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15 December 2020

Mr James Fisher  
Adviser - Listings Compliance  
Australian Securities Exchange  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear James,

**CSR Limited (CSR) – Sustainability Report**

Please find attached CSR's 2020 Sustainability Report for immediate release.

This report will be also be made available at [www.csr.com.au/about-us/sustainability](http://www.csr.com.au/about-us/sustainability).

Yours faithfully



Debbie Schroeder  
Company Secretary

This announcement has been authorised for release by the Board of Directors of CSR Limited.



CSR LIMITED

# Sustainability Report 2020

CSR



# Building solutions for a better future

CSR's building products and systems reach homes and buildings across Australia and New Zealand. We are investing in building solutions which help our customers reduce construction time and deliver better energy efficiency, comfort and design.

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# Welcome from the Chairman

Sharing our progress on sustainability at CSR



PENNY WINN, WORKPLACE HEALTH, SAFETY AND ENVIRONMENT (WHSE) COMMITTEE CHAIRMAN UNTIL 29 OCTOBER 2020 WHICH COVERS THE ACTIVITIES IN THIS REPORT FROM 1 JULY 2019 TO 30 JUNE 2020. CSR NON-EXECUTIVE DIRECTOR CHRISTINE HOLMAN HAS NOW ASSUMED THE ROLE OF WHSE COMMITTEE CHAIRMAN.

**We are once again very pleased to share with you our progress on sustainability this year.**

While the onset of COVID-19 has changed some of our near-term priorities, we have made some significant progress during the year – including the announcement of our 2030 sustainability targets in June 2020. These targets are aligned to the strategic work completed by the CSR management team over the past year. Sustainability is a core foundation for CSR's new strategy.

We have broadened our approach by setting new targets that are linked to five of the United Nations Sustainable Development Goals across a range of areas including energy and emissions reduction, minimising resource usage and preserving biodiversity. Detailed work is now underway with each site and business unit to develop an initial three year plan with interim targets to meet the future 2030 targets.

## COVID-19 health and safety response

As the COVID-19 pandemic emerged in early 2020, CSR acted quickly to ensure that health and safety of our employees, contractors, customers and suppliers was the first and overriding priority. Our teams implemented a number of business contingency plans with COVID safe plans in place at all sites in line with government and Safe Work Australia guidelines.

## Support for the 2020 Bushfire rebuild

Following the devastating bushfires in Australia in the summer of 2020, CSR supported a number of initiatives to assist communities impacted by the disaster and support the rebuild process. CSR raised a total of \$50,000 from employee donations and matching by CSR for the Salvation Army Bushfire appeal. We have also supported bushfire rebuild projects in partnership with some of our customers to provide CSR products and expertise.

## Progress on sustainability

### Environment and climate change

We continue to progress our strategy to improve the sustainability of our operations and assess the risks and opportunities of climate change across the business. Over the past ten years, we have covered many of the key recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) framework.

This includes our internal risk processes to capture specific questions on climate risks and physical and transition risk assessments on the business. This year we have completed our second climate change scenario analysis of Bradford insulation

following work completed last year for CSR's largest business in Gyprock plasterboard. Further details of this work are included on [page 15](#) and [page 16](#).

## People

Our teams adapted very quickly to the new COVID safe guidelines to ensure we could continue to operate safely throughout the year. While CSR has achieved a sustained period of improved safety performance of the past 10 years, our performance has plateaued in the last six months. We have developed a number of plans to ensure that we continue to engage our people in our COVID safe environment.

## Community

Increasing our engagement with local communities was also a key priority this year. Our project at Warner in Queensland has demonstrated the benefits of working together with the local community to achieve great outcomes. Our Property team has been working with the local community since 2018 to progressively rehabilitate the clay quarry for future development in line with the surrounding area. This has included the planting of over 5,000 trees at the site and a comprehensive koala preservation plan. The advocacy of the Warner Working Group was included in the *Queensland Government's South East Queensland Koala Conservation Strategy 2020-2025*.

## Thank you to the CSR team

On behalf of the board, I would like to thank the CSR team for their efforts this year – particularly for ensuring the health and safety of everyone across the business. The great progress we have made on sustainability this year is due to the unwavering efforts of our people. As of 29 October 2020, Christine Holman has assumed the role as Chairman of the Workplace, Health and Safety (WHSE) Committee as part of a reallocation of CSR's non-executive director committee memberships. I will be continuing to be a member of the WHSE Committee and look forward to working with Christine and the team.

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

**PENNY WINN**

CHAIRMAN WORKPLACE HEALTH, SAFETY & ENVIRONMENT COMMITTEE  
(UNTIL 29 OCTOBER 2020)

# Message from our CEO & Managing Director

Sustainability is a core part of our strategy.



## CSR has a long standing history of being able to adapt and change to the market.

This was well demonstrated this year by the very dedicated and passionate team who have adapted quickly to manage the impact of COVID-19 both on the business but also supporting each other on workplace safety and mental wellness. We continue to have a very agile approach to how we manage the business today and sustain the business for the future with health and safety remaining as our first priority.

Over the last year, we have been working on a number of strategic initiatives for the business. Sustainability is a core part of our strategy both in how we operate and how we will grow. These initiatives align with our priority areas of environment, people, community and supply chain.

### Improving our supply chain to reduce environmental impact

A key area of opportunity is to improve our supply chain efficiency. CSR has a significant investment in warehousing, transport and distribution. We have identified some major areas to unlock efficiencies across our large network and develop a supply chain model that integrates the logistics activity across all of our brands. The opportunity is to bring benefits to our customers and improve efficiency while reducing the environmental impacts from our transport networks.

### New safety team structure to drive better outcomes for our people

In June this year, we launched a new streamlined operating model with three new business units supported by teams focused on customer solutions and to develop our supply chain and digital capability. We have also increased our investment in safety resources and moved our workplace health, safety and environment teams into a centralised structure to deliver our safety plans consistently across all businesses. We are moving into a new model to provide more coaching and mentoring across the businesses and maintain engagement with our people to improve our safety outcomes.

## Sustainable procurement addressing risk management in our supply chain

This year we have made significant progress across our sustainable procurement project. CSR works with over 5,500 suppliers across a range of procurement categories. We have developed our overall procurement capabilities across CSR while addressing supply chain sustainability risks including modern slavery. CSR's [Modern Slavery statement](#) was published in September 2020 on the company's website. In addition, in January 2020, we launched our [Supplier Code of Conduct](#) which requires our vendors to acknowledge and commit to before we do business with them. More details on our approach to sustainable procurement are included on [page 39](#).

### Progress on our sustainability agenda

While we have made many changes in how we operate to ensure we are COVID safe, our teams have made good progress in a number of key areas:

**Environment** – 2020 marks the completion of targets set back in 2010 to deliver a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas, emissions, solid waste to landfill and potable water usage. We have made a material reduction across all of these targets with waste to landfill down by over 50% and emissions down 32%.

**People** – in terms of safety, we have seen improvement for the 12 months to June. As part of our new safety agenda, we are now moving to a stronger focus on total recordable injuries with a number of initiatives to drive improved performance in the year ahead.

**Community** – we have progressed our community involvement with a number of partner organisations during the year including our student mentoring program with the Australian Business and Community Network (ABCN) where CSR was part of a pilot program to mentor Year 9 students in a digital format.

I would like to echo Penny's comments about the dedication of the team this year. We look forward to sharing more with you on our sustainability journey in the year ahead.

**JULIE COATES**

CEO & MANAGING DIRECTOR



# Sustainability overview

Building solutions for a better future.

About CSR | CSR products and solutions | 2020 Sustainability at a glance

# About CSR

Building solutions for a better future.

## Manufacturing and supply chain expertise

Wide manufacturing base plus imported and bought-in lines



**40+**  
Manufacturing and property sites across Australia and New Zealand



**2,500+**  
CSR employees



**5,500+**  
Suppliers in Australia, New Zealand and overseas

## Extensive distribution network

Supply and fix services along with aligned resellers

**56**  
Gyprock Trade Centres

**38**  
Gyprock aligned lining specialists

**17**  
PGH/Monier selection centres

**21**  
Bradford distribution centres



## Customer solutions and reach

Technical and design support combined with real-time delivery tracking



**24/7**  
digital access for ordering, invoicing, payments and delivery tracking



## Building Products

(Revenue as of 31 March 2020)

### Interior Systems



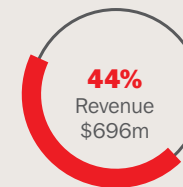
**GYPROCK**

**martini**

**HIMMEL**  
INTERIOR SYSTEMS

**POTTER**  
INTERIOR SYSTEMS

### Masonry & Insulation

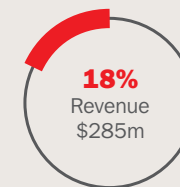


**PGH** BRICKS & PAVERS

**Monier**  
ROOFING

**Bradford**

### Construction Systems



**afs** smarter permanent formwork

**CEMINTEL**

**hebel**  
The better way to build

CSR is the name behind some of the market's most trusted and recognised brand names. 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

CSR generates additional earnings from its Property business which focuses on maximising financial returns of surplus former manufacturing sites and industrial land. The property team also provides CSR's businesses strategic property advice on future impacts of urban expansion on key CSR sites.

## Gove Aluminium Finance

Through its 70% shareholding in Gove Aluminium Finance Limited, CSR holds an effective 25.2% interest in the Tomago aluminium smelter in New South Wales. Tomago produces around 590,000 tonnes of aluminium annually, 25% of Australia's aluminium production.

**CSR**

# CSR products and solutions

CSR is a market leader in the building industry. As a leading Australian manufacturer, our brands have a strong reputation for quality, reliability and integrity – important attributes in buildings built to last many generations.

A key step across CSR's strategic initiatives this year was to streamline the operating model to ensure we can drive the most competitive product and service solutions for the market. In June 2020, three new business units were formed: Interior Systems; Masonry & Insulation; and Construction Systems. These businesses will build on their leading brand positions and expand their offering across market segments by developing more complete solutions for customers.

## Interior Systems

Builds on Gyprock's leading brand position in gypsum based products including plasterboard, cornice and compounds for residential and commercial markets. Martini and Himmel provides an integrated commercial offering to the CSR interior systems portfolio, which will also leverage Cemintel's internal walling products.

We will drive value for CSR by providing a leading range of interior solutions leveraging strong brands, deep customer engagement, our extensive distribution network and innovative products.

**GYPROCK** 

**HIMMEL**  
INTERIOR SYSTEMS 



## Masonry and Insulation

These brands share many residential customers providing great design and functionality. PGH Bricks and Monier Roofing are key areas for selection of external colours and design integrating with Bradford's insulation and ventilation systems.

This business brings further opportunities to leverage our sales, customer service, distribution network and full product range across all builders; as well as embed systems and processes to drive efficiency and a better customer experience.

**PGH** BRICKS & PAVERS

**Monier**  
ROOFING

 **Bradford**



## Construction Systems

Targeting a number of new markets in structural systems and cladding with a range of new products. Cemintel is already a key partner of the AFS business and this brings further opportunities to expand its external cladding offering.

We are targeting growth from our portfolio of structural solutions and share of the market for residential cladding, walls and floors amongst Hebel, Cemintel and AFS.

**afs** smarter permanent formwork

**CEMINTEL**

**hebel**  
The better way to build





# 2020 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 2019 to 30 June 2020 to be consistent with the National Greenhouse Reporting and Energy (NGER) scheme<sup>1</sup>.

## Environment

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



**↓ 11%**  
decrease in CO<sub>2</sub>e  
in 2020



**↓ 5%**  
decrease in potable  
water in 2020



**↑ 6%**  
increase in waste  
production in 2020



**2030 targets**  
launched 2030  
sustainability targets

## People

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



**↓ 22%**  
improvement in LTIFR  
to **2.1** in June 2020  
from **2.7**  
(per million hours worked)



**↓ 4%**  
improvement in TRIFR  
to **10.7** in June 2020  
from **11.1**  
(per million hours worked)



**22%**  
female participation in the  
business in YEM20,  
up from **21%** in YEM19



**\$2.2m**  
invested in training  
programs in YEM20

## Community

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



**7 years**  
CSR volunteers have  
donated their time for  
Business Clean Up Day  
at sites across Australia  
for the past 7 years



**\$138,548**  
donated by CSR and  
its employees to the  
Community Support  
Program program in the  
year to 30 June 2020



**Bushfire rebuild**  
CSR and its employees  
donated \$50,000 for  
the bushfire rebuild



**197 students**  
mentored by CSR employees  
in YEM20 with 627 hours  
volunteered with the ABCN  
Student Mentor Program in  
YEM20

1. Some data is reported for the year ended 31 March 2020 (YEM20) in line with the company's financial year end.

# Innovation and Design

We are continually reinvesting in our business to meet new opportunities and challenges in construction while leading in design, colour and product range. We are also investing in research and development to bring new products to help our customers create beautiful and sustainable homes and buildings.



# Innovation in building solutions

A snapshot of some of CSR's latest projects featuring innovative ways to use our products



## Urban Shingle – Monier's low pitch flat terracotta roof tile

After 18 months in development, Monier has introduced Urban Shingle which is a flat modern looking terracotta roof tile that can be fitted to roof pitches as low as 18 degrees.

The project was a collaboration across CSR's technical, construction, sales and marketing teams to deliver a new roof tile that brings the style, function and on trend colours to the market.

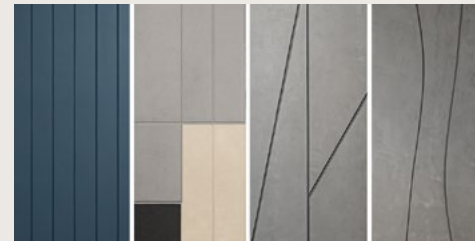
The tiles completed a rigorous testing process which included CSR's wind tunnel system to confirm performance to Australian standards. Urban Shingle is available in five colours and is suited to the popular Hamptons style home trend or emerging mid-century modern designs.

**Monier™**  
ROOFING

## Hebel PowerPattern – high-rise apartment facades brings design and texture to the benefit of using a lightweight product

Hebel has introduced a range of pre-routed panels that are modular in design and work with other panels in the Hebel system as featured in this new apartment complex in Caringbah, NSW. Each panel is custom made and can be combined with a range of paint, render and spray on coating systems to achieve a variety of looks including metallic, sandstone and polished concrete finishes.

This unique product range is manufactured in the recently completed \$75 million Hebel factory at Somersby, NSW. The new plant brings the latest technology in mould handling and high-speed cutting to create a smooth surface which is unique across the region.



The new plant also brings high-level automation to provide more efficient use of raw materials, improved safety, reduced shutdown times, order customisation and faster cycle times. Further details on the plant are included on [page 18](#).

**hebel®**  
The better way to build



## Vibe Hotel Darling Harbour – a different approach to the integration of PGH Bricks

The use of brick was critical to the design of the Sydney hotel, however a tight site provided minimal area for material handling, and the architect's design incorporated curved feature walls, arches and hanging brickwork.

A key value of the Corium system is its flexibility. It has a range of different profiles, and the system ensures design flow with seamless transitions around corners, on curves and angles that full brick is unable to achieve.

The benefits were not limited to realising the architect's design vision. By using the Corium system, the builder was able to reduce waste and the cleaning required compared to conventional brickwork.

**PGH BRICKS & PAVERS**



# Innovation in building solutions

(continued)

## Cemintel Barestone – bringing colour to contemporary designs

Cemintel has expanded its offering of the Barestone system which brings prefinished, lightweight panel system with new design flexibility.

Barestone provides a natural, raw appearance that blends into its environment and easily adapts to modern, contemporary designs with four new colours: Original, Ash, Lunar and Graphite. Ash, Lunar and Graphite.

The panels include the Cemintel Expresswall system.

The system is featured in many new homes, retail and commercial projects including the Sydney Superyacht Marina at Rozelle, NSW.

CEMINTEL®



## Gyprock Red Book – providing fire, acoustic and thermal information on hundreds of wall and ceiling systems

For 21 years The Gyprock Red Book has been the plasterboard industry's most widely recognised and respected design and installation guide.

The 2020 Red Book has been extended to three books which cover the residential, multi-residential and commercial installation guides.

New functionality in the mobile and desktop app enables personalised functionality, searchability built in and includes products from across CSR Gyprock, Cemintel, Himmel, Bradford, AFS and Hebel to provide more complete solutions for our customers.

**GYPROCK®**

# Environment

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.





# Environment overview

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

**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 Workplace health, safety and environment (WHSE) Committee.

Each business in CSR 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;
- Continue the focus on improving the energy efficiency of our operations.

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.



CSR'S WHSE COMMITTEE AT THE BRADFORD SCORESBY, VICTORIA SITE



# Transition year to 2030

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, solid waste production, the consumption of energy and potable water used in production.

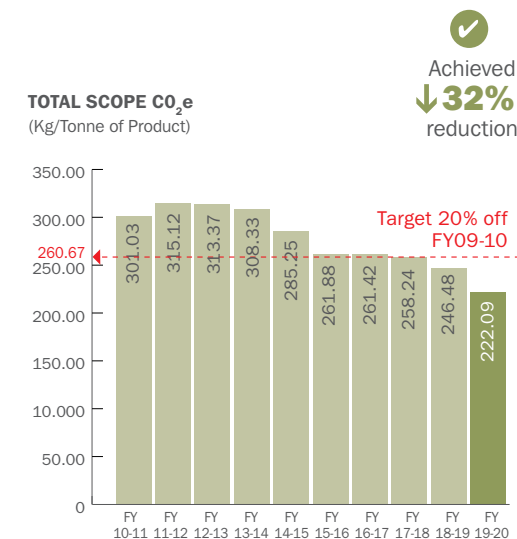
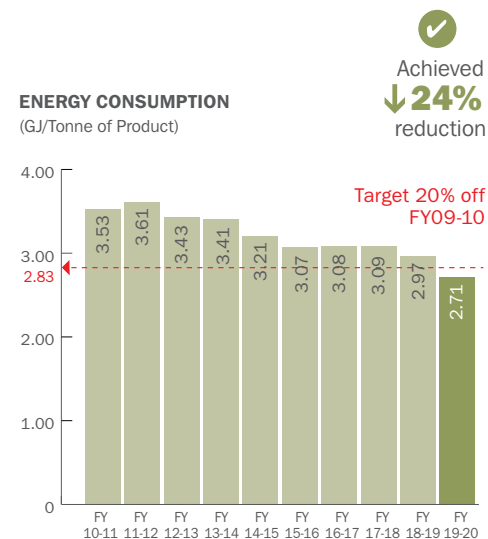
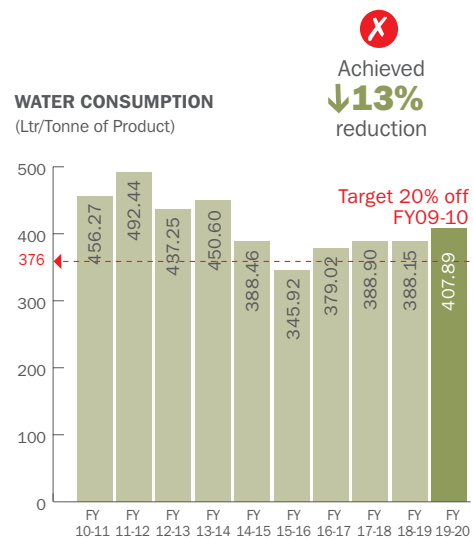
**This is a transition year for us as we have completed the targets set back in 2010 to deliver a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas emissions, solid waste to landfill and potable water usage.**

As part of developing our targets to 2030, we have set the baseline to 30 June 2020. To develop our roadmap to 2030, we have completed the 2020 data below which shows that we have reached our target for waste to landfill with a reduction per tonne of saleable product of over 50% since 2009.

Our CO<sub>2</sub>e emissions also achieved the target with a 32% reduction and energy consumption was down 24%. We also significantly reduced water usage – down 13%. Although we were short of the 20% target for water, key learnings were gained throughout the last ten years which will improve operational efficiency and our use of resources in future years.



GOLDEN GROVE SOLAR POWER FARM, SA



Note: FY19-20 excludes Viridian glass operations which was sold on 31 January 2019.

# Approach to climate risk and opportunities

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

As a leading manufacturer of building products, CSR's businesses are high users of energy. Ensuring secure and reliable energy is essential for the over 40 manufacturing sites CSR operates across Australia and New Zealand. This is a key climate change risk for CSR.

## CSR's approach to the Task Force on Climate Related Financial Disclosures

In June 2017, the global Task Force on Climate Related Financial Disclosures (TCFD) released a framework for disclosure of climate change risks and opportunities. The taskforce divides climate related risks into two main categories (1) risks related to transition and (2) risks related to physical impacts. CSR has conducted work within both of these areas.

Transition risks include policy and legal risks; technological risks; market or reputation risk whilst physical risks (which may be short or long-term) are normally associated with direct impact on the operations including the supply chain. For example, increased bushfire risk, flooding or extreme heat.

The physical risk assessment of 37 of CSR's key operating sites was conducted by Point Advisory in 2017/18. A physical risk assessment considers issues like weather related lost production or damage to operations. The result of that work demonstrated that weather related damage is the highest risk to the sites, although the potential financial impact is not considered material.

In early 2018, CSR conducted a high level sustainability risk assessment of 84 category spends and their supply chain (including their climate related risk) as part of CSR's Sustainable Procurement project. Climate related risks was identified to be of moderate risk in 29 of the 84 categories. There were no high or very high climate related risks.

## Strategy

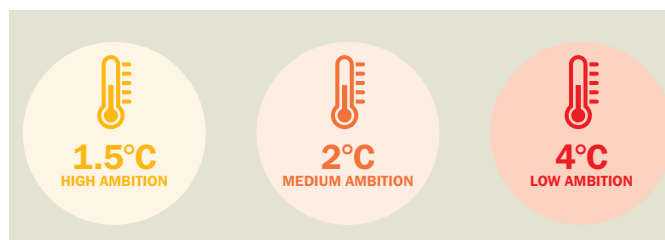
In mid 2020, CSR announced its new strategy to ensure the business is resilient for future market changes. Sustainability is a foundation pillar of this strategy. In line with the sustainability pillar, CSR has developed new 2030 targets covering a range of metrics including: 50% of electricity generated by renewable energy; a 20% reduction in energy consumption per tonne of saleable product and a 30% reduction in greenhouse gas emission per tonne of saleable product. Detailed work is underway to develop an initial three year plan by the CSR businesses to identify projects and programs to help achieve these targets. These projects are tested to ensure robustness and tracked to determine alignment with our emission reduction target.

This follows work completed in 2019 on a climate change scenario analysis for transition risk for the Gyprock business. The findings from the previous physical risk work and supply chain work were also included on a limited basis. The timeframe was to examine the potential transition risk impact to 2030 under three separate scenarios:

- 1.5°C global average temperature rise (high ambition)
- 2°C global average temperature rise (medium ambition)
- 4°C global average temperature rise (low ambition)

The findings of that work indicated a projected direct financial impact of \$6.0m for a high climate ambition (i.e. 1.5 degrees) (3.5% of Gyprock's total production costs) to no additional penalty under the low ambition scenario. The overall transition risk is considered moderate.

## RISK IMPACT SCENARIOS






In line with the planned road map to 2030, CSR has also identified climate related risks and opportunities for Bradford glasswool insulation to 2030, again with the three modelled scenarios. These scenarios focussed on transition risk; updating the previous physical risk work and qualitative commentary on supply chain risks.

The findings indicated that transition risk is responsible for over 95% of the risk across the three climate scenarios. The risk factors with the potential to impact Bradford's climate risk profile were identified as: development of climate and energy policy; emissions intensity of purchased electricity; implementation of energy efficiency initiatives; growth in demand of Bradford products and future climate projections. The overall weighted risk based on the relative impact and likelihood of the transition and physical risks for each of the scenarios (using the CSR Risk Matrix) is low.

Overall findings are in the table on the next page.

**Bradford glasswool insulation to 2030 TCFD analysis**

| SCENARIO AND POLICY ENVIRONMENT   | BRADFORD GREENHOUSE GAS EMISSION PROFILE  | PHYSICAL RISK  | VALUE AT RISK IN 2030  |
|---|---|--|--|
| <b>1.5°C HIGH AMBITION</b><br>Economy wide policy changes increase glasswool insulation demand, but result in greater costs from emissions.  | Emissions projected to fall by an average 4.0% CAGR. Emission growth in response to increased demand is offset by efficiency gains, reduction in emissions intensity of grid and renewable energy sourcing.                   | Baseline physical risk scenario (i.e. no additional physical risk from climate change) | Not material – estimated at some 5% of production costs<br>90% transition risk<br>10% physical risk<br>Carbon price \$42/t CO <sub>2</sub> e (emissions associated with transition risk only)    |
| <b>2°C MEDIUM AMBITION</b><br>Incremental policy changes   | Emissions projected to fall by an average 4.1% CAGR. Efficiency gains, reduction in emissions intensity of the electricity grid, renewable sourcing and steady demand contribute to a slightly greater decrease in emissions. | Medium impact physical risk scenario (RCP4.5)  | Not material – estimated at some 1.3% of production costs.<br>50% transition risk<br>50% physical risk<br>Carbon price \$25/t CO <sub>2</sub> e (emissions associated with transition risk only) |
| <b>4°C LOW AMBITION</b><br>No change in current policy settings   | Emissions projected to fall by an average of 3.4% CAGR. Reduced demand combined with reduction in the emissions intensity of the grid and renewable energy sourcing contribute to a less significant decrease in emissions.   | High impact physical risk scenario (RCP8.5)  | Not material – estimated at <1% of production costs<br>100% physical risk<br>0% transition risk<br>No carbon price   |

The Workplace Health, Safety and Environment Committee is kept updated in relation to climate related risks, policy and legislative changes which may have implications for CSR. In addition, the Committee is regularly updated on progress towards CSR sustainability targets. The internal Energy and Carbon Management (ECM) Committee chaired by the CFO with members including the CEO and GM of Treasury, review projects and the business case of projects for alignment with CSR's strategy and 2030 targets. The ECM Committee meets regularly throughout the year.

**Risk Management**

In 2020, CSR updated its risk management policy and framework, including its appetite for various risks and opportunities ensuring alignment with CSR's new strategy. There is a risk to CSR that if it fails to identify and respond effectively to climate change then reduced revenue, increased cost, asset impairment and business supply disruption may occur. Management are required to actively integrate climate change into strategic planning and identify climate change related risks as part of their risk assessment process. Risks are viewed both at enterprise level and business unit level. Further details on CSR's approach to managing and mitigating material risks is included in the Risk Management section of the [CSR Annual Report](#). This includes details of CSR's material economic, environmental and social sustainability risks.

Work is continuing on rolling out the sustainability risk assessment process (including climate-related risk and opportunity) to all procurement personnel. This work has been impacted by COVID-19 and training packages are in the process of being updated to be able to be delivered in line with the COVID-19 restrictions. It is anticipated that the revised training will commence early in 2021.

**Metrics and Targets**

CSR's 2030 targets are outlined on [page 17](#). These targets include: 50% of electricity generated by renewable energy, a 20% reduction in energy consumption per tonne of saleable product and a 30% reduction in greenhouse gas emission per tonne of saleable product.

CSR also reports under the National Greenhouse and Energy Reporting Act 2007. As part of the reporting obligations CSR reports its Scope 1 and 2 emissions. Emissions for the year ended 30 June 2020 are detailed on [page 18](#) with historical emissions also shown. CSR's emissions are subject to an independent limited assurance which is included on [page 43](#). CSR also discloses total solid waste to landfill and total potable water used in the business each year.

**Governance**

CSR's governance framework is a set of rules, relationships, systems and processes underpinning the company's values; the way it does business and how the CSR board is accountable to all stakeholders for the performance and growth of the company, as well as the identification and management of business risks. The governance framework ensures, amongst other things, that sustainability risks are effectively identified and managed.

Full details of CSR's governance framework is included in the Corporate Governance statement included in the [CSR Annual Report](#) published on the CSR website.



# Sustainability Targets to 2030

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.

## Setting new targets to 2030

Over the last year, a working group in CSR identified key target areas for CSR with reference to the United Nations Sustainable Development Goals (SDG).






The working group assessed the SDG's against CSR's strategy and sustainability pillars and identified five key goals against which CSR's 2030 targets were set. As CSR's business may change over time, intensity targets were prioritised over absolute targets with the relevant baseline being the year to 30 June 2020.

## Roadmap to 2030

The 2030 Sustainability Targets were announced in June 2020 with the teams from the various business units. Detailed work is now underway with each site and business unit developing an initial three year plan with interim targets for reduction to meet the future 2030 goals.

These roadmaps include a number of projects and initiatives to improve site performance in key areas of waste production and reduction of energy and water use.

These roadmaps will be regularly reviewed by senior management and the WHSE Committee with further updates to be included in the Sustainability Report each year.

| GOALS  | 2030 TARGETS <sup>1</sup>   | INITIATIVES TO HELP REACH TARGETS  |
|--|---|--|
| <b>GOAL 7</b><br>    | <ul style="list-style-type: none"> <li>Establish and implement a CSR connected power network</li> <li><b>50%</b> of electricity generated by renewable energy</li> <li><b>20%</b> energy reduction (GJ) per tonne of saleable product</li> </ul>  | <ul style="list-style-type: none"> <li>Solar installations continue across major sites with Monier Darra, QLD completing a 99kW system and Hebel Somersby, NSW 699kW system planned for 2021</li> </ul>  |
| <b>GOAL 11</b><br>   | <ul style="list-style-type: none"> <li><b>5%</b> of indirect spend by Procurement to be spent with social enterprises</li> </ul>  | <ul style="list-style-type: none"> <li>Internal surveys to further identify existing arrangements</li> <li>Develop tender/contract award procedures and evaluation</li> <li>Training and reporting</li> </ul>  |
| <b>GOAL 12</b><br>   | <ul style="list-style-type: none"> <li>CSR packaging to be closed loop (either 100% reusable; recyclable; compostable)</li> <li><b>75%</b> reduction in solid waste to landfill</li> <li><b>30%</b> reduction of potable water consumed (litr) per tonne of saleable product</li> </ul> | <ul style="list-style-type: none"> <li>Increase data analysis across all packaging to capture key opportunities</li> <li>Waste and water reduction projects under review as part of initial three year roadmap</li> </ul>  |
| <b>GOAL 13</b><br> | <ul style="list-style-type: none"> <li><b>30%</b> reduction of greenhouse gas emissions (CO<sub>2</sub>e) kg per tonne of saleable product</li> </ul>   | <ul style="list-style-type: none"> <li>Viable projects rolled into the CSR wide capital allocation process</li> <li>All projects will be assessed against the CSR targets on a semi-annual basis to understand pathway to achieving the 2030 ambition</li> </ul> |
| <b>GOAL 15</b><br> | <ul style="list-style-type: none"> <li>Enhance biodiversity outcomes on CSR sites and developments</li> </ul>   | <ul style="list-style-type: none"> <li>Baseline information under review</li> <li>Key biodiversity outcomes underway at Property sites including Warner, QLD and Horsley Park, NSW</li> </ul>  |

<sup>1</sup> 2020 is set as the base year.



# 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 2019 to 30 June 2020, total greenhouse gas emissions from CSR's majority owned businesses were 452,976 tonnes of CO<sub>2</sub>e which was 11% lower than the previous year.**

CSR engaged Deloitte Touche Tohmatsu to provide limited assurance over CSR'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 limited assurance statement is found on [page 43](#).



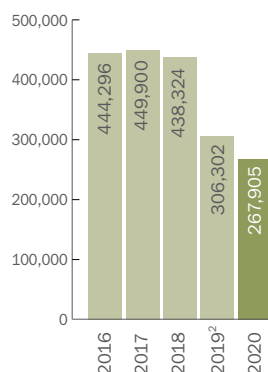
**↓11%**

decrease in CO<sub>2</sub>e  
in 2020

## SCOPE 1 DIRECT EMISSIONS<sup>1</sup>

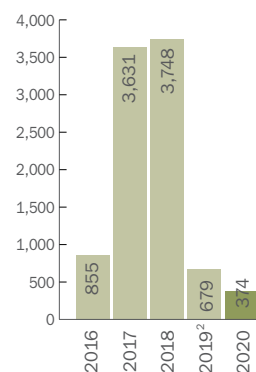
As at 30 June (Tonnes of CO<sub>2</sub>e)

### Australia



**↓13%**  
reduction

### Outside Australia



## Scope 1 or Direct

Emissions emitted from sources within the plant or factory boundary.



## Scope 2 or Indirect

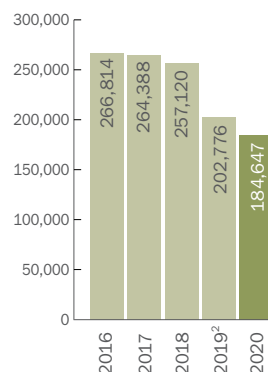
Emissions associated with the consumption of imported electricity, heat or steam.



## SCOPE 2 INDIRECT EMISSIONS<sup>1</sup>

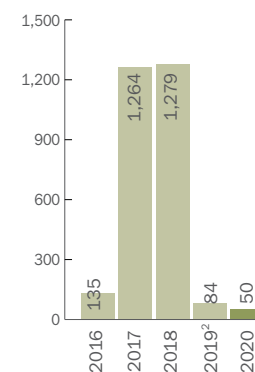
As at 30 June (Tonnes of CO<sub>2</sub>e)

### Australia



**↓9%**  
reduction

### Outside Australia



## New Hebel factory – a year in review

The new \$75 million Hebel factory at Somersby on the NSW Central Coast officially opened in October 2019. This factory showcases the best practices in automation and environmental and waste management. The design and construction of the plant was focused on a number of key themes:

**Energy** – connectivity between autoclaves enables up to 30% of steam to be transferred between autoclaves with the remaining steam diverted back into the boiler system.

**Water** – zero water waste target with all water including rain directed by a water management system into an 800,000 litre basin which is reused in the production process.

**Waste** – all excess materials from moulds is reused in the production process while plant automation allows for more efficient use of raw materials, reduced shutdown times and faster cycle times.

**CSR product expertise** – a number of CSR products were utilised during construction 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.

<sup>1</sup> Data excludes contractor emissions.

<sup>2</sup> Excludes 12 months data for Viridian glass operations which was 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.

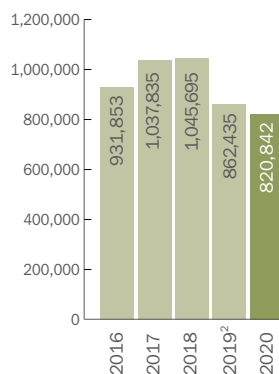
The new Hebel factory is a good example of utilising new technology to recycle all water and steam utilised at the site as part of a “Zero Water Waste” policy at the site.

CSR consumed 820,842 kilolitres of potable water during the year ended 30 June 2020 – a 5% decrease on the previous year.

The decline in water use is attributed to improved use of water saving measures across CSR’s sites. CSR continued to implement water saving measures across manufacturing sites to reduce potable water usage.

### TOTAL POTABLE WATER CONSUMED<sup>1</sup>

As at 30 June (Kilolitres)



↓ 5%  
decrease in potable  
water in 2020

<sup>1</sup> Only metered potable water data is included.

<sup>2</sup> Excludes 12 months data for Viridian glass operations which was sold on 31 January 2019.

## Digital dashboard – providing real-time water monitoring at Cemintel

Cemintel’s fibre cement operations use significant amounts of water with the business being the second largest user of water across CSR.

In order to reduce usage, the team first needed to set up a more detailed metering process to monitor use and identify areas for improvement. The team utilised the skills of its first scholarship recipient, Graceann Tathyaril from its partnership with University Technology Sydney Women in Engineering and IT Program to develop a live dashboard for Cemintel’s water and gas use.

The highly visual dashboard is used in the daily team meetings to drive improvement activity across a range of areas including regulating water pressure, identifying leaks and optimising water use. In the first six months of operation, water usage declined by 7% as the team were able to target major opportunities and monitor improvement in real-time. On an annual basis the water savings are in excess of 8,640 kilolitres.

For gas usage, the dashboard enabled the team to target key areas including steam leaks and optimising boiler and autoclave operations. For the first six months of using the system, gas usage is down by 23% or the equivalent of 18,700 gigajoules per year.

This project also enabled Graceann to gain exposure to project management, running meetings, liaising with external suppliers and working across various departments with a key learning around the importance of consultation and bringing people on the journey.



GRACEANN TATHYARIL, SCHOLARSHIP RECIPIENT



THE DASHBOARD USED AT CEMINTEL





# Waste

Reducing waste remains a key priority for the company.

**CSR produced a total of 14,163 tonnes of solid waste to landfill in the year ended 30 June 2020 – up 6% on the previous year.**

The increase in waste during the year was due in part to the commissioning of the new Hebel factory at Somersby, NSW. As the new factory began operations, there was an increase in product wastage due to the commissioning trials before full production began in October 2019.

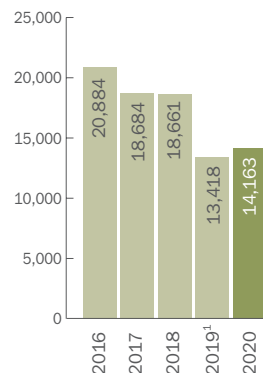
Numerous waste reduction initiatives have reduced waste production by over 30% since 2015.

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 seven years.

## TOTAL SOLID WASTE TO LANDFILL

As at 30 June (Tonnes)



**↑ 6%**  
increase in waste  
production in 2020

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 manufactures 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 continues to investigate using biosolids as a feedstock for the kiln system, with the potential to reduce 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.



## Converting waste sludge into raw material at Cemintel

Over the past year, Cemintel has expanded the use of its new waste recycling mill to increase the waste recycling on the Wetherill Park, NSW site.

Over \$500,000 was invested in the new ball mill which processes waste for reuse as an inert raw material in the production process.

This system will recycle more than 3,400 tonnes of waste sludge, preventing it from being disposed to landfill which is a reduction of over 20% at the site. This will also reduce the raw material requirement used in the production process. Installation was completed in October 2019 providing an immediate reduction in landfill requirements.

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

# Waste

(continued)

## Monier working with suppliers to reduce packaging waste

As part of our commitment to the Australian Packaging Covenant, CSR is working with its various suppliers to reduce the amount of packaging received as part of our various raw material deliveries.

Monier Springvale, Vic has worked with one of its UK suppliers to convert hot melt wax previously shipped in small bags into a large format eight sided "Octobox". The Octobox ensures the raw material can be transported over long distances and retains its form and consistency.

This process change has eliminated over 1,000 bags of wax being unloaded at the site per year which is the equivalent to over 130kg of plastic which would need to be disposed to landfill. The new system also has a safety benefit to remove manual handling of unloading and emptying the bags during production.



MONIER SPRINGVALE, VIC



## AFS recycling 1,200 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 1,200 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 to landfill.



BRADFORD VENTILATION SITE AT SEVEN HILLS, NSW



# Environmental Incident Reporting

CSR reports environmental incidents based on five levels with breaches reported to regulatory authorities as required.

**For the year ending 30 June 2020, CSR reported 76 environmental incidents compared to 113 incidents in the previous year, a reduction of 33%.**

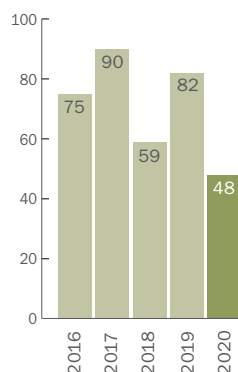
Level 3 serious incidents can vary in nature and while classed as serious in CSR's internal system, may not have caused material harm to the environment. However this classification ensures that investigations and remedial actions are appropriately monitored by the management teams and the Board WHSE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

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

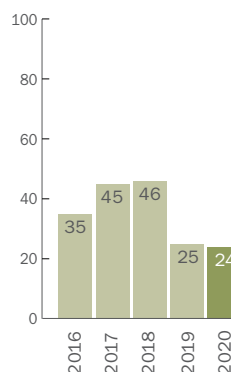
CSR reported the following Level 3 incidents during the year to 30 June 2020:

- **December 2019:** Several pieces of possible asbestos was dumped in a bin at Monier Rosehill, NSW by an unknown external party. The material was managed and disposed in accordance with relevant legal requirements.
- **February 2020:** During an intense rain event, two dams at the PGH site at Bringelly, NSW overflowed into the creek system which was not permitted by the site's environmental protection licence. Since the event, with the agreement of the NSW EPA, the licence has been varied to align with other CSR sites. As a result any future overflow events, will not be a breach of the site's licence.
- **March 2020:** Dust from the cutting board at AFS Goulburn, NSW was not being collected by the dust capture system due to a blocked hopper. The removal of the hopper caused a large quantity of dust to spill which should have been removed through the vibrator system which has been inadvertently disconnected. The vibrator system was reactivated and the dust collection system resumed operation.
- **May 2020:** Monier Vermont, VIC reported a breach from fluoride emissions. Limestone in the scrubber became saturated and therefore it was unable to scrub the emissions, leading to the breach. The issue has now been rectified with the stack emissions retested. All systems are now in compliance.

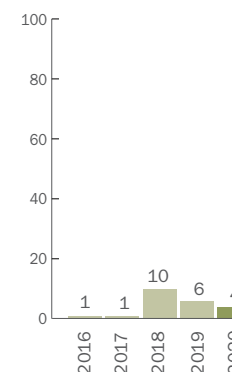
**LEVEL 1 – MINOR**  
Incidents



**LEVEL 2 – SIGNIFICANT**  
Incidents



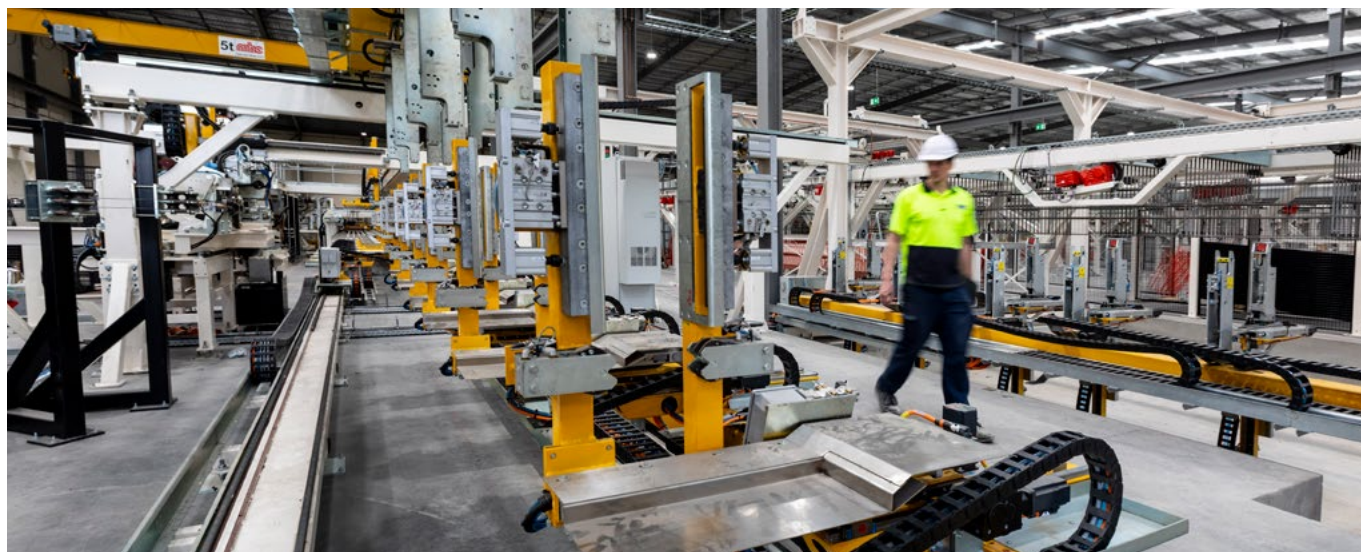
**LEVEL 3 – SERIOUS**  
Incidents



**76**  
environmental  
incidents  
at CSR



**↓ 33%**  
decrease in total  
environmental  
incidents



HEBEL FACTORY AT SOMERSBY, NSW



# People & Safety

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



# Workplace health and safety in COVID-19

Health and safety is our first and overriding priority for all of our people during COVID-19.

**As the COVID-19 pandemic was declared in Australia and New Zealand in early 2020, CSR implemented a number of business contingency plans, personal hygiene and social distancing measures at all sites in line with government and Safe Work Australia guidelines.**

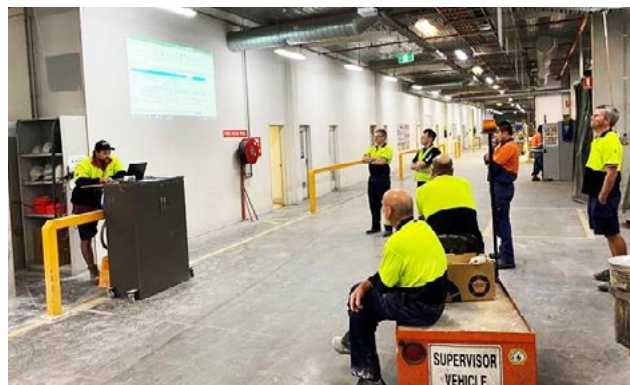
A majority of our operational sites such as manufacturing plants, distribution centres, trade centres and construction sites are already low-density operations. This means that generally workers operate in distances greater than 1.5 metres on a frequent basis. As many of our employees interact with different members of the public either through serving and working with customers, working side by side with third party labour or receiving supply services from key contractors, we continue to take steps to ensure we mitigate exposure risks.

Importantly, CSR's teams are encouraged to check with their colleagues on a regular basis to support the mental wellness of each other during this crisis. In addition, all employees can access free and confidential counselling through our Employee Assistance Program to help manage any concerns or anxiety experienced during this period.

There are several ways we are minimising risk for CSR associated with COVID-19 with site plans and functional arrangements in place for factories, warehousing, supply and fix, sales and our customers. Current controls we have in place include:

- Introduction of site specific COVID-19 safety plans for all site specific measures and controls
- All employees restricted to only attending their primary site of work
- Ongoing reinforcement of the importance of physical distancing, hygiene requirements and remaining home when sick
- Focus on mental health with continuing communication regarding 24/7 counselling access for all employees and their families to the Employee Assistance Program
- Employee mental health sessions which targeted Victoria to support people during lockdown and other states for identified needs
- Introduction of facemask/respirator procedures to cater for areas where this is a risk of contact or community transmission
- Employee health screening questions in line with site contractors and visitors
- Review of sales and supply and fix procedures to continue to meet physical distancing requirements.

CSR implemented a number of procedures to improve good hygiene on sites including: removing all touch-based sign on glass procedures, extra cleaning of sites and workstations, banning all visitors except specialist maintenance operators, working from home where possible, creating gaps in operating shifts, social distancing marks at all sites, limited contact with customers on sites, hand sanitisers in place for all employees and customers and customers encouraged to pre-place orders to reduce time on site.



TOOL BOX TALKS PRACTICING SOCIAL DISTANCING

## Ensuring we are proactive with safety during COVID-19

While we continue to adjust how we operate to minimise risks due to COVID-19, we have also evolved how we approach proactive safety at our sites. This means ensuring we continue with our ongoing checks and discussions with our teams both on site and via virtual meetings.

We organise many different activities to ensure we are driving commitment from all of our teams and that each activity has a specific purpose and goal:

- **Tool box talks:** occur many times either at a start of shift, daily, weekly, month to focus on team sharing key learnings and experience
- **Safety committee meetings:** site champions for safety meet to discuss events, hazards and reporting as well as progress on plans
- **Safety condition inspections:** ensuring that we maintain standards and that appropriate controls are in place
- **Work instruction reviews:** a simple way to check that: We do what we say we do
- **Safety walks:** Regular walks across all parts of the business to have informal discussions, to listen to our teams and support their ideas and concerns



CUSTOM FACEMASKS FOR AFS WERE PRODUCED ONSITE FOR SAFETY

# Leading safety at CSR

We are all leaders when it comes to safety.

## Leadership behaviour

### Leading safety during COVID-19

Since the start of COVID-19, our teams have performed very well to accept the new challenges the current market has created and look for opportunities to improve. Our leaders have ensured the business can continue to operate safely and manage the changes in the workplace. This has included re-mapping of activities at factories to provide social distancing. The uncertainty created by COVID-19 has also required renewed focus on mental health and managing distractions in the workplace. CSR has supported its teams by providing regular and consistent communications in real-time to all employees. This ensured our leaders remained highly visible and provided information to reduce uncertainty about potential changes in the business.

The COVID-19 environment has also been a catalyst on a review of CSR's mental health strategy to improve the ability to provide proactive mental health measures and how these can be implemented across the business.

## Risk management

### Reducing hazardous energy risks

One of our highest injury risks remains working with mobile and fixed plant equipment (hazardous energy). This includes working with machines (mechanical equipment), electricity (control circuits and switchboards), hydraulic and pneumatic energy (drive processes such as moving product and robots) and gas.

We are using our safety 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.

## Healthy body & mind

### Employee assistance to provide support to CSR people and their families

We continue to maintain a well-established Employee Assistance Program (EAP) which is a 24/7 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 awareness

2020 has been a challenging year for everyone and CSR supported the national suicide prevention charity R U OK Day in September. A key message in our business is to stay safe and look out for each other. RUOK has developed resources that provide simple tips to help people keep the conversation going.

RUOK day provided a reminder to check in with our teammates – particularly people working remotely to kick off the conversation and keep it going. To raise awareness, teams wore a touch of yellow to support this initiative.



### Leadership Behaviour

We are all leaders when it comes to safety



### Risk Management

Follow insights on key exposures with a focused approach which is practical and productive



### Systems Performance

WHSE Live – Providing 24/7 access to make informed decisions and reporting



### Healthy Body and Mind

Setting the foundation for understanding, relevance and trust



# Safety performance

Understanding our data for better performance.

## Safety performance in 2020

CSR has achieved a sustained period of improved safety performance over the past 10 years. In the 12 months to 30 June 2020, this has continued. However the improvement has slowed in the key measure of Total Recordable Injury Frequency Rate (TRIFR). As COVID-19 emerged, the safety agenda over the last six months has shifted as the business adapted to new guidelines. This also created a loss of valuable face to face time with teams as senior leaders were not able to travel to sites. The business has adapted well to utilising new technology to progress our safety agenda but performance has shown a new focus on high risk activities such as permit to work is required to ensure we provide clear direction on how these tasks need to be performed safely.

In line with the restructure of CSR's business units, the workplace health, safety and environment (WHSE) teams were moved into a central team. This team is led by a new appointment to CSR, WHSE General Manager Chris Karakatsanis. Chris brings extensive safety experience in high risk and complex industrial industries including manufacturing, oil & gas, logistics and aviation. CSR will be introducing a number of modifications to our WHS plan over the next 12 months to reinvigorate our safety agenda, focus primarily on our operational safety and deliver the next phase of improvement.

- **Embedding** core safety activities to ensure they are executed consistently
- **Repositioning** safety resources from a compliance driven team to a business partnership with a focus on coaching and mentoring to achieve sustainable safety outcomes
- **Planning** to ensure that risk mitigation and implementation of controls are the cornerstone activity of the business
- **Transitioning** WHSE Live from a data storage solution to a tool for generating insights on how to improve performance
- **Implementing** hazard standards for all high risk activities and execute these standards across all business units.

## WHSE Live delivering anytime, anywhere access to reporting and analysis

The WHSE Live program was first launched in 2018 and provides anytime, anywhere access to reporting and analysis. The digital tool provides our teams with immediate access to issues on sites, the ability to record important data and easy access to themes and trends which can improve safety and environmental outcomes.

WSHE Live will be partnered with our Power BI system to generate real time meaningful reporting by business unit to provide complete transparency on performance for line managers.

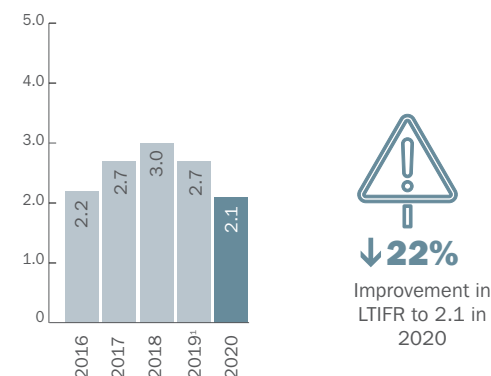
The next phase of the program is to add the WHSE Live risk register and our auditing program into the system. This will aggregate all of the risk register and assurance information recorded at individual sites and will include the following key information:

- Control plans that reflect each process for manufacture, warehousing, distribution and small site functions
- Each control plan has identified CSR group exposures and exposure types (eg group exposure – mobile plant and exposure type – forklift)
- Each exposure has a category of controls
- Recorded events will inform the risk register which will provide insights as to the effectiveness of controls.



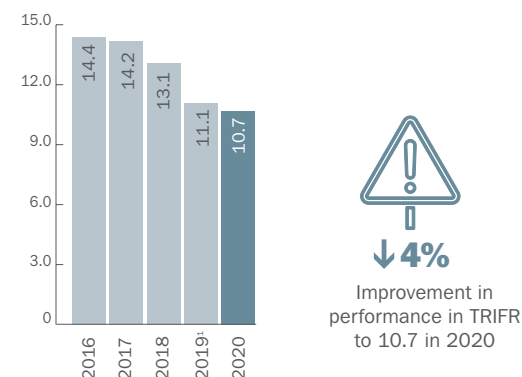
## LOST TIME INJURY FREQUENCY RATE

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.

# Safety risk management

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

## Chain of responsibility (CoR)

CSR continues to expand its coverage of Chain of Responsibility (CoR). This is part of our overall commitment to manufacturing, distribution and delivery of our buildings products in the safest way possible for our employees, people working within our supply chain and the general public.

Our mission is to embed CoR in operations across the CSR group, to reduce risk, improve service and deliver safely to our customers. We will do this by ensuring when planning, loading, transporting and offloading, we consider CoR in everything we do.

For four years, CSR has partnered with the Australian Logistics Council to ensure current and future industry standards are applied across the chain.

CoR is supported by the leadership and commitment of the board and senior management.

|                | KEY ACHIEVEMENTS   | CURRENT INITIATIVES  |
|----------------|--|--|
| <b>People</b>  | <ul style="list-style-type: none"> <li>— CSR's Chain of Responsibility steering committee manages and oversees all CoR systems and processes which have been rolled across the business</li> <li>— Team strategic planning, through forums and workshops across CSR with local teams</li> <li>— Consistent approach to reporting CoR events (hazards and incidents) through WHSE Live</li> <li>— Steering committee members with CoR plans as part of individual goals</li> <li>— CoR part of monthly management team and quarterly senior management team reviews with leadership, responsibility and accountability</li> </ul> | <ul style="list-style-type: none"> <li>— Ongoing roll-out of WHSE Live for reporting and review</li> </ul>   |
| <b>Process</b> | <ul style="list-style-type: none"> <li>— Certified load restraint guides developed across the business</li> <li>— Australian Logistics Council (ALC) master code audit tool trialled and endorsed for further use in YEM21</li> </ul>  | <ul style="list-style-type: none"> <li>— Audit key CSR sites for base standards using the Australian Logistics Council master code tool (AMCAS)</li> </ul> |
| <b>Systems</b> | <ul style="list-style-type: none"> <li>— Contractor compliance trialled and will utilise across the group in YEM21</li> </ul>  | <ul style="list-style-type: none"> <li>— Rollout of contractor management tools</li> <li>— Continue audit process of all transport carriers</li> </ul>     |



## Improving forklift safety

**CSR recognise that mobile plant is a critical risk in our business.**

We have a full time internal forklift coach in place in our Gyprock business who has worked with our safety and operational team to develop a comprehensive training program and licence accreditation system program.

The aim of this program is to ensure that CSR employees have the support and knowledge to operate forklifts in our warehouse and factories.

A key part of the program is to identify champions at the various sites who provide coaching support and to roll out forklift training. We aim to take on all of the learnings from our Gyprock business and expand the program into all of CSR in the coming year.

# 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 reporting on attraction, selection and retention of female employees by business unit tracking metrics on:

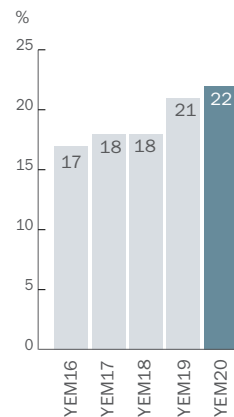
- The number of women that have joined CSR in the last month;
- Women who have left CSR in the last month and the reason for leaving;
- An overview of current vacant positions and the number of women on the shortlist for each position; and
- The gender participation ratio for CSR as well for each business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

## CSR workplace profile

The diversity of CSR's employees remains fundamental to its success. Currently 35% of employees in senior management are women. Senior management is defined as two levels below the company's Managing Director. In addition, 26% of new hires of the past year were women which is above the percentage of women in the CSR workforce which increased from 21% to 22% with incremental increases reported since YEM16.

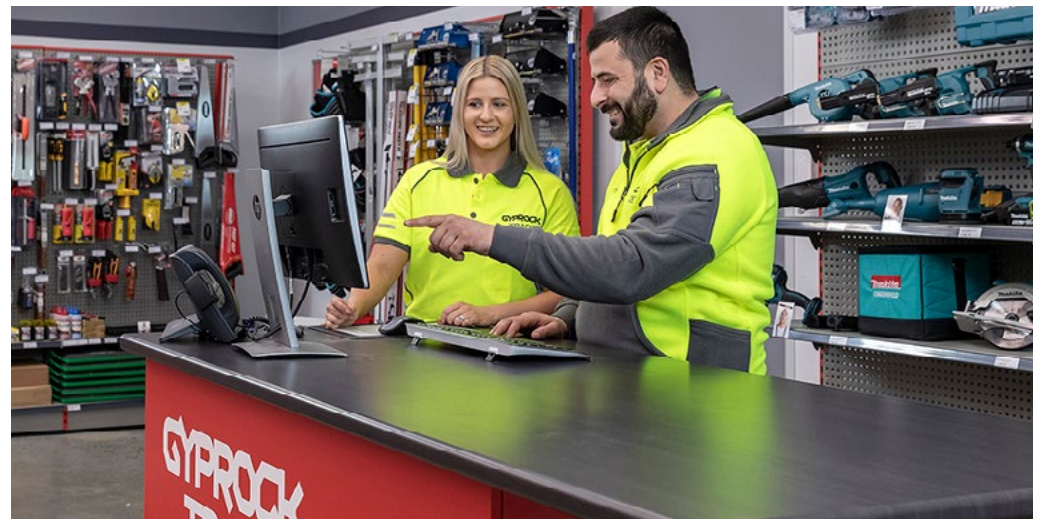
In accordance with the requirements of the *Workplace Gender Equality Act 2012* (Cth), CSR submits its Gender Equality Indicators with the Workplace Gender Equality Agency. The Report can be viewed at the website of the [Workplace Gender Equality Agency](#) and also on CSR's website.

WOMEN IN CSR WORKFORCE



**50%**

of CSR board members  
are women as of  
30 September 2020





# Diversity

(Continued)

## Improving diversity

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 2020 Annual Report.

| KEY ACHIEVEMENTS              |  |  |   |  |  |  |             |             |       |     |     |                               |     |     |                             |     |     |   |
|-------------------------------|--|--|---|--|--|--|-------------|-------------|-------|-----|-----|-------------------------------|-----|-----|-----------------------------|-----|-----|---|
|                               | OBJECTIVE  | MEASURE  | CURRENT INITIATIVES   |  |  |  |             |             |       |     |     |                               |     |     |                             |     |     |   |
| Leadership and culture        | <ul style="list-style-type: none"><li>Female participation in development programs above total workforce participation</li><li>Actively sponsor industry programs that develop female talent</li></ul> | <ul style="list-style-type: none"><li>46% of participants were female for 2019</li><li>Sponsored the Excellence in Manufacturing Award. Four CSR employees were finalists with two category winners</li></ul>  | <ul style="list-style-type: none"><li>Continue to leverage learnings from the detailed review of female talent</li><li>Appointment of female talent into key leadership roles aligned to CSR strategic objectives</li></ul> |  |  |  |             |             |       |     |     |                               |     |     |                             |     |     |   |
| Policy & Governance           | <ul style="list-style-type: none"><li>Address gaps in Gender pay</li><li>Provide flexible work arrangements</li><li>Promote an inclusive culture</li></ul>   | <ul style="list-style-type: none"><li>Reviewed gender pay and implemented action plan to address areas of difference</li><li>Females are paid at or around the median for all pay grades</li><li>Flex @CSR framework was implemented for all employees</li><li>Reset on Respect training covering fairness, respect, diversity and inclusion was launched during 2019 and progressively being implemented for all employees</li></ul>  | <ul style="list-style-type: none"><li>Continue to review gender pay equity including reviews completed by the executive team and CSR board</li></ul>  |  |  |  |             |             |       |     |     |                               |     |     |                             |     |     |   |
| Recruitment and retention     | <ul style="list-style-type: none"><li>Increase female workforce participation to meet or exceed industry benchmarks</li><li>ABS 2019 Manufacturing Industry at 29%</li></ul>                           | <div><ul style="list-style-type: none"><li>Female voluntary terminations have reduced from 73 in YEM19 to 52 in YEM20; a reduction of 29% and accounts for 8.4% of total voluntary terminations</li></ul><table><tr><th colspan="3">FEMALE PARTICIPATION AT CSR</th></tr><tr><td></td><td>30 Sep 2019</td><td>30 Sep 2020</td></tr><tr><td>Board</td><td>50%</td><td>50%</td></tr><tr><td>Executive reports to MD &amp; CEO</td><td>17%</td><td>25%</td></tr><tr><td>Senior Leaders<sup>1</sup></td><td>29%</td><td>35%</td></tr></table><div>1 Senior leaders defined as two levels below the MD &amp; CEO.</div></div> | FEMALE PARTICIPATION AT CSR   |  |  |  | 30 Sep 2019 | 30 Sep 2020 | Board | 50% | 50% | Executive reports to MD & CEO | 17% | 25% | Senior Leaders <sup>1</sup> | 29% | 35% | <ul style="list-style-type: none"><li>Develop and implement a plan to improve gender participation rates for females to be equal to or better than the industry standard at all levels</li><li>Regular monitoring of data including participation, hiring, exits and talent</li></ul> |
| FEMALE PARTICIPATION AT CSR   |  |  |   |  |  |  |             |             |       |     |     |                               |     |     |                             |     |     |   |
|                               | 30 Sep 2019  | 30 Sep 2020  |   |  |  |  |             |             |       |     |     |                               |     |     |                             |     |     |   |
| Board                         | 50%  | 50%  |   |  |  |  |             |             |       |     |     |                               |     |     |                             |     |     |   |
| Executive reports to MD & CEO | 17%  | 25%  |   |  |  |  |             |             |       |     |     |                               |     |     |                             |     |     |   |
| Senior Leaders <sup>1</sup>   | 29%  | 35%  |   |  |  |  |             |             |       |     |     |                               |     |     |                             |     |     |   |

# Supporting diversity

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



SCHOLARSHIP RECIPIENT MONIQUE FATSEAS

## UTS Women in Engineering and IT Program

In partnership with the University Technology Sydney (UTS), CSR Interior Systems has invested \$136,000 over a six year period to fund two scholarship programs. The scholarship incorporates financial support, industry experience, mentoring, networking and leadership development.

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

Scholarship recipient Monique Fatseas completed a six month internship within the operations excellence team based at the Gyprock factory, Wetherill Park, NSW.

*“Working with the operations excellence team has introduced me to real-life problem-solving applications and these analytical skills are what I am the most grateful to be learning. I am currently involved in a project to develop and implement a better quality test method which will reduce downtime in dry compound production. I am using structured problem solving in wet compounds to improve our processes. The whole team have been very supportive.”*

## Flexible working during COVID-19

**As part of CSR's business contingency planning during COVID-19, the business took a number of steps to encourage a variety of flexible working arrangements.**

This included working from home, where possible, for team members across the business. Digital tools and new ways of working have helped to ensure teams could maintain productivity with people working from home and with different schedules.

This complements the Flex@CSR programs that were launched last year. Flex@CSR promotes a range of flexible work and remuneration practices to support working families at CSR. A core part of this program is the launch of a Parental Assist Team to help support families with parental leave and return to work programs.

CSR's approach with flexible working is designed to promote a spirit of trust and cooperation so we can achieve what needs to be accomplished at work while the well being of our employees is supported. Flexible working can mean different things to different people and can include the following:



Purchasing flexi leave, parental leave assist, annual leave



Working at different sites, working from home



Novated leases, additional Super, share plans, salary sacrifice



Part time work, varied shift times, time in lieu



Community service leave, support programs, mentoring school kids



Study leave, career breaks, education support

# Community

Engaging and supporting our 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.

**A key part of our sustainability strategy is based on proactively maintaining our social license to operate through greater interaction and positive impacts on the community.**

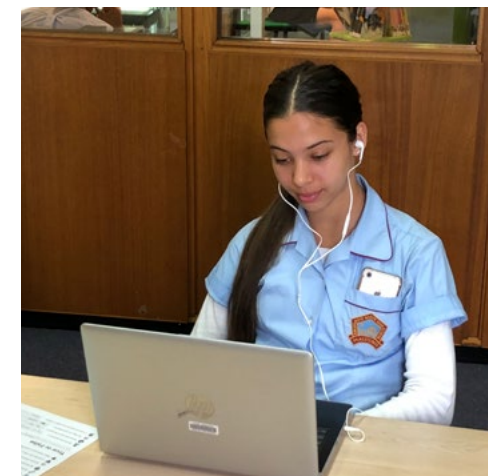
To achieve this aim, we continue to partner with a number of organisations in line with our commitment to operate in a sustainable manner and to gain the confidence of the communities in which we operate.

Our community relations program covers four key areas:

- **Site level community relations:** Engagement with the local communities and neighbours surrounding our sites
- **Building Product donations:** CSR supports a number of charities to build new facilities with product donations as well as technical support and installation expertise
- **Community Support Program:** Launched in 2003, CSR matches employee contributions dollar for dollar to three charitable organisations. Over \$3.3 million has been donated by CSR and its employees over the last 17 years. CSR also provides volunteer support for various activities and campaigns during the year
- **Student Mentor Program:** CSR commenced working with the Australian Business and Community Network (ABCN) in 2011 to provide mentoring and coaching programs in schools in high need areas. For the year to 30 June 2020, CSR volunteers donated 627 hours providing mentoring support to 197 students.



WARNER WORKING GROUP BUSH REHABILITATION DAY AT WARNER QUARRY, MORETON BAY, QUEENSLAND



ONLINE TUTORING STUDENT ENGAGED IN A DIGITAL GOALS PILOT PROGRAM



CSR VOLUNTEER WORKING WITH CURRAN PUBLIC SCHOOL CHILDREN



**\$138,548**

donated by CSR and its employees in the year to 30 June 2020



**627 hours**

CSR volunteers with ABCN Student Mentor Program in YEM20

# Site level community relations

CSR continues to work with our local communities to ensure we maintain our social licence to operate.

**In 2020, CSR has progressed a trial to reach out to residents located near our operating sites. This program included a number of steps to ensure our neighbours can contact CSR if they have any questions or concerns about our operations.**

- Completed stakeholder analysis of the local residents near the site
- Community relations training completed with site managers
- Established a dedicated 24/7 phone line and email for residents to contact CSR if they have any questions or feedback
- Letterbox drop flyer developed to raise awareness of CSR contact details for feedback or questions
- Key issues will be tracked in the WHSE Live system so they can be monitored and resolved.

Following feedback from this trial, the program will be rolled out to further sites across CSR.

## Working together in Warner

**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, Qld. CSR is progressively rehabilitating the site with the potential for future development that is in line with the surrounding area. This includes the planting of over 5,000 trees at the site.

In preparation for the development application process, CSR founded the Warner Working Group in 2018 to bring the community together in a forum including representatives of koala care and rescue groups, local community members, Landcare, schools, industry and government.

This group has led a number of initiatives including engaging ecologists and veterinary scientists in koala research to track the movement of the koala population and rehabilitating sick or injured koalas for release back into the area.

The advocacy of the Warner Working Group was included in the Queensland Government's South East Queensland Koala Conservation Strategy 2020-2025 which can be accessed from this link: [https://environment.des.qld.gov.au/\\_data/assets/pdf\\_file/0016/211732/seq-koala-conservation-strategy-2020-2025.pdf](https://environment.des.qld.gov.au/_data/assets/pdf_file/0016/211732/seq-koala-conservation-strategy-2020-2025.pdf)



WARNER QUARRY IN MORETON BAY, QLD



## Albany Creek Scouts planting day at Warner

**A day of discovery.** CSR organised a nature play passport day with the local Albany Creek Scouts group to learn more about the operations of the site, future development and the koala research program.

The Scouts earned badges by completing a series of activities including planting native trees, researching local flora and fauna and discovering the fauna's habitat needs.



ALBANY CREEK SCOUTS AT WARNER, QLD



## Site level community relations (continued)

**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 co-regulatory framework which aims to close the loop across the entire packaging chain.

This is the seventh 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.



CSR'S HEAD OFFICE IN SYDNEY, NSW



TECHNICAL CENTRE AT WETHERILL PARK, NSW



BRADFORD DISTRIBUTION CENTRE, BRENDAL, QLD



DARRA MONIER, QLD



BRADFORD INGLEBURN, NSW



CEMTEL FACTORY AT WETHERILL PARK, NSW



PGH GOLDEN GROVE, SA



AFS MINTO, NSW



# Support for the 2020 Bushfire rebuild

Working with our customers to support rebuild projects.

**Following the devastating bushfires in Australia in the summer of 2020, CSR supported a number of initiatives to assist communities impacted by the disaster and support the rebuild process.**

CSR raised a total of \$50,000 from employee donations and matching by CSR for the Salvation Army Bushfire Appeal.

CSR is in a unique position as it provides products and technical expertise to the market to assist in building in bushfire prone areas. CSR's teams provided technical information to architects and designers to assist with rebuild education campaigns in regional communities impacted by the bushfire.

CSR has also partnered with some of its customers to provide community and non-profit organisations access to CSR products and expertise to assist in the rebuild of buildings impacted by the bushfires.



## Mogo Zoo

**The Mogo Zoo on the New South Wales South Coast was heavily affected by the bushfires.**

The staff at the Zoo risked their own lives to protect the animals at the peak of the fires.

CSR Bradford and CSR Gyprock along with our partner Hotondo Homes were proud to be part of a team of South Coast builders, suppliers and engineers from the Australian Army who provided expertise and materials to rebuild the Zoo's veterinary hospital.



## Hotondo Helping Hands

**CSR has supported the efforts of Hotondo Shoalhaven and Illawarra, NSW which formed Hotondo Helping Hands to support their local community following the unprecedented bushfire crisis.**

The Hotondo teams have combined their passion for their local area with the knowledge, skills and experience to build three new homes and are donating all profits raised from their sale to six charity partners.

CSR Gyprock is pleased to partner with Hotondo and support the donation of Gyprock plasterboard, compounds and cornice as well as PGH Bricks for the construction of these new homes and support charities in the local Shoalhaven and Illawarra region.



MOGO ZOO IMPACTED BY THE BUSHFIRES IN EARLY 2020

# 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 627 hours in YEM20 which provided mentoring support to 197 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.



**197**

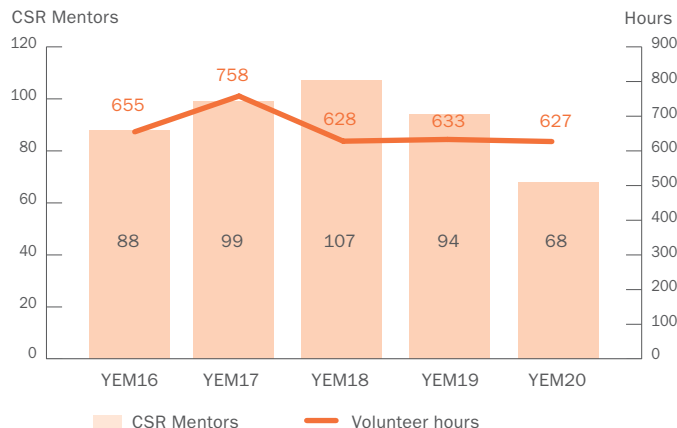
students mentored  
by CSR employees in YEM20



**627 hours**

of time volunteered by CSR  
employees in YEM20

### WORKING IN THE COMMUNITY

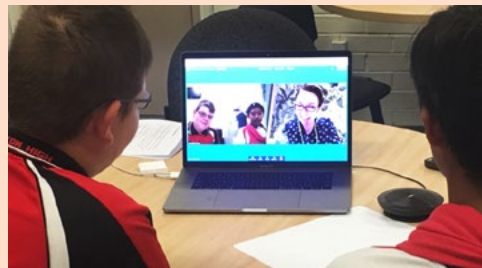


## Moving mentoring online in 2020

**The COVID-19 pandemic has required a number of changes to enable CSR mentors to continue working with students.**

ABCN has been working to transform some of its core mentoring programs into digital format, creating opportunities for meaningful connections between students and business professionals via online mentoring. School Principals and educators have indicated that now, more than ever, building connections with positive role models outside of their local communities is important in reducing the sense of isolation and uncertainty felt by many students. Research has emerged about the effects of COVID-19 on already marginalised cohorts of students, showing that the pandemic has increased the 'equity gap' for disadvantaged students.

CSR was pleased to be part of one of the pilot digital programs in 2020 which targets Year 9 students. The program is designed to encourage the completion of Year 12 and further study with a focus on goal setting, communication, building relationships and self-management. CSR mentors participated with students via a structured online session with activities designed to stimulate discussion and follow-up.



## CSR Monier partnership with Carwatha College

**2019 was the final year of the *Business Class* relationship between CSR Monier and Carwatha College in Victoria.**

Over the past three and a half years, 539 students and teachers have benefitted from the targeted partnership programs developed for the specific needs of the school. These have included a wide range of activities including the career workshops where the Monier team shared their career journeys and pathways with the students, factory tours, mock interview skills workshops, onsite student work experience and leadership coaching between the school and the Monier teams. The partnership has resulted in sustainable, positive impact for the school which will be felt for years to come.



# 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 \$3.3 million to charity. In the year to June 2020, CSR and its employees donated \$138,548 to three charitable organisations, the Salvation Army, Youth Off The Streets and Assistance Dogs Australia.

CSR also launched a bushfire appeal in January 2020 in which CSR would match all employee donations over the three months to March. This program raised almost \$25,000 from CSR employee donations which was matched by CSR for a total donation of \$50,000 to the Salvation Army Bushfire Appeal which is targeting recovery and rebuild projects.



**\$3.3m**

donated by CSR and its employees  
over the last 17 years



LUNA FROM ASSISTANCE DOGS VISITS THE TEAM AT CSR'S OFFICE IN NORTH RYDE, NSW



SALVATION ARMY TEAMS RESPONDING TO THE 2020 BUSHFIRES



**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.



**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.



**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.



# Risk management and sustainable procurement

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

# Risk management and sustainable procurement

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

**Corporate governance is the system by which CSR is directed and managed. It is the framework of rules, relationships, systems and processes that underpin the company's values and behaviours, the way it does business and how:**

- the CSR board of directors is accountable to shareholders for the operations, financial performance and growth of the company; and
- business risks are identified and managed.

Risk management is sponsored by the board and is a priority for senior managers, starting with the managing director. The board oversees the risk profile of CSR and ensures that business developments are consistent with the goals of CSR. The board receives periodic assurances that significant risks are managed appropriately. A risk management framework is in place covering business risk, financial risk, financial integrity, legal compliance and sustainability risk. The risk management framework requires risks across the businesses to be identified, evaluated, monitored and controlled.

Risks are classified as either strategic, operational or financial/compliance. The framework also includes evaluation of mitigation strategies. The most recent review of the risk management framework was completed in October 2020.

CSR's Risk Appetite Statement, approved by the board, is core to the Risk Management Policy and defines (within practical boundaries) the amount of risk the organisation is willing to accept in pursuing its strategic objectives.

By expressly articulating and documenting its Risk Appetite Statement, CSR aims to ensure that:

- risks can be measured, managed and monitored;
- risk appetites can be consistently articulated and understood by all relevant stakeholders; and
- day-to-day operations are undertaken in alignment with CSR's tolerance for risk.

This is supported by the CSR [Code of Business Conduct and Ethics](#) which underpins how the company operates and does business.

Further details on CSR's approach to risk management including a review of CSR's material economic, environmental and sustainability risks are included in the [2020 CSR Annual Report](#) which was published in May 2020.

## Sustainable Procurement

CSR uses over 5,500 suppliers across a range of procurement categories. We have developed our overall procurement capabilities across CSR while addressing supply chain sustainability risks including modern slavery. [CSR's Modern Slavery statement](#) for the year ended 31 March 2020 was published in September 2020.

The statement includes:

- Background information on the activities and operations of CSR
- A summary of the main modern slavery risks that CSR faces and how these risks have been identified and assessed
- Information on the actions being taken to mitigate those risks and how the effectiveness of these mitigating actions is assessed
- Other information required by the legislation.

# Risk management and sustainable procurement

(continued)

## Continuous Improvement of Procurement Processes

A risk-based approach was developed to manage sustainability issues across the procurement process.



**5,500+**

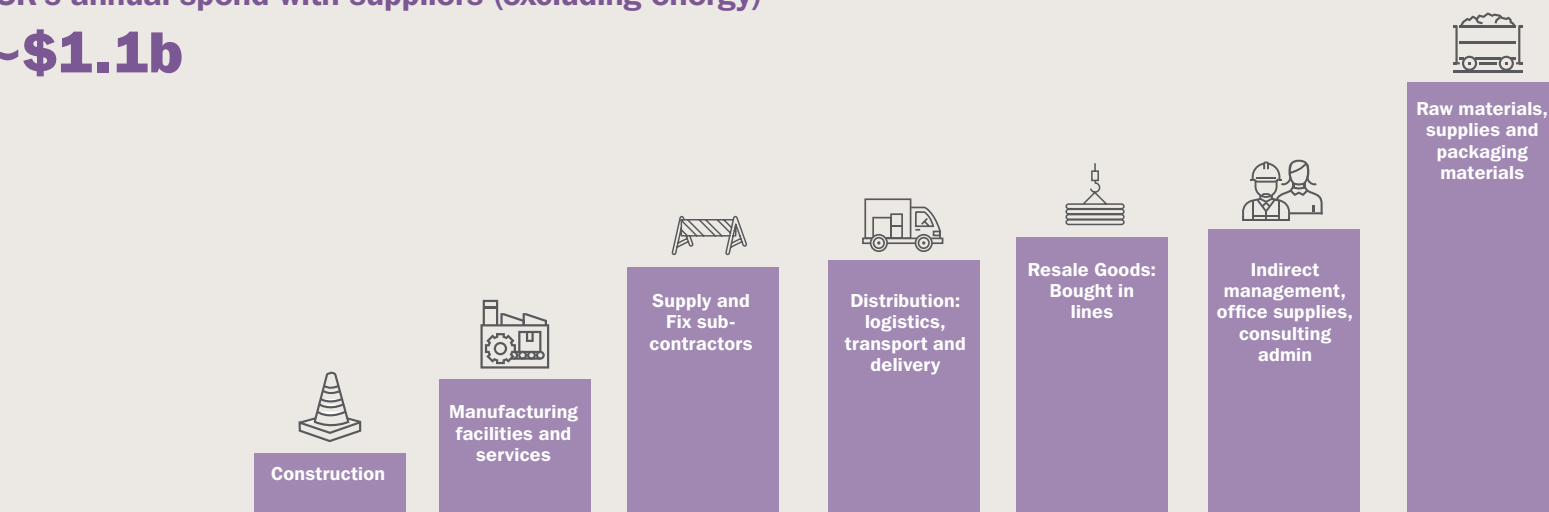
suppliers are used at CSR across a range of procurement categories

### THE PROCUREMENT PROCESS



### CSR's annual spend with suppliers (excluding energy)

**~\$1.1b**





# Continuous improvement of procurement process

A risk-based approach was developed to manage sustainability issues across the procurement process.

|                                 |  |   |  |
|---------------------------------|--|---|--|
| <b>Supplier Code of Conduct</b> | <p>CSR's Supplier Code of Conduct (the Code) specifies CSR's expectations of suppliers in regard to: Fair operating practices, Workplace Health and Safety, Environment, Human rights and Diversity &amp; inclusion.</p> <p>CSR is committed to upholding human rights and understands that operations and supply chains are complex. CSR expect its suppliers to identify any potential or actual adverse impacts their operations may have on human rights and to implement prevention, mitigation, and remediation processes. Suppliers should maintain a complete set of records to trace the supply chain of all goods and services provided to CSR. In addition, CSR values suppliers that seek to contribute to the social, economic and environmental improvement of communities around CSR sites.</p> <p>The Code was developed, communicated to staff and is published on the CSR website: CSR <a href="#">Supplier Code of Conduct</a> January 2020.</p> <p>The Code is referenced in CSR's Standard Purchasing Terms and Conditions and includes a grievance reporting mechanism. The Code was incorporated into the vendor onboarding process; all new vendors receive and acknowledge the Code before their account is created in CSR's business system. The Code was sent to all existing and relevant suppliers including direct and indirect suppliers in March 2020.</p> <p>The Supplier Code of Conduct aligns with CSR's values as found in CSR's <a href="#">Code of Business Conduct and Ethics</a>. Both the Supplier Code and Business Code include a reporting process including a Whistle Blower policy.</p> | <b>Strengthening Contractual Obligations with Suppliers</b> | <p>CSR's contract templates have been updated to include clauses which set out CSR's expectations of suppliers; including complying with law, maintaining policies and procedures to ensure compliance; complying with CSR requests (including audits) and notifying CSR as soon as a supplier becomes aware of any actual or suspected occurrence of human rights violation in its operations and/or supply chain. All major raw material contracts have been amended to include the new clauses, as well as many indirect goods and services contracts. All new supply contracts include these clauses.</p>  |
|                                 |  | <b>Remediation Process</b>                                  | <p>When a supplier does not meet CSR's requirements, corrective action plans shall be established, and progress will be monitored. CSR may support suppliers with the development of their capabilities. CSR will terminate the relationship with suppliers that repeatedly and knowingly violate CSR's Supplier Code of Conduct. A confidential hotline is available for anonymous reporting of any concerns in relation to the <a href="#">Supplier Code of Conduct</a>.</p>   |
|                                 |  | <b>Training</b>   | <p>CSR, together with Action Sustainability, developed a training module covering; Modern Slavery, labour rights, how to perform a risk assessment, remediation options, and reporting. Staff responsible for procurement sourcing decisions were trained in February 2020. Due to COVID-19 travel restrictions, further training sessions have been delayed.</p>  |
| <b>Risk Assessment Tool</b>     | <p>This tool is used in pre-qualifying a supplier or reviewing existing suppliers. This tool aligns with CSR's Risk Management Process, Risk Policy and Risk rating. The risks evaluated are end-user issues, workplace health and safety, labour and human rights, and environmental threats. The assessment is done by a team with experience of the product, supplier and risk assessment. The tool records controls and monitoring processes.</p>  | <b>Sustainable procurement – next steps</b>                 | <p>CSR has developed an action plan to continue monitoring CSR's modern slavery risks and to continuously improve CSR's management systems. The plan extends to June 2021 and includes:</p> <ul style="list-style-type: none"> <li>— Continuing to work with Supply and Install operations and engaging with installer contractors</li> <li>— Aligning sustainability policies and plans via the Sustainable Procurement working group and engaging with CSR support functions including the procurement sourcing community</li> <li>— Improving identification of vendors with risk by implementing a 3rd party monitoring service. The service will be used when onboarding any new vendor and for ongoing screening of CSR's active vendors. Vendors with criminal convictions, on sanctions lists or whom are owned by Politically Exposed Persons will be highlighted</li> <li>— Engaging with suppliers based on procurement category risk assessments (the Heatmap)</li> <li>— Reviewing available software platforms and implementing the preferred platform to help manage CSR's suppliers</li> <li>— Reviewing available technologies and services to map CSR's supply chains</li> <li>— Continuing to network with other Australian manufacturing companies to learn from their experiences.</li> </ul> |
| <b>Supplier Questionnaires</b>  | <p>Questionnaires have been developed for suppliers, including a version for installation contractors. Questionnaires have been sent to a small sample of installation contractors. The responses provide insights into the supplier/contractors' ability to manage sustainability issues including modern slavery, labour rights, working conditions, freedom of association and supply chain transparency. It is planned to send this questionnaire to a greater number of suppliers in 2021.</p>  |   |  |

# Appendix



## Part A

### Independent Assurance Practitioner's Limited Assurance Report to the to the Directors of CSR Limited

#### Conclusion

We have undertaken a limited assurance engagement in relation to the accompanying NGER Report of CSR Limited ("CSR") for the period July 2019 to 30 June 2020 comprising the following:

- scope 1 greenhouse gas emissions of 283,472 tonnes of CO<sub>2</sub>-e
- scope 2 greenhouse gas emissions of 184,647 tonnes of CO<sub>2</sub>-e
- energy production of 8,379 GJ
- energy consumption of 5,750,745 GJ

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 NGER report is not prepared, in all material respects in accordance with Section 19 of the NGER Act, for the period July 2019 to 30 June 2020, as explained in the Basis of Preparation.

#### Basis for Opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3410 Assurance Engagements on *Greenhouse Gas Statements* ("ASAE 3410"), issued by the Auditing and Assurance Standards Board and the NGER Audit Determination. ASAE 3410 and the NGER Audit Determination require that we plan and perform the engagement to obtain limited assurance about whether the based on the procedures we have performed and the evidence we have obtained, anything has come to our attention that causes us to believe that the NGER report is not prepared, in all material respects in accordance with Section 19 of the NGER Act.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### CSR's Responsibilities

CSR is responsible for:

- the preparation of CSR's NGER Report in accordance with Section 19 of the NGER Act including 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.
- the selection interpretation and application of the requirements of the NGER Act in determining operational control and quantifying emissions and energy, which are reflected in a **Basis of Preparation** which will be provided to us.

#### Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in



undertaking these assurance engagements. This includes all of the requirements as defined in the NGER Regulations 2008 regarding the Code of Conduct, independence and quality control.

#### Assurance Practitioner's Responsibilities

Our responsibility is to express a conclusion on CSR's NGER Report based on the evidence we have obtained.

A limited assurance engagement in accordance with ASAE 3410 involves identifying areas where a material misstatement of the NGER Report is likely to arise, addressing the areas identified and considering the process used to prepare the NGER Report. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

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 an opinion providing reasonable assurance about whether the NGER Report has been properly prepared, in all material respects, in accordance with Section 19 of the NGER Act.

Our procedures were based on our professional judgement and included, but were not limited to:

- Making enquiries to obtain an understanding of CSR's control environment and information systems relevant to emissions quantification and reporting, but not to evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluating whether CSR's methods for developing estimates are appropriate and had been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate CSR's estimates
- Completing interviews with key personnel at the CSR Oxley and CSR Bringelly production sites to assess the completeness of the emissions sources, data collection methods, source data and relevant assumptions applicable to the sites. The sites selected for testing were chosen taking into consideration their emissions in relation to total emissions, emissions sources, and sites selected in prior periods. Our procedures included testing information systems to collect and aggregate facility data, or the controls at these sites.
- 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.

#### *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 - and 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 section 19 of the NGER Act and NGER Regulations, as an assurance engagement is not performed continuously throughout the reporting period and the procedures performed in respect of compliance with section 19 of 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.

Emissions quantification is subject to inherent uncertainty because incomplete scientific knowledge has been used to determine emissions factors and the values needed to combine emissions due to different gases. 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. We specifically note that CSR has used estimates or extrapolated underlying information to calculate certain amounts included within the greenhouse and energy information.

#### *Other information*

We read other information included within the CSR 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 NGER Report. Our responsibilities did not extend to any other information.

#### *Restricted Use*

This report has been prepared for the Directors of CSR for the purpose of fulfilling its reporting requirements to the Clean Energy Regulator ('CER'). 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.

However, we understand that a copy of the report has been requested by the CER. We agree that a copy of the report may be provided to the CER for their information in connection with this purpose but only on the basis that we accept no duty, responsibility or liability to any party, other than you, in connection with this report or this engagement.



#### *Details of audited body*

|                             |  |
|-----------------------------|--|
| <b>Name of audited body</b> | CSR Limited                                      |
| <b>Address</b>              | Triniti 3, 39 Delhi Road<br>North Ryde, NSW 2113 |
| <b>ABN</b>                  | 90000001276                                      |

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

DELOITTE TOUCHE TOHMATSU

PR Dobson  
Partner

Registered Greenhouse and Energy Auditor  
Sydney, Australia  
2 October 2020



## Part B

### Detailed Findings

In accordance with the NGER Audit Determination we report our key findings from our limited assurance engagement over CSR's NGER Report.

### Issues requiring particular attention

None noted

### Aspects impacting on assurance engagement

None noted

### Contraventions of the NGER legislation

None noted

### Matters corrected during the course of the audit

None noted

### Other matters

None noted

### Findings and conclusions table

The results that are provided in the table below should not be construed as providing an opinion on the NGER Report 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.



| Risk area investigated  | Testing conducted   | Findings   | Conclusion   | Recommendations  |
|---|---|--|--|--|
| 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 2019/2020 NGER Report.    | We have:<br>1) Reviewed CSR's definition of facilities to ensure that facilities have been determined in accordance with NGER requirements<br>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.  | No material issues were identified.  | Risk area has been appropriately addressed as part of our NGER limited assurance engagement. | None.  |
| <u>Industrial process emissions – Bricks</u><br>The Bricks division has a complex emission profile. Inputs that generate GHG emissions include coal slurry, coal stone, clay and natural gas. | We have:<br>1) Assessed CSR's process used to calculate emissions from the inputs into the Bricks division, particularly relating to the coal slurry, coal stone, electricity and natural gas.<br>2) Assessed the measurement methodologies applied to assess the processes in place and considered completeness of emissions sources<br>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. | No material issues were identified.<br><br>The incorrect oxidation factor was applied for coal stone (0.98 instead of 1.00). This was immaterial at 26t CO2-e. | Risk area has been appropriately addressed as part of our NGER limited assurance engagement. | CSR update the Oxidation Factor to 1 as per the most recent NGER Determination requirements. |

### Other matters to be reported

None





Peer reviewer conclusion

|   |   |
|---|---|
| Name of the peer reviewer                                 | Chi Woo   |
| Peer reviewer 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

P R Dobson  
Partner

Registered Greenhouse and Energy Auditor  
Sydney  
2 October 2020

# Contact Us

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

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