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16 December 2021

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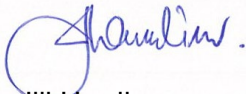
Dear Corey,

CSR Limited (CSR) – Sustainability Report

Please find attached CSR's 2021 Sustainability Report for immediate release.

This report will be also be made available at <https://www.csr.com.au/sustainability/sustainability-reports>.

Yours faithfully



Jill Hardiman
Company Secretary

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



CSR LIMITED

Sustainability Report 2021



CSR



- 4 Welcome
- 5 CSR at a glance
- 6 About CSR

- 8 Safety strategy
- 9 Covid-19 safe operations
- 10 Safety performance
- 11 Diversity and inclusion

- 15 Approach to climate change
- 16 Climate change strategy
- 17 Governance and risk management
- 18 Metrics and targets
- 19 PGH Bricks climate scenario analysis

- 21 Environment overview
- 22 2030 Targets
- 23 Pathway to 2030
- 24 Environmental performance
- 27 Environmental compliance
- 28 Tomago aluminium environmental performance

- 30 Our social licence
- 31 Student mentoring
- 32 Product donations
- 33 Community support program

- 35 Sustainable supply chain
- 36 Support for sustainable communities
- 37 Sustainable procurement and modern slavery
- 38 Product certification and stewardship

- 40 Deloitte NGER Limited Assurance Report
- 42 Contact us

Building solutions for a better future

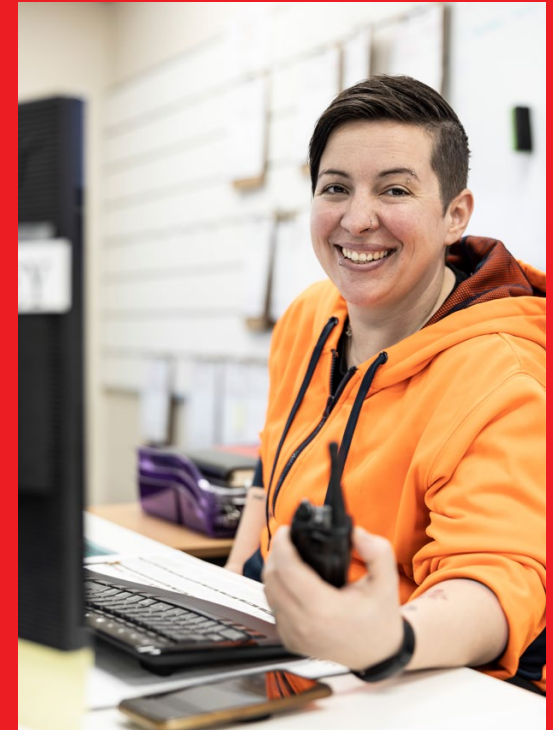
CSR is building solutions for a better future for our customers by investing in new building solutions and delivering better energy efficiency, comfort and design... and for our people and the environment by creating a safe, healthy and diverse place to work and grow.





Sustainability overview

Building Solutions
for a Better Future





Welcome



JULIE COATES (LEFT), MANAGING DIRECTOR AND CEO
WITH **CHRISTINE HOLMAN**, CHAIR OF THE SAFETY
& SUSTAINABILITY COMMITTEE

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

During 2021 we launched many important initiatives across CSR's strategy and integrated sustainability into how we operate and how we will grow.

The second half of the year created a number of challenges as we managed extended COVID-19 lockdowns in some of the regions where we operate. The commitment, strength and experience of our team ensured we were able to keep operating the business safely while ensuring health and safety remained our first priority.

Earlier this year, we launched a new safety strategy with a centralised structure to drive improvements consistently across CSR. This has helped deliver a more focused approach with managing our top risks. We are already seeing good traction, with our safety performance improving over the past six months – particularly with a reduction in high potential consequence incidents across the business.

Addressing the risks and opportunities of climate change

Identifying, managing and reporting on climate change is a key part of CSR's risk management and governance framework. CSR was one of the first manufacturing companies in Australia to set environmental targets back in 2010. Over the decade to 2020, we achieved a significant reduction in our use of energy, water and waste production with our emissions 32% lower per tonne of saleable product. For 2030, we have set new challenging targets to transform our business and further reduce emissions by another 30% per tonne of saleable product.

Our short and medium-term targets are also part of our longer term strategy beyond 2030. This work will be continuing over the next year as we progress our many different initiatives in the business to help reach the 2030 targets.

CSR's unique product suite in energy efficient design will be a significant opportunity as we transition to a low carbon economy. CSR's full suite of energy efficient systems alongside internal linings and external cladding products can make a significant impact on the sustainability of homes and buildings. We are investing in innovative digital tools and technical resources to make it easier for our customers to choose the best and most sustainable solution for their requirements, fully compliant with changing construction codes to deliver better energy efficiency.

Continuing engagement with our communities

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). CSR was part of both on site and digital ABCN programs with high school students during the year. This partnership has facilitated over 6,000 volunteer hours by CSR employees over the past ten years.

Supporting sustainable cities and communities

One of CSR's 2030 targets is linked to the UN Sustainable Development Goal 11 – Sustainable Cities and Communities. This targets 5% of CSR's indirect procurement to be spent with suppliers including disability enterprises and indigenous owned businesses. Work completed this year has enabled CSR to track and expand its network to build more relationships with these suppliers.

During the year we also expanded our sustainable procurement capabilities across CSR while addressing supply chain risks including modern slavery.

Thank you to the CSR team

On behalf of the board, we would like to thank the CSR team for their efforts this year – particularly for ensuring the health and safety of everyone across the business during a very busy and challenging year.

The great progress we have made on sustainability this year is due to the unwavering efforts of our people who play a pivotal role in delivering the outcomes we have. We hope you find this report informative and we encourage you to provide feedback to us via the CSR website (www.csr.com.au).

CHRISTINE HOLMAN

Chair Safety & Sustainability Committee

JULIE COATES

CSR Managing Director & CEO



CSR at a glance

Our business

Building Products

CSR's leading range of building products and systems serve a broad range of construction segments backed by technical expertise across building technology, compliance, energy efficiency and architectural design.



Interior Systems

Interior Systems builds on Gyprock's leading brand position in the plasterboard market with the extensive range of Martini, Himmel and Potter commercial fitout offerings.



Masonry & Insulation

Masonry & Insulation brings together the key areas of PGH Bricks and Monier Roofing for selection of external colours and design, integrating with Bradford's insulation and ventilation systems for improved energy efficiency and home comfort.



Construction Systems

Construction Systems develops engineered walling and cladding systems across three leading brands of Hebel, AFS and Cemintel which bring speed of construction with versatile design applications.



CSR is a leading building products company in Australia and New Zealand.

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



Aluminium



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.

Property



CSR generates additional earnings from its Property business which focuses on maximising financial returns from surplus former manufacturing sites and industrial land.

Our performance

YEAR ENDED 31 MARCH 2021 (YEM21)

\$2.1bn
Revenue

\$238m
Earnings Before
Interest and Tax
(EBIT)¹

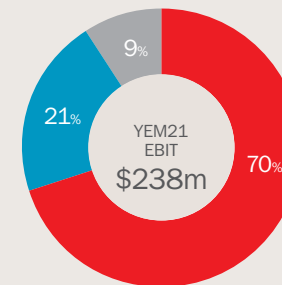
\$146m
Statutory net profit
after tax

33.1c
Earnings per share¹

\$2.2bn
Total assets

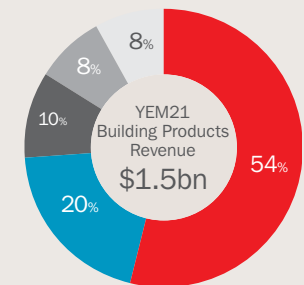
¹ Before significant items.

Business segment overview



- Building Products
- Property
- Aluminium

Construction market diversification



- Detached
- Non-residential
- Medium density
- High density
- Alterations and additions



Building solutions for a better future

A key part of developing our strategy is establishing our purpose. This captures what we are doing across the organisation with an eye on the future with innovation and sustainability for all stakeholders.

CSR's resources

Strong foundation

Experienced team
2,500+

Strong balance sheet
\$131m

Net cash (as of 30 Sept 2021)

Trusted brands
with leading market
positions

Australian property sites
50+

Operational excellence

Manufacturing sites
40+
Operational excellence
and innovation

**Industry leading return on
funds employed for Building
Products**

24% (as of 30 Sept 2021)

Core raw materials
sourced locally

Distribution outlets
100+

Extensive network
CSR branded outlets
(metro and regional reach)

Customer engagement

Customers
18,000+
across Australia &
New Zealand

Serving
a broad range of
construction segments

Technical expertise
in building science
and compliance

Energy efficiency
and architectural design

CSR's purpose informs our decision making in our day-to-day activities, drives advocacy for ourselves and our customers and provides our platform for growth.

Sustainability is a core foundation of our strategy both in how we operate and how we will grow.

Safety and Sustainability at the forefront of our decisions and actions.



CSR's behaviours guide our day-to-day interactions and support the delivery of our strategy and how we work together.

Be about CSR **Be accountable**
Be a team player **Be courageous** **Be a builder**

CSR's sustainability focus areas



Workplace health, safety, diversity and inclusion

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



Climate change

Managing the risks and opportunities of climate change.



Environment

Reducing the impact of our operations on the environment.



Community

Engaging and supporting our local communities.



Supply chain and modern slavery

Creating an efficient and sustainable supply chain to enhance our customers' experience.



Workplace health, safety diversity and inclusion

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





Safety strategy

Hearts & Minds, Systems and Risk

During 2021, CSR launched a three year Workplace Health, Safety and Environment (WHSE) strategy with three core principles: Hearts & Minds, Systems and Risk.

These three principles are interconnected and depend on each other for success. We are addressing these key areas concurrently and this builds on our significant investment in systems over the past few years to improve reporting and analysis.

We have expanded the strategy to bring our people on the journey with us to unlock great safety performance, focus on unsafe acts and how we can work together to eliminate these occurrences. During this first year of our three year strategy, we have focused on driving key safety fundamentals, how we can manage our top risks effectively and increasing the transparency of performance to empower our teams at the site level to take ownership for safety for everyone at CSR.

Hearts & Minds

Hearts & Minds is championed by our leaders, leading by example and demonstrating how everyone in the business can look after each other and never walk past unsafe situations. This begins with leadership and is linked to the CSR strategy which puts safety and sustainability at the forefront of all of our decisions and actions. This year, we have launched new health and wellbeing programs as a key part of how we support our teams. These programs adopt a preventative and integrated approach to mental wellbeing, contributing to self-confidence and resilience in the workplace. All safety activities are supported by the executive leadership team who play a direct role in communicating and working with our teams at the site level.

Systems

Our approach to systems covers a number of key areas. We have improved the real time reporting and dashboard functionality so that all levels of CSR have full transparency on their own performance. Another key element is ensuring that the data entered into the system is robust and based on standards that are consistent across CSR. This year we implemented a revised risk rating metric approach into our systems. As sites record incidents, they are initially assessed by the local team with an automatic review triggered to safety teams to ensure consistent risk ratings are applied across the business. This ensures incidents are recorded accurately and consistently. Serious incidents are immediately escalated to senior teams for review.

Risk

Risk reduction planning is a cornerstone of CSR's strategy to empower our sites to control key risks. We have upgraded our approach to key risk areas including risk reduction plans with practical and measurable outcomes that address specific site or business risks. There are three key areas where we have made significant progress: Supply and Install, Machine Isolation and Traffic Management.

A good example of controlling risk is the introduction of CSR hazard standards. We have developed a set of standards that are consistent across the business which are implemented at site level. The Standards include easy to understand information about hazards, the associated risks presented and most importantly, the expected controls CSR determines necessary to prevent harm.



SAFETY

Focusing on risk reduction in supply and install operations



CSR provides installation services of some products which includes inspection, installation and maintenance activities in new home residential construction across a wide range of locations in Australia.

As this work is completed on different sites with different teams, there are increased risks to manage with teams, including working at height.

Over the past year we have appointed dedicated safety resources to our Supply and Install operations and upgraded risk reduction standards for key areas such as safe roof access, use of ladders and contractor management.

We have also upgraded our induction training, contractor pre-qualification and contractor induction.



Workplace health and safety in COVID-19

Workplace health and safety is our first and overriding priority for all of our people

Throughout this year, we have operated within the COVID environment with the health and safety of our teams remaining our first priority.

Following on from extensive planning completed in 2020, we continued to execute a number of business contingency plans, personal hygiene and social distancing measures at all sites in line with government guidelines.

During 2021, there were a number of changes to regulations in different states as lockdowns continued for several months in some regions. CSR continued to evolve its approach to ensure ongoing checks and discussions with our teams both on site and through virtual meetings to ensure there was clarity on the rules.

Paid leave for COVID-19 vaccinations for all employees

To support our employees and to keep our workplaces and teams safe, CSR encouraged all employees to get vaccinated and ensured employees could attend vaccination appointments during work hours without loss of pay.

Mental Health and Wellness

During 2021, CSR launched a new Wellbeing@CSR program to help support our employees and their families. This was particularly important during the lockdowns experienced across Australia and New Zealand during the year.

Wellbeing@CSR provides a number of tools and resources. This program also provides specific support for our leaders to assist with supporting their teams as well as a manager hotline that provides coaching and support. This program also continues CSR's Employee Assistance Program which provides 24/7 confidential, free assistance for any personal or work related issues that may impact our employees and their family's health and wellbeing.



MENTAL HEALTH AND WELLNESS



GUS WORLAND WHO LED A LIVE Q&A SESSION WITH CSR TEAMS FOCUSED ON MENTAL HEALTH

Mental health awareness with R U OK? Day

CSR continued its support for mental health awareness in 2021 which included company wide activities for R U OK? Day in September.

R U OK? is a harm prevention charity that encourages people to stay connected and have conversations that can help others through difficult times.

During this period in September 2021, many of CSR employees were in lockdown so R U OK? Day provided a key opportunity to reach out to our teams for a number of different activities, internal communications on key resources and live and playback options for sessions which included live town hall events which reached over 550 people with guest speakers and Q&A sessions with television and radio host Gus Worland and psychologist Erin Hegerty.





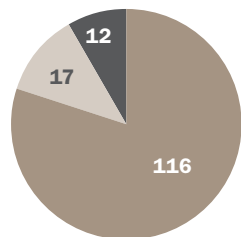
Safety performance improving

Safety performance in 2021

CSR has progressed our safety agenda while ensuring we adapted to changing regulations and guidelines during the extended lockdowns that impacted some regions in 2021. The business is now well adapted to utilising new technology to ensure safety remains our top priority despite the loss of valuable face-to-face time at some sites.

In the second half of YEM21, we moved to a centralised Workplace Health, Safety and Environment (WHSE) team across all of CSR. This team, in partnership with the executive leadership team and operational leaders, prepared a three year WHSE strategy to guide our path forward. Following this reorganisation, we have seen steady improvement in our performance over the past six months as measured by total recordable injury frequency rate (TRIFR) declining from 13.3 in April 2021 to 11.6 in September 2021 (per million work hours). We are very proud of the 116 sites who achieved zero recordable injuries in the 12 months to 30 September 2021.

SAFETY PERFORMANCE
(As at 30 September 2021)



- Zero recordable injuries at 116 sites
- 1 recordable injuries at 17 sites
- >1 recordable injuries at 12 sites

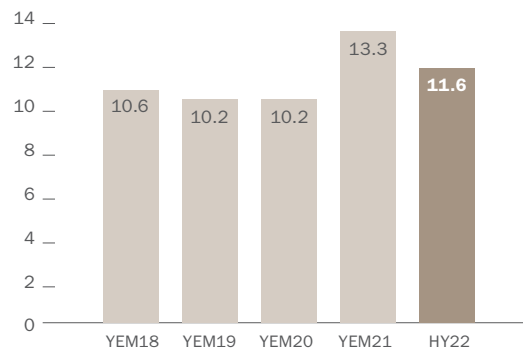
Proactive Safety – building on our Incident Prevention Indicators (IPIs)

CSR has continued to develop its approach to proactive safety which combine a number of activities at sites including safety walks, hazard identification activities and workplace inspections. Collectively these activities are designed first and foremost to interact with our people as well as identify, analyse and prevent potential risks. These activities are tracked through our safety reporting and dashboards and are known as Incident Prevention Indicators (IPIs). There are targets set across all activities to ensure that all sites are tracking and reporting on proactive safety measures.

In the year to March 2021, over 15,200 activities were logged into the system while the business was managing a number of organisational changes and the impact of COVID restrictions and limited movement between sites.

For the first six months of the YEM22 financial year, we have reduced the number of IPIs to focus on three critical areas to support risk reduction with the three year safety strategy: HIRAC activity (Hazard Identification Risk Assessment and Control Activity), Workplace Inspections and WALKs. In the six months to 30 September 2021, over 4,600 activities have been completed with all three business units achieving a IPI result above the company wide target of 90%.

TOTAL RECORDABLE INJURY FREQUENCY RATE
(Per million work hours)



SAFETY

PGH Scoresby – 20 years LTI free

The PGH team achieved a significant milestone in September this year as it recorded 20 years without a Lost Time Injury (LTI).

To put this achievement into context, during those 20 years the team produced approximately 640 million bricks, worked 1.9 million hours, saw many team members come and go and did not have a team member sustain an injury that prevented them from coming to work.

This achievement is not good luck, the Scoresby team, both past and present maintain a clear understanding of what can hurt team members, they are an empowered team that speaks up, they are actively involved with and focused on improving their working environment and they look out for each other.



PGH SCORESBY TEAM



Diversity and inclusion at CSR

CSR has policies and practices designed to improve diversity

The company 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. Improving diversity brings a range of benefits to our business, such as improved business decision making, new and different perspectives to foster innovation and ultimately better solutions for our customers.

Year on year we review our recruitment and retention strategies and practices to further support diversity, inclusion and equity in our workplace. We have maintained regular reporting on attraction, selection and retention of female employees by tracking metrics on:

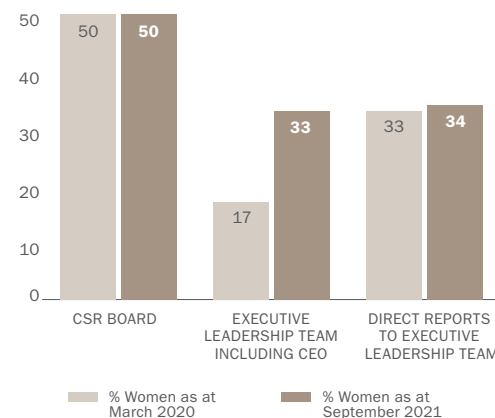
- The number of women that have joined CSR
- Women who have left CSR and the reason for leaving
- The gender participation ratio for CSR as well for each business unit
- Gender pay equity.

CSR workplace profile

The diversity of CSR's employees remains fundamental to its success. As of 30 September 2021, 33% of employees in senior management are women. Senior management is defined as two levels below the company's Managing Director. 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.

In the year to 31 March 2021, 30% of management promotions were female and 36% of non management positions were female. Promotions at all levels and new hires for management roles are ahead of CSR's overall female workforce participation of 21% which remained at that level over the last year with incremental increases reported since YEM16.

FEMALE PARTICIPATION AT CSR (%)



Promoting diversity and inclusion

CSR has a number of initiatives in place to support gender diversity. Over the last two years, CSR has developed and launched the "Flex@CSR Framework" to promote a range of flexible work practices to support working families at CSR. This policy continues to be enhanced as parts of the business return to office-based work following extended lockdowns in some regions.



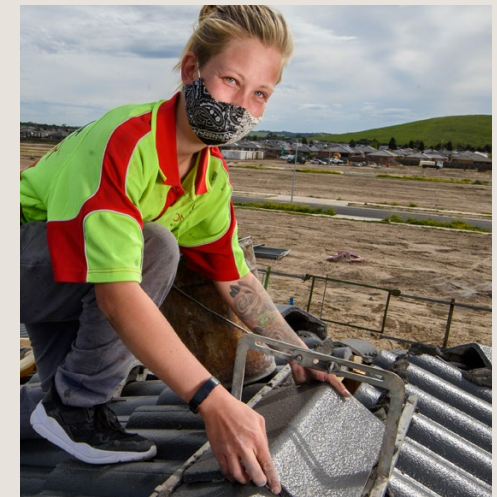
DIVERSITY

Monier supporting diversity in construction apprenticeships

Last year, Stephanie Doidge finished her apprenticeship as a roof tiler through a Monier contractor.

In addition to this, Stephanie was recognised for her outstanding results at Holmesglen, VIC TAFE, achieving Apprentice of the Year and setting a great example for all young apprentices and roof tilers.

Stephanie has taken this opportunity to raise awareness around careers in construction and trade for females. With so much still to learn, Stephanie's focus for the immediate future is to grow her skills and develop her trade, and help other likeminded people get a start in the industry.






Picture: Jay Town/NewsPix



Improving diversity

Improving diversity requires cultural change driven by the leadership and commitment of the board and senior management. CSR has structured its measurable objectives around this commitment. The achievements for YEM21 and the initiatives for YEM22, as approved by the Remuneration & Human Resources Committee, are set out below:

MEASURABLE OBJECTIVE	YEM21 ACHIEVEMENTS	OVERVIEW OF YEM22 INITIATIVES
Leadership and culture 	<ul style="list-style-type: none"> — Changes made to the business structure included identifying and selecting internal talent for key opportunities, resulting in 33% of all promotions during the year being women, which is higher than CSR's workforce participation rate of women of 21% 	<ul style="list-style-type: none"> — Implementation of consistent behaviours across CSR — Promote diversity and inclusion through recognition and celebration of global events — Implementation of online learning tools for individual and team development — Conducted a company-wide culture and engagement survey with detailed feedback for line managers at all levels and ongoing quarterly pulse surveys
Policy and Governance 	<ul style="list-style-type: none"> — Responded proactively to current and prospective employees' expectations on flexibility as a result of COVID-19, with improved processes to plan and manage flexibility and in particular remote working and working from home, complementing the Flex@CSR programs introduced in 2019 — Gender pay analysis completed and corrective actions implemented including adjustment of salaries to align with market — Completed a comprehensive review of the paid parental leave policy with new processes implemented to bring it more in line with market expectations — Central management of remuneration has been implemented to ensure consistency throughout the company 	<ul style="list-style-type: none"> — Ongoing review and improvement of flexibility arrangements — Continue the established bi-annual process to ensure gender pay parity, including reviews by the executive leadership team and the board — Implementation of a paid domestic (violence) leave policy — Launch of a new Wellbeing provider, aimed at providing all employees with the tools needed to stay well, both physically and mentally — Continuous review of company policies, procedures and ways of working to ensure that CSR's practices align with market practice
Recruitment and retention 	<ul style="list-style-type: none"> — CSR monitors female voluntary terminations and seeks to understand the reasons for these — 21% of all new hires were women 	<ul style="list-style-type: none"> — Improve female participation at all levels (21% as at March 2021), including continuing to target recruitment of women into engineering, operations and sales roles — Continue to identify female talent to be assigned to strategic on-job development opportunities — Recruit and promote women into line management



DIVERSITY

Sponsorship of PhD student and now part of the team at CSR Cemintel – Zahra Nouri Emamzadeh

This year, AFS completed a five-year partnership with the Western Sydney University Centre for Infrastructure Engineering under the Australian Research Council (ARC) Industrial Transformation Research Hub scheme.

The ARC scheme funds research and researchers under the National Competitive Grants Program as part of its commitment to nurturing the creative abilities and skills of Australia's most promising researchers.

The projects under the partnership related to optimisation of the AFS Logicwall and Rediwall systems.

Linked to this partnership was support for PhD student Zahra Nouri Emamzadeh. Zahra's studies related to improving the fire resistance properties of Rediwall PVC materials. Her studies showed the relative efficacy of innovative additives together with the development of laboratory scale assessment techniques.

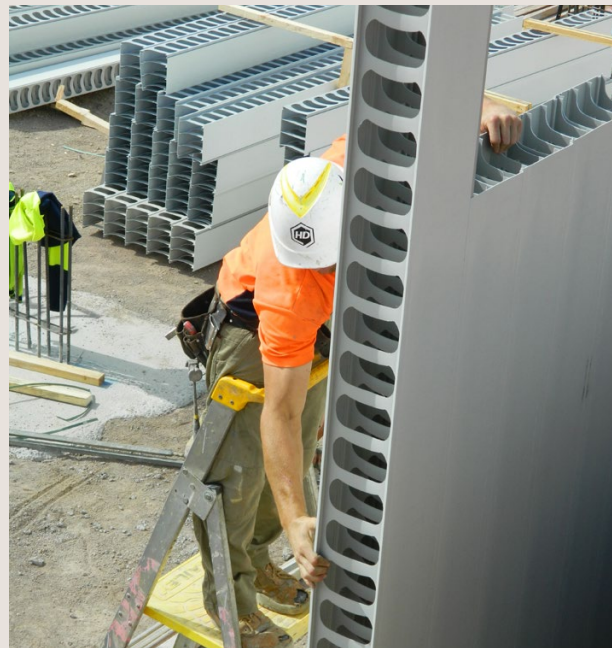
The research was looking to obtain the optimum performance from the permanent formwork and the concrete/steel infill by analysing how these elements of the construction interact.

The interaction between the permanent formwork and the concrete has been shown to require less in the way of lateral reinforcement which has opened the way for increased use of permanent formwork for building columns and walls.

Following completion of her studies, Zahra has now joined the Cemintel business and has brought her significant expertise to CSR Cemintel as a manufacturing engineer focusing on product development, materials optimisation and efficiency improvements.



LEFT: ZAHRA NOURI
EMAMZADEH
BELOW: REDIWALL
PANEL INSTALLATION



WESTERN SYDNEY
UNIVERSITY



DIVERSITY

Raising indigenous awareness during NAIDOC week

At CSR, we're honoured to have a number of employees who are Indigenous and work hard to protect and maintain all aspects of their culture and heritage.

CSR's Transport Optimisation Specialist Naomi Smith is a proud Gamilaroi woman. During NAIDOC week, Naomi shared some of her thoughts on this year's theme of "Heal Country".

"My role models are the First Nations people that have come before me, for being so resilient and strong, and providing today's First Nations people with the courage and pride to continue in their footsteps."

To me, this year's NAIDOC Week theme of "Heal Country" means that all of the nation must come together to care for Country, care for each other and themselves, as we are this Country. If we look after Country, it will look after us.

I would love for people to take the opportunity to learn about a piece of Indigenous history they might not be familiar with, and to have an open mind and heart and enjoy the beautiful things that form our culture."



NAOMI SMITH



Climate change

Managing the risks
and opportunities of
climate change





Approach to climate risk and opportunities

Identifying, managing and reporting on sustainability has long been a key component of CSR's risk management and governance framework.

Climate change

Over the last ten years, CSR has progressed its approach to climate risk and opportunities covering many of the key recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) framework to assess and disclose climate-related risks and opportunities.

We have developed a staged approach to assess these risks and opportunities and integrate them into our risk assessment approach which cover key areas of **Strategy, Governance, Risk Management and Metrics and Targets**.

As part of mitigating the impacts of climate change from our operations, in 2009 CSR set four intensity targets to deliver a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas (GHG) emissions, solid waste to landfill and potable water usage using 2009/10 as the base year. At the time, CSR was one of the first manufacturing companies in Australia to set specific environmental targets.

TEN YEAR TARGETS COMPLETED IN 2020



WASTE PRODUCTION (Kg/Tonne of product)

Achieved ↓ 57% reduction



WATER CONSUMPTION (Ltr/Tonne of product)

Achieved ↓ 13% reduction



ENERGY CONSUMPTION (GJ/tonne of product)

Achieved ↓ 24% reduction



TOTAL SCOPE CO₂e (Kg/Tonne of product)

Achieved ↓ 32% reduction

Addressing the risks and opportunities

- Internal risk processes were updated in 2017 to capture specific questions on climate risks together with a physical climate risk (weather related) assessment for 37 of CSR's manufacturing sites.
- CSR developed a staged approach to assess and disclose climate-related risks and opportunities using the TCFD framework in 2018.
- In 2019, published 2030 TCFD climate risk scenario analysis of transition risks (market, policy & regulatory risks) for the Gyprock plasterboard business which confirmed that the business is resilient to three modelled scenarios.
- The following year, TCFD climate risk scenario analysis was published for Bradford insulation which confirmed that overall weighted risk for each of the scenarios is low.
- In 2020, CSR completed the ten year targets set back in 2010. Significant reductions were achieved across waste, energy and CO₂e. Although we were short of the 20% target for water, key learnings were gained which will improve operational efficiency and our use of resources in future years.

Setting new targets to 2030

In June 2020, CSR announced new sustainability targets to the year 2030. This follows work to identify 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.

2030 TARGETS



- **50%** of electricity generated by renewable energy.
- **20%** energy reduction (GJ) per tonne of saleable product (intensity).



- **5%** of indirect spend by Procurement to be spent with social enterprises.



- **75%** reduction in solid waste to landfill.
- **30%** reduction of potable water consumed (ltr) per tonne of saleable product.



- **30%** reduction of greenhouse gas emissions (CO₂e) kg per tonne of saleable product.



- Enhance biodiversity outcomes on CSR sites and developments.



Climate change strategy

In mid 2020, CSR announced its new strategy to ensure the business is resilient for future market changes which is backed by its purpose: Building Solutions for a Better Future.

Sustainability is a foundation pillar of this strategy which is encompassed by ensuring sustainability is at the forefront of our decisions and actions.

CSR's risk management framework is intended to provide the basis for a systematic approach to the identification and management of risks. CSR's material economic, environmental and social sustainability risks are included in the [2021 CSR Annual Report](#).

Energy and Climate Change were identified as one of these material risks:

- CSR's manufacturing operations use significant amounts of energy including electricity and gas.
- These energy costs are increasing which in turn impacts its cost competitiveness compared to other manufacturers.
- The transition to a low carbon economy and mitigating the potential impacts of climate change, as well as government regulations and planning may impact the availability and nature of energy supply as well as how CSR manages our land assets and business processes.

These risks are managed across a number of initiatives:

- CSR has set 10 year targets to 2030, which cover key areas of energy and emissions reduction, procurement, packaging, minimising water use and waste and preserving biodiversity.
- Where possible, CSR enters into long-term contracts to provide greater security of energy supply for its factories.
- CSR's Finance Committee oversees risks related to electricity and gas pricing and management.
- Since 2015, \$3.4 million has been invested in Solar PV systems across 11 sites with a further \$1 million in Solar PV projects underway.
- Transition risk assessment scenarios, completed for CSR's three largest businesses: Gyprock plasterboard, Bradford insulation and PGH bricks.

Opportunities

The central climate-related opportunity for CSR is the potential for new product sales due to increasing demand for building products with improved climate resilience and thermal performance benefits.



ENERGY EFFICIENCY

CSR delivering energy efficient design

We are continually reinvesting in our business to meet new opportunities and challenges in construction while leading in design, colour and product range.

CSR brings a unique offering to the market combining a suite of products and systems from internal linings to external claddings to help our customers create beautiful and sustainable homes and buildings. CSR offers an extensive range of systems that help build quieter, healthier, more comfortable homes that are economical to run and less reliant on expensive heating and cooling.

The increase in time working from home has shown that many people are finding their homes less comfortable and more expensive to run. Approximately 40% of household energy is used for heating and cooling an average Australian home to achieve thermal comfort.

CSR brings a whole-of-home approach that will provide a more comfortable home and save energy all year around from thermal and acoustic insulation to wall wraps and roof sarking, fire protection insulation and more, all of which will make a big difference to the comfort and energy efficiency of homes.

Sarking and wall wraps

Help contribute with reflective insulation benefits, reducing air leakage and adding a second skin of protection to homes.

Ventilation

Ventilation complements insulation to provide a natural and temperate home year round.



Insulation

Insulation for roofs, ceilings, walls and floors helps to reduce heat transfer with acoustic insulation reducing sound transfer within the home.



Governance

CSR's governance framework is a set of rules, relationships, systems and processes underpinning the company's values.

It sets out the way CSR 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 climate-related risks and opportunities are effectively identified and managed.

Full details of CSR's governance framework is included in the Corporate Governance Statement which is published on the CSR website and is included in the [2021 CSR Annual Report](#). This includes details on the board's skills and experience, committees, code of business conduct and ethics, risk management and engagement with stakeholders.

Oversight of climate change is led by the board's Safety & Sustainability (S&S) Committee. The S&S Committee is also kept updated in relation to climate related risks, policy and legislative changes which may have implications for CSR.

In 2021, CSR management formed the Sustainability Steering Committee to ensure that we execute on our strategic foundation that sustainability, including addressing climate-related risks and opportunities, is at the forefront of our decision making and actions.

This committee includes the CSR Executive Leadership Team and is chaired by CSR's Managing Director & CEO with the scope of work including:

- Building a shared understanding (including external influences) of sustainability
- Developing priorities and targets to achieve CSR's sustainability ambitions
- Developing a company-wide sustainability roadmap
- Identifying, co-ordinating and reporting progress of initiatives
- Prioritising and resourcing initiatives including capital expenditure allocation
- Cross-functional and cross-business unit alignment and decision-making.

Risk management

In June 2017, the 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. This work was updated in 2021 for the PGH Brick factories as part of the climate change scenario analysis. 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.

In 2021, 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 [2021 CSR Annual Report](#). Work is continuing on rolling out the sustainability risk assessment process (including climate-related risk and opportunity) to all internal procurement personnel.



Metrics and targets

CSR has developed a series of metrics and targets aligned with the TCFD reporting framework and the United Nations Sustainable Development Goals.

CSR's 2030 targets and current initiatives are outlined in the Environment section of this report. 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 GHG emissions per tonne of saleable product.

Climate change has the potential to be a major disruptor of economic activity at national, industry sector, and organisational levels.

In recognition of this, CSR undertook physical and transition risk analysis for its three largest businesses by revenue. This work has confirmed that the relative impact and likelihood of the transition and physical risks for each business varies and is detailed in the following pages.

Climate Change Scenario Analysis by business



GYPROCK®

Gyprock plasterboard

- Gyprock plasterboard climate change scenario analysis for transition risk completed in 2019.
- 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 climate scenarios: 1.5, 2 and 3-4 degrees.
- The overall transition risk is considered moderate.



Bradford™

Bradford

- Bradford insulation climate change scenario analysis for transition risk completed in 2020.
- The findings indicated that transition risk is responsible for over 95% of the risk across the three climate scenarios: 1.5, 2 and 3-4 degrees.
- 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.



PGH Bricks climate scenario analysis

In 2021, CSR assessed the potential climate-related risks and opportunities facing its PGH Bricks business.




This was a ground-up transition risk analysis, estimating the financial impact of various transition risks for PGH in 2030 under three hypothetical climate scenarios. This climate scenario analysis was applied to the risk scoring criteria in CSR's risk management framework. These scores were then probability weighted to provide overall climate risk rankings in 2030. Transition risk, and overall risk, is most significantly impacted by policy changes, which drive additional compliance costs associated with energy and emissions.

Across all scenarios no additional transition risk is projected until 2025, as this is the earliest point at which potential future policy changes may impact PGH.

The physical risk rating is less sensitive to the different scenarios than transition risk using a 2030 time horizon, reflecting expectations that the most significant impacts of climate change are likely to be realised later this century. Based on this analysis, the PGH weighted climate change risk score is assessed as moderate.

PGH Bricks to 2030 TCFD analysis



SCENARIO AND POLICY ENVIRONMENT	PGH GHG EMISSIONS PROFILE	VALUE AT RISK IN 2030
1.5°C LOW EMISSIONS  Economy-wide policy changes increase bricks demand, but result in greater costs from emissions.	Emissions projected to fall 34% in 2030 . Efficiency gains, reduction in emissions intensity of the electricity grid, hydrogen replacement of natural gas, renewable energy sourcing and uptake of electric vehicles (EVs) contribute to emissions reductions.	– 10.8% of YEM21 production costs – 8% physical – 92% transition
2°C MEDIUM EMISSIONS  Delayed policy action results in long-term shock due to a rapidly increasing carbon price.	Emissions projected to fall 30% in 2030 . More moderate reductions in emissions intensity of the electricity grid compared to the Low Emissions scenario. Hydrogen replacement and uptake of renewables and EVs occurs at a slower pace.	– 6.7% of YEM21 production costs – 17% physical – 83% transition
3° – 4°C HIGH EMISSIONS  No change in current policy settings	Emissions projected to fall 25% in 2030 . Slower improvements in energy efficiency and reductions in emissions intensity of the electricity grid, coupled with no EV uptake and minimal hydrogen replacement result in lower emissions reductions compared to the Low and Medium Emissions scenario.	– 1.3% of YEM21 production costs – 87% physical – 13% transition

Key observations and next steps

ISSUE	OBSERVATIONS	NEXT STEPS
Climate policy is the most significant driver of transition risk	Our analysis indicates that PGH's carbon liability is significantly more sensitive to policy changes than other factors and remains the greatest area of uncertainty.	CSR to continue monitoring and revising modelling based on future policy direction.
Potential emissions reductions from natural gas substitutes such as hydrogen	Emissions from combustion of natural gas during manufacturing are projected to remain PGH's most significant emissions sources.	CSR to consider options to change fuel sources as part of capital expenditure planning and review process and monitor technology developments in the industry.



Environment

Reducing the impact
of our operations on
the environment





Environment overview



GROUP PHOTO TAKEN AT HEBEL SOMERSBY



Australian
Packaging
Covenant
Organisation

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 board Safety & Sustainability Committee and CSR's Sustainability Steering 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; and
- Implement plans to reduce our environmental footprint in line with 2030 targets.

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 or approval activities to relevant authorities
- Emissions data to the National Pollutant Inventory
- Australian Packaging Covenant Organisation (APCO)

APCO is a co-regulatory, not for profit organisation that partners with government and industry to reduce the harmful impact of packaging on the Australian environment. APCO promotes sustainable design and recycling initiatives, waste to landfill reduction activities and circular economy projects. APCO Annual Reports are a key membership obligation, providing member organisations with a transparent method to track their packaging sustainability performance. Annual reporting also supplies APCO with valuable data and information to identify industry trends and advancements.

For the 2021 APCO Annual Report, CSR Building Products Limited has achieved Level 2 (Good Progress) for the core criteria.

Federal Government's National Greenhouse and Energy Reporting scheme

CSR also reports under the National Greenhouse and Energy Reporting Act 2007. As part of the reporting obligations CSR reports its Scope 1 and Scope 2 emissions.

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 – see [page 28](#) for further information about CSR's 25.2% interest in Tomago.








2030 targets and links to SDGs

CSR has a strong track record in establishing and tracking targets to measure its sustainability performance.

New sustainability targets to 2030 were launched in June 2020 covering a range of metrics to improve performance and reduce environmental impact.

The team has set challenging but achievable targets which are aligned to the UN Sustainable Development Goals (SDG) that are most relevant to CSR and the areas where we can make the greatest impact.

All our businesses have three-year action plans underway to achieve or beat their 2030 targets. The road maps include yearly reduction or improvement targets as well as a list of projects to assist in achieving those targets. These action plans are regularly reviewed by the Sustainability Steering Committee with progress reported to the board's Safety & Sustainability Committee.

SDG GOALS	2030 TARGETS	INITIATIVES TO HELP REACH TARGETS
Goal 7 Affordable and Clean Energy 	<ul style="list-style-type: none"> — Establish and implement a CSR connected power network. — 50% of electricity generated by renewable energy. — 20% energy reduction (GJ) per tonne of saleable product. 	<ul style="list-style-type: none"> — Solar installations continue across major sites with \$1 million in Solar PV projects underway. — Examples include: Replacing wastewater pumps with high efficiency pumps at Bradford Ingleburn, NSW and installation of a more efficient boiler at Cemintel Wetherill Park, NSW.
Goal 11 Sustainable Cities and Communities 	<ul style="list-style-type: none"> — 5% of indirect spend by Procurement to be spent with social enterprises. 	<ul style="list-style-type: none"> — Develop tender/contract award procedures and evaluation. — Training and reporting to embed target across CSR. — Engaged with Social Traders and Givvable to identify and expand procurement with social enterprises.
Goal 12 Responsible Consumption and Production 	<ul style="list-style-type: none"> — CSR packaging to be closed loop (either 100% reusable; recyclable; compostable). — 75% reduction in solid waste to landfill. — 30% reduction of potable water consumed (litr) per tonne of saleable product. 	<ul style="list-style-type: none"> — Increase data analysis across all packaging to capture key opportunities. — Launched expanded timber pallet recycling program. — Waste, water and packaging reduction projects under review as part of initial three year roadmap. — An example is the redesign of water spray systems to reduce potable water use at Bradford ventilation at Sevens Hills, NSW.
Goal 13 Climate Action 	<ul style="list-style-type: none"> — 30% reduction of greenhouse gas emissions (CO₂e) kg per tonne of saleable product. 	<ul style="list-style-type: none"> — Viable projects rolled into the CSR wide capital allocation process. — All projects are assessed against the CSR targets to understand pathway to achieving the 2030 ambition.
Goal 15 Life on Land 	<ul style="list-style-type: none"> — Enhance biodiversity outcomes on CSR sites and developments. 	<ul style="list-style-type: none"> — Key biodiversity outcomes underway at Property sites including Warner, QLD and Horsley Park, NSW.



Pathway to 2030

Following announcement of the 2030 targets, CSR established a number of workstreams to ensure that the work toward achieving these targets is part of our “business as usual”.

The Sustainability Steering Committee ensures that sustainability is at the forefront of all decision making and actions and is part of the capital allocation process.

This team is also monitoring and adjusting activities to ensure sustainability projects are on track and being delivered as we move toward our 2030 targets.

Metric visualisation systems

All key metrics for energy, GHG emissions, water and waste have project plans and are included on dashboards, with actual performance integrated. Additional information to track packaging data on the dashboards is in progress.





New sustainability training resources

CSR launched LinkedIn Learning across the business in August 2021. Sustainability modules are included in the CSR Operational Excellence category and further sourcing of appropriate learning opportunities to be explored to expand our sustainability offering.

2030 Targets – Performance to date

At this early stage in the pathway to 2030, CSR has made good progress across a number of major projects to help meet the targets. Both energy and emissions are down by 3% over the period due to numerous operational efficiency projects and the benefits of investment in renewable energy systems at some sites in addition to production changes due to COVID. Water is also down slightly over the past 12 months with a number of new water saving projects under review.

Unlike the 2030 targets for energy, emissions and potable water which are intensity targets (per tonne of saleable product) where the manufacturing operations make up the vast majority of use and impact, the solid waste to landfill target is an absolute target. This is due to approximately 20% of waste being produced by small sites within CSR, including Gyprock Trade Centres and distribution centres. Over the past year, the amount of solid waste landfill has increased during the year due to a number of operational issues – see [page 26](#) for further information.

	2020 BASELINE DATA	2021	% CHANGE	PROGRESS
 Energy (GJ/tonne of saleable product)	2.71	2.63	(3.0%)	✓
 Emissions (kg/tonne of saleable product)	222.6	216.1	(2.9%)	✓
 Potable water (ltr/tonne of saleable product)	409.1	408.3	(0.2%)	Additional work required
 Solid waste to landfill (tonnes)	14,163	14,502	2.4%	Additional work required



ENERGY

Bradford Energy partners with Stockland on Carbon Neutral Homes



Bradford Energy has worked closely with Stockland on a pilot project to help deliver certified carbon neutral homes at its Highlands masterplanned community located in the north of Melbourne.

From September 2019 to September 2020, residents provided data on utility and energy usage within the home for assessment by the Green Building Council of Australia. To offset any greenhouse gas emissions arising from the consumption of fossil fuels, Stockland purchased carbon credits which go towards bush regeneration projects.

Six homes have been certified carbon neutral according to the Australian Government's Climate Active Carbon Neutral Standard for Buildings.

Bradford Energy provided solar and battery systems to 42 homes in this project which are currently running net positive over 22MWh, having produced over 410MWh of electricity.

At Highlands, Stockland has created one of the most sustainable streets in Australia with a 1.5 hectare public park and playground constructed from recycled materials, native tree plantings, and now certified carbon neutral homes.



Emissions

CSR seeks to reduce greenhouse gas emissions through a number of ways including 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 2020 to 30 June 2021 (YEJ), total greenhouse gas emissions from CSR's majority owned businesses were 452,552 tonnes of CO₂e which was 1% lower than the previous year.

This excludes emissions from New Zealand totalling (342 tonnes of CO₂e). 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. This data includes contractors over which CSR has operational control. A copy of the limited assurance statement is found on [page 40](#).

SCOPE 1 OR DIRECT

Emissions emitted from sources within the plant or factory boundary.

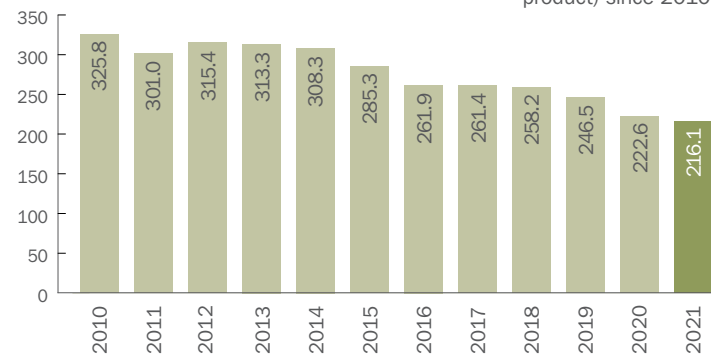


SCOPE 2 OR INDIRECT

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



GHG EMISSIONS SINCE 2010
(kg/tonne of saleable product)



Note: 2020 data excludes Viridian glass operations sold in January 2019.

	2020 (TONNES OF CO ₂ e)	2021 (TONNES OF CO ₂ e)	% CHANGE
Total Scope 1 emissions	267,905	266,098	(1%)
Total Scope 2 emissions	184,647	183,104	(1%)
Total Scope 1 and Scope 2 emissions	452,552	449,202	(1%)

Note: Excludes contractors and CSR's New Zealand operations (342 tonnes of CO₂e).



↓34%

decrease in CO₂e (per tonne of saleable product) since 2010



ENERGY

Cemintel reducing energy use



Compressed air systems use a lot of energy.

In Australia, this accounts for nearly ten per cent of industrial electricity use. Significant amounts of energy are wasted due to issues like oversized compressors, outdated controls and air leaks.

Like many industrial sites, the Cemintel Wetherill Park, NSW site relies on compressed air to drive its processes. In June 2020, CSR used NSW Government funding to review their compressed air system. The review identified \$83,000 in energy savings through improvements to controls and leak repairs. CSR has made many of these changes and repairs and removed one compressor completely.

This project has enabled Cemintel to reach their initial three year sustainability targets early.

<https://www.youtube.com/watch?v=5tdTSMmoUo8>

Find out more at energysaver.nsw.gov.au/manufacturing



Water

CSR recognises the importance of using water efficiently.

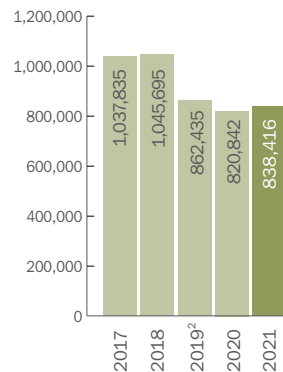
Our storm water and groundwater management, together with the treatment and disposal of water used at our manufacturing facilities is central to our on-site water reduction initiatives.

CSR is targeting a number of investments to upgrade water recycling and to reduce or eliminate future water use. Water management is also a key criteria for all new investments by the company.

CSR consumed 838,416 kilolitres of potable water during the year ended 30 June 2021 – a 2% increase on the previous year. CSR continued to implement water saving measures across its manufacturing sites to reduce potable water usage.

TOTAL POTABLE WATER CONSUMED¹

As at 30 June (Kilolitres)



↑2%
increase in potable
water in 2021

¹ Only metered potable water data is included.

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



WATER

Hebel – targeting zero water waste

The Hebel factory expansion at Somersby, NSW completed in October 2019 is a good example of utilising new technology to recycle all water and steam utilised at the site as part of a “Zero Water Aspiration”.

Hebel uses 475kL of water per day in its mixes and to autoclave its products. This water is converted to steam, as well as condensing vapour. Both of these processes result in condensate which is collected in pits. Some of the condensate can be used back into the process, but excess amounts, some 80kL-100kL, must be discharged as trade waste water. As the vacuum system condensate increases temperature, Hebel had to design a recirculation system that took this into account. The design included a heat exchanger, a reservoir pit to allow heat to dissipate and temperature controls to ensure that water was not too hot to be reused in the vacuum system. Since the system has been installed, there has been a 25% reduction in the trade wastewater discharge and a 6% reduction in potable water required at the site.

Hebel is also continuing to use rainwater directed by a water management system into an 800,000 litre basin which is reused in the production process. Depending on rain storage supplies, this has reduced potable supplies by 29% since its commissioning in August 2020.



WATER



PGH recycling available dam water to reduce potable water usage

As part of the 2030 CSR targets to reduce the consumption of potable water, the PGH Brick site at Schofields, NSW has launched a new project to utilise available dam water on site for its operations.

It has been identified that the clay preparation and extrusion areas at the Schofields site utilise approximately 10,000kL of potable water per annum, 50% of the site consumption. By installing a pump and tank system on site it is possible to offset the potable water consumption at the extruder. By extending the dam water supply across other areas on the site it is estimated the use of on-site water will reduce potable water consumption by approximately 85% which equates to 17,000kL per annum.



Waste

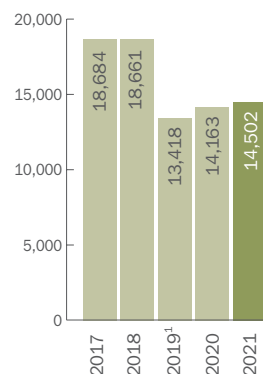
Reducing waste remains a key priority.

Since 2009, CSR has reduced the amount of solid waste to landfill by over 50% per tonne of saleable production. This is a significant reduction created through numerous operational efficiency projects and investments in new technology.

As noted earlier, we have changed our targets to 2030 to capture the total solid waste across our operations which includes our trade and distribution centres. This is a challenging target which was impacted by a number of operational issues in the last year. This includes Hebel and AFS previously utilising a recycling outlet that was not available during the year, which required additional material to be disposed to landfill until an alternative is found. In addition, Bradford's glasswool insulation plants required a furnace rebuild during the year which created additional solid waste volumes compared to normal operations.

TOTAL SOLID WASTE TO LANDFILL

As at 30 June (Tonnes)



↑2.4%
increase in waste
production in 2021

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 10-15% of its cement requirements with waste fly-ash.
- **Biosolids:** PGH continues to investigate using biosolids as a feedstock for the kiln system, reducing the consumption of gas. Biosolids are also under review as a possible additive in the brick production process.



Gyprock Coopers Plains reduces solid waste to landfill by over 40% in one year



Gyprock Coopers Plains, QLD have reduced their solid waste to landfill from 1,027 tonnes in YEJ20 to 610 tonnes in YEJ21 through substantial scrap reduction as well as increased recycling.

The team at Coopers Plains have implemented a number of process changes which have made substantial progress to reduce waste. Key areas included a focus on reducing scrap materials as well as improving changeover procedures which created additional waste which has been diverted back into the production process. Heavy waste streams were also removed from general waste into recycled waste.



↓40%
decrease in waste to
landfill in YEJ21

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



Environmental compliance

For the year ended 30 June 2021, CSR reported 71 environmental incidents compared to 76 incidents in the previous year, a reduction of 7%.

This includes 8 complaints received from local residents or businesses. All complaints are classified as incidents and are investigated and managed with communication to relevant parties as required. In addition, there was one Level 0 incident. A Level 0 incident is an administrative breach which does not cause environmental harm. This issue related to monthly sampling of stormwater discharge which did not occur due to lack of substantial rainfall.

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 Safety & Sustainability board committee.

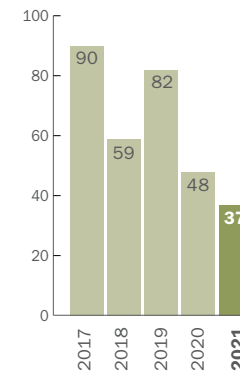
CSR has not reported a Level 4 (Severe) or Level 5 (Extreme) incidents in over 10 years. All reported incidents are investigated in line with CSR processes with remedial actions implemented as appropriate.

CSR reported the following Level 3 incidents during the year to 30 June 2021:

- **PGH Horsley Park, NSW:** a heavy rainfall event over the period of 17-24 March 2021 of over 286 mm caused extensive flooding at Horsley Park. The rainfall caused two of the sites dams to overflow leading to a breach of the environmental license discharge standards for total suspended solids. Once the rain stopped, the stored water was flocculated allowing compliance to be achieved.
- **Bradford Ingleburn, NSW:** Gas fired ovens are used at Ingleburn to cure the glasswool insulation. On 15 June 2021, a fire started in line 2 of the oven duct exhaust due a blockage in a wash water supply pipe. Wash water sprays are used to remove the particulates from the exhaust gases pulled from the oven. Without a constant flow of wash water, the duct walls build up with a layer of resin-rich glasswool deposited in the duct and cyclone. Once the material dried, it was ignited by the heat from the oven burners. This fire resulted in the particulate emissions exceeding the EPA license limit for approximately 30 minutes. There were no injuries associated with the fire.

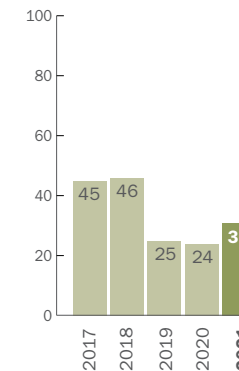
In June 2020, PGH agreed an Enforceable Undertaking (EU) with the NSW Natural Resources Access Regulator in relation to capturing water in former quarry pits at the Badgerys Creek, NSW site. This EU requires PGH to take steps to stop rainfall run-off entering the pits to prevent ongoing water take and install approved flow meters to measure water transferred out of the pits. PGH has also implemented a process to supply waste water in Pit 1 to the Western Sydney Airport Corporation without charge.

LEVEL 1 – MINOR
Incidents



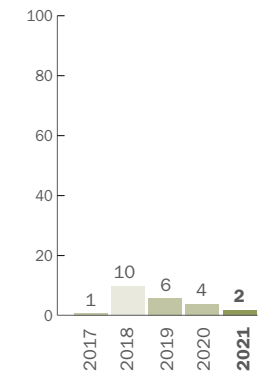
71
environmental
incidents at CSR

LEVEL 2 – SIGNIFICANT
Incidents



↓7%
decrease in total
environmental incidents

LEVEL 3 – SERIOUS
Incidents





Environmental performance of Tomago Aluminium

Through its 70% shareholding in Gove Aluminium Finance Limited (GAF), 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 has held its interest in Tomago since it began operations in 1983. Today Tomago employs 950 staff as well as 190 contractors. It is operated as a joint venture with partners Rio Tinto (51.55%), GAF (36.05%) and Hydro Aluminium (12.4%).

Aluminium – lightweight and recyclable

It is well reported and understood that aluminium is a lightweight, versatile and recyclable metal and aluminium smelting is an important manufacturing industry in Australia. Tomago Aluminium is a member of the [Australian Aluminium Council](#) which notes that aluminium is strong, durable, flexible, impermeable, lightweight, corrosion resistant and 100% recyclable.

Approximately 75% of the aluminium ever produced is still in use today as it can be recycled endlessly without compromising any of its unique properties or qualities.

Aluminium's life cycle provides significant benefits through recycling, saving 95% of the energy it would take to make new aluminium metal.

Approach to climate change

As a member of the Australian Aluminium Council, Tomago supports efforts to seek a national climate and energy policy framework which is transparent, stable and predictable, while maintaining the economic health of the nation including vital import and export competing industries. The council is also active member of the [Australian Climate Roundtable](#), which further highlights the industry's commitment to sustainability.

Future transition of power requirements

The management of Tomago and all owners are focussed on improving Tomago's energy capability to support the ambition of transitioning the smelter to a competitively positioned renewable load by 2029.

Tomago emissions disclosure

Tomago reports 100% of its Scope 1 and 2 emissions through the [National Greenhouse and Energy Report Scheme](#) (NGER). This data is reported to NGER under the entity name of Pechiney Consolidated Australia Pty Limited as the controlling corporation registered under the NGER scheme.



ENERGY

Power saving projects underway at Tomago



A number of significant power-saving projects are underway at Tomago to reduce power consumption and improve energy efficiency.

The largest and most significant project is the Pacific Aluminium Low Energy Pot (PALE) launched in 2015. The materials used in the construction of PALE pots enables the cell to operate using much less energy and without compromising anode cathode distance (ACD), therefore maintaining excellent metal production performance.

The new design also ensures the pot can operate in a broader amperage range, with the

flexibility to accommodate market conditions and business needs by running at a low ACD.

An extended testing and trial phase over the past few years has ensured Tomago has delivered a smooth implementation of the PALE design across the pot network which is expected to be completed by 2024 delivering more than \$30 million to Tomago in power cost savings and improved energy efficiency.

Tomago's current electricity contract expires in December 2028. Tomago has committed to exploring renewable power sources as part of new electricity requirements.



Community

Engaging and supporting
our local communities





Our social licence

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:

- **Building Product donations:** CSR supports a number of charities to build new facilities with product donations as well as technical support and installation expertise.
- **Site level Community Engagement:** Engagement with the local communities and neighbours surrounding our sites.
- **Community Support Program:** Launched in 2003, CSR matches employee contributions dollar for dollar to three charitable organisations. Over \$3.4 million has been donated by CSR and its employees over the last 18 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.



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 eighth year CSR has participated with volunteers cleaning our sites and surrounding communities and is a great way to promote a clean and healthy 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.



BRADFORD INGLEBURN, NSW



NORTH RYDE, NSW



PGH COOPER PLAINS, QLD



GYPROCK YARRAVILLE, VIC



GYPROCK WETHERILL PARK, NSW



GYPROCK WETHERILL PARK, NSW



Mentoring local students

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. ABCN's impact framework measures the short and medium term impact of our programs.

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.

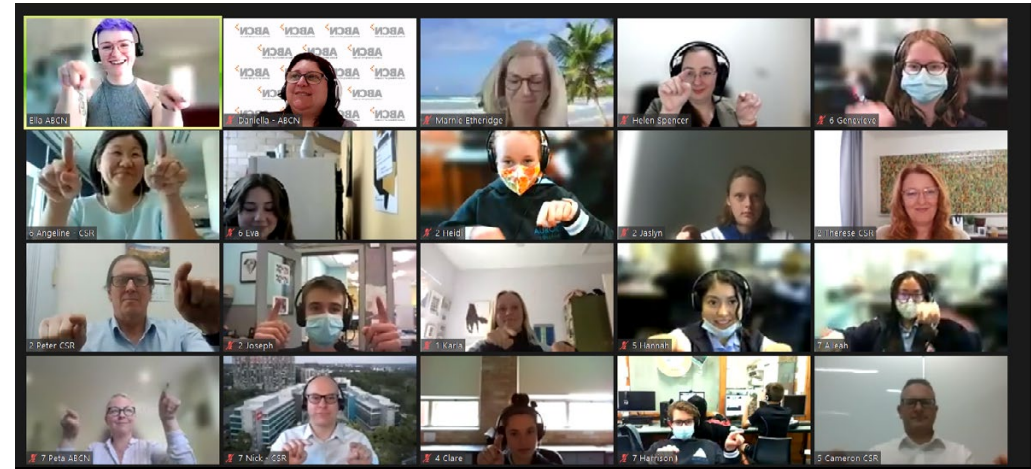
Research has emerged about the effects of COVID-19 on already marginalised cohorts of students, showing that the pandemic has increased the 'equity gap' for disadvantaged students. CSR was pleased to be part of several digital pilot programs in 2020 and 2021.

In 2021, CSR also participated in a face to face *Future Thinkers* program with high school students from Blacktown, NSW that aims to build creative and innovative problem solving skills through the process of design thinking. Design thinking is a human-centred approach to innovation, increasingly used by organisations to solve problems and transform challenges into opportunities.

Building these key transferrable enterprise skills in our future workforce is critical for Australia to remain competitive and thrive in a rapidly changing global economy.



6,000 hours
CSR volunteers with ABCN Student
Mentor Program since 2011



ONLINE MENTORING SESSIONS



FUTURE THINKERS PROGRAM WITH HIGH SCHOOL STUDENTS FROM BLACKTOWN, NSW



CSR product donations

CSR continues to support a number of charity projects led by our customers.

These projects bring together many suppliers in the building sector to contribute to construction projects that support charities in the community.

Some examples include:

- **The House that Convoy Built:** sponsored by GJ Gardner Homes Wollongong, NSW supporting the Convoy & Illawarra Community Foundation. Proceeds from the auction of this house will support the foundation which provides financial assistance and respite services to individuals and their families living in the region.
- **Cottage by the Sea:** sponsored by Boutique Homes which is part of the ABN Group. The new four bedroom home located in Point Lonsdale, Vic will be auctioned once completed with 100% of the funds raised going to Cottage by the Sea to support children in need through its holiday camp programs.
- **Healesville Retreat:** sponsored by Carter Grange Homes supporting Challenge and the Nicholas Timms (Team Nick) Foundation which support families of children with cancer.



COTTAGE BY THE SEA, THANK YOU PLAYGROUND



COMMUNITY

Working with communities at our sites



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 included the planting of over 5,700 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](#).

A third tree planting day took place in September 2021 which included local scout troops, Rotary representatives, the Pine Rivers Koala Care Group and included training and education sessions with CSR's ecologist.



Community Support Program

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 \$3.4 million to charity. In the year to June 2021, CSR and its employees donated just under \$70,000 to three charitable organisations, the Salvation Army, Youth Off The Streets and Assistance Dogs Australia.



ASSISTANCE DOGS AUSTRALIA



\$3.4m
donated by CSR and its
employees over the past
18 years



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.



COMMUNITY SUPPORT

CSR brings assistance dog Luna to help young family

CSR has a long relationship with Assistance Dogs Australia.

Through the Community Support Program, CSR has supported the training of Luna during the first two years of her life. This has enabled Luna to join a young family in Perth, WA this year to support their child living with autism. Luna helps prevent anxiety in challenging situations and enjoy more interactions in the community.

Once placed with an Assistance Dog, children with autism show remarkable improvement across their social, verbal and cognitive skills as well as an increased ability to learn routines and structures that aid development, communication and community interaction.



LUNA THE ASSISTANCE DOG



Supply chain and modern slavery

Creating an efficient and sustainable supply chain to enhance our customers' experience





CSR's sustainable supply chain model

CSR has a significant investment in warehousing, transport and distribution.

We have developed a supply chain model that integrates the logistics activity across all of our brands and unlocks value for CSR.

There are opportunities to provide tangible benefits to customers, while increasing productivity of our distribution channels with better planning and collaboration across our sites and reduced environmental impacts from our transport networks.



CSR'S SUPPLY CHAIN

Suppliers

CSR uses over 5,500 suppliers with total annual spend of over \$1bn. Our core raw materials, and some finished goods, are sourced locally in Australia and supplemented by international suppliers.

Planning

Extending business planning to enhance sales, operational and financial results and drive better footprint utilisation across our network.

Sales

End to end solutions to deliver a wide range of products, contractor and trusted retailer networks, and design and technical support to maximise the style and performance of homes and buildings.

Manufacturing

From over 40 sites across Australia, CSR is manufacturing a wide range of building products. Through reinvestment and optimising our operations, our emissions per tonne of saleable product has declined by over 30% since 2010.

Warehouse

Focused on introducing leading practice warehouse solutions to get the most out of our distribution sites and developing long term plans for our major sites to meet our current and future demand.

Transport

Development of a CSR Transport Management System is underway to plan, execute and optimise the movement of products, provide real time visibility of day-to-day operations and better utilise our transport network which will lead to less vehicles on the road.



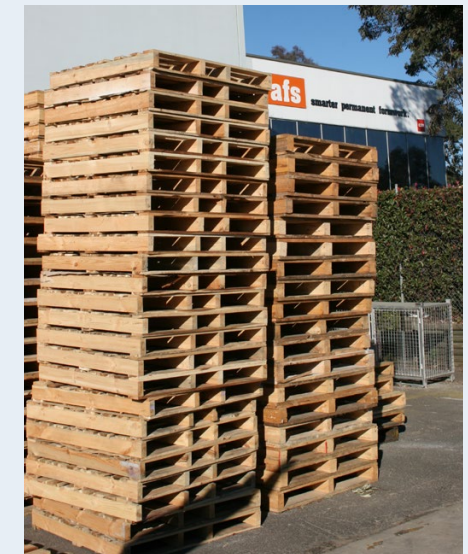
RECYCLING

Recycling timber assets

A key initiative launched during the year was the expansion of CSR's recycling program to increase the recovery and reuse of timber blocks, pallets and other packaging materials. A critical success factor in the recovery is constant engagement with our customers to retrieve pallets from building sites. This is a win-win for CSR and our customers as it means we reduce the waste removal effort for our customers and we help ensure our customer's sites are safer with less congestion. From an environmental perspective this also means significantly less timber is going to landfill.

Parts of CSR's business currently have successful recycling programs underway with Monier roofing averaging a pallet recovery rate of over 90% which equates to over 150,000 pallets per year. The program includes liaison with CSR's customers to retrieve pallets from building sites which helps customers minimise waste removal required on site. CSR is extending the program across all key products using knowledge gained from businesses with extensive programs already in place including Monier roofing and PGH Bricks. CSR is also working with other industry partners to recycle timber pallets in their supply chain which CSR is managing collection and re-use opportunities.

CSR has also tested the manufacture of PVC blocks at the AFS operation at Minto, NSW. The PVC blocks are more durable than timber and can be re-used multiple times across the distribution network. Further work on this opportunity will be developed as the timber recovery program is rolled-out across the business. Once the full roll-out is completed, we estimate that the recycling and re-use of timber assets will save an additional 1,200 tonnes of timber going to landfill per year.





Supporting sustainable cities and communities

When CSR announced its sustainability targets to 2030, one of the five UN Sustainable Development Goals it identified was Goal 11 – Sustainable Cities and Communities.

We have developed a target to 2030 to have 5% of our indirect procurement spend to be spent with social enterprises to align with this goal. The indirect categories were chosen as they provide a wider scope for selecting suppliers than some of CSR's other suppliers such as raw materials.

Indirect spend includes maintenance repairs and consumables, HR resources/labour hire, packaging, facilities management, professional services and safety/PPE equipment.



Goal 11 – UN Sustainable Development Goal – Sustainable Cities and Communities.

5% of indirect spend by Procurement to be spent with social enterprises.

CSR has now launched a program to track our social spending with existing suppliers. By working with our supplier network, we have identified key areas of social spending including:

- **Disability enterprises:** mostly packaging services and packaging materials (eg pallets)
- **Indigenous owned businesses:** largest spend with bulk materials haulage, but also other varied service providers.

CSR has engaged with adviser Social Traders who provides guidance on increasing engagement with social enterprises; including developing tender/contract award procedures, evaluation metrics, internal training and reporting outcomes of social enterprises. Social Traders also certify social enterprises to ensure compliance.

CSR has also engaged with Givvable who is an aggregator of the many social databases. Using their services, we have been able to identify and classify our existing suppliers and source new suppliers that meet our needs.

Both Social Traders and Givvable are classified as social enterprises. In the year ahead, CSR continues to work with its partners to develop its reporting framework as well as expanding its network of suppliers.



SUPPLY CHAIN

PGH and Eather Group developing the circular economy in the construction industry

Eather Group is a Supply-Nation certified and ISO accredited business that was established in 2010 to address the need for more environmentally, socially, and economically sustainable solutions within the transport, waste, and bulk material industries.

CSR, through its PGH Bricks operation, has worked with Eather Group utilising its haulage and material sourcing, processing and stockpile management operations to supply over 3,000,000 tonnes of excavated natural materials to our three processing and manufacturing sites in Western Sydney.

Eather Group is providing a unique service which guarantees our operations of high quality and high-volume product, by 'selectively mining' valuable natural materials such as sandstone, clays and shales preventing cross-contamination during excavation which would result in the material typically being taken to landfill. Our brick making facilities in Western Sydney utilise these precious resources in the manufacture of bricks and paving products for the building and construction industry.

They have recently been awarded a Civil Construction Market Program grant by the NSW Environment Protection Authority to work with market leaders in developing a business case which uses the relationship between Eather Group and PGH Bricks to model and advocate the possibility of circular economy practices in the construction industry.





Sustainable procurement and modern slavery



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 continues to build on work launched in 2019 to integrate sustainability within CSR's procurement activities in line with ISO 20400 Sustainable Procurement Guidance and to ensure CSR has access to best practice in this area.

Detailed risk assessment

In 2019 and 2020, CSR conducted workshops with its internal procurement stakeholders to risk score a range of sustainability threats and opportunities, using spend, category, vendor, and country data. The deliverable was a heatmap of threats and opportunities, including modern slavery risks. CSR continued to use this heatmap throughout 2021.

Supply Chain Risk Assessment – In 2020 CSR engaged Fair Supply to analyse CSR's supply chains beyond Tier 1 suppliers. The results will be used to update the heatmap of risk areas.

Using CSR's spend data, Fair Supply traced the economic inputs required to produce products and services sourced from Tier 1 suppliers through to Tier 10 suppliers of any supply chain. Fair Supply then utilised publicly available risk data and licensed trade information and provided a modern slavery risk profile to Tier 10 for each of CSR's suppliers. The risk assessment was mapped according to country and industry ratings.

Supplier Code of Conduct

A key part of CSR's Sustainable Procurement approach is the [CSR Supplier Code of Conduct](#) (the Code) which specifies CSR's expectations of suppliers regarding: Fair operating practices, workplace health and safety, environment, human rights and diversity & inclusion.

The Code has been communicated to staff and is published on the CSR website: [CSR Supplier Code of Conduct](#). The Code was reviewed and updated in March 2021.

The Code aligns with CSR's Code of Business Conduct & Ethics. Both the Supplier Code and Business Code include a reporting process including a Whistle Blower policy.

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.

Modern Slavery

CSR's [Modern Slavery Statement](#) for the year ended 31 March 2021 was published in September 2021.

CSR lodged its first Modern Slavery Statement in September 2020. Since that time, CSR has progressed a number of initiatives to assess and address modern slavery risks, including:

- Engaged Fair Supply to analyse CSR's supply chains beyond Tier 1 suppliers who provided a modern slavery risk profile for suppliers up to Tier 10 for each of CSR's suppliers. This was mapped to country and industry ratings;
- Conducted an external review of vendors to provide a detailed analysis of crimes, infringements and sanctions across 95% of CSR's vendors (based on spend);
- Implementation of comprehensive vendor on-boarding process; and
- Inclusion of key statistics regarding the number of screened vendors, number of incidents reviewed, number of staff trained and suppliers risk assessed during the year.






CSR product certification and stewardship

CSR produces an extensive range of products, governed by our quality management systems, and aligned to the principles of ISO9001 standards with most externally audited annually.

CSR's testing and research laboratories are also accredited with the [National Association of Testing Authorities](#) (NATA).

CSR also conducts specific reviews of product standards as part of ongoing regulatory changes. In preparation for the next version of the National Construction Code 2022, CSR is currently auditing all products and systems compliance status with respect to the new building code. This includes updated testing to comply with the new Code.

Within each of CSR's brands and products, there is a range of additional certifications that are appropriate to the needs of their market. Some examples are shown on this page.

PRODUCT	CERTIFICATION	OVERVIEW
		<p>GECA (Good Environmental Choice Australia) manages a Type 1 Ecolabel program in accordance to ISO 14024 "Environmental Labels and Declarations" and is the owner of the Good Environmental Choice Australia Ecolabel.</p> <p>https://www.gyprock.com.au/resources/geca-certificates</p> <p>In 2008, Gyprock led the plasterboard market with the development of high recycled content plasterboard that was the first to receive GECA accreditation. GECA accreditation has now been granted to the majority of products in the Gyprock plasterboard range.</p>
 		<p>The CodeMark Certification Scheme (CodeMark) is a voluntary third-party building product certification scheme, administered by the Australian Building Codes Board (ABCB).</p> <p>CodeMark is designed to provide confidence and certainty to regulatory authorities and the market, through the issue of a Certificate of Conformity. This is one of several options available for meeting the 'evidence of suitability' requirements of the National Construction Code (NCC).</p> <p>https://www.abcb.gov.au/about-codemark</p>
	 	<p>Vinyl Council of Australia has concluded its annual assessment of the PVC Stewardship Program. AFS Systems has attained Silver status for its 2020 calendar year performance.</p> <p>GECA (Good Environmental Choice Australia) Best Practice PVC in accordance with the GBCA PVC guidelines.</p>
	 	<p>Recognised by the Green Building Council of Australia (GBCA) and Green Building Council of New Zealand (NZGBC), CSR Martini products can contribute to points available in the rating tools that assess the environmental sustainability of building projects at the design, construction and as built phases: Green Star® – Design and As Built, and the interior fit-out phase: Green Star® – Interiors. Martini products in this EPD achieves Global Green Tag Level A certification which provides credits towards Green Star rated buildings.</p> <p>https://epd-australasia.com/wp-content/uploads/2018/08/168-CSRMartini_EPd_R14.pdf</p>
	Global Mark	<p>Global Mark certification for AS/NZS ISO 9001:2016: Quality management systems for the design, development, manufacture and supply of glasswool products. Including batts, rolls, boards and faced products for use in domestic, industrial and commercial applications.</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 2020 to 30 June 2021 comprising the following:

- scope 1 greenhouse gas emissions of 280,065 tonnes of CO₂-e
- scope 2 greenhouse gas emissions of 183,104 tonnes of CO₂-e
- energy production of 8,095 GJ
- energy consumption of 5,687,927 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 2020 to 30 June 2021, 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 was 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 Cecil Park 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



Deloitte.

- 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.

Deloitte.

Details of audited body

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

DELOITTE TOUCHE TOHMATSU

P R Dobson

P R Dobson
Partner

Registered Greenhouse and Energy Auditor
Sydney, Australia
13 October 2021



Contact us

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

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