CSR values. The nominations are judged by the executive management team, culminating in an awards dinner to acknowledge the achievements of successful values champions.

In 2019, the CSR values champions were chosen from over 350 nominations, with the majority of sites nominating at least one of their colleagues. In addition, 36 outstanding employees were awarded the Managing Director's award reflecting their extra effort in meeting a customer's need, commitment to workplace health, safety & environment, working together, innovation or company results.



TOP: 2019 VALUE CHAMPIONS WINNERS. ABOVE: THE AWARDS NIGHT

THE CSR VALUES

By living the CSR Values, we are building our future together. We value our reputation, and focus on delivering great outcomes for our stakeholders in a sustainable manner.



WORK, HEALTH, SAFETY & ENVIRONMENT
We care for and protect each other, our business and our environment



WORKING TOGETHER
We respect one another and achieve more by working together across CSR



CUSTOMERS
We listen to our customers to understand and meet their needs



INNOVATION
We strive to develop new ideas and continuously improve the way we do business



RESULTS
Together we achieve positive and sustainable results for each other and our stakeholders

COMMUNITY

Inspiring our people to engage and support local communities



ENGAGEMENT WITH LOCAL COMMUNITIES

Our relations with the community can have a significant impact on our ability to operate each of our sites successfully.

One of our three sustainability pillars is based on proactively maintaining our social licence to operate through greater interaction and positive impacts on the community.

CSR has a large and valuable property portfolio with a very strong development capability across our team. A key part of the development process involves working with the local community, councils and government regarding zoning and rehabilitation of our development projects.

Our project at the Warner quarry located in Moreton Bay in southeast Queensland highlights how CSR is working with the local community to facilitate feedback and ensure all stakeholders are aware of future plans for the area and the protection of local flora and fauna.



Warner quarry, Moreton Bay, Queensland

CASE STUDY: COMMUNITY ENGAGEMENT

DOING DEVELOPMENT DIFFERENTLY

Warner quarry located in Moreton Bay in southeast Queensland is a clay resource that is owned by CSR. The site has been operating since the 1970s and supplies clay to the CSR PGH brick plant at Oxley.

CSR is progressively rehabilitating the site with the potential for future development that is in line with the surrounding area.

A residential development is proposed to replace the quarry, which will be redeveloped with approximately 500 homes, new trees and seven hectares of preserved habitat, roads, paths and bikeways.

A development application was lodged in 2018 with Moreton Bay Regional Council. The application is impact assessable, so our local community have a unique opportunity to provide feedback during the statutory public notification period. This enables everyone to formally submit their ideas to Council on density, infrastructure and environmental management.

Key elements of the program include:

- **Warner Working Group** – founded in 2018 to bring the community together in a collective forum. Members are from the district, schools, industry, government and CSR. By talking together and working together, the community can contribute to Warner's future.
- **Communications program** – includes dedicated website: www.warnerquarry.com.au, Facebook page, letterbox drop to local residents, dedicated 1800 number and email for queries.
- **Flora and fauna protection** – CSR has invested \$1.5m on species protection and research in the district with ongoing talks with stakeholders in government and community about working together on the development of a fauna research and management program. The team is also working with scientists, residents and school kids on species protection and a strategic approach to long-term management. Veterinary scientists, who specialise in the koala, work on all CSR's Moreton Bay developments, and they will be engaged on any future development projects.



CASE STUDY: **COMMUNITY ENGAGEMENT****HABITAT HEROES PLANTING DAY**

A community tree planting day was held in June 2019 for dozens of families to learn more about the current operations of the site, future development and the koala research program.

The Habitat Heroes planted over 200 'koala food' trees and met with a veterinary scientist and ecologist working on research in the area. The koala community are regularly monitored, given health checks by a local vet as part of a research project on the koala community.

Coverage of this day includes a [short video](#) with CSR's Sustainability Manager Linden Birch.



"It's very important to get the community engaged so they can work with us to protect both the community and the local wildlife. The Habitat Heroes day enables local kids to help plant something that will grow as they grow and contribute to koala survival in the area" Linden Birch, CSR Group Sustainability Manager



CASE STUDY: **COMMUNITY ENGAGEMENT**

BUSINESS CLEAN-UP DAY

As part of CSR's commitment as a signatory to the Australian Packaging Covenant (APC), various CSR sites across Australia participate in Business Clean Up Day each year.

The APC is a sustainable packaging initiative which aims to encourage businesses to design more sustainable packaging, increase recycling rates and reduce packaging litter.

This is the sixth year CSR has participated with volunteers cleaning our sites and surrounding areas and is a great way to promote a clean, healthy and sustainable work environment.

Business Clean Up Day is part of the broader Clean Up Australia movement which has been running events across Australia for over 25 years.



"Business clean up day is a great way to work together to clean up around our sites and surrounding areas to promote a cleaner, more sustainable environment". Andree Taylor, CSR's Corporate Communications Manager



MENTORING LOCAL STUDENTS

CSR employees support local students through the ABCN volunteer program.

CSR commenced working with the Australian Business and Community Network (ABCN) in 2011.

It is a partnership of highly committed national business leaders and companies working on mentoring and coaching programs in schools in high need areas. Since 2011, CSR volunteers have donated over 6,000 hours to the program. This includes 633 hours in the last year which provided mentoring support to 519 students from disadvantaged communities in New South Wales, Queensland and Victoria.

ABCN's impact framework measures the short and medium term impact of our programs. The impact statistics below reflect the outcomes of our mentoring programs to help disadvantaged youth improve their educational outcomes.

Impact statistics are based on data collected from all ABCN programs nationwide across all member companies and participating schools. 93% of students who participated in ABCN's flagship programs Goals or Aspirations completed Year 12 or its equivalent compared with a 74% national average and 61% of disadvantaged students.

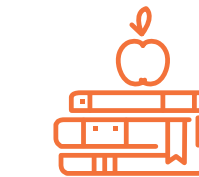
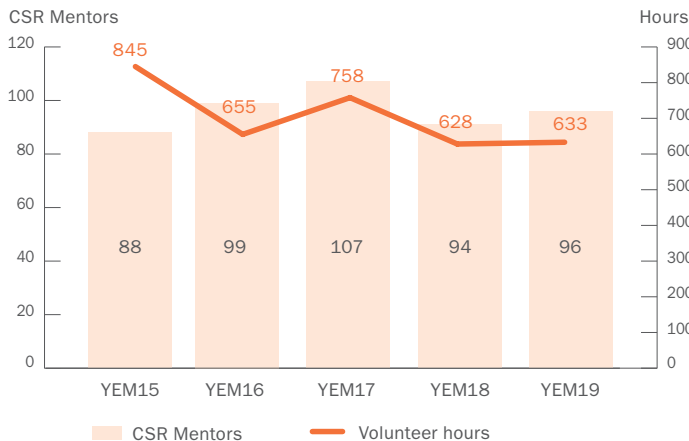
Over 60% of students who participated in Goals or Aspirations have accepted university study offers compared with a 37% national average and 16% of disadvantaged students.



CSR volunteers working with Curran Public School children



WORKING IN THE COMMUNITY



519
students mentored
by CSR employees in YEM19



633
hours of time volunteered by
CSR employees in YEM19

CASE STUDY: **COMMUNITY ENGAGEMENT****HELPING BUILD OUR COMMUNITIES****Creating a safe haven for domestic violence survivors**

CSR was part of a special project with a number of businesses including property group Mirvac, lifestyle developer Halcyon and DV Connect to deliver Queensland's first purpose-built bridging accommodation facility to provide support for victims of domestic violence.

DV Connect is a not-for-profit organisation providing telephone crisis helplines for Queenslanders experiencing domestic and family abuse, and/or sexual assault.

Bradford Energy, Bradford Insulation, Gyprock plasterboard and Hebel worked together to provide products and advice for the build. The accommodation will provide a safe, stable and a comfortable environment for parents with children exiting domestic violence situations.

CSR is pleased to support the Queensland community to help these families create new life plans, and where relevant, re-enter the workplace with confidence. [Click here for further information about this project known as Bella's Sanctuary.](#)



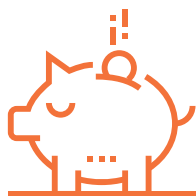
COMMUNITY SUPPORT PROGRAM

Since 2003, CSR continues to support three charitable organisations.

A core component of our community involvement is the CSR Community Support Program, under which CSR matches employee contributions dollar for dollar to three charitable organisations.

CSR launched the CSR Community Support Program in 2003, and since that time CSR and its employees have donated over \$3.2 million to charity.

In the year to June 2019, CSR and its employees donated \$156,402 to three charitable organisations, the Salvation Army, Youth of the Streets and Assistance Dogs Australia. CSR also contributed to the Salvation Army Drought appeal in August 2018 and the Invictus Games held in Sydney in October 2018. CSR extends its relations with its partnership charities by providing volunteer support for various campaigns and activities during the year.



\$3.2m

donated since the launch of the CSR Community Support Program in 2003



CSR volunteers helping with a Salvation Army fundraising initiative.



ASSISTANCE DOGS AUSTRALIA is a national charity which trains Labradors and Golden Retrievers to help people with physical disabilities. They currently have over 90 dogs around Australia, with over 50 dogs currently in training. The charity requires significant funding to achieve its goal of placing at least 30 dogs per year with recipients.



YOUTH OFF THE STREETS is a youth-specific charity, assisting young people dealing with issues of substance and other abuse, alienation from family and community and homelessness. Youth Off The Streets offers a continuum of care from assistance on the streets; crisis and short term accommodation to long term residential care, treatment and secondary schooling.



THE SALVATION ARMY is a national charity, offering caring support for every problem "from the cradle to the grave." Their services are as wide-ranging and diverse as the areas of need in the community. They offer services to aged care, crisis accommodation, suicide prevention, youth and families at risk, telephone counselling, to name just a few.

HOW WE OPERATE

How we operate to achieve success with our business, our people, our customers and our communities.



RISK MANAGEMENT FRAMEWORK

Risk management is an important business driver of strategic decision-making.

CSR's Risk Management Framework (RMF) is the structured process to identify potential threats to the success of the organisation, and defines the strategy for eliminating or minimising the impact of these risks.

An effective RMF framework is critical to achieving our business objectives. At CSR, risk management is designed to:

1. ensure that CSR complies with its legal & regulatory obligations;
2. provide assurance that significant risks have been identified and appropriate controls put in place;
3. provide additional structured information to assist with business decision making; and
4. enhance the effectiveness & efficiency of operations within CSR.

Effective Risk Management has long been a critical part of CSR's success and has been embedded in the business for many years. CSR's RMF is intended to provide the basis for a systematic approach to the identification and management of risk.

A critical component of CSR's RMF is ensuring that the company operates with the relevant risk appetites and tolerance. The board set out the company's appetite for governance and compliance risks, strategic and financial risks as well as operational, workplace health and safety and sustainability risks. Processes are in place to ensure the Board and senior management are made aware if the company's risk tolerances have been exceeded.






CSR'S APPROACH TO ENTERPRISE RISK MANAGEMENT REQUIRES THAT WE TAKE THE FOLLOWING STEPS:

1	Set high level key strategies and objectives for CSR's business.
2	Identify and assess the key risks in the business which may impact on our ability to meet those key objectives and document how we intend to manage and monitor those risks. The strategy for managing each risk will also depend on the relevant circumstances.
3	Ensure we conduct the risk analysis at all levels within the business in the various jurisdictions in which we operate and that we cooperate to share information on risk and risk mitigation techniques.

At all levels, CSR is committed to ensuring that risk management is regarded as an essential element in our management processes with linkages to every aspect of CSR's business including our acquisition of new businesses, development of existing business, expansion into new markets, relationships with major customers and suppliers and our treasury and capital management activities.

In October 2019, the ASIC Corporate Governance Taskforce released its report on oversight and management of non-financial risks. CSR has strong processes in place for reporting of many aspects of non-financial risk including the board WHSE committee, Code of Conduct reporting and Board minutes and management of information flows. A key recommendation of the task force focused on Risk Appetite Statements. CSR has the following Risk Appetite Statements which are kept under constant review by the board and management.

RISK APPETITE STATEMENTS

	Governance, Compliance and Reputation Risk
	Workplace Health & Safety and Sustainability Risk
	Strategic Risk
	Financial Risk
	Operational Risk

ASSESSING OUR MATERIAL RISKS

There are a number of material risks in the markets in which CSR operates. A range of factors, some of which are beyond CSR's control, can influence the company's performance.

KEY AREAS OF MATERIALITY	RISKS	MONITOR AND MANAGE RISK
Aluminium, currency and debt markets	<ul style="list-style-type: none"> CSR's results are impacted by movements in the global US dollar price for aluminium and currency fluctuations. Some risks related to the aluminium operation cannot be hedged including regional price premiums, global relativity of price of electricity and inputs such as alumina and petroleum coke, changes to the joint venture structure or potential operational issues at the Tomago smelter including electricity curtailments. 	<ul style="list-style-type: none"> CSR has a policy to hedge both US dollar sales and foreign currency exposure when specific targets are met, with the primary objective of reducing short-to-medium term earnings volatility. This policy is monitored regularly by CSR's Finance Committee which includes CSR's MD, CFO, Group Treasurer and the General Manager of Gove Aluminium Finance. CSR regularly monitors cash flow and the group financial position as part of the Finance Committee's function. CSR is actively engaged with the Tomago operating committee through its position on the Tomago board. Tomago undertakes separate material risk analysis to identify and mitigate potential operational risks.
Australian construction markets and competitor activity	<ul style="list-style-type: none"> Approximately 75% of CSR's total revenue is generated from product and services supplied into the new residential construction sector of Australia and New Zealand which is impacted by several macro-economic factors. Changes in ownership in the construction sector has resulted in larger customers representing an increasing proportion of CSR's revenue. As a supplier to the construction market, CSR is subject to a number of competitive forces including other domestic and international suppliers and new technologies which could replace existing building methods. 	<ul style="list-style-type: none"> Reviews of market activity are factored into CSR's monthly reporting, quarterly forecasting and annual budget and planning cycles, which in turn drive capacity and capital planning. Furthermore, the nature of CSR's building products is that they are typically sold late in the construction process, giving CSR some visibility of changes in market conditions before specifically impacting demand. CSR is actively developing and acquiring new products, services and distribution networks to improve its position in the market and provide a comprehensive service offering. The release of future land supply for residential development relies on the coordination of government and regulatory bodies with builders and developers to deliver infrastructure and services for new projects.
Digital and cyber security	<ul style="list-style-type: none"> Digital services are increasingly used by the construction sector. CSR's digital development program is critical to achieving growth in its key markets. CSR network and data risks for cyber security breaches. 	<ul style="list-style-type: none"> CSR has developed its CSR Connect digital platform which provides 24/7 access to all customer account pricing, ordering, delivery and invoicing data. A cyber security improvement plan and alignment to ISO27001 standard is progressing.
Employee and community engagement	<ul style="list-style-type: none"> An engaged and diverse workforce is critical to CSR's long term success. This includes managing the transition to a new MD, CSR's aging workforce, transferring technical skills and sales relationships as well as promoting trade apprenticeships across the building sector. CSR recognises that it plays an important role in the success and prosperity of local communities as an employer, operator of major manufacturing sites and developer of its legacy property assets. 	<ul style="list-style-type: none"> CSR has developed a suite of leadership and training programs to provide our people with the knowledge, skills and support to enable them to perform at their best. Succession and contingency planning is in place across all business units. New Flex@CSR program launched to support working parents as well as promoting flexible working arrangements more broadly across CSR. Community relations site planning underway at key sites.

Note: Material risks are listed alphabetically.

MATERIAL RISKS CONTINUED

KEY AREAS OF MATERIALITY	RISKS	MONITOR AND MANAGE RISK
Energy and climate change	<ul style="list-style-type: none"> • CSR's manufacturing operations use significant amounts of energy including electricity and gas. • These energy costs are increasing, particularly for Tomago aluminium which in turn impacts its cost competitiveness compared to global smelters. • The transition to a low carbon economy and mitigating the potential impacts of climate change, as well as government regulations and planning may impact the availability and nature of energy supply as well as how we manage our land assets and business processes. 	<ul style="list-style-type: none"> • CSR has committed to a 20% per tonne reduction of greenhouse gas emissions, potable water consumption and solid waste production to landfill per tonne of saleable product by 2020 using 2009/10 as the base year. • Where possible, CSR enters into long-term contracts to provide greater security of energy supply for its factories. • CSR's Energy and Carbon Management Committee oversees risks related to electricity and gas pricing and management. • Alternative energy sources including solar power are also under review in addition to site specific energy reduction initiatives. • Transition risk assessment scenarios were completed for Gyprock plasterboard, CSR's largest business by revenue. This analysis focused on transition (market, policy & regulatory) risks, complementing earlier work undertaken on the physical (weather) risks impacting sites and supply chain risks. Work is also underway to finalise emissions targets for 2030. • Established a \$20 million CSR Energy Improvement Fund to deliver energy saving projects across its manufacturing sites.
Product liability	<ul style="list-style-type: none"> • Previous involvement in asbestos in Australia and exporting asbestos to the United States. • CSR ceased asbestos mining in 1966 and divested remaining interests in 1977. 	<ul style="list-style-type: none"> • CSR meets all valid claims in both Australia and the United States on an equitable basis. • The asbestos provision is impacted by movements in claim numbers, settlement rates and values and movements in AUD/US dollar exchange rate.
Supply chain and product compliance	<ul style="list-style-type: none"> • CSR relies on an extensive supply chain to manufacture and distribute its products and services. • This supply chain can be impacted by natural, political or technological disruptions which the company reviews to develop alternative supply options and minimise the risk of potential supply dislocation. • Changes in building codes requires ongoing assessment to ensure products are fit for purpose and compliant with all relevant codes. This includes additional risks associated with supply and install services. 	<ul style="list-style-type: none"> • CSR has a quality management system to ensure that all products manufactured or supplied consistently meet the requirements and specifications of international and national quality standards and customer expectations. • CSR has launched a two-year work plan to develop and implement its sustainable procurement strategy. This process will also align CSR with the proposed requirements of the Australian Modern Slavery legislation.
Workplace health and safety	<ul style="list-style-type: none"> • CSR has a stated long term objective of achieving zero harm to CSR people across all operations. 	<ul style="list-style-type: none"> • The board Workplace Health, Safety & Environment Committee regularly reviews initiatives targeting improved safety performance across CSR's businesses.

Note: Material risks are listed alphabetically.

SUSTAINABLE PROCUREMENT

Risk management is an important business driver of strategic decision-making.

The sustainable procurement project is a risk based approach to manage sustainability issues across the procurement process.

We have developed our overall procurement capabilities across CSR while addressing supply chain sustainability risks which also prepares us for Australia's Modern Slavery Act.

A key part of the project is a Supplier Code of Conduct which formalises CSR's sustainable procurement policies, the minimum requirements we expect and the aspirations we would like our suppliers to achieve. It is a fundamental document to build CSR's sustainable procurement culture and an opportunity to engage with suppliers, before and while we do business with them.

We take a risk-based approach to conducting audits with our suppliers which is included in our Supplier Code of Conduct.

CSR is working through a process to identify any evidence of modern slavery in its supply chain. One of the first priorities is to embed explicit statements about human rights in our Supplier Code of Conduct.

New vendors will be required to acknowledge the Supplier Code of Conduct as part of the onboarding process. It will also be rolled out to existing vendors, prioritised by risk over the next 12 months.

CSR is also reviewing its Supplier Assessment Platforms and Supplier Risk Monitoring Bureaus to determine what data analytics may be available to ensure that the information on which we are making our decisions is accurate and up-to date. In addition, additional staff training is underway with particular regard to Human Rights with a pilot program under development for CSR's supply and fix operations.

SUSTAINABLE PROCUREMENT – KEY MILESTONES

Supplier Code of Conduct

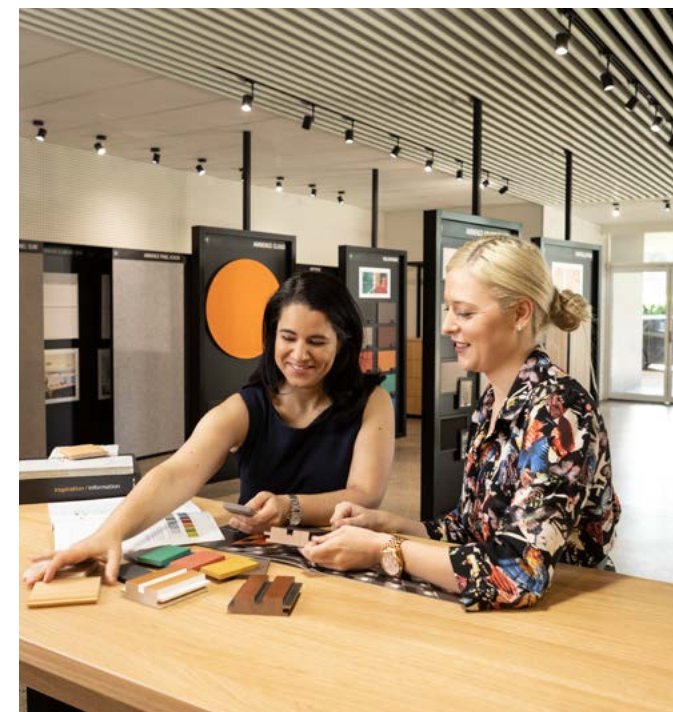
- New suppliers to acknowledge with roll-out to existing suppliers based on risk assessment
- Purchasing terms and conditions updated with reference to new Supplier Code of Conduct

Training investment

- New training materials and programs to roll-out across CSR

Supply and Fix pilot

- Identified as high risk area
- Induction and engagement tools under development
- Incorporate into WHSE Live tracking system



DELOITTE S19 NGER LIMITED ASSURANCE



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The Directors
CSR Limited
Triniti 3
39 Delhi Road
North Ryde NSW 2113

11 October 2019

Dear Directors

Audit Report Coversheet – CSR Limited – 30 June 2019

Please find herewith our limited assurance report and detailed findings in respect of CSR Limited's ('CSR') energy and emissions report prepared under Section 19 of the *National Greenhouse and Energy Reporting Act 2007* ('NGER Act') in accordance with the *National Greenhouse and Energy Reporting (Audit) Determination 2009* ('NGER Audit Determination'), Standard on Assurance Engagements ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* ('ASAE 3410'), and the guidance contained in the NGER Audit Determination Handbook.

Audited Body

Name of audited body	CSR Limited
Name of contact person for audited body	Ms Linden Birch
Contact person phone number	
Contact person email address	

Reporting Requirements

Total scope 1 emissions for audited body	310,997 t CO ₂ -e
Total scope 2 emissions for audited body	202,776 t CO ₂ -e
Total energy consumption for audited body	6,245,653 GJ
Total energy production for audited body	6,838 GJ



Audit Description

Kind of audit	Limited assurance
Objective of the assurance engagement	To provide limited assurance on scope 1 emissions, scope 2 emissions, energy production and energy consumption as reported in CSR's energy and emissions report under Section 19 2019 NGER Act.
Reporting period covered by audit	1 July 2018 to 30 June 2019
Audit fee	\$30,000
Total hours spent on the audit by audit team	203
Non-audit fees paid to the audit team leader and audit firm for services and activities excluding this audit over the past 12 months	\$828,830
Why did the provision of non-Part 6 services or activities not result in a conflict of interest situation? (write not applicable if no non-audit fees were paid to the audit firm)	The services provided did not result in a conflict of interest as they relate to other services including statutory audit fees that were unrelated to the NGER assurance.
Date terms of engagement signed	4 July 2019 and addendum 6 September 2019
Date audit report signed	11 October 2019

Auditor Details

Name of audit team leader	P R Dobson
GEA registration number	0208/2013
Organisation	Deloitte Touche Tohmatsu
Phone number	(02) 9322 5422



Address	Grosvenor Place 225 George Street Sydney NSW 2000
Names and contact details of other audit team members	Sarah Magnus (02) 9322 7000 Enrico Magnus (02) 9322 7000 Jacob Fitzroy (02) 9322 7000
Details and evidence of exemptions under section 6.71 of the <i>National Greenhouse and Energy Reporting Regulations 2008</i> ('NGER Regulations') for the audit team leader or professional member of the audit team. This includes: <ul style="list-style-type: none"> • conflict of interest and details of the procedures for managing conflict of interest; • relevant relationships; and • exemptions for an audit team leader to carry out more than five consecutive greenhouse and energy audits in relation to the audited body. 	

Peer Reviewer Details

Name of peer reviewer	Chi Woo, RGEA
Organisation	Deloitte Touche Tohmatsu
Phone number	(02) 9322 7000
Address	Grosvenor Place 225 George Street Sydney NSW 2000

Should you have any questions with the above please contact me on (02) 9322 5422 or at padobson@deloitte.com.au.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

P R Dobson

Partner
Registered Greenhouse and Energy Auditor
Chartered Accountants
Sydney, 11 October 2019



Limited assurance engagement report on CSR Limited's energy and emissions report prepared under Section 19 of the National Greenhouse and Energy Reporting Act 2007 for the reporting period from 1 July 2018 to 30 June 2019 to the Directors of CSR Limited

Part A – Auditor's Report

We have conducted a limited assurance engagement over CSR Limited's ("CSR") energy and emissions report ("NGER Report") for the year ended 30 June 2019, in accordance with Section 19 of the *National Greenhouse and Energy Reporting Act 2007* ("NGER Act").

The NGER Report consists of the following:

- Scope 1 greenhouse gas emissions of 310,997 tonnes of CO₂-e
- Scope 2 greenhouse gas emissions of 202,776 tonnes of CO₂-e
- Total energy production of 6,838 GJ
- Total energy consumption of 6,245,653 GJ

for the period 1 July 2018 to 30 June 2019.

Details of audited body

Name of audited body	CSR Limited
Address	Triniti 3, 39 Delhi Road North Ryde, NSW 2113
ABN	90000001276

Management's Responsibility

Management of CSR are responsible for the preparation and presentation of CSR's NGER Report in accordance with Section 19 of the NGER Act. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the NGER Report that is free from material misstatement, whether due to fraud or error.

Management of CSR are responsible for the interpretation and application of the requirements of the NGER Act and the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* ("NGER Measurement Determination") in determining operational control and quantifying emissions and energy, which are reflected in the Basis of Preparation.

Assurance Practitioner's Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. This includes all of the requirements as defined in the NGER Regulations regarding the Code of Conduct, independence and quality control.

The firm applies Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services

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Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on CSR's NGER Report, based on the procedures we have performed and the evidence we have obtained.

We have conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* ('ASAE 3410') and the requirements of the National Greenhouse and Energy Reporting Act 2007 ('NGER Act') and the guidance contained in the NGER Audit Determination Handbook. The NGER Audit Determination and relevant national and international standards require that we plan and perform the engagement to obtain limited assurance about whether the NGER Report is free from material misstatement.

We read other information included within CSR's NGER Report and considered whether it was consistent with the knowledge obtained through our procedures. We considered the implications for our report if we became aware of any apparent material inconsistencies with the 2019 NGER Report. Our responsibilities did not extend to any other information.

A limited assurance engagement in accordance with the NGER Act and ASAE 3410 involves assessing the suitability in the circumstances of CSR's selection of measurement methods and criterion provided in the NGER Measurement Determination as the basis for the preparation of the NGER Report, assessing the risks of material misstatement or material non-compliance of the NGER Report, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the NGER Report. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an assessment of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries with relevant process owners and data owners, undertaking site visits, observations of processes performed, inspection of documents, analytical procedures, evaluating appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

An assurance engagement also includes:

- Performing a risk assessment, including considering internal controls relevant to CSR's preparation of the NGER Report to inform further procedures
- Making enquiries, primarily of persons responsible for the preparation of the NGER Report
- Evaluating the application of the activity definitions in determining facility boundaries and operational control in determining controlling corporation boundaries
- Evaluating the appropriateness of the quantification methods and reporting policies used, and the reasonableness of emissions estimates made by management of CSR
- Assessing the suitability in the circumstances of CSR's selection of measurement methods and criterion provided in the NGER Measurement Determination as the basis for the preparation of the NGER Report
- Applying analytical and other review procedures including assessing relationships between energy and emissions data and other financial and non-financial data
- Examining evidence for a sample of transactions or events
- Analysing and inspecting on a sample basis, the key systems, processes and procedures and controls relating to the collation, validation, presentation and approval process of the information included in the NGER Report.

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The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly we do not express a reasonable assurance opinion about whether CSR's NGER Report has been prepared, in all material respects, in accordance with Section 19 of the NGER Act.

As audit team leader, I attest that the assurance engagement was carried out in accordance with the assurance engagement terms, the requirements of the NGER Regulations, the NGER Audit Determination and ASAE 3410.

Limitation of Use

This report has been prepared for the Directors of CSR for the sole purpose of reporting on the NGER Report in accordance with Section 19 of the NGER Act. We understand that a copy will be provided to the Clean Energy Regulator ('CER') for the purpose of reviewing CSR's compliance with the NGER Act and NGER Regulations. We agree that a copy of the report may be provided to the CER for this purpose.

We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than CSR, or for any purpose other than that for which it was prepared.

Inherent Limitations

There are inherent limitations in performing an assurance engagement - for example, assurance engagements are based on selective testing of the information being examined - it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all instances of non-compliance with the NGER Act and NGER Regulations, as an assurance engagement is not performed continuously throughout the year and the procedures performed in respect of compliance with the NGER Act and NGER Regulations are undertaken on a test basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the reported greenhouse gas emissions, energy production and energy consumption are not prepared, in all material respects, in accordance with Section 19 of the NGER Act, for the period 1 July 2018 to 30 June 2019.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

P R Dobson

P R Dobson
Partner

Sydney
11 October 2019



Part B – Detailed Findings

In accordance with NGER Audit Determination we report our key findings, conclusions and recommendations from our limited assurance engagement over the greenhouse gas emissions, energy consumption and energy production data in CSR’s NGER Report.

Issues requiring particular attention

None noted

Aspects impacting on assurance engagement

None noted

Contraventions of the NGER legislation

None noted

Other matters

None noted

Audit Findings and Conclusions Table

The results that are provided in the table below should not be construed as providing a conclusion on the NGER Report being as a whole, instead they should be read in the context of providing evidence to support the conclusion. These findings, conclusions and recommendations are designed to inform CSR and the Clean Energy Regulator of any compliance issues and will be used, in part, to better inform regulatory decisions and broader advice to the regulated community.

Issue/Risk area investigated	Testing conducted	Findings	Conclusion	Recommendations
<p>Operational control/facility boundaries</p> <p>CSR is required to apply the NGER Act definition of operational control in order to determine which facilities, operations and activities should be reported in the 2017 NGER Report.</p>	<p>We have:</p> <p>1) Reviewed CSR’s definition of facilities to ensure that facilities have been determined in accordance with NGER requirements</p> <p>2) Reviewed changes to the corporate structure during the year, and reasons for inclusions and exclusions. We also reviewed the documented position on such changes.</p>	<p>We note that during the period CSR sold its Viridian subsidiary and as a consequence Viridian is not under the operational control of CSR for the period. This was also determined in consultation with the CER. No material issues were identified.</p>	<p>Risk area has been appropriately addressed as part of our NGER limited assurance engagement.</p>	<p>None.</p>
<p>Industrial process emissions – Bricks</p> <p>The Bricks division has a complex emission profile. Inputs that generate GHG emissions include coal slurry, coal stone and natural gas.</p>	<p>We have:</p> <p>1) Assessed CSR’s process used to calculate emissions from the inputs into the Bricks division, particularly relating to</p>	<p>No material issues were identified.</p>	<p>Risk area has been appropriately addressed as part of our NGER limited</p>	<p>None.</p>



Issue/Risk area investigated	Testing conducted	Findings	Conclusion	Recommendations
	<p>the coal slurry, coal stone, electricity and natural gas.</p> <p>2) Conducted a site visit to the Oxley site which is a significant facility within Bricks to review the processes on site</p> <p>3) Assessed the measurement methodologies applied and performed a site visit to Oxley in order to assess the processes in place and considered completeness of emissions sources</p> <p>4) Performed substantive testing for a sample of activity data to source documentation such as invoices to ensure that the data is complete and accurate testing of this data.</p>		<p>assurance engagement.</p>	
<p>Industrial process emissions- Insulation</p> <p>The Insulation division generates significant emissions as a result of the manufacture of glass wool particularly relating to the consumption of electricity and natural gas.</p>	<p>We have:</p> <p>1) Assessed CSR’s process used to calculate emissions from the inputs into the Insulation division, particularly relating to electricity and natural gas.</p> <p>2) Conducted a site visit to Ingleburn which is a significant facility within Insulation to review the processes on site</p> <p>3) Assessed the measurement methodologies applied and performed a site visit to Ingleburn in order to assess the processes in place and considered completeness of emissions sources</p> <p>4) Performed substantive testing for a sample of activity data to source documentation such as invoices to ensure that the data is complete</p>	<p>No material issues were identified.</p>	<p>Risk area has been appropriately addressed as part of our NGER limited assurance engagement.</p>	<p>None.</p>



Issue/Risk area investigated	Testing conducted	Findings	Conclusion	Recommendations
	and accurate testing of this data.			

Other matters to be reported

N/a

Peer reviewer conclusion

Name of the peer reviewer	Chi Woo
Peer reviewer's credentials	RGEA
Peer reviewer contact details	Deloitte Touche Tohmatsu (02) 9322 7000
Outcome of the evaluation undertaken by the peer reviewer	I concur with the assurance conclusion contained in the limited assurance report above.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

P R Dobson
Partner

Registered Greenhouse and Energy Auditor
Sydney
11 October 2019

CONTACT US

*We value your suggestions and comments.
If you have any queries, please contact us.*

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