

CSR Limited

Triniti 3 39 Delhi Road
North Ryde NSW 2113
Australia
T +612 9235 8000
F +612 8362 9013
E-mail investorrelations@csr.com.au
www.csr.com.au
ABN 90 000 001 276

10 May 2023

Mr Justin Nelson
Principal Adviser - Listings Compliance
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Justin,

CSR Limited (CSR) Appendix 4E for the year ended 31 March 2023

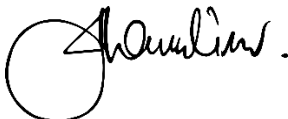
In accordance with the Listing Rules, I enclose an Appendix 4E and Annual Report for the year ended 31 March 2023 for immediate release.

The following associated documents will be provided separately for lodgement:

- Notification of dividend (Appendix 3A.1 form);
- Media Release;
- Full Year Results Presentation; and
- Corporate Governance disclosures (Appendix 4G form).

CSR Limited will present its results for the year ended 31 March 2023 at 10.00am AEST today via webcast available from CSR's website <https://www.csr.com.au/investors-and-news/webcasts> or [Click here](#).

Yours faithfully



Jill Hardiman
Company Secretary

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



Appendix 4E – Preliminary Final Report

CSR Limited
ABN 90 000 001 276
For the year ended 31 March 2023

Details of the reporting years	
Current:	Full year ended 31 March 2023
Previous corresponding:	Full year ended 31 March 2022

Result for announcement to the market¹

				A\$m
Revenue from ordinary activities	up	13%	to	\$2,613.3
Net profit after tax from ordinary activities, after significant items, attributable to members	down	19%	to	\$218.5
Net profit after tax from ordinary activities, before significant items, attributable to members ²	up	17%	to	\$225.0

Net tangible assets

As at	31 March 2023	31 March 2022
Net tangible assets per share attributable to CSR shareholders	\$2.30	\$1.93

Dividends

Financial year ended	31 March 2023	Franking	31 March 2022	Franking
Interim ordinary	16.5 cents	100%	13.5 cents	100%
Final ordinary	20.0 cents	100%	18.0 cents	100%

Record date for determining entitlements to final dividend

29 May 2023

Final dividend payment date

3 July 2023

Additional Appendix 4E disclosure requirements and commentary on significant features of the operating performance, results of segments and other factors affecting the results for the period are contained in the Annual Report for the year ended 31 March 2023. This document should be read in conjunction with the 2023 Annual Report and any public announcement made in the period by CSR Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)* and the ASX Listing Rules.

This report is based on consolidated financial statements which have been audited by Deloitte Touche Tohmatsu.

Dividend Reinvestment Plan

The company's dividend reinvestment plan (DRP) will operate for the final dividend payable on 3 July 2023. The last election date for shareholders to participate in the DRP is 30 May 2023, being the business day after the dividend record date of 29 May 2023. For the final dividend, shares will be acquired on-market and transferred to participants to satisfy any shares to be issued under the DRP.

DRP shares will be allocated at the arithmetic average of the daily volume weighted average market prices of shares in CSR sold on ASX's trading platform (including the closing single price auction but excluding all off-market trades) ("VWAP") on each day over a period of 10 trading days commencing on 5 June 2023. No discount will apply to shares issued under the DRP. For further details of the DRP please refer to the DRP Terms and Conditions available on CSR's website (www.csr.com.au).

¹ This document represents information provided pursuant to Listing Rule 4.3A of the Australian Securities Exchange.

² Net profit after tax before significant items is a non-IFRS measure used internally by management to assess the performance of the business and has been extracted or derived from CSR's financial statements for the year ended 31 March 2023. A reconciliation to net profit after tax is included in Note 2 to the CSR year end financial statements.



Building solutions
for a better future

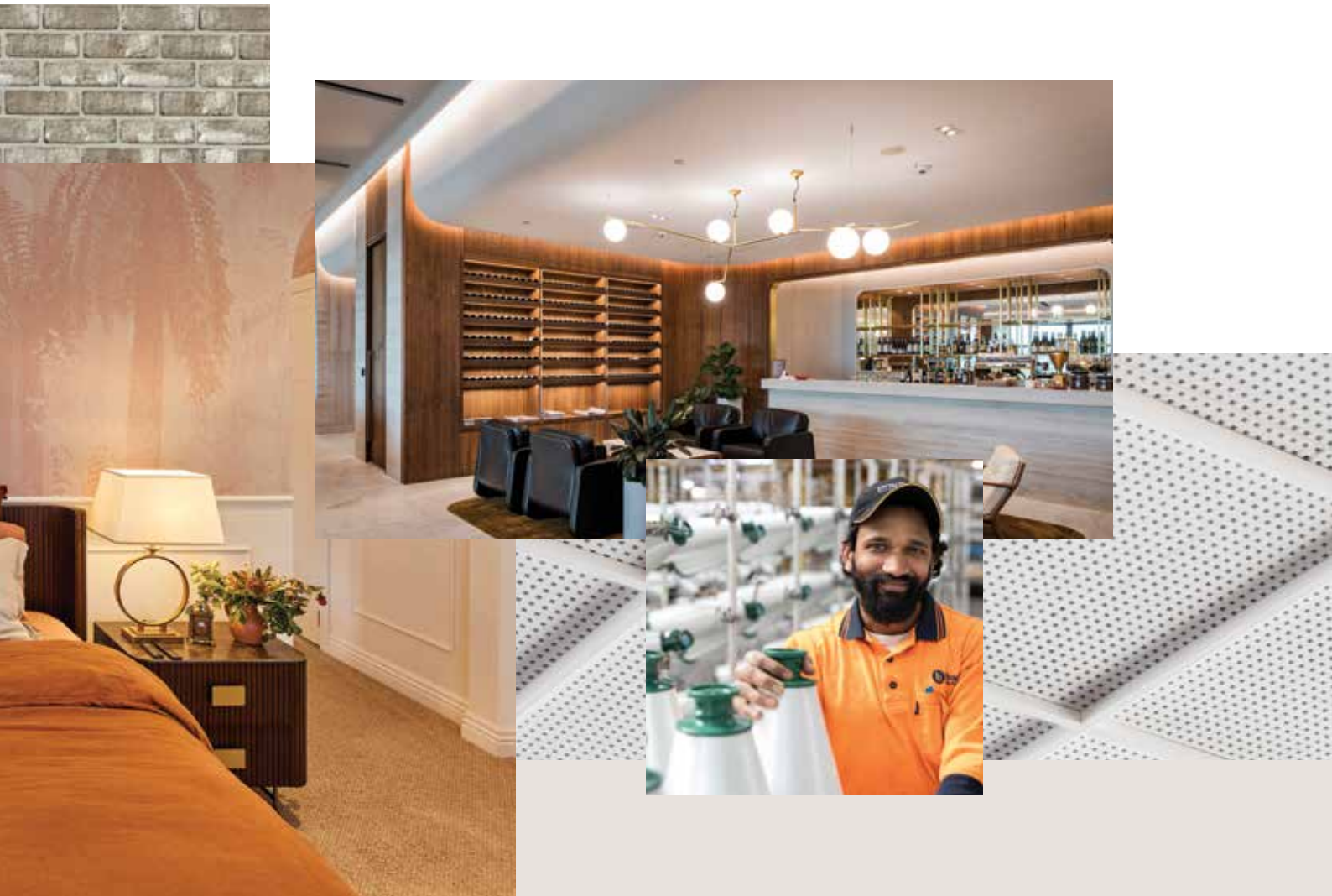
Contents

2	CSR at a glance
4	Chair's Message
6	Managing Director's Review
8	Interior Systems
10	Masonry & Insulation
12	Construction Systems
14	Property
15	Aluminium
16	Sustainability at a glance
18	Empowering our people
20	Transition to net zero
21	Closing the loop
22	Leading through innovation
23	Building communities
24	Financial Overview
25	Operating and Financial Review
30	Board of Directors
32	Corporate Governance Statement and Risk
46	Directors' Report
49	Remuneration Report
69	Financial Report
109	Directors' Declaration
110	Independent Auditor's Report
114	Shareholder Information



AGM Details

CSR's Annual General Meeting (AGM) will be held on 27 June 2023 at 10am (AEST). Details on arrangements for the AGM are included in the Notice of Meeting.



Building solutions for a better future

CSR is building solutions for a better future for our customers by investing in new building systems to reduce construction time and deliver better energy efficiency, comfort and design...and for our people and the environment by creating a safe, diverse and sustainable place to work and grow.

CSR at a glance

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

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 colours and design, integrating with Bradford's insulation and ventilation systems for improved energy efficiency and home comfort.



STRONG FINANCIAL POSITION Year ended 31 March 2023 (YEM23)

\$2.6bn ↑ **13%**

Revenue

\$330m¹ ↑ **13%**

Earnings Before Interest and Tax (EBIT)

\$225m¹ ↑ **17%**

Net profit after tax

46.9c¹ ↑ **18%**

Earnings per share

¹ Before significant items

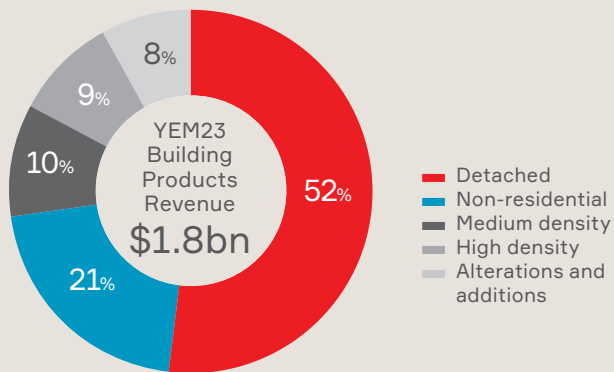
20.0c

Final dividend (fully franked)

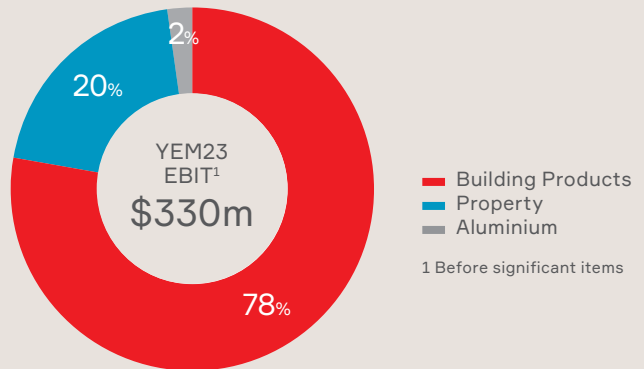
36.5c

Full year dividends (fully franked)

CONSTRUCTION MARKET DIVERSIFICATION



BUSINESS SEGMENT OVERVIEW



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.



Construction Systems

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



Property

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



OPERATIONAL EXCELLENCE WITH A STRONG FOUNDATION

170+

Manufacturing and distribution sites across Australia and New Zealand

2,785

CSR employees

50+

Property sites owned across Australia

18,000+

Customers across Australia and New Zealand

\$132m

Net cash

\$2.2bn

Total assets

Chair's Message

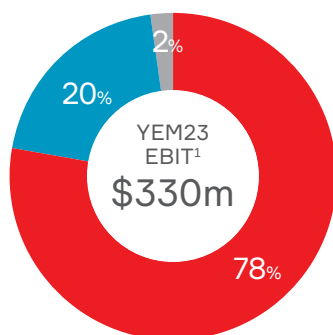
Delivering a strong result while progressing CSR's strategy to diversify and strengthen the business.



JOHN GILLAM
CHAIR

EBIT BY BUSINESS¹

\$330m ↑ **13%**



■ Building Products
■ Property
■ Aluminium

¹ Before significant items

The performance and dedication of the CSR team has delivered a very strong result this year.

The team has ensured that we supported our customers in what has been a very busy and challenging period as the construction market continues to navigate a range of issues across supply chain delays and labour shortages.

Strong operational performance across all of CSR's businesses has helped increase CSR's results for the third consecutive year with net profit after tax (before significant items) of \$225 million up 17% when compared to last year's net profit of \$193 million. CSR's statutory net profit after tax of \$219 million was down from \$271 million, with the recognition of an \$86 million benefit from carry forward capital tax losses included in the previous year.

The increase in net profit was driven by a 20% increase in Building Products earnings to a record \$273 million reflecting strong product availability for customers with good volume growth in Gyprock and Hebel as well as continued focus on operational efficiency and cost management.

The Property business increased earnings to \$72 million following completion of six major transactions during the year. This was the highest result in Property over the last 15 years and highlights the strength and depth of CSR's Property team to deliver complex transactions with long lead times. CSR has also contracted an additional \$102 million in Property earnings to be delivered over the next two years. Through our team's capability, deep knowledge of site management and proactive management of our network, we are well positioned to unlock substantial value for many years to come from our Property assets which are currently valued on an "as is" basis of \$1.5 billion.

Earnings from Aluminium of \$8 million were down from \$40 million as the business managed a sharp increase in raw material costs, including coke and pitch which reached historic highs during the year. While the market remains challenging for aluminium in the year ahead, higher hedged pricing is in place to provide greater profitability in future years.

Strong cash position supporting investment in the business and increasing shareholder returns

We ended the year with a very healthy financial position, supporting continued investment in core operations to lift capacity, improve productivity, enhance safety and reduce emissions. This also supports our appetite for growth via targeted synergistic acquisitions.

CSR's strong performance and financial position also enabled the company to pay fully franked dividends at the top end of our range of 60-80% of net profit after tax (before significant items). We have declared a final dividend of 20 cents per share (fully franked). This will bring the full year dividend to 36.5 cents per share (fully franked), up 16% compared to the previous year.

In June 2022, CSR announced an on-market share buyback of up to \$100 million to increase shareholder returns which is consistent with CSR's recent history of proactive capital management. This buyback remains ongoing with \$36 million in shares purchased to date. Given our robust balance sheet and strong operational performance, CSR is able to invest in growth while also increasing returns to our shareholders via implementing an on-market share buyback.

Sustainability a core foundation of our strategy

Over the last three years, we have developed many initiatives across the business to deliver on our 2030

targets with detailed reporting on our progress. This includes an 8% reduction in our emissions per tonne of saleable product over the last two years. While CSR is making good progress on the 2030 targets, we are actively assessing opportunities to extend these targets to be more ambitious. This includes the development of an overarching Sustainability Framework aligned to our strategy. This framework ensures that all of our sustainability initiatives are linked together across the full breadth of environmental, social and governance (ESG) topics.

Further work is underway to refine our goals and commitments with development of additional targets and metrics across the five key sustainability aspirations outlined on page 16. Further details on our approach to sustainability over the past year are included in the 2022 CSR Sustainability Report which was published in December 2022.

Board changes

In the last few months, we have welcomed Christy Boyce and Adam Tindall to the CSR board as non-executive directors. They bring a wide range of industry, financial and strategic experience to CSR.

In November 2022, we said farewell to non-executive director Christine Holman after 6 years of service, while non-executive director Matthew Quinn will also be leaving the board at the end of May following 10 years' service at CSR.



Both Christine and Matthew have played crucial roles on our board committees and we thank them for their contribution to CSR.

Thank you to the CSR team

On behalf of the board, I want to commend the over 2,700 CSR employees across Australia and New Zealand for their hard work and dedication during the year. The teams continue to deliver great progress on our strategic initiatives whilst ensuring strong underlying operational and financial performance. We thank them wholeheartedly for their great effort. Finally, sincere thanks to our customers and shareholders for your ongoing support.

JOHN GILLAM
CHAIR

Capital management increasing returns for shareholders

CSR's strong financial performance is backed by our operational discipline, cost control and investment in growth which has provided the opportunity for the company to deliver strong returns to shareholders both through dividends and capital management over the past five years.

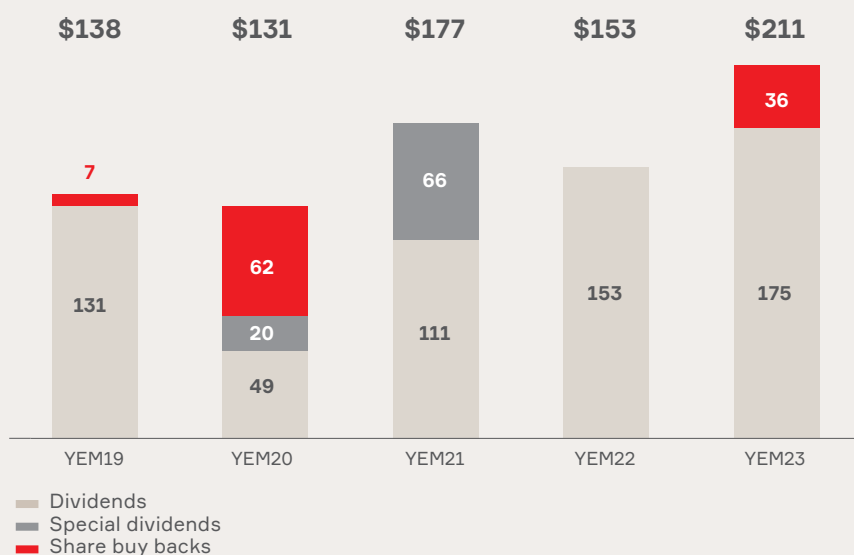
\$175m

In total dividends to be paid for YEM23

16%

Increased total dividends in YEM23

CAPITAL MANAGEMENT (DIVIDENDS AND SHARE BUY BACKS) \$ MILLION



Managing Director's Review

Providing a platform for growth and resilience to deliver improved performance through the cycle.



JULIE COATES
MANAGING DIRECTOR AND CEO

In what was a busy year, our teams delivered a great result by ensuring we optimised our factory operations and distribution channels to deliver for our customers, ensured pricing discipline across the business and continued to focus on cost management.

In Building Products all of the businesses increased revenue with strong performances from Gyprock and Bradford as well as Hebel which is continuing to increase market share with its faster build times and large installer base. Strong cost control helped deliver a 20% increase in EBIT with the EBIT margin increasing to 15%.

Interior Systems which includes CSR's largest business in Gyprock increased earnings reflecting volume growth, good market execution and the strength of its brand position. This was supported by Gyprock's continued operational improvement and cost discipline across its diversified market position.

Masonry & Insulation which includes PGH Bricks, Bradford Insulation and Monier Roofing also increased earnings following increasing demand for energy efficiency products and a strong detached housing market which was supported by CSR's domestic manufacturing capacity across our 15 sites in this business.

Construction Systems lifted earnings following strong volume growth in both Hebel and Cemintel as the business increased its share of non-residential markets. AFS also increased volumes as it increased its reach across new markets and segments. Hebel's growth reflects a compelling offer to our customers with further work underway to expand across more panel profiles and finishes.

Progressing CSR's strategy for diversification and growth

The team has also progressed our strategy to increase the diversification of earnings and grow market share in new segments. A key part of this strategy is to increase our exposure in the non-residential construction sectors which will drive growth and enhances our resilience. Our work in building our capability in Customer Solutions including major initiatives such as Project Tracking which is enabling our teams to identify more projects with more CSR products and systems.

Investing in our people and safety

Over the past year, we have continued our work on addressing high potential consequence risk in order to reduce the risk of serious injuries to our people.

While we have reduced our total recordable injury frequency rate (TRIFR) over the last three years to 9.9 (per million work hours), we have more work to do in the year ahead.

This includes the continued rollout of our “Never Walk Past” program to build a mindset to never walk past an unsafe act or condition.

CSR’s target is zero injuries and we know this is possible as 80% of our 144 sites achieved this ambition in the 12 months to 31 March 2023.

Outlook for the year ending 31 March 2024 (YEM24)

Building Products

CSR has made a strong start to the year with the pipeline of detached housing projects under construction at historically high levels. CSR’s focused execution into end markets and pricing discipline to manage inflationary cost pressures, continues to support revenues. CSR is closely monitoring the factors influencing market dynamics and will manage the business accordingly.

Activity in the apartment market is improving as more projects have commenced this year, while non-residential activity remains strong, supported by a large pipeline of approvals.

The business is well diversified across brands, market segments and the build process with a product portfolio that is adaptable to end market demand.

Incremental investments in manufacturing performance, plant consolidation, supply chain and customer solutions have improved manufacturing productivity, the variability of the cost base and responsiveness to customer demand.

CSR’s strategy is focused on providing a platform for growth and resilience to deliver improved performance through the cycle.

Property

In Property, YEM24 will include \$44 million in contracted earnings for the next tranche at Horsley Park, NSW with an additional \$58 million in contracted earnings in YEM25. Work continues on major projects at Darra, QLD, Schofields, NSW and Badgerys Creek, NSW.

Aluminium

While cost volatility and unpredictability in energy and raw materials makes forecasting challenging, at this early stage in the year, the best estimate for YEM24 is a loss in the range of -\$5 million to -\$15 million (excluding net RERT income, which was \$13 million in YEM23).

Aluminium is expected to return to profit in YEM25 and increasing in the following years due to higher hedged pricing, based on current cost assumptions.

Thank you to the CSR team for their efforts this year

I would like to echo John’s comments about the performance and effort of the CSR team during the year.

As I meet with our teams across the business, I am really impressed by the focus and dedication of our people to support our customers and our strategy to improve productivity, workplace safety, sustainability and optimise our operations.



CSR is well diversified across brands, market segments and the build cycle with its unique portfolio of trusted brands and a long-standing history in the market. We are continuing to drive growth and the development of the business and we look forward to sharing more with you in the year ahead.

Julie Coates

JULIE COATES
MANAGING DIRECTOR AND CEO

Building Solutions for a Better Future

CSR’s purpose is Building Solutions for a Better Future as it captures what we are doing across the business with an eye on the future with innovation and sustainability for all stakeholders.

We are leveraging the strength of CSR across key areas of Customer Solutions and Supply Chain to secure our position as a leading local manufacturer and distributor of the broadest range of products and solutions.

This strategy is driving CSR to continue to deliver strong operational and financial performance while strengthening our resilience and performance into the future.

Progressing strategy and delivering results



- Work to reorganise the business, build capability, focus on supply chain and establish dedicated customers solutions is supporting performance
- Unlocking value from Property assets and development capability

More responsive to demand



- Incremental investments in manufacturing assets and plant consolidation has improved productivity, safety and sustainability
- Building an optimised network to improve customer service

Growth and resilience



- Quality of product, brand and distribution platform supporting continued volume growth and improving performance through the cycle
- Product portfolio adaptable to end market demand

Strong financial position



- Strong financial position supports investment and shareholder returns
- Track record of margin management

Interior Systems

Building on Gyprock's leading brand position with the Interior Systems expertise of Martini, Himmel and Potter to provide a complete residential and commercial offering.



Gyprock – Australia's leader in plasterboard

For 75 years, CSR has led the innovation of plasterboard in the Australian market. The business is backed by four manufacturing sites in Brisbane, Sydney, Melbourne and Perth.

A key channel to market is the 56 Gyprock Trade Centres and 35 aligned distributors and retail partners across Australia. Our customers have a strong connection to the Gyprock brand.

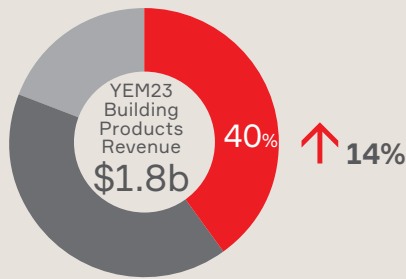
Gyprock continues to innovate and enhance its product offering including the 2023 launch of EC08™ Extreme. Gyprock EC08 was the first Australian made plasterboard to be manufactured with high levels of recycled content and certified by Good Environmental Choice Australia (GECA). EC08 Extreme supports higher performance requirements for commercial walls with extreme impact resistance, fire and acoustic ratings as well as mould and moisture resistance.

Martini – Where science and sound meet design. Martini manufactures high performance acoustic products that range from decorative through to bulk insulation. Martini products are made from thermally-bonded polyester fibre with up to 80% recycled fibre content from post-consumer PET packaging.

Himmel in Australia and **Potter** in New Zealand are leading interior systems businesses supplying ceiling tiles, grid systems, decorative acoustics, and aluminium partitions across social, infrastructure and commercial projects. Both businesses have extensive technical expertise which we use to partner with architects and designers to deliver solutions for unique challenges and specifications.

Additionally, Himmel is the exclusive distributor of Martini dECO, manufactured by Martini, which enhances a variety of commercial spaces with its aesthetic and acoustic properties.

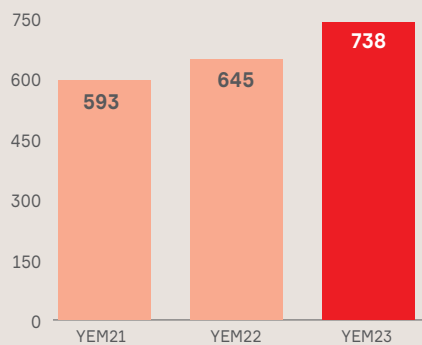
PERFORMANCE OVERVIEW YEM23



Interior Systems revenue by business

\$738m

INTERIOR SYSTEMS REVENUE \$m



LEADING BRANDS

GYPROCK®

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

martini

Designs and manufactures high quality thermal and acoustic polyester fibre products.

HIMMEL
INTERIOR SYSTEMS

POTTER
INTERIOR SYSTEMS

Leading brands in aesthetic and acoustic interior solutions.



Rebuilt and ready for action

In August 2022, Sydney's new state-of-the-art sporting venue, commercially known as the Allianz Stadium, was completed. Concluding two years of working through difficult and unprecedented conditions, the new Sydney Football Stadium (SFS) was successfully delivered by John Holland, in partnership with the New South Wales government.

Key to assisting this landmark development to be delivered on time and under budget was Gyprock's internal lining solutions, with a range of functional and suitable products specified across multiple applications. Several key innovations were included in the design including Gyprock's Flexible to create curved walls and ceilings as well as specialist ceiling boards to deliver acoustic performance with design aesthetic. CSR brought its technical expertise to the project which featured numerous CSR products and systems including Bradford, Cemintel, Himmel and Martini.



Gyprock optimising performance and improving sustainability

In October 2022, the Gyprock Wetherill Park, NSW site launched a project to build new capability to convert raw gypsum into stucco, a key plasterboard material input.

This \$23 million investment will significantly reduce emissions through lower gas and electricity usage, drive an increase in recycled board capacity and an 80% reduction in paper waste to landfill through reuse in the process. This project combines the current two step grinding and calcining processes into one energy efficient process in line with latest technology, with commissioning targeted for the second half of 2023.

Masonry & Insulation

Bringing together established brands with leading market position, backed by our manufacturing expertise and technical and engineering teams.



Unique depth of product range and systems

Our offering includes leading solutions in exterior design, home health and comfort and energy efficiency. As part of the path to establishing net-zero in the Australian National Construction Code (NCC2022), we are providing improvements in energy efficiency, condensation control and in new homes through our suite of systems across insulation, construction fabrics and ventilation. As the only approved insulation partner of the National Asthma Council Australia's Sensitive Choice® program, CSR brings a whole-of-home approach providing not only cost effective design and performance, but also healthier home solutions. CSR's total home comfort resources are an example of how CSR is helping to educate its customers and the broader market on building sustainability.

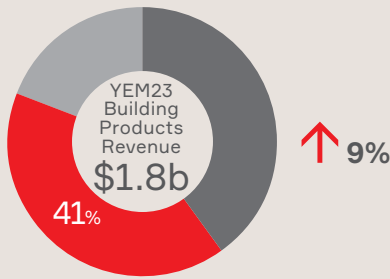
Extensive distribution and selection centres

The Masonry & Insulation businesses include an extensive range of selection centres and distribution networks that support our builder customers, approved resellers, retail hardware partners and a network of installers and tradespeople. Our large network of PGH and Monier selection centres offer many services such as colour schemes, product selection and technical advice.

Sustainability of operations

Sustainability is core to our operations with Bradford glasswool insulation produced from up to 80% recycled glass. Monier is extending its use of waste by-product fly ash to incorporate 10-15% of its cement requirements. Recent capital investments across Masonry & Insulation are driving efficiency and sustainability benefits including a new water treatment plant installed at the Bradford Brendale, QLD site which will reduce water consumption by 80% or 35 million litres per year.

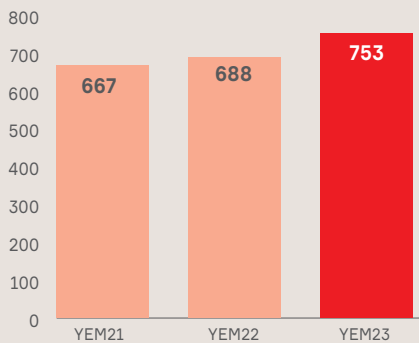
PERFORMANCE OVERVIEW YEM23



Masonry & Insulation revenue by business

\$753m

MASONRY & INSULATION REVENUE \$m



LEADING BRANDS



Manufacturing and supplying insulation materials to the Australian market for over 80 years, critical to a more comfortable, sustainable and energy-efficient building.



With over 100 years experience Monier is the roofing expert manufacturing quality roofing products, underpinned by a commitment to innovation.



PGH is a leading manufacturer and innovator of clay bricks, walling systems and façade solutions.



CSR is a proud sponsor of The Block TV series

As suppliers to The Block for many years, CSR helps to bring inspiration about the latest styles and trends with our quality building products and expert assistance throughout the season.

2022 brought a change of scenery with the teams moving to the Macedon Ranges, one hour north-west of Melbourne. Five 10-acre properties were made from old houses that were sourced around Australia and trucked in, along with newly built pavilions and sheds.



With sustainability a big focus this year, all five houses were built off the grid with a seven-star energy rating, with inclusions such as Bradford insulation in the walls, roofs, floor and ceiling and the sheds of these homes.



CSR delivering energy efficient design

CSR is actively working to align to the scope of changes contained in the NCC2022 residential energy efficiency provisions due for implementation in October 2023.

CSR's energy efficiency category leadership under the Bradford brand, and breadth of other building products, positions it well to take a leading position in developing new, innovative, practical solutions to the challenge of increasing energy efficiency performance requirements.

Areas such as roof ventilation are an easy and cost effective way to reduce temperature build up and the impact of moisture in the roof space as well as reducing cooling energy costs.

Changes such as Monier's new lighter colour roof tile range can yield energy savings over 25% compared to dark colour tiles¹.



¹ Solar Absorptance Factsheet. ARTA.

Construction Systems

Construction Systems is targeting a number of new markets in structural systems, façades and cladding with an unparalleled suite of products to deliver versatile design applications, ease of installation and lower cost construction.



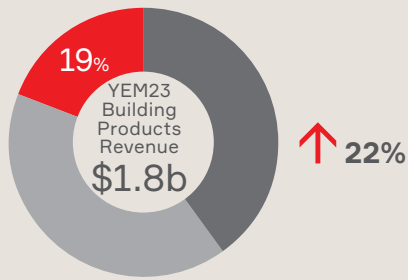
Hebel is a strong, versatile, high performance building product made from Autoclaved Aerated Concrete (AAC). CSR has developed the expansion of Hebel across Australia and New Zealand over the past 30 years as an innovative product. Hebel systems are non-combustible, thermally efficient and have inherent acoustic performance properties. The systems are lightweight and easy to install. Following a \$75 million major expansion completed in 2019 at Somersby, Hebel has expanded its application development and innovation capability underpinning its product pipeline to deliver unique systems for the Australian and New Zealand market. This site is also leading in world class technology driving the best practices in automation and environmental and waste management.

Cemintel has provided the Australian market with an alternative fibre cement range of traditional and prefinished fibre cement products and systems for over 25 years.

Cemintel stands for 'Cement Intelligence' where Cemintel has delivered innovative fibre cement products to the market for external and internal applications based on its ongoing research, analysis of trends and customer feedback. Its diversified range includes products that are suitable for façades and cladding, internal linings, ceilings, compressed flooring and decking products.

AFS is the leader in load-bearing permanent formwork walling solutions with both fibre cement and PVC codemarked systems. For over two decades, AFS has contributed to the swift construction of apartments, offices, warehouses and more. Utilising cutting edge technologies, AFS is constantly researching new opportunities for innovation in hand-erected load-bearing structural walls.

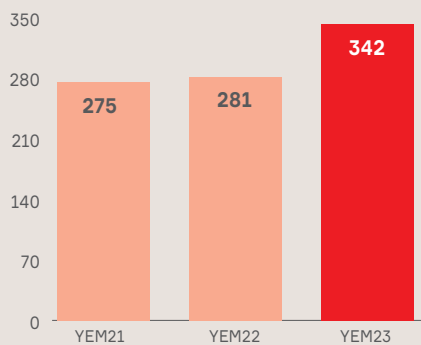
PERFORMANCE OVERVIEW YEM23



Construction Systems revenue by business

\$342m

CONSTRUCTION SYSTEMS REVENUE \$m



LEADING BRANDS



Australia's only manufacturer of Aerated Autoclaved Concrete (AAC) products commonly used in intertenancy, boundary wall and cladding solutions.



A leader in load-bearing permanent formwork walling solutions with both fibre cement and PVC permanent formwork systems.

CEMINTEL®

Traditional and prefinished fibre cement solutions for facades and cladding, internal linings, ceilings and soffits, flooring and decking.

Bringing a natural and contemporary look to new schools

As part of the NSW government's \$6.7 billion investment into education, Denham Court Public School and Barramurra Public School in Sydney's west and Estella Public School in Wagga Wagga, NSW were designed by Hanson Yuncken and Pedavoli Architects. The schools were designed to support the residential growth in each area and to meet the increase of local enrolment demands.

The investment is providing state-of-the-art facilities for 2,420 students. Cemintel's Barestone and Surround prefinished panels were used in the design of the building to offer a natural, raw appearance that blends into the environment.

Other CSR products were included in the design including Gyprock's premium EC08 Complete was specified throughout – enabling it to meet the impact, noise and fire requirements of each school project, with the entire project supported by CSR's technical team.



Estella Public School, Wagga Wagga NSW



Macarthur Anglican School, Cobbity NSW



Barramurra Public School, Oran Park NSW

Showcasing CSR's products and systems

CSR's property project at Chirnside Park near Melbourne involved 581 lots which included the construction of 140 townhouses which created a full showcase of CSR's suite of building products and systems. Hebel and Cemintel were featured showing the contemporary façades with lightweight cladding combining ease of application, speed of installation and non-combustibility properties. These homes also featured a majority of CSR products including Gyprock, Bradford and PGH.



Property

Property has delivered \$210 million in earnings in the last five years bringing complex projects to the market.



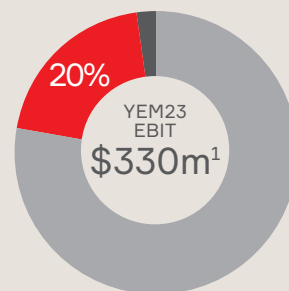
Property delivering strong returns

CSR owns over 50 property sites across Australia which is almost 1,400 hectares of freehold land, and over 1,000 hectares of that sits in urban areas. Property also manage a significant network of leased sites to support the operational businesses.

The Property team works with the CSR business units to understand their requirements to grow and expand their operations. This team has extensive experience in managing large scale property projects including: site rezoning, remediation, biodiversity, civil earthworks, road construction and infrastructure and services.

This team also leads CSR's strategic property decisions to identify, plan and execute large-scale projects including:

- Maximising value of operational footprint
- Generating returns through various stages of the development cycle
- Providing an opportunistic approach to the staged development process
- Managing numerous projects through rehabilitation, zoning and planning consent



- Building Products 78%
- Property 20%
- Aluminium 2%

¹ Before significant items

Property EBIT

\$72m

Property earnings over five years

\$210m

Property sites owned across Australia

50+

Development of major projects

Horsley Park, NSW

- 52ha site of a former PGH Brick factory redeveloped into an industrial park. Rehabilitation of the final stage of the project is expected to continue over the next two years
- Completed and contracted proceeds of \$408 million

Badgerys Creek, NSW

- 196ha strategically located directly adjacent to the Western Sydney International Airport
- Accelerating site rehabilitation and working with statutory authorities on planning infrastructure delivery

Schofields, NSW

- 91ha site is proposed to be rezoned residential, producing circa 1,525 lots
- Advancing road design with Transport NSW and commenced early planning with Local Council

Aluminium

Tomago Aluminium is Australia's largest aluminium smelter and has been operating 24 hours a day since 1983.



Aluminium markets remains volatile

CSR is a joint venture participant to the Tomago Aluminium Smelter – Australia's largest aluminium smelter.

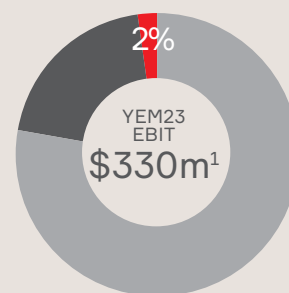
Through its 70% shareholding in Gove Aluminium Finance Limited (GAF), CSR holds an effective 25.2% interest in the Tomago Aluminium Smelter, located near Newcastle, NSW. Tomago produces around 583,000 tonnes of aluminium each year.

CSR was one of the founding partners in the smelter in 1983 which today employs approximately 1,000 people. Tomago is managed independently with joint venture partners Rio Tinto, GAF and Hydro Aluminium.

GAF aluminium hedge position

In order to reduce volatility and lock-in profitable returns, GAF has a significant hedge book in place over the next few years.

As of 31 March 2023	YEM23	YEM24	YEM25	YEM26	YEM27
Average price A\$ per tonne (excludes premiums)	A\$3,061	A\$3,089	A\$3,198	A\$3,448	A\$3,912
% of net aluminium exposure hedged	N/A	84%	71%	68%	43%



- Building Products 78%
- Property 20%
- Aluminium 2%

1 Before significant items

Aluminium EBIT

\$8m

Aluminium earnings over five years

\$167m

Aluminium produced by Tomago each year

583k tonnes

Tomago securing its future energy needs

Tomago has commenced planning its move away from fossil fuel-derived electricity to firmed renewables and has commenced a formal Expression of Interest (EOI) process. This market process seeks key industry and technology partners to collaborate and potentially work together to invest in, develop or procure traceable renewable generation or energy storage projects to repower the smelter post-2028.

This work will result in significant (~86%) carbon dioxide equivalent (CO₂e) emissions reduction and is also expected to deliver reduced energy costs in the long term. This forms part of Tomago's future energy strategy which places the sustainability of the smelter, from both an environmental and economic perspective, as key priority areas.



Empowering our people

Thriving, inclusive and high performing team that is empowered to make the change we need

115 sites

Safety performance improving: zero recordable injuries at 115 sites (80%) of CSR sites

24/7

Wellbeing@CSR providing 24/7 support for employees and their families

Supporting diversity and inclusion: Launched revised Family Care policies covering domestic violence, parental leave and extended compassionate leave



Transition to net zero

Decarbonising our business to operate in a low/no carbon world

30%

2030 GHG emissions reduction target of 30% (per tonne of saleable product)

8%

Reduction achieved in last two years

Completed independent review of emission target alignment to 2030 targets and potential pathway to transition to net zero

Sustainability at a glance

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





Closing the loop

Contributing to a circular building industry

30%

Water reduction target to 2030 – 7% achieved to date (per tonne of saleable product)

75%

Waste reduction target to 2030 – 12% achieved to date (tonnes)

Adoption of additional targets to 2025 targeting all packaging 100% reusable, recyclable or compostable



Leading through innovation

Innovating to advance sustainability at CSR and across the building sector

7star

CSR brings whole of home thermal performance for NCC2022 compliance

20K

CSR System Selector brings 20,000 system solutions together in a digital tool

Ongoing development of CSR systems delivering energy efficient design and performance



Building communities

Building long-term, mutually beneficial community relationships

76%

Tracking at 76% of 2030 target to spend 5% of indirect procurement with social enterprises including disability and indigenous suppliers

600

600 tonnes per month of timber saved from landfill through pallet recovery program

Ongoing community support through building product donations, site level community engagement with \$72k donated to charities through the community support program

Our commitment to sustainability will ensure we make the world a better place for our people, our communities and the planet.

In 2022, we launched a detailed review of our sustainability ambition in order to ensure that we have a deliberate and structured plan of action going forward which is responsive to the changing environment and adapting to emerging opportunities and expectations. This work included external sustainability experts leading discussions with key internal CSR stakeholders, and analysis of the external environment, to better understand CSR's material sustainability impacts and further opportunities to improve performance.

This work led to the development of an overarching Sustainability Framework aligned to our strategy. This framework ensures that all of our sustainability initiatives are linked together across the full breadth of environmental, social and governance (ESG) topics.

Further work is now underway to define specific targets and actions to support this framework and communication of CSR's sustainability ambitions. This includes the refinement of goals, commitments and development of additional targets and metrics across the five key pillars of CSR's Sustainability Framework.

Further details on CSR's approach to sustainability over the past year are included in the 2022 CSR Sustainability Report which was published in December 2022.

CSR delivering energy efficient design

CSR's leadership in energy efficient products and systems will play an important role in how the built environment reduces emissions, improves energy productivity and transitions to a greater use of renewable energy.

In March 2023, CSR launched two major innovations to drive better awareness and performance of homes and buildings with CSR System Selector and Thermal Calculator.

CSR is also investing capital across its network to improve sustainability of its operations including major projects including \$23m at Gyprock Wetherill Park, NSW and \$13m Bradford Brendale, QLD which includes a new water treatment plant which will reduce water use by 80%.

CSR has also installed solar PV systems at 17 sites with a total capacity of 3,100kWs with work underway on a \$3m project at the Gyprock Wetherill Park, NSW site to deliver an additional 2,000kWs of capacity.

Empowering our people

Thriving, inclusive and high performing team that is empowered to make the change we need.



Improving safety performance in YEM23

Addressing high potential consequence risk is CSR's primary focus. In doing so, we are able to reduce the risk of serious injuries to our people.

At CSR, we measure potential risk using a 5x5 Risk Matrix which classifies and rates events based on the potential severity combined with the potential likelihood. When we commenced our high potential consequence risk focus two years ago, we reduced our risk rating of injuries by 52%. This year, we further reduced the risk rating of injuries by 36%.

CSR also undertakes extensive assurance of our risk rating classification to ensure that incidents are rated in accordance with our procedures and adequately reflects the severity of the events.

One of the ways we have managed to improve our accuracy and transparency is by implementing a compulsory "reviewed risk rating" classification whereby every incident at CSR is reviewed by a safety professional to ensure that risk rating classifications are appropriate.

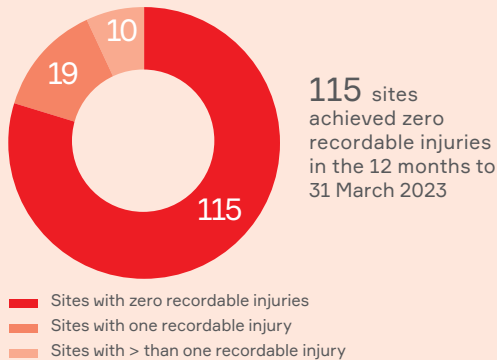
In YEM23 CSR improved its total recordable injury frequency rate (TRIFR) from 10.5 in March 2022 to 9.9 (per million work hours). While we did achieve a reduction in YEM23, we saw an increase in low to moderate risk recordable injuries in the second half of the year, particularly to newer employees. A detailed review is underway to implement corrective actions in the year ahead. CSR's ultimate goal is to achieve zero injuries and we know this is possible as 115 of our 144 sites, or 80% of our sites, achieved this ambition in the 12 months to 31 March 2023.

SAFETY PERFORMANCE OVERVIEW

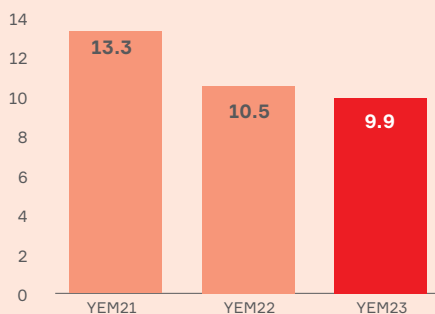
Inspiring our people by creating a safe and diverse place to work and grow.

TOTAL RECORDABLE INJURY FREQUENCY RATE As at 1 April 2022 – 31 March 2023

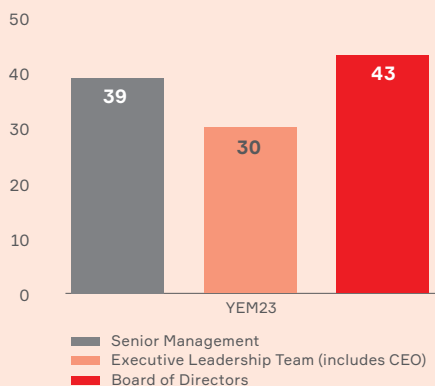
80% zero recordable injuries



TOTAL RECORDABLE INJURY FREQUENCY RATE Per million work hours



WOMEN IN LEADERSHIP AT CSR (%)



21%
total women in the
CSR workforce at
31 March 2023

28%
new hires in the
12 months to
31 March 2023
were women



Never Walk Past – capturing the hearts and minds of our people

In almost all incidents, there are moments that occur before someone is injured where if someone intervened, rather than walking past, the injury would not have occurred.

During the year, CSR launched a major initiative to develop a simple, clear, and positive framework to encourage all staff to make a personal commitment to engage and take action in the 'moments that matter'.

This "Never Walk Past" program has been designed to be Line Leader-led with the support of our Workplace Health, Safety and Environment (WHSE) community.

Never walking past an unsafe act or condition requires the commitment of everyone to play their part. This commitment was highly visible to all sites by installing a Never Walk Past board which serves as a daily reminder and reinforces the behavioural change needed to see and feel the long term impact.

The program was launched in November 2022 and has been rolled out to 500 leaders across CSR. This will continue in the year ahead including all CSR employees at every level.



Improving diversity and inclusion at CSR

CSR is committed to increasing female representation at all levels of management and across the organisation. As at 31 March 2023, the percentage of women in the CSR workforce was 21%. During the year, 28% of new hires were women. Most pleasing was that 56% of hired leaders in this period were women.

In partnership with University Technology Sydney (UTS), over the last four years CSR has invested in the Women in Engineering Program which supports the development of the next generation of young engineering professionals. CSR also supports the Lucy Mentoring Program which connects women studying engineering or information technology at UTS with industry professionals for one-on-one mentoring over six months.

Transition to net zero

Decarbonising our business to operate in a low/no carbon world.



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.

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

CSR has now completed TCFD analysis across its five largest businesses. We are now moving to bring all this work together across the CSR group, which is being progressed during 2023. This includes a review of how our portfolio can specifically mitigate risks and create greater opportunities and how to fully integrate the findings into the CSR business strategy.

CSR has a strong record in establishing and tracking targets to measure its sustainability performance. CSR set four intensity targets in 2010 to 2020 with significant reductions achieved across waste, energy, water and emissions. New sustainability targets to 2030 were launched in June 2020 covering a range of metrics to improve performance and reduce environmental impact. The team set challenging but achievable targets which are aligned to the UN Sustainable Development Goals (SDGs).

All of our businesses have action plans underway to achieve or exceed their 2030 targets which are reviewed monthly by the Sustainability Steering Committee with progress reported to the Board's Safety & Sustainability Committee.



Hebel Solar Project reducing emissions

In May 2022, CSR completed the installation of 1,900 solar panels on its Hebel factory at Somersby, NSW.

This system covers a panel area of approximately 4,000 m², producing over 1 million kWh of electricity which equates to the reduction of carbon emissions by 880 tonnes per year.

CSR now has a total of 17 sites with solar PV providing a total capacity of 3,100kW.

A further \$3 million project is currently under construction at the Gyprock Wetherill Park, NSW site which will deliver an additional 2,000kW of capacity to CSR's renewable energy network.

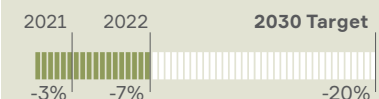
Manufacturing with greater efficiency to reduce energy use.

CSR PERFORMANCE

As at 30 June 2022

Energy
2.52 GJ/tonne of saleable product

Energy reduction target from 2020 baseline (%)



Emissions
205.5 kg/tonne of saleable product

Emissions reduction target from 2020 baseline (%)



Closing the loop

Contributing to a circular building industry.



CSR is focused on two key areas in closing the loop: reducing waste in our business and in our supply chain and protecting our resources.

Since 2009, CSR has reduced the amount of solid waste to landfill by over 50% per tonne of saleable product. This is a significant reduction created through numerous operational efficiency projects and investments in new technology. CSR has an ambitious target to reduce solid waste to landfill by 75% by 2030. Significant work is underway to increase the number of projects to help achieve this target over the next few years. CSR has also adopted the 2025 targets from the Australian Packaging Covenant Organisation which include: all packaging is either 100% reusable, recyclable or compostable, 50% average recycled content in packaging used, and plan to phase out problematic/unnecessary plastic.

CSR has also progressed a major timber pallet and packaging recycling program. Launched in 2021, this program is saving approximately 600 tonnes per month of timber from entering landfill and reduces overall timber usage in the business.

CSR also recognises the importance of using water efficiently. Our stormwater 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. During YEM24, 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 continued to implement water saving measures across its manufacturing sites to reduce potable water usage.



Bradford Brendale water treatment plant

Final commissioning is underway at Bradford's site at Brendale, QLD to build a water treatment plant which treats recycled water from an adjacent plant next to the site.

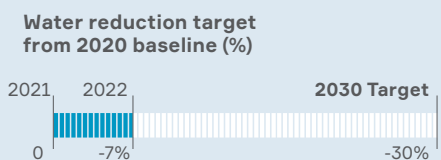
This water treatment process converts recycled water into treated water that can be utilised in Bradford's production process. This equates to a reduction in potable water required at the site by 80% or a saving of 35 million litres of water each year.

CSR has an ambitious target to reduce solid waste to landfill and use water more efficiently.

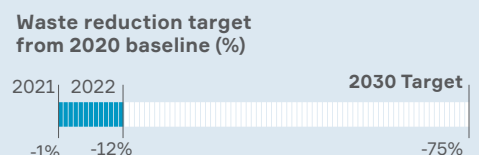
CSR PERFORMANCE

As at 30 June 2022

Water
381.4 ltr/tonne of saleable product



Waste
12,127 tonnes



Leading through innovation

Innovating to advance sustainability at CSR and across the building sector.



Innovation in our products, systems and processes

A key pillar of CSR's strategy is based on customer centricity which involves working with our customers to better meet their needs. We have the opportunity to better integrate the direct support provided by our teams with digital tools and services that make it easier for our customers to access CSR's expertise in how our systems work together from walls and floors to roofing and cladding. These systems are backed by CSR's comprehensive testing and research capabilities.

Growth in the social and commercial market is creating the opportunity to evolve how we build to create an environment that enhances the performance of these buildings across a range of factors such as air quality, ventilation, natural lighting, thermal comfort and acoustic performance.

In 2023, CSR launched **System Selector** which provides over 20,000 compliant system solutions to support building design with downloadable documents, specification packages and system comparisons.

A key point of difference for **System Selector** is that it allows a designer to specify the greatest share of the building, using the range of applications CSR has to offer, with the confidence and trust of knowing CSR systems are compliant with current building codes and standards.

As part of CSR's ongoing commitment to the development and compliance of our product solutions, some of CSR's testing and research laboratories are also accredited with the National Association of Testing Authorities (NATA). CSR reached a significant milestone in 2022 with Bradford reaching 50 continuous years of NATA accreditation.



7star

CSR brings whole of home thermal performance for NCC2022 compliance

20K

CSR System Selector brings 20,000 system solutions together in a digital tool

Ongoing development of CSR systems delivering energy efficient design and performance



Digital tools to assess thermal performance

In 2023, CSR also launched the **Thermal Calculator** which is a simple-to-use calculator designed on customer insight that allows architects and contractors to generate thermal performance calculations for wall, roof and floor systems for a range of building classes. The system calculates the thermal values that can meet the requirements of the National Construction Code (NCC2022) for a specific building type, climate zone and construction type.

It also provides flexibility to experiment with different system configurations with calculations that will be compliant with the relevant Australian Standards. Innovations like **System Selector** and **Thermal Calculator** are part of CSR's digital journey to lead the market in technical expertise and digital tools for the construction industry.

Building communities

Building long-term, mutually beneficial community relationships.



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
- **Student Mentor Program:** CSR commenced working with the Australian Business and Community Network (ABCN) in 2011 to provide mentoring and coaching programs for schools in high need areas
- **Community Support Program:** Launched in 2003, CSR matches employee contributions dollar for dollar to three charitable organisations. Over \$3.5 million has been donated by CSR and its employees over the last 20 years

Supply chain sustainability

As part of its commitment to building supply chain sustainability, CSR developed a target to 2030 to have 5% of our indirect procurement spend to be spent with social enterprises (including disability enterprises and indigenous owned businesses) to align with this goal.

In the year to 30 June 2022, social spend is up 10% with CSR now tracking at 76% of its social spend target. CSR has also started tracking Diversity Equity Inclusion credentials with \$39 million spent with over 90 suppliers with diversity equity credentials in the year to 30 June 2022.

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 with CSR's Modern Slavery statement lodged in September 2022.

\$71,500

donated to charity by CSR and its employees in the 12 months to 31 March 2023



Supporting our communities

In 2023, CSR continued support for projects including the construction of Habitat for Humanity's newest Australian house. Habitat for Humanity is one of the world's largest not for profit housing providers for low-income families.

The 9-bedroom house in Western Sydney will be used for Emergency accommodation for women and children escaping domestic violence.

CSR, through Interior Systems, has donated product to create a comfortable and safe environment for women and children in the most vulnerable of conditions. The build will finish in mid-2023 and house up to 80 women and children annually.



Clean-up Business Day 2023

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 clean up in March 2023 was the tenth 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.

Financial Overview

Net profit after tax (before significant items) of \$225 million, up 17% which reflects strong operational performance and continued cost management

FIVE YEAR PERFORMANCE SUMMARY ¹ Year ended 31 March (\$ million) unless stated					
	2023	2022	2021	2020	2019
Operating results					
Trading revenue	2,613.3	2,311.6	2,122.4	2,212.5	2,322.8
Earnings before interest and tax (EBIT)					
Building Products	273.4	228.2	184.3	170.5	206.5
Property	71.7	46.9	54.2	(1.5)	38.8
Aluminium	8.0	39.7	23.4	59.6	36.6
Segment total	353.1	314.8	261.9	228.6	281.9
Corporate and restructuring and provisions ²	(23.4)	(23.4)	(24.0)	(11.8)	(16.9)
CSR EBIT	329.7	291.4	237.9	216.8	265.0
Statutory net profit after tax (after discontinued operations)	218.5	270.6	146.1	125.3	78.0
Net profit after tax (before significant items)	225.0	192.6	160.4	134.8	181.7
Financial position					
Total equity	1,176.6	949.4	1,157.8	1,125.5	1,231.1
Total assets	2,231.1	2,447.0	2,176.8	2,404.5	1,991.1
Net cash	131.6	177.7	250.8	94.8	50.0
Key data per share					
Earnings before significant items (cents)	46.9	39.7	33.1	27.3	36.1
Earnings after significant items and discontinued operations (cents)	45.5	55.8	30.1	25.4	15.5
Dividend ordinary (cents)	36.5	31.5	23.0	10.0	26.0
Dividend special (cents)	-	-	13.5	4.0	-
Payout ratio on ordinary dividends (%)	77.8	79.4	69.5	36.6	72.0
Key measures					
EBIT margin (EBIT/trading revenue) (%)	12.6	12.6	11.2	9.8	11.4
Return on funds employed (ROFE) (%) ³	28.9	27.3	21.1	17.8	21.8
Employees (number of people employed)	2,785	2,573	2,538	2,823	2,960

¹ From continuing operations for 2019 unless stated, which excludes the Viridian Glass business which was sold on 31 January 2019.

² Represents unallocated overhead expenditure and other revenues.

³ ROFE is calculated as EBIT before significant items for the 12 months to 31 March divided by average funds employed which excludes cash, tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed to net assets is contained in note 2 to the financial statements.

Operating and Financial Review

Group EBIT before significant items of \$329.7 million, up 13% with improved earnings from Building Products and Property

Trading revenue of \$2.6 billion for the year ended 31 March 2023 (YEM23), up 13% on the prior year.

Earnings before interest and tax (EBIT before significant items) of \$329.7 million, up 13% included the following results:

- **Building Products** - EBIT of \$273.4 million, up 20%, reflecting good end market execution and disciplined price and cost management. Return on funds employed increased to 31% from 27%.
- **Property** - EBIT of \$71.7 million, up from \$46.9 million. Major transactions during the year included the sale of the site at Warner, QLD and the next tranche at Horsley Park, NSW.
- **Aluminium** - EBIT of \$8.0 million, down from \$39.7 million, with higher aluminium pricing offset by increased raw material costs including coke and pitch which reached historic highs during the year.

Statutory net profit after tax of \$218.5 million, down from \$270.6 million. YEM23 includes a significant item relating to the recognition of \$7.8 million in relation to carry forward tax losses (2022: \$86.3 million).

Earnings per share (before significant items) of 46.9 cents, up 18%.

Dividends - Final dividend of 20.0 cents per share (fully franked) declared up from the previous final dividend of 18.0 cents per share (fully franked). Full year dividend of 36.5 cents per share (fully franked) at the top end of CSR's policy of 60-80% of net profit after tax before significant items.

A\$m unless stated ¹	2023	2022	change
Trading revenue	2,613.3	2,311.6	13%
EBIT			
Building Products	273.4	228.2	20%
Property	71.7	46.9	53%
Aluminium	8.0	39.7	(80%)
Corporate (including restructure and provisions)	(23.4)	(23.4)	-
Group EBIT	329.7	291.4	13%
Net finance costs	(14.7)	(9.5)	
Tax expense	(90.3)	(81.2)	
Non-controlling interests	0.3	(8.1)	
Net profit after tax before significant items¹	225.0	192.6	17%
Significant items after tax	(6.5)	78.0	
Statutory net profit after tax	218.5	270.6	(19%)

1 All references are before significant items unless stated. These are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the year ended 31 March 2023 (YEM23). All comparisons are to the year ended 31 March 2022 (YEM22) unless otherwise stated.

Net profit after tax (before significant items) of \$225.0 million for the year ended 31 March 2023, up 17% following an increase in earnings from Building Products and Property.

Statutory net profit after tax of \$218.5 million includes significant items expense after tax of \$6.5 million.

Tax expense of \$90.3 million (before significant items) was up from \$81.2 million due to higher pre-tax profits. CSR's effective tax rate for the year (before significant items) was 29% in line with the prior year.

Cash flow from operating activities of \$113.8 million was down from \$215.3 million, with increased working capital reflecting the higher trading revenue.

Capital expenditure (excluding Property and acquisitions) was \$84.5 million during the year. Of this total, \$54.5 million was for stay-in-business projects and \$30.0 million was development related capital expenditure. Capital expenditure (excluding Property and acquisitions) was up from \$40.0 million in YEM22 which was impacted by COVID related delays. Property invested \$47.4 million during the year as part of rehabilitation of key sites.

Net cash of \$131.6 million decreased from the net cash position of \$177.7 million as of 31 March 2022 following payment of dividends and the share buy back during the year. In addition, the operating cash flow reflected an increased level of working capital, reflecting higher revenue.

Product liability - As at 31 March 2023, the asbestos provision fell to \$193.4 million from \$213.3 million as at 31 March 2022. This provision included a prudential margin of \$36.6 million. CSR paid asbestos related claims of \$25.3 million (including legal costs) compared to \$22.9 million in the prior year.

BUILDING PRODUCTS PERFORMANCE

Construction market activity by segment

	2023	2022	change
Australia Residential (12 months – 000s)			
Detached ¹	124.9	149.5	(16%)
Medium density ¹	35.4	36.4	(3%)
High density ¹	34.3	43.2	(21%)
Total Residential Commencements	194.6	229.1	(15%)
Non-residential (A\$B) ²	50.2	48.6	3%
Alterations and additions (A\$B) ²	10.9	11.5	(5%)
NZ consents (12 months - 000s) ³	50.7	47.3	7%

1 Source ABS data – (original basis two quarter lag – 12 months to September).

2 Source ABS, BIS Oxford Economic forecast (value of work done – 12 months to March).

3 Source Statistics New Zealand – (residential consents two quarter lag – 12 months to September).

The majority of CSR's Building Products are utilised towards the end of the construction process which historically results in product sales occurring on average two quarters after the start of a residential housing commencement. However, detached house build times remain elevated given the continuation of strong demand and capacity levels within the building construction sector. As a result, CSR's activity for YEM23 is more closely aligned to detached residential completions (up 4% for detached housing for the year to December 2022).

Australian residential housing commencements on a two quarter lag basis of 124,900 were down 16% compared to the prior year. The medium and high density market also declined during the period, down 3% and 21% respectively. Given long lead times and construction capacity constraints, CSR has seen improved activity in the apartments sector.

The non-residential market was up 3% with 6% growth in the commercial sector offset by a modestly weaker social sector. The alterations and additions market declined by 5% following a period of very strong activity. Trade retail was up 5% (in the year to February 2023) as it continues a strong growth trend. The New Zealand market remained strong as the sector emerged from COVID lockdowns. Like Australia, realisation of demand has been impacted by significant capacity constraints.

Earnings increased by 20% reflecting good end market execution

A\$m unless stated ¹	2023	2022	change
Revenue	1,833.0	1,614.1	14%
EBIT	273.4	228.2	20%
Funds employed ²	938.2	830.0	13%
EBIT/revenue	14.9%	14.1%	
Return on funds employed ³	30.9%	27.3%	

1 Before significant items.

2 Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed is included in Note 2 in the financial report.

3 Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed.

Trading revenue from Building Products was \$1,833.0 million, up 14%. All of the Building Products businesses increased revenue with good execution into end markets and strong performances from Gyprock and Bradford as well as Hebel, which is continuing to increase market share with its faster build times and large installer base.

Building Products earnings of \$273.4 million were up 20% reflecting good end market execution, disciplined price and cost management.

EBIT margin of 14.9% was up from 14.1%. Return on funds employed of 31%, increased from 27%.

Building Products Business Performance

INTERIOR SYSTEMS	MASONRY & INSULATION	CONSTRUCTION SYSTEMS
 <div data-bbox="165 517 547 636">  </div>	 <div data-bbox="628 517 1007 651">  </div>	 <div data-bbox="1091 517 1430 667">  </div>
<p>YEM23 Performance</p> <ul style="list-style-type: none"> YEM23 revenue of \$738m, 14% above the previous year Represents 40% of total Building Products revenue Continued revenue and volume growth in Gyprock reflecting strength of brand position and good market execution Margin improvement reflecting pricing discipline to manage inflationary cost pressures EBIT growth reflects increased volumes, continued operational improvement and cost discipline across diversified market position Growth in Commercial Interiors EBIT reflects pick up in commercial activity and increased market share in decorative acoustic systems 	<p>YEM23 Performance</p> <ul style="list-style-type: none"> YEM23 revenue \$753m, 9% above the previous year Represents 41% of total Building Products revenue Strong revenue and earnings growth in Bradford, capturing strong demand environment as a domestic manufacturer Solid performance in PGH and Monier, in constrained trade labour market Strong margin performance through pricing discipline and cost management <ul style="list-style-type: none"> Bradford SKU rationalisation unlocking capacity in higher margin products Focus on pricing discipline and market price execution as cost inflation was driven by higher energy, raw material and labour costs 	<p>YEM23 Performance</p> <ul style="list-style-type: none"> YEM23 revenue \$342m, 22% above the previous year Represents 19% of total Building Products revenue Strong volume and revenue performance reflects growth in Hebel and Cemintel <ul style="list-style-type: none"> Growing market share with faster build times and large installer base Increasing share of non-detached housing markets Margin increase driven by volume growth and cost discipline Higher EBIT reflects market share gains and improved factory performance AFS volumes improved with increased reach across different markets and segments
<p>YEM24 Priorities</p> <ul style="list-style-type: none"> Incremental manufacturing investment of \$23m at Gyprock Wetherill Park to improve productivity and lower energy consumption <ul style="list-style-type: none"> Targeted completion in second half of YEM24 Increased stucco capacity will improve product quality and support new product innovation Continued planned investment in Gyprock network across Australia Consolidating leadership of Gyprock through ongoing range optimisation and improved customer experience <ul style="list-style-type: none"> EC08 Extreme launched in February 2023 targeting social/commercial market Gyprock Trade Network's ongoing improvement of in-store experience driving strong connection to customers Leveraging market leadership in Gyprock to support Interior Systems growth for large commercial projects 	<p>YEM24 Priorities</p> <ul style="list-style-type: none"> Bradford – capturing opportunities from growing market, improving capacity and increasing category participation across end markets <ul style="list-style-type: none"> Growth in energy efficiency categories following NCC2022 adoption 10% capacity expansion completed at Bradford Brendale with water treatment project to reduce consumption by 80% per annum Leveraging Project Tracking to grow position in non-residential market PGH – better positioned through the cycle, focus on optimising profitability <ul style="list-style-type: none"> Enhanced flexibility and financial position to manage changes in activity across network (post Bricks JV and consolidation of Horsley Park and Darra sites) Oxley investment completed to improve productivity and efficiency 	<p>YEM24 Priorities</p> <ul style="list-style-type: none"> Hebel strategy to diversify sector and customer base gaining traction across all markets <ul style="list-style-type: none"> Capacity to double volumes over medium term to support demand Environmental and build time attributes support adoption Leveraging supply chain capability from local manufacturing base Further investment to enhance capacity and capability across panel profiles and surface finishes Cemintel building share across all markets, increased adoption amongst architects, key contractors and developers <ul style="list-style-type: none"> Optimising Cemintel operational capability and expand capacity AFS to continue to capture opportunity in multi-residential markets

Building Products Outlook

CSR has made a strong start to the year with the pipeline of detached housing projects under construction at historically high levels. CSR's focused execution into end markets and pricing discipline to manage inflationary cost pressures, continues to support revenues. CSR is closely monitoring the factors influencing market dynamics and will manage the business accordingly.

Activity in the apartment market is improving as more projects have commenced this year, while non-residential activity remains strong, supported by a large pipeline of approvals.

The business is well diversified across brands, market segments and the build process with a product portfolio that is adaptable to end market demand.

Incremental investments in manufacturing performance, plant consolidation, supply chain and customer solutions have improved manufacturing productivity, the variability of the cost base and responsiveness to customer demand. CSR's strategy is focused on providing a platform for growth and resilience to deliver improved performance through the cycle.

PROPERTY

Good progress on key development projects

A\$m unless stated ¹	2023	2022	change
EBIT	71.7	46.9	53%
Funds employed ²	153.1	166.1	(8%)
Return on funds employed ³	44.9%	30.7%	

1 Before significant items.

2 Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed is included in Note 2 in the financial report.

3 Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed.

CSR's Property business continued to make good progress on key development projects. Property delivered EBIT of \$71.7 million compared to \$46.9 million in the previous year. The result includes the completion of several transactions during the year including Stage 2.2b at Horsley Park, NSW, and the sale of the site at Warner, QLD.

Development of major projects

Horsley Park, NSW

- 52-hectare site of a former PGH Brick factory redeveloped into an industrial park. Rehabilitation of the final stage of the project is expected to continue over the next two years.
- Completed and contracted proceeds of \$408 million.

Badgerys Creek, NSW

- 196-hectare site strategically located directly adjacent to the Western Sydney International Airport.
- Accelerating site rehabilitation and working with statutory authorities on planning infrastructure delivery.

Schofields, NSW

- 91-hectare site is proposed to be rezoned residential, producing circa 1,525 lots.
- Advancing road design with Transport NSW and commenced early planning with Local Council.

Property Outlook

In Property, YEM24 will include \$44 million in contracted earnings for the next tranche at Horsley Park, NSW with an additional \$58 million in contracted earnings in YEM25. Work continues on major projects at Darra, QLD, Schofields, NSW and Badgerys Creek, NSW.

ALUMINIUM

EBIT higher with increased A\$ aluminium price

A\$m unless stated ¹	2023	2022	change
Sales (tonnes)	212,649	211,374	1%
A\$ realised price ²	3,670	3,300	11%
Revenue	780.3	697.5	12%
EBIT	8.0	39.7	(80%)
Funds employed ³	163.3	121.3	35%
EBIT/revenue	1.0%	5.7%	
Return on funds employed ⁴	5.6%	30.9%	

1 Before significant items.

2 Realised price in A\$ per tonne (including hedging, premiums, value added product and spot sales).

3 Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed is included in Note 2 in the financial report.

4 Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed.

The realised aluminium price in Australian dollars (including hedging and premiums) of A\$3,670 was up 11% following an increase in the A\$ aluminium price.

Gove Aluminium Finance (GAF – 70% CSR) sales volumes of 212,649 tonnes were up 1% from the previous year. Trading revenue of \$780.3 million was up 12% due to higher aluminium prices.

The Australian dollar averaged 69 US cents compared to 74 US cents in the prior year, while the average MJP ingot premium for the year was US\$121 per tonne, compared to US\$179 per tonne in the prior year (Platts Metals Week – Main Japanese Port ingot premium).

EBIT of \$8.0 million was down from \$39.7 million with higher aluminium pricing offset by increased raw material costs including coke and pitch, which reached historic highs during the year.

GAF Aluminium Hedge Book position extended to YEM27

Given Tomago's high energy cost (which is not correlated to LME aluminium prices), CSR's approach is to take advantage of profitable pricing by hedging when possible. A significant hedge book is in place through to March 2027.

As of 31 March 2023	YEM23	YEM24	YEM25	YEM26	YEM27
Average price A\$ per tonne (excludes premiums)	A\$3,061	A\$3,089	A\$3,198	A\$3,448	A\$3,912
% of net aluminium exposure hedged	n/a	84%	71%	68%	43%

Aluminium Outlook

While cost volatility and unpredictability in energy and raw materials makes forecasting challenging, at this early stage in the year, the best estimate for YEM24 is a loss in the range of -\$5 million to -\$15 million (excluding net RERT¹ income, which was \$13 million in YEM23).

Aluminium is expected to return to profit in YEM25 and increasing in the following years due to higher hedged pricing, based on current cost assumptions.

¹ Reliability and Energy Reserve Trader payment for power disruption to support national energy market stability.

Board of Directors

The Board of Directors are responsible for and oversee the governance, culture and management of CSR. CSR's shareholders approve the appointment of Directors and hold them accountable for the performance of the Company.

JOHN GILLAM

BCom, MAICD, FAIM

Chair of the board since June 2018,
non-executive director since December
2017



Other current CSR responsibilities: Member of the Remuneration & Human Resources Committee and the Safety & Sustainability Committee.

Experience and expertise: John joined Wesfarmers Limited in 1997 and held a number of senior leadership roles in the company over 20 years, including CEO of the Bunnings Group from 2004 to 2016, Managing Director of CSBP from 2002 to 2004 and Chairman of Officeworks from 2007 to 2016.

Other directorships/offices held:

- Chairman of Nufarm Limited (2020 to current)
- Chairman of BlueFit Pty Limited (2018 to current)
- Director of Heartwell Foundation (2009 to current)
- Director of Clontarf Foundation (2017 to current)

JULIE COATES

BA, DipE

Executive Director and Managing
Director since September 2019



Other current CSR responsibilities: Attends committee meetings by invitation.

Experience and expertise: Julie was formerly the managing director of Goodman Fielder Australia and Goodman Fielder New Zealand. Julie has also held several senior roles at Woolworths Limited, including managing director of Big W, chief logistics officer and human resources director, working closely on business strategy and major transformational change programs. Julie has proven leadership skills, a strong understanding of manufacturing, safety and operational processes and deep experience in supply chain efficiency, optimisation and digitisation.

Other directorships/offices held:

None

CHRISTINA (CHRISTY) BOYCE

BEcon, MBA (Kellogg), GAICD

Non-executive director since
March 2023



Other current CSR responsibilities: Member of the Remuneration & Human Resources Committee.

Experience and expertise: Christy was formerly a Director (Senior Partner) of Port Jackson Partners and a Partner at McKinsey & Co, working in the firm's Sydney, New York and Chicago offices. Christy has over 25 years of strategy advisory experience in both Australia and the United States. She has led strategic transformation programs with a range of multinational and Australian-based corporates, working with senior leadership to redefine their business models, strengthen their value propositions and rejuvenate their sales and marketing.

Other directorships/offices held:

- Chair of SCEGGS Darlinghurst Trust (Non-executive director since 2018 and Chair April 2023 to current)
- Non-Executive Director of Vera Living (2022 to current)
- Previously a non-executive director of Monash IVF Group (2014 to 2020)

NIGEL GARRARD

BEcon, CA, MAICD
Non-executive director since
December 2020



Other current CSR responsibilities: Chair of the Safety & Sustainability Committee and member of the Risk & Audit Committee.

Experience and expertise: Nigel was formerly managing director and CEO of leading packaging manufacturing company Orora Limited from 2013 to 2019. Nigel has also held a number of senior positions in a range of manufacturing industries including managing director/president of Amcor Australasia & Packaging Distribution, managing director Coca-Cola Amatil Food & Services Division and managing director of the then listed SPC Ardmona.

Other directorships/offices held:

- Non-executive director of Ansell Limited (2020 to current)
- Chairman of McMahon Services Aust. Group advisory board (2019 to current)
- Chairman of Flinders Port Holdings Limited (2021 to current)
- Director of Detmold Group advisory board (2020 to current)

MATTHEW QUINN

BSc (HONS), ACA, ARCS
Non-executive director since
August 2013



Other CSR current responsibilities: Chair of the Remuneration & Human Resources Committee and member of the Safety & Sustainability Committee.

Experience and expertise: Matthew was formerly managing director of Stockland for 12 years until 2013. Matthew has an extensive background in commercial, retail, industrial and residential property investment, development and environmental land rehabilitation.

Other directorships/offices held:

- Chairman of TSA Management Group Holdings Pty Limited (2018 to current)
- Non-executive director of Elders Limited (2020 to current)
- Member of the Australian Business and Community Network Scholarship Foundation
- Previously a non-executive director of Regis Healthcare Limited (2018 to 2021)
- Previously a non-executive director of Class Limited (2015 to 2022)

ADAM TINDALL

BEng (Hons), Cert App Fin, FAICD
Non-executive director since
January 2023



Other CSR current responsibilities: Member of the Risk & Audit Committee and the Remuneration & Human Resources Committee.

Experience and expertise: Adam was formerly chief executive officer AMP Capital from 2015 to 2020 leading a global team overseeing funds across a range of investment asset classes. Adam's prior roles at AMP capital included Director and Chief Investment Officer for Property, managing a \$19 billion portfolio of real estate and development investments. Prior to 2009, Adam held senior leadership roles at Macquarie Capital and Lendlease. Adam has 35 years of industry experience in investment management, real estate and infrastructure.

Other directorships/offices held:

- Non-executive director of Stockland Corporation Limited (2021 to current)
- Non-executive director of Bennelong Funds Management Ltd and Bennelong Funds Management Group Pty Ltd (2021 to current)

PENNY WINN

BCom, MBA, GAICD
Non-executive director since
November 2015



Other CSR current responsibilities: Chair of the Risk & Audit Committee and member of the Remuneration & Human Resources Committee.

Experience and expertise: Penny was formerly director Group Retail Services with Woolworths responsible for leading the Logistics and Information Technology divisions and the Customer Engagement teams, a position held until October 2015. Penny has over 30 years of experience in retail in senior management roles in Australia and overseas.

Other directorships/offices held:

- Non-executive director of Ampol Limited, previously Caltex Australia Limited (2015 to current)
- Non-executive director of Z Energy Limited, a wholly owned NZ subsidiary of Ampol Limited (2022 to current)
- Board member of the ANU Foundation (2020 to current)
- Board member of the Amphora Group PLC (2021 to current)
- Previously a non-executive director of Coca-Cola Amatil Limited (2019 to 2021)
- Previously a non-executive director of Goodman Limited and Goodman Funds Management Limited (2018 to 2021)

Corporate Governance Statement

Corporate Governance is the framework of rules, relationships, systems and processes by which CSR is directed and managed. It underpins the company's values and behaviours, the way we conduct business and provides clear guidance for effective decision making in all areas through:

- the role of the board of directors and their accountability to shareholders for the operations, financial performance and growth of the company;
- strategic and operational planning;
- ethical business practices and high standards of personal conduct;
- effective risk management and compliance; and
- constructive engagement with stakeholders.

This Corporate Governance Statement is current as at 10 May 2023 and has been approved by the board.

CSR actively reviews Australian and international developments in corporate governance and considers the views of shareholders, regulators and other stakeholders. The CSR board adopts those arrangements which it considers are in the best interests of CSR and its shareholders.

The directors of CSR are committed to ensuring that the company maintains an effective system of corporate governance as it is an integral part of the culture and business practices of the CSR group.

Throughout the reporting period, being 1 April 2022 through to 31 March 2023, CSR complied with the recommendations contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) (ASX CGC Principles).

Charters and policies referred to in this corporate governance statement are available on CSR's website in the 'Investors and News' section under **Corporate Governance**.

THE BOARD

The board strives to build sustainable value for shareholders whilst protecting the assets and reputation of the company.

CSR's Constitution sets out the provisions that govern the management of the company and can only be amended by special resolution of shareholders. Under the constitution, shareholders elect directors, whose function is to represent shareholders and to act in the best interests of the company. A new constitution of the company was approved by shareholders at the 2022 annual general meeting.

Role of the board

The board has adopted a formal board charter, available on CSR's website on the **Corporate Governance** page which establishes those matters reserved for the board and authority delegated to management. The board's functions, as summarised in the board charter, include:

- approving CSR strategies, budgets, plans and policies;
- assessing performance against business plans to monitor both the performance of management as well as the continuing suitability of business strategies;
- reviewing operating information to understand the current status of the company;

- considering management recommendations on proposed acquisitions, divestments and significant capital expenditure;
- considering management recommendations on capital management, the issue or allotment of equity, borrowings and other financing proposals, guarantees of non-group liabilities, and restructures;
- ensuring that the company operates an appropriate corporate governance structure and culture, in particular ensuring that CSR acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- approving CSR's risk framework and appetite, as well as CSR's risk management strategy and monitoring whether the company is operating within that framework and appetite;
- considering the social, ethical and environmental impact of CSR's activities and monitoring compliance with CSR's sustainability policies and practices;
- ensuring that the company's governance processes, in particular, the remuneration and other reward structures, align with the company's values and risk appetite;
- maintaining a constructive and ongoing relationship with the Australian Securities Exchange (ASX) and regulators, and approving policies regarding disclosure and communications with the market and shareholders; and
- monitoring internal governance including delegated authorities, and monitoring resources available to senior executives.

Appointment and election of directors

CSR undertakes a rigorous process when selecting new directors and is committed to bringing together the best possible combination of individuals so it can serve shareholders and customers now and into the future.

The company aims to have a board which, as a whole, has the range of skills, knowledge, background and experience to govern CSR, made up of individuals of high integrity, with sound commercial judgement, inquiring minds and the ability to work cohesively with other directors. When considering director candidates, CSR seeks a combination of former chief executives and individuals experienced in manufacturing, finance, the law and, ideally, the industries in which CSR participates as well as the areas in which it hopes to grow. CSR undertakes background checks on prospective candidates, covering the candidate's character, experience, education, criminal record and bankruptcy history.

During YEM23 the board underwent a renewal process with the appointment of Christina (Christy) Boyce (15 March 2023) and Adam Tindall (16 January 2023) and the retirement of Christine Holman (16 November 2022).

External consultants are engaged, where appropriate, to advise on potential appointees. The potential appointees must have a strong reputation and high ethical standards. Prospective directors are required to confirm that they will have sufficient time to meet their obligations and that they will keep the company informed of their other commitments.

Non-executive directors are subject to re-election by rotation at least every three years. Newly appointed directors must seek election at the first general meeting of shareholders following their appointment. The relevant notice of meeting contains all material information for shareholders in relation to the election or re-election of a director.

Directors' independence

The board believe that director independence contributes to good governance and delivers superior outcomes for all our stakeholders by encouraging the constructive challenging of management. The board's framework for determining director independence is included in the board charter and operates in accordance with the considerations set out in the ASX CGC Principles.

At all times throughout YEM23, the board comprised of a majority of independent directors. Each of the non-executive directors, including the chair, has been determined by the board to be independent of CSR and its management, having no current material business or other relationships that could compromise his or her autonomy as a director.

Any past or present relationship with the company is examined carefully to assess the likely impact on a director's ability to be objective and exercise independent judgement. Christina Boyce, prior to her appointment to the board, had been engaged periodically by CSR as a consultant providing strategic transformation advice. This consultancy engagement ceased prior to Christina's appointment as a non-executive director. In accordance with the director's independence criteria set out in the board charter and the factors set out in Box 2.3 of the ASX CGC Principles, the board assessed the consultancy services previously provided by Christina to not be material and accordingly considers that Christina is an independent director. The board is satisfied that the advice previously provided by Christina does not interfere with the independent exercise of her judgement as a non-executive director of the company.

Directors are required to disclose, on an ongoing basis, circumstances that may affect their ability to exercise independent judgement enabling the board to determine independence on a regular basis. The length of tenure of each director is set out below.

Table 1: Director tenure

Director	Date appointed	Date last re-elected
John Gillam (chair of the board)	December 2017	2021 Annual Meeting
Julie Coates (managing director)	September 2019	2020 Annual Meeting
Christina Boyce	March 2023	Not previously elected
Nigel Garrard	December 2020	2021 Annual Meeting
Matthew Quinn	August 2013	2022 Annual Meeting
Adam Tindall	January 2023	Not previously elected
Penny Winn	November 2015	2021 Annual Meeting

The board charter states that non-executive directors will not seek re-election after serving for ten years.

Director letters of appointment

Letters of appointment are prepared for non-executive directors covering duties, time commitments, induction, company policies and corporate governance.

The managing director's responsibilities and terms of employment, including termination entitlements, are set out in a formal executive service agreement. A summary of the main elements and terms of the managing director service agreement is set out in the remuneration report and is disclosed to the ASX when the managing director is appointed.

Directors' induction, education and access to information

The board strives to ensure that directors and key executives have the knowledge and information needed to operate effectively.

The chair briefs new directors on their roles and responsibilities. New directors receive a comprehensive information pack as part of this induction, as well as briefings from management and visits to key operating sites to assist them to rapidly understand CSR's businesses, strategic direction and associated material risks.

Time is allocated at board and committee meetings for continuing education on significant issues facing the company and changes to the regulatory environment.

To help directors maintain their understanding of the businesses and to assess the people managing them, directors are briefed regularly by members of the senior management team. Directors also have access to a wide range of employees at all levels during inspections of operations and in other meetings.

Directors receive a comprehensive monthly business performance report regardless of whether a board meeting is scheduled. Directors have unrestricted access to company records and information.

Directors may obtain independent professional advice, at CSR's expense, on matters arising in the course of their board and committee duties, after obtaining the chair's approval. The board

charter requires that all directors be provided with a copy of such advice and be notified if the chair's approval is withheld.

The board appoints and removes the company secretary. The company secretary acts as secretary to the board and all the board committees. All directors have direct access to the company secretary who is accountable to the managing director and, through the chair, to the board, on all governance matters.

The work of directors

In addition to attending board and committee meetings, non-executive directors allocate time for, amongst other things, strategy and budget sessions, preparing for meetings and inspecting operations.

The chair commits additional time and meets regularly with the managing director to review business and strategic issues and to agree board meeting agendas. The directors usually meet with no management present at the commencement of board meetings and on other occasions as required. Non-executive directors also meet without the managing director present where it is appropriate to do so.

Except where the directors need to meet privately, the company secretary and chief financial officer attend all board meetings. Other members of management, such as business unit executive general managers, or other functional managers also attend board meetings by invitation, where appropriate. The board also invites external experts to present to it on key matters, where appropriate.

The directors regularly visit the company's operations to better understand the issues facing each of the businesses and their people. These visits are conducted either as a full board, a board committee or with one or two directors.

Every meeting of the Safety & Sustainability Committee is held at a CSR site and involves a site tour.

In addition, directors may meet customers, business partners, suppliers and other stakeholders of the company as requested by management.

Size, composition and skills of the board

The board comprises directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually, and the board collectively, to:

- discharge their responsibilities and duties under the law effectively and efficiently;
- understand the suite of CSR businesses and the external environment in which CSR operates so as to be able to agree with management the objectives, goals and strategic direction to maximise shareholder value; and
- assess the performance of management in meeting those objectives and goals.

The board currently comprises six non-executive directors and one executive director. Information about directors, including their skills, experience, expertise and their period in office is set out on pages 30 to 31 and is also available on CSR’s website on the **Corporate Governance** page.

The chair is appointed by the board and provides leadership to ensure that a high standard of values, processes and constructive interaction is maintained by the board. The chair represents the views of the board to shareholders and canvasses the views of stakeholders, including through the annual general meeting.

In YEM23, the following changes to the composition of the board took place:

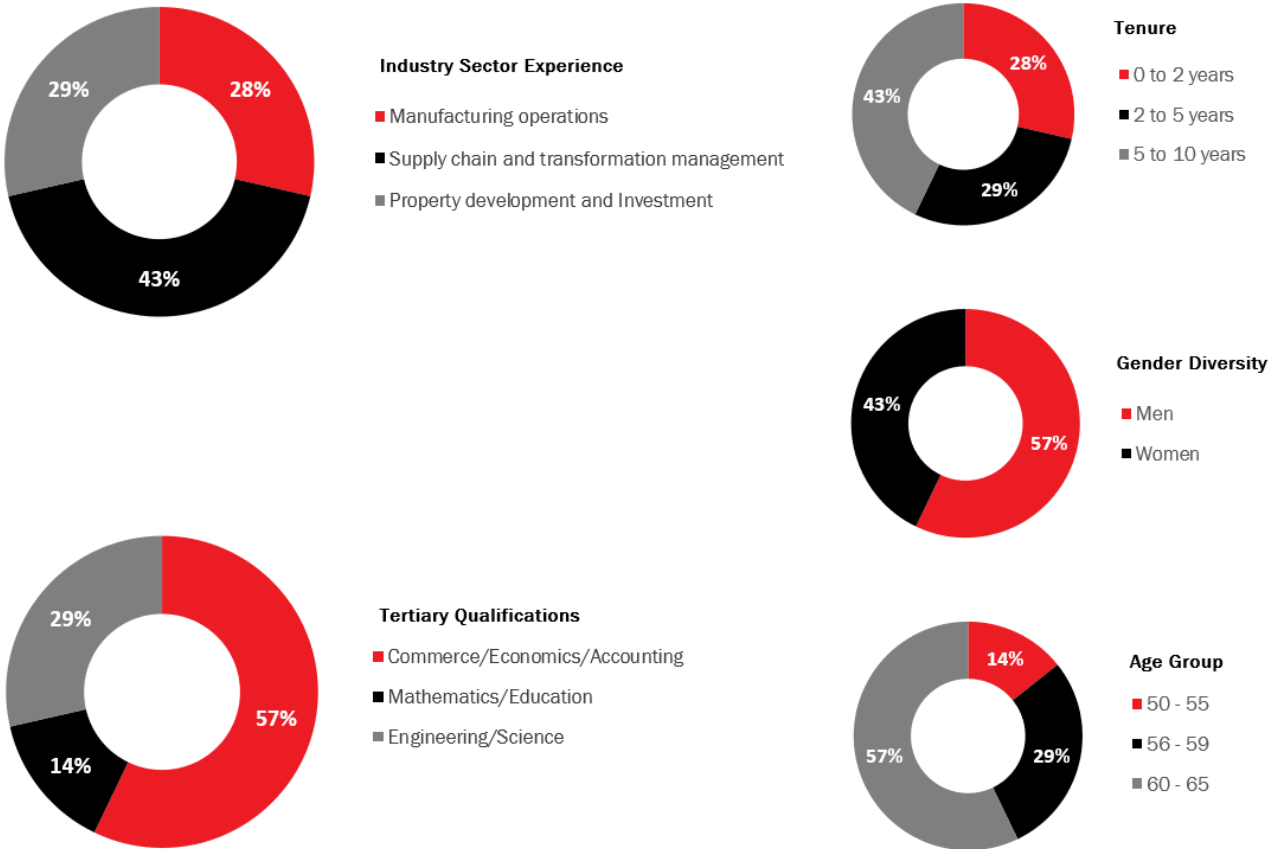
- Christine Holman retired from the board on 16 November 2022;
- Adam Tindall was appointed to the board on 16 January 2023; and
- Christina Boyce was appointed to the board on 15 March 2023.

CSR has developed a matrix of required skills and experience of the board. This matrix is developed by taking into account CSR’s desire to ensure a diverse range of gender, background and experience is maintained on the board at all times, and also ensuring directors are appropriately qualified.

The board keeps the balance of skills, capabilities and experience of its members, as well as their independence, under review and acknowledges that these areas continually evolve. The board strives to achieve diversity in its composition as evidenced by the charts below.














The table on the following page sets out the skills and experience the board considers essential for effective governance, including the current representation of those skills and experience on the board.

Figure 1: Board diversity



Size, composition and skills of the board (continued)

Table 2: Summary of board skills and experience

Skills	Relevant experience	Directors with skill/experience	
Leadership and Governance			
Executive leadership	Sustainable success in business at a senior executive level and a proven track record of leadership to create long-term shareholder value.		6
Governance and Compliance	Commitment to the highest standards of governance, including demonstrated experience with a major organisation that is subject to rigorous corporate governance standards, and an ability to assess the effectiveness of senior management.		7
Finance and Risk			
Financial acumen	Experience as a senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls.		6
Strategy and Transformation	Track record of developing and implementing a successful strategy, including appropriately questioning and challenging management on the delivery of agreed strategic planning objectives.		7
Risk management	Track record in developing a business portfolio over the long term that remains resilient to systemic risk, including an ability to anticipate and identify key business risks (both financial and non-financial) and mitigation strategies, as well as monitoring the effectiveness of risk management frameworks and controls.		6
Capital projects	Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons, with optimal digital enablement and information security.		7
Operations and Technology			
Operations and Supply chain	Experience having led or overseen the management of complex operating assets, with a focus on business operations, end to end supply chain, the oversight of key processes, and the application of technology, including data analytics, to substantially enhance operations.		4
Health, Safety and Environment	Experience related to workplace health and safety, environmental and social responsibility, including implementing and monitoring systems to ensure safe working conditions.		6
Sustainability and Climate change	Expertise and experience in managing and driving environmental management and social responsibility initiatives, including community concerns, carbon emissions reduction, climate change risks and the governance of these impacts, as well as human rights and responsible sourcing to create long-term sustainable value.		5
Digitisation and innovation	Proven success creating efficient and effective business processes, products and ideas, leading to new growth platforms and competitive advantage including, experience leveraging digital platforms to unlock long-term growth opportunities and improve customer experience.		5
People			
Human Resources and Remuneration	Board remuneration committee membership or management experience in relation to remuneration, including incentive programs and relevant legislation and contractual frameworks governing remuneration.		6
Culture and People	Experience and ability to develop succession plans, develop and retain talent, oversee people management, monitor culture and improve diversity and inclusion.		6
Marketing and Customers	Senior executive experience in consumer and customer marketing and customer service delivery.		5

Dealing with conflicts of interest

The board has a process in place to ensure that conflicts of interest are managed appropriately. If a potential conflict of interest is identified the relevant director, or the board, may determine that they should not receive documents related to or take part in discussions or decisions in respect of that matter.

At all times, directors are required to keep the company secretary informed of all relevant interests and directors must advise the board immediately of any interests that could potentially conflict with those of CSR.

Performance evaluation of the board, its committees and individual directors

The performance of the board is reviewed regularly. The board undertakes a self-assessment of its collective performance and that of individual directors and its committees and seeks specific feedback from the executive management team on particular aspects of its performance.

The board establishes procedures and oversees this performance assessment program. The process may be assisted by an independent third party facilitator. The results and any action plans flowing from this assessment are documented, together with specific performance goals that are agreed for the coming year.

The performance of the managing director is reviewed, at least annually, through a formal performance appraisal process conducted by the non-executive directors.

In YEM23, an externally facilitated review of the board and each of its committees was undertaken. This review included feedback from all directors and senior management who interact frequently with the board and its committees. Outside of scheduled reviews, the directors and executive management continue to provide regular feedback to the chair in relation to the processes and operation of the board and its committees.

Board Committees

To increase its effectiveness, the board has three committees consisting of the Risk & Audit Committee, Safety & Sustainability Committee and Remuneration & Human Resources Committee. It is the policy of the board that a majority of the members of each committee be independent directors, that all Risk & Audit Committee members be independent directors and that the Remuneration & Human Resources Committee and the Safety & Sustainability Committee be chaired by an independent director.

Each committee has a charter which includes a more detailed description of its duties, responsibilities and specific composition requirements. The charters are available on CSR's website on the **Corporate Governance** page. The Risk & Audit Committee, the Remuneration & Human Resources Committee and the Safety & Sustainability Committee each comprise at least three non-executive directors and are chaired by a director who is not the chair of the board. All committees meet at least four times per year.

The managing director attends meetings of board committees by invitation. Other members of management also attend committee meetings by invitation. All directors are welcome to attend committee meetings even though they may not be a member.

Committee papers are made available to all directors before the meetings. Minutes of committee meetings are included in the papers for the next board meeting and the chair of each committee reports to the board on matters addressed by the committee.

The specific responsibilities allocated to each committee are set out below and on the following page.

Risk & Audit Committee

The Risk & Audit Committee advises the board on all aspects of internal and external audit, the adequacy of accounting and risk management procedures, systems, controls and financial reporting. A summary of CSR's material environmental, social and economic sustainability risks is set out on pages 42 and 43 of this statement.

The members of the Risk & Audit Committee during the reporting period were:

Table 3: Risk & Audit Committee membership

Name	Membership status
Penny Winn (chair)	Member and chair for the entire period
Nigel Garrard	Member for the entire period
Adam Tindall	Member from 16 January 2023
Christine Holman	Member until 16 November 2022
John Gillam	Member 5 December 2022 to 15 January 2023

Each of these directors is deemed to be independent and their qualifications and experience are set out on pages 30 and 31 of the annual report, available on CSR's website on the **Annual Reports** page.

The external audit firm partner in charge of the CSR audit attends all Risk & Audit Committee meetings by invitation, together with the managing director, chief financial officer and relevant senior managers (also by invitation). The internal audit firm partner also attends all Risk & Audit Committee meetings by invitation.

The **Risk & Audit Committee Charter** sets out the committee's specific responsibilities, and include:

- reviewing the scope of the annual audit plans of the external auditor and internal auditor and oversight of the work performed by the auditors throughout the year;
- considering and recommending to the board significant accounting policies and material estimates and judgements in financial reports;
- reviewing and monitoring internal controls and risk management across the group, including the risk management framework and risk appetite statements;
- reviewing and recommending to the board the adoption of the company's full-year and half-year financial statements; and
- reviewing the performance and effectiveness of the internal and external auditors.

The committee is a direct link for providing the views of internal and external auditors to the board, when necessary, independently of management influence. Time is allocated for detailed questioning of the material presented and for separate sessions with each of the external auditor, internal auditor, executive general manager risk and chief financial officer.

Board Committees (continued)

Remuneration & Human Resources Committee

The Remuneration & Human Resources Committee considers independent advice on policies and practices to attract, motivate, reward and retain strong performers.

The members of the Remuneration & Human Resources Committee during the reporting period were:

Table 4: Remuneration & Human Resources Committee membership

Name	Membership status
Matthew Quinn (chair)	Member and chair for the entire period
John Gillam	Member for the entire period
Penny Winn	Member for the entire period
Adam Tindall	Member from 15 February 2023
Christy Boyce	Member from 15 March 2023
Nigel Garrard	Member until 5 December 2022

Each of these directors is deemed to be independent and their qualifications and experience are set out on pages 30 and 31 of the annual report, available on CSR's website on the **Annual Reports** page.

The managing director and other members of management attend meetings of the Remuneration & Human Resources Committee by invitation.

The committee's specific responsibilities are set out in the **Remuneration & Human Resources Committee Charter**, and include:

- advising the board on remuneration policies and practices;
- assessment of culture within the company;
- evaluating the performance of the managing director against pre-agreed goals;
- making recommendations to the board on remuneration for the managing director and executive managers reporting to the managing director; and
- overseeing CSR's human resources strategy, particularly succession and development planning for executive managers.

Safety and Sustainability Committee

An important part of CSR's governance commitments includes protection of its people's workplace health and safety, and protection of the environment (WHS&E). The board endorsed **WHS&E Policy** details the company's and individuals' obligations in respect of WHS&E.

The board's Safety & Sustainability Committee oversees and reports to the board on the management of the company's WHS&E responsibilities and on the company's sustainability objectives and commitments.

The members of the Safety & Sustainability Committee during the reporting period were:

Table 5: Safety & Sustainability Committee membership

Name	Membership status
Nigel Garrard (chair)	Member and chair from 5 December 2022
John Gillam	Member for the entire period, and chair 17 November 2022 to 4 December 2022
Matthew Quinn	Member for the entire period
Adam Tindall	Member 16 January 2023 to 15 February 2023
Christine Holman	Member and chair until 16 November 2022

The managing director and other members of management attend meetings of the Safety & Sustainability Committee by invitation.

The committee's specific responsibilities are set out in the **Safety & Sustainability Committee Charter**, and include:

- receiving regular performance reports from management on WHS&E matters;
- monitoring the effectiveness of the WHS&E risk management framework and overseeing the risk management of WHS&E matters;
- reviewing the adequacy and effectiveness of CSR's WHS&E management systems and ensuring appropriate improvement objectives and targets are set and monitored;
- monitoring the adequacy and effectiveness of CSR's sustainability framework and mechanisms to track progress to sustainability objectives and targets; and
- monitoring potential liabilities, changes in legislation, community expectations, research findings and technological changes.

The committee conducted each meeting during YEM23 at a CSR site, with meetings including a presentation from local management and a site tour.

Nominations Committee

The company's size is not considered sufficient to warrant a separate nominations committee.

The board takes on the role of the nominations committee, which includes the following functions:

- determining the appropriate size and composition of the board (in accordance with the company's constitution);
- determining the appropriate criteria (necessary and desirable skills and experience) for the appointment of directors;
- addressing board succession, including recommending the appointment and removal of directors;
- assessing the independence of each non-executive director;
- defining the terms and conditions of appointment to and retirement from the board;
- overseeing induction and continuing education programs for non-executive directors; and
- evaluating the board's performance.

Attendance at board and committee meetings during YEM23

Details of director attendance at board and board committee meetings held during the year are provided on page 47 of the Directors' Report.

SENIOR MANAGEMENT

Delegations to management

Day-to-day management of the company's affairs and the implementation of strategy and policy initiatives are formally delegated by the board to the managing director and senior executives.

The company has an executive leadership team, comprised of the managing director and direct reports. The executive team meets weekly and is responsible for:

- implementing the strategic objectives as set by the board;
- operating within the risk framework as approved by the board;
- instilling and reinforcing values as set by the board;
- all other aspects of the day-to-day management of the company; and
- ensuring timely and accurate reporting to the board and board committees.

During YEM23, steering committees continued to operate across a number of key functional areas, bringing together the executive leadership team and subject matter experts, providing an opportunity for regular cadence to drive collaboration and initiatives, enabling successful project delivery, in accordance with the strategy set by the board.

Senior executive appointments and service agreements

CSR undertakes background checks on prospective senior executives, covering the candidates' character, experience, education, criminal record and bankruptcy history.

Senior executives' responsibilities and terms of employment, including termination entitlements, are set out in a formal executive service agreement. A summary of the main elements and terms of the managing director's and chief financial officer's service agreements are set out in the remuneration report.

Induction of senior executives

New executives undertake a structured induction program when they join the company. This includes comprehensive briefings and information on the company's businesses, and its policies and procedures. Additionally, the program includes site visits and meetings with people in key internal and external roles in order to build the relationships necessary to meet the requirements of their roles.

As discussed further below, and in the remuneration report, key performance indicators are agreed with each executive to ensure goals and performance measures are fully and accurately understood and disclosed.

Performance evaluation of senior executives

CSR's performance management framework requires that a balanced scorecard of annual key performance indicators (including financial and non-financial measures) is set for each senior executive. Every half year, each senior executive discusses their performance with their manager.

At the end of the year, as part of a formal review process, each senior executive's performance is reviewed against the performance indicators. Also, each individual's performance and behaviour are internally and externally benchmarked and assessed. CSR conducted evaluations of its senior executives in accordance with this process in October 2022, as well as in March 2023.

Senior leaders are accountable for driving change to deliver on CSR's purpose and strategy, with CSR's reward strategy kept under review to align and standardise remuneration, reward practices and incentives to drive a high-performance culture.

Further details of the process for evaluating the performance of key management personnel and the remuneration policy for key management personnel are provided in the remuneration report.

CODE OF BUSINESS CONDUCT, ETHICS AND CULTURE

Code of business conduct and ethics

CSR has a Code of Business Conduct and Ethics (the code) which underpins its goals and values. CSR is committed to conducting business honestly, with integrity, and in accordance with our standards of expected behaviour. The code sets out the standards for dealing with external stakeholders.

The underlying principle of CSR's code is that lawful, ethical and responsible behaviour is required of directors, executives and all other employees, as well as advisers, consultants and contractors. The board has endorsed the **Code of Business Conduct and Ethics**.

The code formalises the longstanding obligation of all CSR's employees (including directors) and contractors, to behave ethically, act within the law, avoid conflicts of interest and act honestly and responsibly in all business activities.

The code articulates how employees are expected to operate in line with CSR's fundamental values. **CSR's Values**, also referred to as behaviours, are set out both in the code and separately on CSR's website and guide the day-to-day interactions of employees and supports the delivery of CSR's strategy. The code incorporates CSR's anti-bribery and corruption policy as well as all relevant whistle-blower protection laws.

The code reinforces the company's commitment to giving proper regard to the interests of people and organisations dealing with the company. Each CSR employee and contractor is required to respect and abide by the company's obligations to employees, shareholders, customers, suppliers and the communities in which it operates.

CSR employees, directors and major contractors are required to submit a certificate of compliance each year signifying that they have read and complied with the code and are not aware of any breaches of that code.

Further, CSR employees are encouraged to report concerns they may have regarding conduct in a number of ways, including via a confidential telephone service. The company's **Incident Reporting Policy** provides that an employee will not be subject to retaliation by CSR for reporting in good faith a possible violation of the code of business conduct and ethics. The board is advised of all material breaches of the code and incidents reported under the policy via the Risk & Audit Committee.

To ensure that CSR employees and stakeholders are made (and kept) aware of incident reporting methods and policies, a **Speak Up @ CSR** program has been developed and is accessible to all employees and external stakeholders on CSR's website.

CSR is committed to conducting business honestly and fairly and in compliance with all laws and regulations. The company's **Supplier Code of Conduct** sets out the expectations of CSR's suppliers, and applies to all suppliers, including all organisations and sub-contractors providing goods and services to CSR, based in Australia, New Zealand and overseas.

During YEM23, the company submitted a **Modern Slavery Statement** in accordance with the Commonwealth Modern Slavery Act 2018. The Statement addresses the company's key modern slavery risks and how these risks have been identified and assessed, as well as information on the actions being taken to mitigate those risks and how the effectiveness of these mitigating actions is assessed.

Culture

Throughout YEM23, CSR has continued to promote and develop the culture and behaviors required to align with our purpose – Building Solutions for a Better Future. CSR acknowledges that culture plays a key role in driving company performance. There has been regular engagement with employees during YEM23 to obtain insights and feedback relating to culture and engagement, with continued progress against key metrics.

Attracting diverse talent and motivating the right behaviours are key elements of CSR's remuneration and reward framework, which is reviewed regularly.

DIVERSITY AND INCLUSION

CSR has policies and practices designed to improve diversity and inclusion. The company's **Fairness, Respect & Diversity Policy** is available on CSR's website.

CSR remains committed to increasing diversity and inclusion in the workplace by applying policies and practices designed to attract, retain and develop diverse talent. Teams that are diverse will provide new and different perspectives to foster innovation and ultimately provide better solutions for our customers.

As part of this commitment, initiatives are underway to increase the number of women at all levels of the organisation, particularly in operations and line management positions. This will be achieved through ongoing improvement of our recruitment, retention and development frameworks to attract and promote diverse talent.

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 and each business unit; and
- Gender pay equity.

During YEM23 CSR continued to participate in the Champions of Change Coalition for best practice to improve gender diversity and inclusion. A number of 'Listen and Learn' sessions were held across the business during the year to seek input from women across CSR on the gender diversity and inclusion initiatives to be set for YEM24.

CSR workplace profile

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.

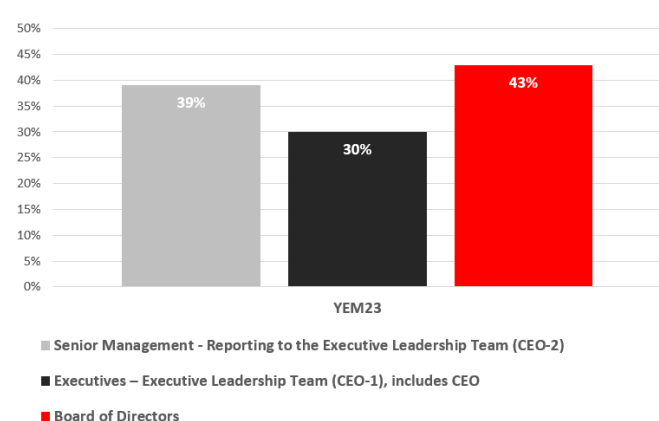
At the end of YEM23, the percentage of women in the CSR workforce was 21%, up 1% on YEM22. During YEM23, 28% of new hires were women, an increase of 1% from YEM22.

Key changes to CSR's workforce profile during YEM23 include:

- Senior management - The total number of women in senior management roles, CEO-2, has increased from the prior year. This group is an important source of succession for business leadership positions;
- Executives – In December 2022, the number of executives increased by one, with the appointment of the Executive General Manager of Safety, Sustainability and Risk to the executive leadership team; and
- Board of Directors - In March 2023, the number of directors increased from six to seven as a temporary measure to facilitate board transition.

In YEM23, the proportion of CSR's workforce currently represented by women in leadership roles is set out below:

Figure 2: Women in leadership



Measurable objectives

Improving diversity and inclusion requires cultural change driven by leaders and commitment of the board and senior management. CSR has structured its measurable objectives around this commitment. The achievements for YEM23 and the initiatives for YEM24, as approved by the Remuneration & Human Resources Committee, are set out below:

Table 6: Diversity measurable objectives

Measurable objective	YEM23 achievements	Overview of YEM24 initiatives
Leadership and culture	<ul style="list-style-type: none"> Launched a Belonging @ CSR framework to celebrate and acknowledge diversity across gender, ethnicity, culture, and religion Promoted diversity and inclusion through recognition and celebration of International Women's Day. A cross section of leaders participated in a panel on the topic of 'Creating Equity' Launched a targeted leader-specific culture and engagement survey to better understand and support the leaders driving culture change in our business Implemented a quarterly culture and engagement survey action check point at an executive leadership/business unit level Launched a new Learning Management System, Elev8, as our single point of learning for our teams Continued to provide access to on-the-job training and upskilling through strategic projects Provided a \$1,000 share grant to our team to drive a sense of ownership in all levels of the business Continued membership and participation in the Champions of Change Coalition \$100 gift cards issued to all members of the CSR team as a thank-you for their continued support in delivering for our customers Extended and relaunched our team benefits offering and made it more accessible and meaningful for our front-line team 	<ul style="list-style-type: none"> Strengthen and simplify our behaviors and further embed through the organisation Continue to measure culture and engagement ensuring that all line managers have an action plan to address areas of focus Monitor culture and engagement results based on gender participation and engagement, taking action as required Recruit and promote leaders who role model inclusiveness and build diversity
Policy and Governance	<ul style="list-style-type: none"> Launched revised Family Care Policies covering domestic violence, parental leave and extended compassionate leave to offer more support for the CSR team during these moments that matter Reviewed and addressed gender pay parity for females across all salaried roles Extended our wellbeing offering through the launch of a mobile app with access to health and wellbeing resources, EAP support and team member rewards Engaged with all labour hire agencies servicing our business to set expectations relating to diversity and inclusion Updates made to the Supplier Code of Conduct that sets expectations relating to diversity and inclusion 	<ul style="list-style-type: none"> Continued monitoring of gender pay parity and action to address where required Further review of CSR policies to ensure they are inclusive and adapt to meet any future legislative changes
Recruitment and retention	<ul style="list-style-type: none"> Engaged a strategic sourcing partner to further leverage opportunities around inclusive hiring practices Continued to appoint female talent to strategic on the job development opportunities Improved recruitment and selection processes to make operations roles more accessible for females e.g., on the job training made available to close skill gaps Built future female talent pipelines with tertiary institutions for women in engineering and technology roles 	<ul style="list-style-type: none"> Identify opportunities in operational environments to ensure that amenities, team culture and behaviours are welcoming for diverse new hires Roll out sexual harassment training for senior leaders and create a whole of organisation plan

REMUNERATION

CSR's policy is to reward executives with a combination of fixed remuneration and short and long-term incentives structured to drive improvements in shareholder value. Non-executive directors receive no incentive payments and there are no retirement benefit schemes in place. Executives and directors may forgo a small part of their cash salary or, for non-executive directors, their directors' fees, to acquire shares in CSR. Further details are included on page 64 of the Remuneration Report. Employees cannot approve their own remuneration. Any adjustment to the remuneration of direct reports, must comply with CSR's remuneration policies and approvals process.

The **Remuneration Report**, commencing on page 49 of the annual report, includes further details on CSR's remuneration policy and its relationship to the company's performance. It also includes details of the remuneration of directors and key management personnel for YEM23 and clearly distinguishes between the structure of non-executive director remuneration from that of the executive director and other key management personnel. Shareholders are invited to vote on the adoption of the Remuneration Report at the company's annual general meeting.

RISK MANAGEMENT

There are many risks in the markets in which CSR operates. A range of factors, some of which are beyond CSR's control, can influence performance across CSR's businesses. CSR constantly and deliberately assumes certain levels of risk in a calculated and controlled manner. CSR has in place a range of policies and procedures to monitor the risk in its activities as well as defined limits of authority for all levels of management and these are periodically reviewed by the board. CSR's **Risk Management Policy** sets out the framework for risk management, internal compliance and control systems.

There are several layers that assist the board in ensuring the appropriate focus is placed on the risk management framework:

- Risk & Audit Committee – reviews and reports to the board in relation to the company's financial reporting, internal control structure, risk management systems including the risk framework and risk appetite statements and the internal and external audit functions;
- Remuneration & Human Resources Committee – reviews and reports to the board on the company's organisational capability to deliver on the strategy and create value for shareholders;
- Safety & Sustainability Committee – reviews and reports to the board on the management of the company's safety, health and environment liabilities and legal responsibilities as well as addressing the risks and opportunities of climate change and the company's involvement in the communities in which it operates;
- Executive leadership team – manages and reports to the board on business and financial risks and overall compliance; and
- Steering Committees – established across a number of key areas, including sustainability, customer solutions, transformation and logistics to provide ongoing governance and monitoring.

Risk management is sponsored by the board and is a priority for senior managers, starting with the managing director. The board oversees the risk profile of CSR and ensures that business developments are consistent with the goals of CSR. The board receives monthly assurances from the management team that significant risks are being managed appropriately.

A risk management framework is in place covering business risk, financial risk, financial integrity, legal compliance and sustainability risk. CSR is committed to improving risk management to protect and enhance shareholder value, with a comprehensive review of CSR's risk management processes undertaken in YEM23. The risk management framework requires current and emerging risks across the businesses to be identified, evaluated, monitored and controlled. Risks are classified as either strategic/commercial, operational, financial or compliance/conduct risks. The framework also includes evaluation of mitigation strategies.

CSR's Risk Appetite Statements, approved by the board, are core to the **Risk Management Policy** and defines (within practical boundaries) the amount of risk the organisation is willing to accept in pursuing its strategic objectives. By expressly articulating and documenting its Risk Appetite Statements, CSR aims to ensure that:

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

The board, through the Risk & Audit Committee, receives recommendations in relation to the risk profile of CSR, breaches of the policy framework and external developments which may impact on the effectiveness of the risk management framework. It also approves significant changes to the risk management framework, risk appetite statements and related policies.

The Risk & Audit Committee has responsibility for monitoring compliance with the risk management framework approved by the board for internal control and compliance matters. In this role, the Risk & Audit Committee monitors and reviews the effectiveness of the internal audit and compliance functions.

CSR's Corporate Governance and Disclosure Committee has responsibility for any governance matters. Committees exist at the executive management level to ensure the necessary elements of expertise are focused on specific risk areas. Beneath this level, other committees exist where subject matter experts focus on specific risks as appropriate.

Risk management accountability

As part of the process of approving the financial statements, at each reporting date, the managing director and other responsible senior executives provide statements in writing to the board on the quality and effectiveness of the company's risk management and internal compliance and control systems. The Risk & Audit Committee reviews the risk management framework annually to confirm that the framework continues to be appropriate and effective. The most recent assessment of the risk management framework took place in September 2022.

The board has also received statements from the managing director and the chief financial officer certifying that, having made all reasonable enquiries and to the best of their knowledge and belief:

- the statements made in relation to the financial integrity of the CSR group financial reports are founded on a sound system of effective and efficient risk management and internal compliance and control;
- the system of risk management in operation throughout YEM23 was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

In YEM23 the board received the relevant declarations required under section 295A of the Corporations Act 2001 from the managing director and chief financial officer as well as the relevant reports and assurances that their opinions were formed on the basis of a sound system of risk management and internal controls which are operating effectively.

Financial report accountability

CSR's managing director and chief financial officer, who are present for board discussion of financial matters, declare to the board, in writing, that the company's financial statements are in accordance with relevant accounting standards, give a true and fair view in all material respects of the company's and the group's financial condition and operational results and comply with the Corporations Act 2001 and associated regulations.

The chief financial officer oversees a robust internal process, where business unit financial managers regularly meet with representatives from the corporate finance team to discuss the financial aspects of each business. This includes a review of the business unit profit and loss statement, balance sheet and all other relevant matters.

Non-financial report accountability

For those periodic corporate reports that are not audited or reviewed by the external auditor, a rigorous internal review process is implemented. This process is led by the internal subject matter experts with reviews undertaken by management and key internal stakeholders, enabling management to verify that the report is balanced and materially accurate and provides stakeholders with appropriate information. External advice is obtained as required.

Non-audited periodic reports include the annual **Sustainability Report**, the **Modern Slavery Statement** and this corporate governance statement. These periodic reports are approved by the board.

Economic, environmental and social sustainability risks

CSR's risk management framework is intended to provide the basis for a systematic approach to the identification and management of risks. Following a comprehensive review during YEM23, the matters below reflect CSR's material economic, environmental and social sustainability risks.

Table 7: Material economic, environmental and social sustainability risks

Key areas of materiality	Risks	Monitor and manage risk
Aluminium, currency and debt markets	<ul style="list-style-type: none"> Issues associated with CSR's activities in aluminium. CSR's results are impacted by movements in the global US dollar price for aluminium and currency fluctuations. Some risks related to the aluminium operation cannot be hedged including regional price premiums, global relativity of price of electricity and inputs such as alumina and petroleum coke as well as changes to the joint venture structure or potential operational issues at the Tomago smelter including electricity curtailments. 	<ul style="list-style-type: none"> CSR has a policy to hedge both US dollar sales and foreign currency exposure when specific targets are met, with the primary objective of reducing short-to-medium term earnings volatility. This policy is monitored regularly by CSR's Finance Committee which includes CSR's managing director, chief financial officer, group treasurer and the general manager of Gove Aluminium Finance. CSR regularly monitors cash flow and the group financial position as part of the Finance committee's function. CSR is actively engaged with the Tomago operating committee through its position on the Tomago board. Tomago undertakes separate material risk analysis to identify and mitigate potential operational risks.
Climate change	<ul style="list-style-type: none"> An inability to accurately understand and effectively respond to climate change may result in reduced revenues, increased costs or business supply disruption. 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. 	<ul style="list-style-type: none"> For 2030, CSR has set 10-year sustainability targets which cover key areas of energy and emissions reduction, minimising water use and waste, social procurement, closed loop packaging and preserving biodiversity. Initiatives have been developed to deliver on the 2030 targets with detailed reporting and monitoring reviewed regularly by management and the Safety & Sustainability Committee. Development of an overarching Sustainability Framework, aligned to the Company's strategy, ensuring all sustainability actions and targets are linked across all ESG topics. Transition risk assessment scenarios have been completed for CSR's five largest businesses. This analysis focused on transition risks, complementing earlier work undertaken on the physical risks impacting sites and supply chain risks, with this work to be brought together across the CSR group. Sustainability Steering Committee formed to provide focused oversight, with external advisors engaged as necessary to provide specialist sustainability advice.
Energy and Security of supply	<ul style="list-style-type: none"> CSR's manufacturing operations use significant amounts of energy including electricity and gas. Incorrectly anticipating or managing energy fluctuations will have a negative impact on earnings and shareholder value. 	<ul style="list-style-type: none"> Where possible, CSR enters into long-term contracts to provide greater security of energy supply for its factories. CSR's Energy and Carbon Management Committee oversees risks related to electricity and gas pricing and management. Alternative energy sources including solar power systems are installed at some sites in addition to site specific energy reduction initiatives.
Financial and Capital management	<ul style="list-style-type: none"> An inability to effectively and efficiently manage financial performance and capital. 	<ul style="list-style-type: none"> Well established financial planning processes set out key requirements relating to operational and capital investments. Bi-weekly review of trading, credit and key financial exposures. Monthly Finance Committee meeting, covering Treasury and related exposures. Periodic review of secured debt facilities to ensure appropriate size and tenure.
Information and Cyber security	<ul style="list-style-type: none"> Digital services are increasingly used by the construction sector. CSR's digital development program is critical to achieving growth in its key markets. External threats to CSR network availability, performance and data security risks as a result of cyber security breaches. 	<ul style="list-style-type: none"> Regular user security awareness training is ongoing, including simulated phishing campaigns and implementation of advanced threat protection. Ongoing implementation of a cyber security improvement plan with accreditation in accordance with ISO27001. Regular penetration testing and patching across systems. System redundancy implemented where appropriate.
Legacy Product and site obligations	<ul style="list-style-type: none"> Previous involvement in asbestos in Australia and exporting asbestos to the United States. CSR ceased asbestos mining in 1966 and divested remaining interests in 1977. Rehabilitation risk following site closures when surplus to requirements. 	<ul style="list-style-type: none"> CSR meets all valid asbestos claims on an equitable basis. The asbestos provision is impacted by movements in claim numbers, settlement rates and values and movements in AUD/US\$ exchange rate. Dedicated resources allocated to manage ongoing obligations, including biodiversity management, site rehabilitation and remediation as sites become surplus to requirements.

Economic, environmental and social sustainability risks (continued)

Table 7: Material economic, environmental and social sustainability risks (continued)

Key areas of materiality	Risks	Monitor and manage risk
Market structure and volatility	<ul style="list-style-type: none"> Approximately 70% of CSR's total revenue is generated from products and services supplied into the construction sector of Australia and New Zealand and is impacted by several macro-economic factors. Changes in ownership in the construction sector has resulted in larger customers representing an increasing proportion of CSR's revenue. As a supplier to the construction market, CSR is subject to a number of competitive forces including other domestic and international suppliers and new technologies which could replace existing building methods. 	<ul style="list-style-type: none"> Reviews of market activity are factored into CSR's regular reporting, including weekly Executive meetings, monthly reporting, quarterly forecasting and annual budget and planning cycles, which in turn drive capacity and capital planning. The nature of CSR's building products is that they are typically sold late in the construction process, giving CSR some visibility of changes in conditions before specifically impacting demand. CSR is actively developing and acquiring new products, services and distribution networks to improve its position in the market and provide a comprehensive service offering. The release of future land supply for residential development relies on the coordination of government and regulatory bodies with builders and developers to deliver infrastructure and services for new projects.
Organisational capability	<ul style="list-style-type: none"> That CSR does not develop, maintain or have access to the people required to delivery on strategy. 	<ul style="list-style-type: none"> Established organisation design and workforce planning processes, including monthly resourcing reviews. Flexible recruitment team resourcing to meet demand. Comprehensive centrally managed development planning and talent review processes. Training resources and plans to meet skill requirements, aligned to the strategy. Enhanced employee communications program. Periodic review of remuneration and benefits to remain competitive.
Product quality	<ul style="list-style-type: none"> Changes in building codes requires ongoing assessment to ensure products are fit for purpose and compliant with all relevant codes. This includes additional risks associated with supply and install services. Defective or non-compliant raw materials, products or systems may result in significant reputation damage, financial loss, regulatory impacts and/or injury, harm or illness. 	<ul style="list-style-type: none"> CSR has a quality management system to ensure that all products manufactured or supplied consistently meet the requirements and specifications of international and national quality standards and customer expectations. Active implementation of CSR's sustainable procurement strategy, including extensive raw material and product testing, compliance and certification. This process will also align CSR with the requirements of Australian Modern Slavery legislation. The Supplier Code of Conduct sets out the expectations of CSR's suppliers, and applies to all suppliers, including all organisations and sub-contractors providing goods and services to CSR, based in Australia, New Zealand and overseas.
Reputation	<ul style="list-style-type: none"> CSR operates a number of factories across Australia and New Zealand and employs over 2,500 employees. CSR's activities can impact the community and environment in which it operates. Failure to comply with a legal or governance requirement, or a breach of CSR's social licence to operate. 	<ul style="list-style-type: none"> CSR's code of business conduct and ethics sets out the behaviours expected of all employees, suppliers and other contractors. Compliance with the code is measured annually. There is a dedicated, external confidential hotline available to employees and other stakeholders for reporting misconduct. Operations product compliance project group established with oversight from the Customer Solutions Steering Committee. Central technical team established to maintain product governance. CSR has set targets out to 2030, to increase the quantity of products purchased from social enterprises (including indigenous and disability owned businesses).
Strategy and execution	<ul style="list-style-type: none"> Inability to identify and execute on opportunities to pursue strategic and transformation objectives. 	<ul style="list-style-type: none"> Dedicated Steering Committees formed, comprising the Executive Leadership Team and subject matter experts to regularly monitor progress.
Workplace health and safety (WHSE)	<ul style="list-style-type: none"> Risk of serious harm to an employee, contractor, customer or to the environment. CSR has a stated long-term belief that all injuries, occupational illnesses and environmental incidents can be prevented. 	<ul style="list-style-type: none"> The Safety & Sustainability Committee regularly reviews initiatives targeting improved safety performance across CSR. An established WHSE risk management framework to support CSR's WHSE commitments, Dedicated and experienced CSR WHSE personnel embedded within each business unit. Regular auditing to test effectiveness of key controls.

Note: Material Risks are listed alphabetically.

Role of the external auditor

The Risk & Audit Committee seeks to ensure the independence of the external auditor. The policy on auditor independence applies to services supplied by the external auditor and their related firms to CSR. Under the policy on auditor independence:

- the external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for the group, or audits its own professional expertise;
- significant permissible non-audit assignments awarded to the external auditor must be approved in advance by the committee or, between committee meetings by the chair of the committee;
- the external audit engagement partner and review partner must be rotated every five years;
- procedures for selection and appointment of the external auditor, and for the rotation of external audit engagement partners, are set out in the committee charter; and
- the external auditor confirms its independence within the meaning of applicable legislation and professional standards at each half-year and full-year.

The external auditor attends the company's annual general meeting so shareholders are given the opportunity to ask questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Role of internal audit

The Risk & Audit Committee recommends to the board the appointment or dismissal of the internal audit partner, who is independent of the external auditor.

The internal audit function utilises external expertise to provide objective independent assurance to management and the board on the effectiveness of CSR's internal control, risk management and governance systems and processes. The internal audit lead has direct access to the chair of the Risk & Audit Committee and oversees the execution of the internal audit plan, as approved by the Risk & Audit Committee.

The internal audit service provider supports management efforts to:

- report to the board through the Risk & Audit Committee on CSR's compliance against its governance framework and policies, including investigating, and advising on, any potential or actual breaches;
- provide objective assurance over the adequacy and effectiveness of controls;
- oversee the implementation of CSR's risk framework across the organisation; and
- recommend improvements to the company's risk management framework.

Internal audit has full access to all CSR businesses, records and personnel.

The annual internal audit plan is formulated using a risk-based approach to align assurance with CSR's identified key risks. The Risk & Audit Committee approves the internal audit plan which is reviewed throughout the year to ensure it remains appropriate. Internal audit activity and outcomes are reported to the Risk & Audit Committee at each meeting.

ENGAGEMENT WITH STAKEHOLDERS

CSR has a number of stakeholders including shareholders, employees, customers, suppliers and local communities. The board identifies and prioritises CSR's key stakeholders, develops a strategy for engagement with stakeholders and supports management to engage with key stakeholders to understand, consider and respond to issues.

Continuous disclosure

CSR believes that shareholders, regulators, ratings agencies and the investment community generally, should be informed of all major business events and risks that influence CSR, in a factual, timely and widely available manner. CSR has a long established practice of providing relevant and timely information to stakeholders, supported by its **Share Market Disclosure Policy** which details comprehensive procedures to ensure compliance with all legal obligations. Under this policy, any price sensitive material for public announcement, including full-year and half-year results announcements, release of financial reports, presentations to investors and analysts and other prepared investor briefings for CSR, will be:

- lodged with the ASX as soon as practical and before external disclosure elsewhere; and
- posted on CSR's website.

The policy limits external briefings in the periods between the end of a full-year and half-year and the release to the ASX of the relevant results.

The board has responsibility for compliance with CSR's continuous disclosure obligations to keep the market fully informed of information that may have a material effect on the price or value of CSR's securities. Internal procedures and guidelines for continuous disclosure and communications have been developed. These procedures sit together with CSR's Share Market Disclosure Policy to ensure the board and the Corporate Governance and Disclosure Committee is made aware of any information that should be considered for release to the market.

CSR's Corporate Governance and Disclosure Committee meets as required, and often on very short notice, to ensure compliance with disclosure requirements. Members of this committee are the managing director, chief financial officer, chair of the Risk & Audit Committee, company secretary and general manager investor relations and corporate communications.

The managing director approves all disclosures before they are released. The board approves all disclosures that are significant. All announcements include a statement identifying the title of the body, or the name and title of the officer of the company, who approved the disclosure. Directors receive a copy of all ASX disclosures promptly following release.

The Share Market Disclosure Policy is reviewed regularly to ensure compliance with the ASX Listing Rules and guidance on continuous disclosure.

The company secretary is responsible for communications with the ASX.

Commentary on financial results

CSR provides a review of operations and financial performance in the full-year and half-year results, which also includes the company's financial report. Results announcements to the ASX, analyst presentations and the full text of the chair's and managing director's addresses at the company's annual general meeting are made available on **CSR's website**.

Other engagement activities

CSR strives to communicate effectively with shareholders about the company's performance, presenting the annual report and other corporate information in clear language, supported by descriptive graphics and tables. This approach is outlined in the company's **Shareholder Communication Policy**.

Where practicable, the company uses the latest widely available electronic technology to communicate openly and continuously with shareholders, and the share market in general. The company encourages shareholders to embrace the benefits of electronic communication and to provide email addresses so that company information can be provided to shareholders electronically. Announcements to the ASX, significant briefings, presentations, notices of meetings and speeches at annual general meetings are promptly posted on the **Investors and News** section of CSR's website. An email alert system is available from the **CSR website** enabling shareholders and stakeholders to be advised when announcements are released to the ASX.

Shareholders can register to receive shareholder information and can lodge proxies electronically for the annual general meeting. The annual general meeting, results announcements and other major briefings are available via a live webcast from CSR's website, for access by all interested parties.

Shareholders are encouraged to submit questions or comments ahead of, or during, the company's annual general meeting. Members of senior management are present at the annual general meeting, along with directors, to answer questions about the company's operations. On occasions when the annual general meeting may be held as a hybrid meeting, an opportunity for shareholders to ask questions orally and in writing and to vote in real time will be made available. All resolutions at the annual general meeting are decided by a poll rather than on a show of hands.

The company's **Sustainability Report** provides information on CSR's sustainability record across a number of priority areas including the environment, people and safety, community and supply chain.

The company's **Supplier Code of Conduct** sets out the expectations of CSR's suppliers, and applies to all suppliers, including all organisations and sub-contractors providing goods and services to CSR, based in Australia, New Zealand and overseas.

During YEM23, the company submitted a **Modern Slavery Statement** in accordance with the Commonwealth Modern Slavery Act 2018. The Statement addresses the company's key modern slavery risks and how these risks have been identified and assessed, as well as information on the actions being taken to mitigate those risks and how the effectiveness of these mitigating actions is assessed.

Details of the company's engagement with the community are available in the **Sustainability Report** found on CSR's website.

Role of the investor relations function

CSR's investor relations function is designed to ensure that the market is kept informed of all aspects relevant to the company and also to provide an opportunity for investors and other stakeholders to express views on the company. The program includes lodgement of information on the ASX platform, managing and updating the CSR website, investor roadshows, conferences and other briefings with all materials lodged with the ASX prior to distribution.

CSR utilises the following activities to promote effective communication with the market:

- comprehensive and up to date company website;
- investor briefings, presentations, conferences and other events;
- encouraging questions via the company's website and ahead of the AGM as outlined in the Notice of Meeting; and
- webcasting important company events.

SHARE TRADING POLICY

Under the company's **Share Trading Policy**, directors, senior managers and identified designated employees may only buy or sell CSR shares, or give instructions to the trustee of CSR's employee share acquisition plan (ESAP), or vary their participation in the dividend reinvestment plan (DRP) during one month periods commencing 24 hours after the date of the full-year and half-year results announcements and the annual general meeting. Also, they are prohibited from dealing in any financial products relating to CSR securities or entering into hedging arrangements in respect of CSR securities they hold, or which are held on their behalf.

Additional clearance requirements apply to directors of CSR Limited, the managing director, chief financial officer as well as senior executives who are eligible to participate in CSR's long-term incentive plan. Each of these individuals must obtain clearance for any proposed dealing in CSR's securities.

Under the policy, and as required by law, all directors and employees are prohibited from buying or selling CSR securities at any time if they are aware of any market sensitive information that has not been made public. All CSR share dealings by directors are notified to the ASX within the required time. Additional trading restrictions apply to key management personnel.

OTHER IMPORTANT POLICIES

In addition, the board has adopted specific internal policies in key areas, including trade practices; workplace health, safety and the environment; fairness, respect and diversity in employment; capital investment; dealing with price sensitive and other confidential information; privacy; indemnification of employees; and requirements for authorising and entering into business transactions on behalf of CSR.

DISCLOSURE

CSR considers that the above corporate governance practices comply with the ASX CGC Principles and Recommendations (4th edition).

The company's corporate governance framework is kept under review, with a report provided to the board by the company secretary at least annually, recommending any improvements necessary to respond to changes to the company's business or applicable legislation and standards.

Directors' Report

The board of directors of CSR Limited (CSR) presents its report of the consolidated entity, being CSR and its controlled entities (CSR group), for the year ended 31 March 2023. The information appearing on pages 46 to 68 forms part of the directors' report and is to be read in conjunction with the following information:

Principal activities

The principal activities of entities in the CSR group during the year included the manufacture and supply of building products in Australia and New Zealand.

In Australia, the CSR group has an interest in the smelting of aluminium through its 70% interest in Gove Aluminium Finance Limited, which owns 36.05% of the Tomago aluminium smelter located near Newcastle, NSW.

CSR also maximises returns from the sale of its surplus land by advancing sites through stages of the development process.

Review of operations and financial results

A review of the CSR group operations and results for the year ended 31 March 2023 is set out on the inside front cover to page 29 and pages 69 to 109 of the annual report and forms part of the directors' report. This includes the summary of consolidated results, an overview of the group's strategy, material risks and future prospects.

Significant changes

There have been no significant changes to the CSR group in the financial year ended 31 March 2023.

Events after balance sheet date

Dividends

On 10 May 2023 the board resolved to pay a final dividend of 20.0 cents per share, fully franked at the 30% corporate tax rate. The final dividend for the financial year ended 31 March 2023 has not been recognised in this financial report.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the CSR group's operations, the results of those operations or the CSR group's state of affairs in future financial years.

Dividends and distributions to shareholders

Dividends through the year have been as follows:

- a final ordinary dividend of 18.0 cents per ordinary share (100% franked at the 30% corporate tax rate), with respect to the financial year ended 31 March 2022, was paid on 1 July 2022; and
- an interim ordinary dividend of 16.5 cents per ordinary share (100% franked at the 30% corporate tax rate) was paid on 9 December 2022 (as set out in note 19 to the financial statements on page 90).

No other distributions were paid during the year.

Options over share capital

Other than as disclosed in the Remuneration Report:

- no CSR options were granted to executives or non-executive directors during the year;
- there were no unissued shares or interests in CSR subject to options at the date of this report; and
- no CSR shares or interests were issued pursuant to exercised options during or since the end of the year.

Indemnities and insurance

Under rule 10 of CSR's constitution, CSR indemnifies every person who is or has been a director or officer of CSR, to the extent permitted by law and subject to the restrictions in sections 199A and 199B of the *Corporations Act 2001* against:

- liability incurred by that person as an officer of CSR (including liabilities incurred by the officer as a director of a subsidiary of CSR where CSR requested the officer to accept appointment as director); and
- reasonable legal costs incurred in defending an action for a liability or an alleged liability incurred by that person as such an officer of CSR (including such legal costs incurred by the officer as a director of a subsidiary of CSR where CSR requested the officer to accept appointment as director).

For the purposes of rule 10 of CSR's constitution, 'officer' means a director, secretary and executive officer of CSR (as defined in the *Corporations Act 2001*).

CSR has entered into a deed of indemnity, insurance and access with current and former directors of CSR and its subsidiaries. Under each director's deed, CSR indemnifies the director against all costs, losses or liabilities, including without limitation, legal costs and expenses, on a full indemnity basis, incurred by the director in their capacity as a director of CSR or, in some cases as a director of a CSR subsidiary. The deeds also provides directors certain rights of access to board papers and require CSR to maintain insurance cover for directors. No director or officer of CSR has received benefits under an indemnity from CSR during or since the end of financial year.

CSR's external auditor is not indemnified under rule 10 of CSR's constitution or any agreement.

During the year, CSR paid premiums in respect of insurance contracts for the year ended 31 March 2023 and, since the end of the year, CSR has paid, or will agree to pay, premiums in respect of such contracts for the year ended 31 March 2024. The insurance contracts insure against certain liability (subject to exclusion) incurred by persons who are or have been directors or officers of CSR and its controlled entities.

In accordance with normal commercial practice, the insurance contract prohibits disclosure of the nature of the liability covered by, or the premium payable under, the contract of insurance. No claims under the indemnities have been made against CSR during or since the end of the year.

Performance in relation to environmental regulation

The board places a high priority on environmental issues and is satisfied that adequate systems are in place for the management of CSR's compliance with applicable environmental regulations under the laws of the Commonwealth, States and Territories of Australia and of New Zealand. CSR is not aware of any pending prosecutions relating to environmental issues, nor is CSR aware of any environmental issues, not provided for, which would materially affect the business as a whole.

Political donations

CSR's businesses are often involved in a degree of interaction with all levels of government. CSR assists all sides of politics in the development of policy in fields where CSR has specific expertise. No fees were paid to attend any political events (2022: \$nil) and as such disclosure to the Australian Electoral Commission was not required.

Auditor independence

There is no current or former partner or director of Deloitte Touche Tohmatsu, CSR's auditor, who is, or was at any time during the year ended 31 March 2023, an officer of the CSR group. No auditor who played a significant role in the CSR group audit for the year ended 31 March 2023 has done so for a period exceeding the extended audit involvement period of five successive financial years. The auditor's independence declaration (made under section 307C of the *Corporations Act 2001*) is set out on page 48.

Non-audit services

Details of the amounts paid or payable to the CSR group auditor, Deloitte Touche Tohmatsu, for non-audit services provided by that firm during the year are shown in note 33 to the financial statements on page 108. In accordance with written advice provided by the Risk & Audit Committee, the directors are satisfied that the provision of non-audit services during the year by Deloitte Touche Tohmatsu:

- is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*; and
- did not compromise the auditor independence requirements of the *Corporations Act 2001* in view of the materiality of the amounts, the nature of the services and the processes established to monitor the independence of the auditors.

Proceedings on behalf of CSR

No proceedings have been brought, or intervened in, on behalf of CSR, nor has any application for leave been made in respect of CSR under section 237 of the *Corporations Act 2001*.

Remuneration of directors and key management personnel (KMP)

The remuneration report on pages 49 to 68 provides: a summary of the board's remuneration policy and practices during the past year as they apply to directors and other KMP (as defined by the Accounting Standard AASB 124 *Related Party Disclosures*); the relationship between remuneration policy and the CSR group's performance; and the remuneration details for each director and other KMP.

Directors and company secretary

On 16 November 2022 Ms Christine Holman retired from the board. On 16 January 2023 Mr Adam Tindall was appointed to the board, and on 15 March 2023 Ms Christina Boyce was appointed to the board. There were no other changes to the board in the year ended 31 March 2023.

The names of directors who held office at 10 May 2023, as well as details about current directors' period of appointment, qualifications, experience, special responsibilities, current directorships and directorships for the past three years of other listed companies, are on pages 30 and 31 and forms part of the directors' report.

The qualifications and experience of the company secretary at 10 May 2023 are as follows:

Jill Hardiman
AGIA

Jill joined in CSR in 2002 and has worked within the Company Secretariat team since 2003, and as Assistant Company Secretary since 2018. In 2021 Jill was appointed Company Secretary and has broad secretariat and corporate governance experience. Jill holds a Graduate Diploma in Applied Corporate Governance and is an Associate of the Governance Institute of Australia.

The number of meetings of the company's board of directors and each board committee held during the year ended 31 March 2023, and the number of meetings attended by each director are detailed in Table 1 below. The directors' relevant interests in shares in CSR or a related body corporate as at the date of this report are detailed in the remuneration report on pages 67 and 68. Other than as disclosed elsewhere in this report, no director:

- has any relevant interest in debentures of, or interests in a registered scheme made available by, CSR or a related body corporate;
- has any rights or options over shares in, debentures of or interests in a registered scheme made available by, CSR or a related body corporate; or
- is a party to or entitled to a benefit under any contracts that confer a right to call for or deliver shares in, debentures of or interests in a registered scheme made available by, CSR or a related body corporate.

Table 1: Meetings of directors

Year ended 31 March 2023	CSR Board		Risk & Audit Committee		Safety & Sustainability Committee		Remuneration & Human Resources Committee	
	Held ¹	Attended ²	Held ¹	Attended ²	Held ¹	Attended ²	Held ¹	Attended ²
John Gillam	9	9	-	3*	4	4	4	4
Christina Boyce ³	1	1	-	1*	-	-	1	1
Nigel Garrard	9	9	4	4	1	1	3	4*
Christine Holman ⁴	6	6	3	3	2	2	-	3*
Matthew Quinn	9	9	-	2*	4	4	4	4
Adam Tindall ⁵	2	2	1	1	-	1*	1	1
Penny Winn	9	9	4	4	-	2*	4	4
Julie Coates	9	9	-	4*	-	4*	-	4*

¹ Number of meetings held while a member.

² Number of meetings attended. Board committee meetings are open to all directors to attend. Where a director attended a meeting of a committee of which they were not an appointed member, or are no longer an appointed member, this is indicated with an asterisk.

³ Director appointed 15 March 2023.

⁴ Director retired 16 November 2022.

⁵ Director appointed 16 January 2023.



John Gillam
Chair of the board
10 May 2023



Julie Coates
Managing Director and CEO
10 May 2023



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

10 May 2023

Dear Directors

CSR Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of CSR Limited.

As lead audit partner for the audit of the financial statements of CSR Limited for the financial year ended 31 March 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in black ink, appearing to read "J L Gorton".

J L Gorton
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

Remuneration Report

Shareholder letter

Dear Shareholder

On behalf of the board, I am pleased to present CSR's Remuneration Report for the year ended 31 March 2023 (YEM23).

The CSR board plays an active role in the implementation of the remuneration framework to ensure our senior executives and employees are rewarded in a way that is fair, reasonable and motivates them to deliver strong performance. The key principle of our remuneration strategy is alignment of executive reward and shareholder outcomes.

We meet regularly with major shareholders and their advisors to discuss the framework and ensure it remains fit for purpose in a dynamic and rapidly changing business environment.

YEM23 performance

CSR has performed well over the last year and continued to progress with strategic initiatives to drive the most competitive product and service solutions for the market and our customers. The Company has been well managed by the executive leadership team, delivering strong financial performance and positive outcomes for shareholders. The Building Products business segment produced a record EBIT and the Property segment delivered their highest earnings over the last 15 years. Ordinary dividends of 36.5 cents per share declared to shareholders for YEM23 are the highest since the divestment of the Sugar business in 2011.

Employee Share Grant

CSR share ownership is a great way for our employees to share in the success of our collective efforts in delivering for our shareholders and customers, and further strengthen our purpose of building solutions for a better future. We were pleased to offer all eligible employees across the business the chance to participate in our 2022 Employee Share Grant. Eligible employees received a grant of \$1,000 worth of CSR shares purchased on their behalf, resulting in 98% of employees owning CSR shares.

Remuneration outcomes

Challenging and motivating short-term incentive (STI) targets were set by the board at the start of the year to incentivise performance. We are pleased to report that CSR's YEM23 EBIT exceeded the financial target, which accounts for 60% of total STI outcomes.

The board also reviewed significant items and, to ensure alignment between the actual earnings and the targets set, reduced the EBIT for the purpose of STI outcomes to incorporate the transformation implementation costs. There were no other adjustments required for the financial component of STI.

The STI payout reflects performance between target and stretch and the management team and employees have been appropriately rewarded for their efforts and results.

In summary

YEM23 was a very good year for CSR, both in terms of financial performance and continued progress with strategic initiatives. The board is confident that our remuneration framework is appropriate and will motivate our executives to create value for our shareholders in the long term.



Matthew Quinn

Chair, Remuneration & Human Resources Committee

Overview

1 Basis of preparation of the Remuneration Report

This Remuneration Report provides a summary of CSR's remuneration policy and practices during the past financial year as they apply to CSR directors and executives.

The Remuneration Report has been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001* and Corporations Regulation 2M.3.03 and has been audited by CSR's external auditor.

The report contains an overview which is intended to provide a 'plain English' explanation for shareholders of the key management personnel (KMP) and senior executives' actual remuneration outcomes for the year ended 31 March 2023 (YEM23) and the remuneration framework. The report also details proposed changes for the financial year ended 31 March 2024 (YEM24).

Consistent with prior years, actual remuneration of executive KMP has been included in the Remuneration Report in section 3.

2 Key management personnel (KMP) and senior executives

KMP for YEM23 are detailed in the table below. KMP are as defined by the Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124).

The Managing Director and CEO and the Chief Financial Officer and Executive General Manager, Property and Aluminium are the only two senior executives who qualify as executive KMP consistent with prior years.

Table 1: Key management personnel

Name	Position	Term as KMP
Non-executive Directors (NEDs)		
John Gillam	Director and Chair of the board	Full year
Christina Boyce	Director	From 15 March 2023
Nigel Garrard	Director	Full year
Christine Holman	Director	To 16 November 2022
Matthew Quinn	Director	Full year
Adam Tindall	Director	From 16 January 2023
Penny Winn	Director	Full year
Executive KMP		
Julie Coates	Managing Director and CEO	Full year
David Fallu	Chief Financial Officer and Executive General Manager, Property and Aluminium	Full year

The senior executives are detailed in the table below. These senior executives are not KMP as defined by AASB 124. In some cases, where aspects of remuneration apply to other senior roles within CSR, the term 'executive' is also used.

Table 2: Senior executives

Name	Position	Term as senior executive
Amy Bentley	Executive General Manager, Logistics	Full year
Paul Dalton	Executive General Manager, Interior Systems	Full year
Catherine Flynn	Executive General Manager, Human Resources	Full year
Heath Hopwood	Executive General Manager, Masonry & Insulation	Full year
Chris Karakatsanis	Executive General Manager, Safety, Sustainability & Risk	From 2 December 2022
Andrew Mackenzie	General Manager, Property	Full year
Gary May	Executive General Manager, Customer Solutions	Full year
Andrew Rottinger	Executive General Manager, Construction Systems	Full year
Cameron Webb	Executive General Manager, Transformation, Technology & Digital	Full year
Mark White	General Manager, Aluminium	Full year

Remuneration and performance outcomes

3 Actual remuneration

The actual remuneration disclosure has been prepared to provide shareholders with a view of CSR's remuneration structure and how remuneration was paid to the executive KMP for YEM23. The board believes presenting information in this way provides shareholders with clarity and transparency of executive KMP remuneration, showing the amounts awarded for each remuneration component (fixed, short and long-term) within the financial year. This disclosure differs from the statutory remuneration disclosures contained in section 10, with a summary of the differences detailed in the table below.

Table 3: Comparison of actual and statutory remuneration disclosures

	Fixed annual remuneration	Short-term incentive (STI)	Long-term incentive (LTI)	Leave accruals	Other benefits
Actual remuneration disclosures	Cash salary, superannuation contributions and other eligible salary sacrifice benefits.	STI award for YEM23 expressed as the full value, inclusive of the 40% STI deferral into CSR shares.	Value of LTIs that have vested during the year, calculated based on the number of shares valued using the five-day volume weighted average price (VWAP) prior to issue of the shares. Excludes the value of unvested LTIs at 31 March 2023.	Not included	Includes YEM23 Employee Share Grant, and YEM22 Universal Share Ownership Plan (USOP) and other costs relating to company business or contractual obligations, where the benefit has been received.
Statutory remuneration disclosures	As above	STI award for YEM23, exclusive of STI deferral, plus amortisation of STI deferrals into CSR shares relating to current year and prior two years.	Value of LTIs recorded in accordance with accounting standards (based on fair value determined at grant date expensed over the vesting period). The amount for YEM23 relates to YEM21 to YEM23 LTI grants.	Included	As above, except where Performance Rights Plan (PRP) rights are granted as part of contractual obligations. These are expensed over the vesting period.

Executive KMP actual remuneration

Actual remuneration received by executive KMP is set out in table 4 below and is prepared on the basis summarised in table 3. Commentary on the key components of remuneration is set out in table 5 below.

Table 4: Actual remuneration received by executive KMP

Year ended 31 March \$	Fixed remuneration	Short-term Incentive ¹	Long-term incentive ²	Other benefits ³	Total
2023					
Julie Coates	1,175,875	942,151	1,366,823	–	3,484,849
David Fallu	738,750	430,207	592,009	3,074	1,764,040
Total	1,914,625	1,372,358	1,958,832	3,074	5,248,889
2022					
Julie Coates	1,150,000	1,094,800	–	–	2,244,800
David Fallu	715,000	662,400	142,062	1,000	1,520,462
Total	1,865,000	1,757,200	142,062	1,000	3,765,262

1 Short-term incentive represents the full value of the STI, inclusive of 40% deferral into CSR shares.

2 Long-term incentives remuneration includes the vesting of the YEM20 TSR LTI, the vesting of the LTI issued to Ms Coates at employment commencement in 2019 and the vesting of the LTI issued to Mr Fallu in 2019 for the divestment of the Viridian business. The long-term incentive amount is based on the number of shares valued using the five-day VWAP prior to issue of the shares.

3 Other benefits include the Employee Share Grant for YEM23 and other expenditure, all of which related directly to company business. YEM22 includes USOP.

Table 5: Commentary on actual remuneration received by executive KMP

Area	Explanation
Fixed remuneration	<ul style="list-style-type: none"> Ms Coates' fixed remuneration was increased from 1 July 2022 from \$1,150,000 to \$1,184,500 per annum, through CSR's annual remuneration review. Mr Fallu's fixed remuneration was increased from 1 July 2022 from \$720,000 to \$745,000 per annum, through CSR's annual remuneration review.

3 Actual remuneration (continued)

Table 5: Commentary on actual remuneration received by executive KMP (continued)

Area	Explanation
Short-term incentives (STI)	<ul style="list-style-type: none"> The board assessed Ms Coates' performance against the objectives set and determined that Ms Coates would be awarded a STI at between target and stretch. The STI outcome recognises Ms Coates' leadership of the business over the last year, including the significant efforts to deliver financial results above the target while progressing on CSR's strategy. Strong execution across end markets, combined with cost management and pricing disciplines, has delivered the financial results for the year. The CSR strategy, which focuses on developing market leading customer solutions, industry best practice supply chain and digitisation of systems and processes, is well-progressed and delivering benefits. The STI award represents 80% of Ms Coates' maximum STI opportunity for YEM23. The board assessed Mr Fallu's performance against the objectives set and determined that Mr Fallu would be awarded a STI at between target and stretch. The STI outcome recognises Mr Fallu's role in the implementation of strategic initiatives and leadership of the Property and Aluminium businesses, with Property delivering the highest earnings for the past 15 years. While Mr Fallu provided notice of resignation from his position as Chief Financial Officer and Executive General Manager, Property and Aluminium in March 2023, the STI awarded acknowledges that Mr Fallu was employed for the full year and delivered on the personal and financial performance objectives that were set at the beginning of the financial year. Mr Fallu is currently serving a six-month notice period to September 2023. The STI award represents 58% of Mr Fallu's maximum STI opportunity for YEM23. Further detail on the STI outcomes is included in sections 4 and 7.
Long-term incentives (LTI)	<ul style="list-style-type: none"> Long-term incentives represent the partial vesting of the YEM20 LTI for Ms Coates and Mr Fallu. In addition, Ms Coates satisfied the three-year performance condition associated with the performance rights issued on employment commencement and these shares were awarded during YEM23. Mr Fallu also satisfied the three-year employment condition associated with the one-off performance bonus for the Viridian business divestment and these shares were awarded during YEM23. Both of these LTI grants were disclosed in previous remuneration reports. Further detail is included in sections 4, 8 and 12.
Other benefits	<ul style="list-style-type: none"> Other benefits include the YEM23 Employee Share Grant and other expenditure (all of which related directly to company business) and YEM22 Universal Share Ownership Plan (USOP).

Senior executive actual remuneration

The year-on-year change in total actual remuneration for senior executives is summarised in the table below and is prepared on the basis outlined in table 3. The analysis excludes the executive KMP.

The disclosure of senior executives has expanded by one role in YEM23 with the addition of the Executive General Manager, Safety, Sustainability & Risk, from December 2022.

The increase in total senior executive remuneration in YEM23 is due to the higher LTI outcome, partly offset by lower STI outcome. Further explanation on STI outcomes is set out in section 4.

Actual fixed remuneration has increased reflecting the addition of one senior executive as well as the senior executive team being in place for the full year. The LTI outcomes in YEM23 were higher due to increased vesting outcomes in YEM23.

Table 6: Senior executive remuneration

Year ended 31 March \$	Number of Senior Executives	Actual fixed remuneration received	Short-term Incentive ¹	Long-term Incentive ²	Other Benefits ³	Total
2023	10	4,739,412	2,696,955	1,114,552	9,989	8,560,908
2022	9	4,389,472	3,645,468	308,574	4,998	8,348,512

¹ Short-term incentive represents the full value of the STI, inclusive of 40% deferral into CSR shares.

² Long-term incentives include a one-off incentive for a senior property executive that was approved by the CSR board in June 2019 and vested during YEM23. The incentive was linked to the successful delivery of specific property outcomes including sale transactions.

³ Other benefits include the Employee Share Grant for YEM23 and USOP for YEM22.

4 Performance outcomes

Summary of performance outcomes for YEM23


A summary of the YEM23 short-term and long-term incentive outcomes are set out in tables 7 to 10 below, with further detail on the plans included in sections 7 and 8 respectively.

i) Short-term incentive outcomes

Table 7: YEM23 STI CSR group financial targets and assessment of performance outcomes

Area	Explanation
YEM23 financial targets for STI purposes	<ul style="list-style-type: none"> At the start of each year, the board sets challenging financial targets taking into account the relevant factors for each business segment including forecasts for building activity, aluminium pricing and the property market, as well as considering investor requirements for a certain level of sustainable returns. The financial targets for YEM23 were set by the board in March 2022, with earnings before interest and tax (EBIT) the primary STI financial measure. The board has elected not to disclose detailed financial and/or individual targets due to commercial sensitivities.
Assessment of performance against targets	<ul style="list-style-type: none"> The CSR group, Building Products and Property business segments YEM23 EBIT exceeded the financial targets set. Further detail on the business segment targets and performance is summarised in table 8. The actual CSR group EBIT of \$330 million represented an increase of \$38 million or 13% compared to YEM22. An assessment of significant items was completed by the board and, to ensure consistency against the targets set, the EBIT used for assessing CSR group and Building Products STI financial performance was reduced by the transformation costs of \$15 million which are treated as 'significant items'. Details of this assessment are set out in table 9. The CSR group EBIT for STI assessment purposes of \$315 million was slightly above the financial target set. As a result, the CSR group financial component of STI was awarded at between target and stretch. The CSR group financial performance for YEM23 reflected: <ul style="list-style-type: none"> Building Products record earnings, with strong operational performance and continued pricing and cost disciplines to manage inflationary cost pressures. Continued progress and benefits realised from the CSR strategy including building supply chain capability and creating customer-driven, integrated solutions to drive the most competitive product and service solutions for the market. Property earnings a 15-year high, with the delivery of all targeted property sales, combined with the sale of two additional sites. Lower Aluminium earnings with the business impacted by volatility in global commodity costs. The board only exercised discretion in relation to a small number of eligible Aluminium employees who were awarded their non-financial STI based on delivery of personal objectives set at the beginning of the financial year. Under the STI plan rules this would have been halved. This acknowledges that the factors impacting the Aluminium segment performance for YEM23 were due to factors outside of management's control and that significant work has been undertaken by the management team to mitigate the risk of further earnings shortfalls through pro-active hedging of revenue. No discretion was exercised for the financial component for Aluminium employees.
STI awarded as a % of EBIT	<ul style="list-style-type: none"> The total STI awarded amounts to a payout ratio of 5.4% of YEM23 EBIT for STI assessment purposes (YEM22: 7.3% of YEM22 EBIT). The reduction in the STI as a % of EBIT reflects the YEM23 group financial STI outcome which was awarded at between target and stretch compared to the YEM22 group financial STI outcome which was awarded at stretch.

Table 8: YEM23 STI business financial targets and assessment of performance outcomes

Business	Explanation of STI financial targets	Assessment of performance outcomes	Outcome
Building Products	<ul style="list-style-type: none"> The targets were established having regard to forecast construction activity for YEM23, including the expected capacity constraints of the construction industry. These forecasts are formulated with reference to external data sources and independent economic models. The business was tasked to deliver earnings growth, while maintaining a continued focus on operational leverage, cost disciplines and managing the economic environment including inflationary pressures and disrupted/congested supply chains. In addition, the business was tasked with the continued implementation of the strategy and the realisation of benefits during YEM23. 	<ul style="list-style-type: none"> Building Products revenue for YEM23 was above the target set, with growth across all business units. Building Products EBIT of \$273 million was up \$45 million or 20% on YEM22. EBIT margin of 15% represented an increase compared to 14% delivered in YEM22. The earnings growth was driven through a combination of factors including realisation of strategy benefits, strong operational performance and continued pricing and cost disciplines. As noted above and detailed in table 9, Building Products EBIT for STI purposes was lowered by \$15 million for transformation costs recorded in 'significant items' to \$258 million. Overall, Building Products earnings for STI purposes exceeded the financial target set and the financial STI component was awarded at between target and stretch. 	 Between target and stretch








Financial STI outcomes

 Stretch
  Between target and stretch
  At target
  Between threshold and target
  Below threshold

4 Performance outcomes (continued)

i) Short-term incentive outcomes (continued)

Table 8: YEM23 STI business financial targets and assessment of performance outcomes (continued)

Business	Explanation of STI financial targets	Assessment of performance outcomes	Outcome
Property	<ul style="list-style-type: none"> A challenging earnings target was set for the Property business in YEM23, which included: <ul style="list-style-type: none"> the sale of Horsley Park stage 2.2b which required completion of rehabilitation works; the sale of the Warner site; and completion of the final stages of Chirnside Park residential project. The earnings target for YEM23 was set above YEM22. 	<ul style="list-style-type: none"> The Property business generated earnings of \$72 million, the highest earnings recorded in the past 15 years. In addition to completing all of the targeted transactions during YEM23, the sale of the Narangba and Bathurst properties were finalised. The business also continued to strategically advance the long-term property portfolio, including quarry rehabilitation at Badgerys Creek and progressing rezoning of the Schofields site. Overall, the YEM23 Property business earnings significantly exceeded the financial targets set and the financial STI component was awarded at stretch. 	 Stretch
Aluminium	<ul style="list-style-type: none"> In the context of volatile Aluminium prices and higher production costs, the Aluminium business was set a target which would see earnings decrease compared to YEM22. The financial target reflected the hedging held at the time and forecast production costs. 	<ul style="list-style-type: none"> The earnings of the Aluminium segment have been negatively impacted by higher production costs due to volatility in global commodity costs. Given the significant production cost escalations, Aluminium earnings of \$8 million were below threshold and the financial component of the STI was not awarded for the Aluminium business segment. Notwithstanding the significant cost increases experienced during the year, the Tomago smelter has performed well and, with the US dollar Aluminium prices improving over the past year, CSR has taken the opportunity to secure an increase in the hedged position to provide a buffer against the elevated operating cost. As a result, the board has exercised discretion and awarded the applicable 40% non-financial STI component to a small number of eligible Aluminium employees based on delivery of personal objectives set at the beginning of the financial year. 	 Below threshold
Financial STI outcomes  Stretch  Between target and stretch  At target  Between threshold and target  Below threshold			

Consideration of significant items recorded in YEM23

The STI financial targets are set based on EBIT before significant items. The CSR board reviews all significant items at the end of each performance period and considers whether it is appropriate to adjust for their impact on incentive outcomes.

Detail on the assessment of each of the significant items is outlined below, including the rationale for the treatment for remuneration purposes. Further detail on significant items reported for YEM23 is contained in note 3 to the financial statements on page 78.

Table 9: Assessment of significant items for remuneration purposes

Item	Amount (pre-tax) \$'million	Remuneration outcomes adjusted	Rationale for treatment for remuneration purposes
Transformation system implementation costs	(15)	Yes	<ul style="list-style-type: none"> These costs relate to the transformation implementation costs that involve Software-as-a-Service and are required to be expensed due to a change in international accounting interpretation during 2022. As these costs were contemplated in the earnings targets set for YEM23, the costs incurred during the year should also be included in the earnings used to assess STI remuneration outcomes. As a result, Building Products and CSR group EBIT used to assess the STI outcome has been lowered by this cost. While the YEM21 LTI grant vests at stretch performance regardless of the treatment of these costs, they were still considered by the CSR board for the purposes of assessing the LTI outcome. As the costs were not contemplated in the YEM21 LTI target set, YEM23 earnings per share (EPS) was not adjusted for assessing the LTI outcome of this grant. A higher EPS will be used to set the LTI targets for the YEM24 PRP grant, as the EPS will not be downgraded by the transformation system implementation costs.
Recognition of tax losses	8	No	<ul style="list-style-type: none"> This benefit relates to legacy carried forward tax losses which are now expected to be utilised and the tax benefits were not contemplated when the YEM23 financial targets were set. The board has consistently treated these amounts as significant items with no adjustment to STI.
Product liability provision	(5)	No	<ul style="list-style-type: none"> The product liability expenses relate to matters pre-dating current management and the board has consistently treated these amounts as significant items with no adjustment to STI.

4 Performance outcomes (continued)

i) Short-term incentive outcomes (continued)

STI non-financial measures

CSR group, Building Products and Property met their business segment financial target and as a result their non-financial STI component was awarded. This treatment is in accordance with the STI plan (as detailed in table 13). The board has not exercised any discretion, with the exception of Aluminium where the non-financial component was awarded to a small number of eligible employees, as outlined in Table 8.

ii) Long-term incentive outcomes

LTIs have been linked to company performance as follows:

- the value of performance rights (under the PRP) ultimately depends on share price performance; and
- awards vest subject to EPS growth and TSR performance as measured through the movement in the share price and dividends paid.

Table 10: YEM23 long-term incentive outcomes

LTI measure	Explanation
Overall	<ul style="list-style-type: none"> The YEM20 LTI performance hurdles were partially met resulting in 50% of the YEM20 PRP grant vesting in March 2022. The value of LTI that vested in YEM23 increased compared to YEM22 due to a higher number of rights vesting. Further detail is contained in section 8.
TSR	Total shareholder return (TSR) target: 50% vested out of 50% potential.
EPS	Earnings per share (EPS) target: nil% vested out of 50% potential.

iii) Overall financial performance and variable remuneration

The following table summarises the link between company performance and incentives awarded to executive KMP, senior executives and other eligible employees:

Table 11: Summary of financial performance and STIs and LTIs awarded

	Financial performance ⁶					STI			LTI	
	EBIT (\$ million) ¹	TSR (%) ²	EPS (cents) ¹	ROFE (%) ³	Share price (\$) ⁴	Executive KMP (\$ million)	Senior executives (\$ million)	All eligible employees STI as a % of EBIT	Vested value – Executive KMP (\$ million) ⁵	Vested value – Senior executives (\$ million) ⁵
YEM23	329.7	(16.9)	46.9	28.9	4.75	1.4	2.7	5.4% ⁸	2.0	1.1
YEM22	291.4	13.4	39.7	27.3	6.15	1.8	3.6	7.3%	0.1	0.3
YEM21	237.9	87.3	33.1	21.1	5.78	1.8	2.6	7.5%	0.1	0.4
YEM20	216.8	1.5	27.3	17.8	3.17	0.5 ⁷	– ⁷	2.6%	0.7	0.7
YEM19	265.0	(32.9)	36.1	21.8	3.32	1.4	2.0	6.3%	2.0	2.1

1 EBIT and EPS are calculated before significant items.

2 TSR for 12 months to 31 March sourced from Bloomberg. Relative TSR performance is disclosed in Table 20 along with the LTI vesting outcomes.

3 Return on Funds Employed (ROFE) defined in note 2 to the CSR group financial statements.

4 Closing share price at 31 March.

5 Represents the value of PRPs vested in the period, calculated based on the number of shares issued, valued using the five day VWAP prior to issue.

6 Dividends paid for the last five years are disclosed on page 24.

7 An STI was not awarded to executive KMP or senior executives for YEM20, except for the special incentive paid to the retiring CEO Mr Sindel based on goals set by the board and determined for services up to 31 August 2019.

8 Total STI awarded for YEM23 represents 112% of the target STI opportunity. Calculation for YEM23 based on EBIT used for STI assessment purposes. Further detail on the STI awarded is outlined in table 7 and 8 and Remuneration Governance in section 5.

Remuneration Governance

5 Remuneration governance

CSR’s remuneration governance framework is set out below. While the board retains ultimate responsibility, CSR’s remuneration policies and procedures are implemented through the Remuneration & Human Resources Committee. The composition and functions of the Remuneration & Human Resources Committee, which oversees remuneration issues and human resources matters, are set out in the charter available on the CSR website. The charter was reviewed and updated during the year.

Figure 1: CSR’s remuneration governance framework

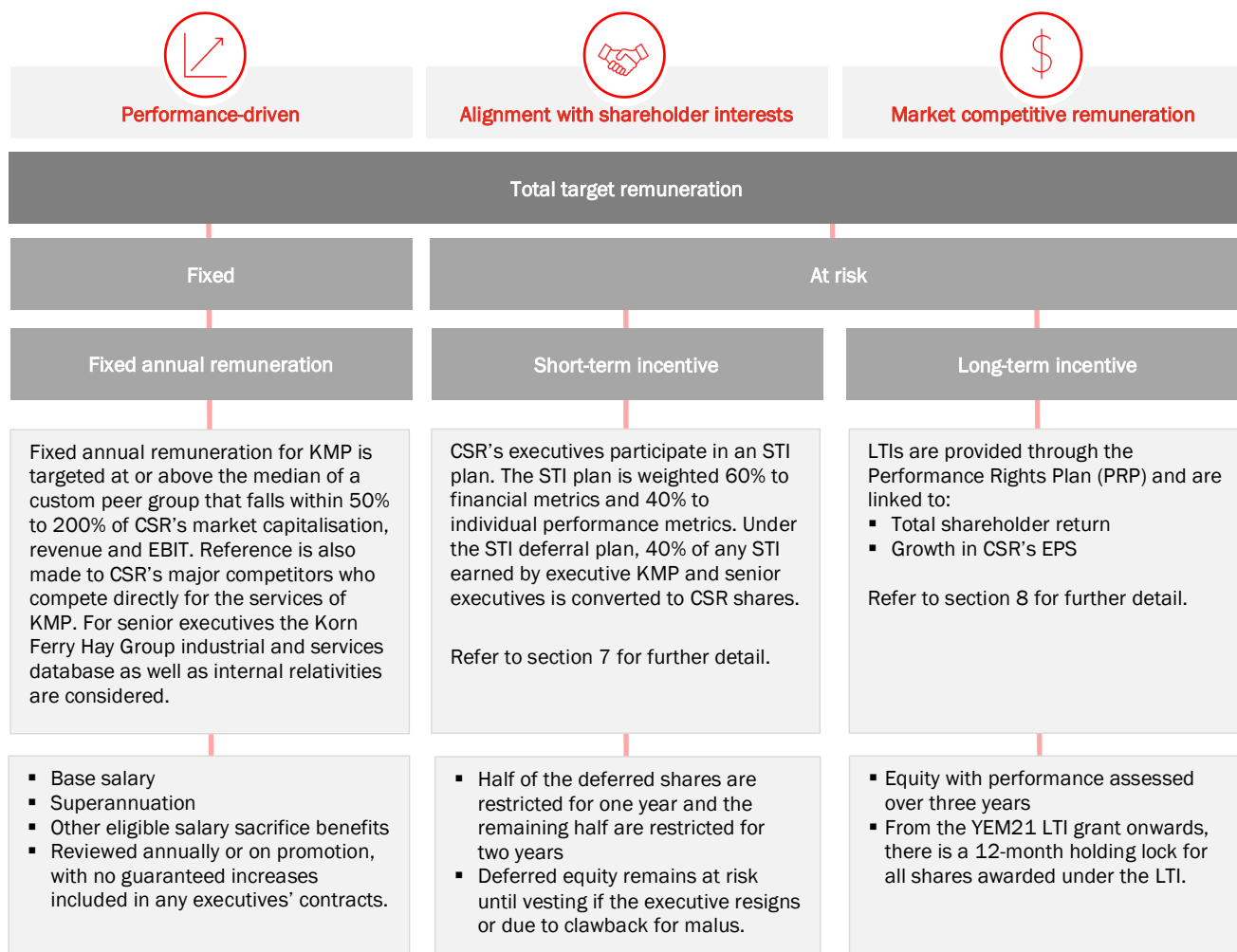


Components of remuneration

6 Summary of the fixed and 'at risk' components of remuneration

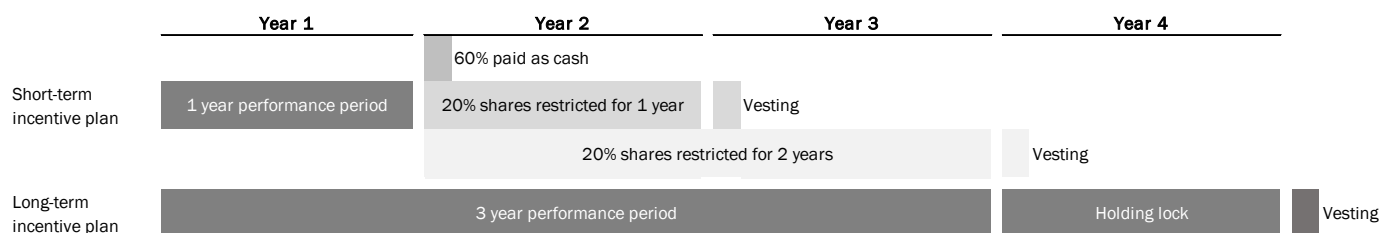
The core elements of CSR's remuneration strategy for the executive KMP and senior executives are outlined below.

Figure 2: CSR's remuneration strategy and structure



The following figure illustrates the timing of how remuneration is earned, subject to performance measures being met for executive KMP and senior executives.

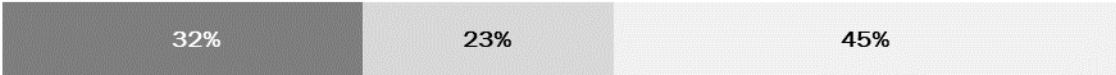
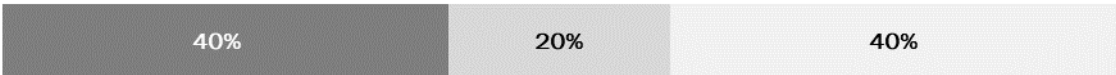
Figure 3: YEM23 short-term and long-term incentive plans



6 Summary of the fixed and 'at risk' components of remuneration (continued)

The key principles on which CSR's executive remuneration is based on are outlined below.

Table 12: Key principles of CSR's executive remuneration

Objective	Explanation								
Market competitive remuneration	<ul style="list-style-type: none"> Remuneration, including those elements which can be earned subject to business performance, are set at competitive levels that will retain, motivate and attract high quality executives. Executive remuneration is reviewed annually. CSR aims to provide market competitive remuneration compared with roles of a similar size, responsibility and complexity. For executive KMP, analysis is completed against a custom peer group that falls within 50% to 200% of CSR's market capitalisation, revenue and EBIT and a group of industry peers. At risk remuneration (through STI and LTI) provides the opportunity to earn reward that reaches the top quartile of the market for superior performance. 								
Performance driven and aligned with shareholder interests	<ul style="list-style-type: none"> Fixed remuneration is designed to attract and retain executives based on their experience and capability to deliver the CSR strategy. The 'at risk' components of remuneration (both STI and LTI) are driven by challenging targets, focussed on both external and internal measures of financial and non-financial performance and are aligned with shareholder returns. Under the STI deferral plan, 40% of any STI earned by executive KMP and senior executives is converted into CSR shares which are restricted. KMP and senior executives are required to hold, or make progress towards holding, a minimum CSR shareholding. The requirement for KMP is 100% of fixed annual remuneration, acquired over a reasonable timeframe. Further detail on this policy is set out in section 13. Ownership of CSR shares is encouraged and enabled through the LTI plan, STI deferral plan for executive KMP and senior executives, the YEM23 Employee Share Grant, Universal Share Ownership Plan (USOP) and the ability to forgo part of fixed remuneration to acquire shares annually through the Employee Share Acquisition Plan (ESAP). A significant proportion of executive remuneration is 'at risk'. The following chart sets out the remuneration mix as fixed annual remuneration, target STI and the maximum value of the LTI granted during the year for the executive KMP. 								
Managing Director and CEO	 <table border="1"> <thead> <tr> <th>Component</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Fixed</td> <td>32%</td> </tr> <tr> <td>STI</td> <td>23%</td> </tr> <tr> <td>LTI</td> <td>45%</td> </tr> </tbody> </table>	Component	Percentage	Fixed	32%	STI	23%	LTI	45%
Component	Percentage								
Fixed	32%								
STI	23%								
LTI	45%								
CFO and EGM Property and Aluminium	 <table border="1"> <thead> <tr> <th>Component</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Fixed</td> <td>40%</td> </tr> <tr> <td>STI</td> <td>20%</td> </tr> <tr> <td>LTI</td> <td>40%</td> </tr> </tbody> </table>	Component	Percentage	Fixed	40%	STI	20%	LTI	40%
Component	Percentage								
Fixed	40%								
STI	20%								
LTI	40%								

■ Fixed ■ STI ■ LTI

7 At risk remuneration – short-term incentive

(i) Table 13: Details of the short-term incentive plan

Purpose	Motivates and rewards individuals and teams to deliver the business strategy aligned to CSR's performance objectives and financial performance to increase shareholder value.															
Frequency and timing	Awards are determined on an annual basis with performance measured over the year to 31 March, with payment made following the release of CSR's annual financial results.															
Equity deferral	<p>Under the STI deferral plan, 40% of any STI earned by executive KMP and senior executives is converted to CSR shares. The number of shares is determined using the five-day VWAP up to and including 31 March of the STI performance year. Half of the shares are released to participants at the end of year one and the balance released at the end of year two. These shares are held in trust subject to trading restrictions and are contingent on the participant remaining employed at the end of each period.</p> <p>As the shares are awarded in lieu of a full cash STI payment and relate to an incentive that has already been earned, during the restriction period, participants are entitled to all dividend and voting entitlements.</p> <p>An important feature of the STI deferral plan rules is the clawback provisions which allow the board to withhold some or all of the deferred equity whether vested or not in the event of fraudulent or dishonest acts.</p>															
Minimum financial performance requirements	<p>STI financial performance targets are set out in the table below.</p> <table><tr><th>Performance component</th><th>Threshold²</th><th>Target</th><th>Stretch</th></tr><tr><td>Percentage of EBIT target achieved</td><td>95%</td><td>100%</td><td>110%</td></tr><tr><td>Percentage of target STI payable¹</td><td>0%</td><td>100%</td><td>200%</td></tr></table> <p>¹ Managing director and CEO's STI for stretch performance is equivalent to 100% of fixed annual remuneration. ² The financial threshold is calculated based on the financial target plus the amount of STI payable if the budget is achieved.</p> <p>The STI accrues on a straight-line basis for financial performance between threshold and target and between target and stretch.</p> <p>No STI is payable in relation to the financial component unless the threshold EBIT is exceeded.</p> <p>If either the CSR group or business segment financial threshold is not met the non-financial component is discounted by 50%. Should both CSR and the applicable business segment not reach the financial threshold, any payment will be at the discretion of the board.</p>	Performance component	Threshold ²	Target	Stretch	Percentage of EBIT target achieved	95%	100%	110%	Percentage of target STI payable ¹	0%	100%	200%			
Performance component	Threshold ²	Target	Stretch													
Percentage of EBIT target achieved	95%	100%	110%													
Percentage of target STI payable ¹	0%	100%	200%													
Significant items	The board reviews items classified as significant at the end of each financial year to determine the extent, if any, by which reported EBIT should be adjusted for STI purposes depending on whether the items were influenced by or within the control of management.															
Performance measures	<p>The performance measures for the STI were updated from YEM22 to align with CSR's business strategy. Performance measures are based on a combination of financial and non-financial measures:</p> <table><tr><th>Performance component</th><th>Corporate roles</th><th>Business segment roles</th></tr><tr><td>CSR group EBIT</td><td>60%</td><td>30%</td></tr><tr><td>Business segment EBIT</td><td>–</td><td>30%</td></tr><tr><td>Individual objectives</td><td>40%</td><td>40%</td></tr><tr><td>Total</td><td>100%</td><td>100%</td></tr></table> <p>Financial measures are based on the board approved EBIT budget for YEM23. Given the cyclical nature of the building industry, it is not appropriate to set financial targets based on year-on-year linear growth. Instead, at the start of each year, the board sets challenging financial targets taking into account the relevant factors for each business segment including forecasts for building activity, aluminium pricing and the property market, as well as considering investor requirements for sustainable returns.</p> <p>The maximum STI payable is 200% of a participant's target STI opportunity (target STI opportunity varies based on seniority) except for the Managing Director and CEO where the maximum STI payable is 143% of target STI opportunity, equivalent to 100% of fixed annual remuneration.</p>	Performance component	Corporate roles	Business segment roles	CSR group EBIT	60%	30%	Business segment EBIT	–	30%	Individual objectives	40%	40%	Total	100%	100%
Performance component	Corporate roles	Business segment roles														
CSR group EBIT	60%	30%														
Business segment EBIT	–	30%														
Individual objectives	40%	40%														
Total	100%	100%														

7 At risk remuneration – short-term incentive (continued)

(i) Table 13: Details of the short-term incentive plan (continued)

Non-financial objectives	<p>Individual objectives are set at the start of each financial year in CSR's performance management system ACHIEVE@CSR. Performance is monitored during the year, with a final assessment at year end. The non-financial objectives are aligned to the business strategy and CSR's defined culture and behaviours. These objectives include relevant KPI's such as safety and sustainability, customer experience, leadership and development of people, operational improvement and growth and delivery of CSR's strategic initiatives.</p> <p>For individuals whose behaviour and performance does not meet minimum requirements, the non-financial STI will be forfeited and the financial STI component may be reduced or forfeited.</p>
Assessment of performance against measures	<p>Individual performance assessments and recommendations are made by the participant's immediate manager, based on the delivery of set objectives and behaviour in achieving these objectives. All performance ratings are reviewed and calibrated by the business unit Executive General Manager. The Managing Director and CEO approves STI allocations based on the overall performance outcomes. The Remuneration & Human Resources Committee recommends to the board executive KMP and senior executive STIs and the overall STI pool in aggregate.</p>
Board discretion	<p>The board's philosophy is to minimise discretionary adjustments to the plan outcomes. However, the board and the Managing Director and CEO retain discretion in certain circumstances to alter payments having regard to:</p> <ul style="list-style-type: none"> ▪ CSR's overall financial performance, including consideration of significant items; ▪ occurrence of a fatality, regardless of fault; ▪ poor individual performance; ▪ inadequate WHSE leadership or WHSE performance improvement; ▪ maintenance and preservation of the company's assets and reputation; ▪ any short-term action which causes market share loss or other damage to CSR; ▪ other special circumstances (e.g. acquisitions and divestments); and ▪ any breach of CSR's Code of Business Conduct and Ethics policy.
Service condition	<p>New starters or people promoted into eligible roles may participate in the STI scheme with pro-rata entitlements. Employees must be employed at time of payment to be eligible for any reward.</p>

8 At risk remuneration - long-term incentive

(i) Purpose of the long-term incentive (LTI) plan

CSR's long-term incentive program aims to:

- drive the delivery of strategic objectives that create long-term shareholder value;
- retain, motivate and attract executive talent to deliver and sustain business performance and increase shareholder returns; and
- enable executives to build their interests in CSR equity.

(ii) Details of the LTI plan

The long-term incentive plan is delivered through the CSR Performance Rights Plan (PRP). Details of the PRP grants from YEM20 to YEM23 are set out below.

Table 14: Features of the long-term incentive plan

Participation	KMP, senior executives and selected key roles are eligible subject to approval by the board.
Grant frequency	Grants are made on an annual basis.
Type of award	Grants of performance rights are subject to service requirements, and performance vesting criteria. If performance conditions are met, CSR shares will be purchased on market and transferred to participants. Refer to section 8(iii) for more detail.
Vesting and performance period	Awards are subject to a three year performance period. The performance conditions are tested to determine whether, and to what extent, awards vest. To the extent that performance rights have not vested following the testing, they will lapse (i.e. participants forfeit their interests in the performance rights).
Dividends	There is no entitlement to dividends on performance rights during the performance period.
At vesting	For all PRP grants, rights are eligible for one CSR Limited share per one performance right on vesting.
Holding lock	A 12-month holding lock on shares awarded under the LTI applies to aid senior executive retention and strengthen CSR's clawback provisions. During the holding lock period, provided the participant remains employed by CSR, they have full voting rights and are entitled to receive dividends.
Sales restrictions post vesting	Shares transferred to participants on the vesting of performance rights are subject to the CSR Share Trading Policy.
Treatment on cessation of employment	Unvested awards: Generally, if a participant ceases to be employed prior to the performance conditions being met, any unvested shares will be forfeited. If the cessation of employment is the result of retirement, redundancy, total or permanent disablement, death or any other special circumstances, the treatment of the rights will be determined at the board's discretion. Vested awards: Awards that have vested are not subject to accelerated transfer to participants at the time of vesting.
Treatment on change of control	Unvested awards: The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger). In exercising this discretion, the board would generally apply pro-rata assessments for plans on foot. Vested awards: Awards that have vested are not subject to accelerated transfer to participants at the time of vesting.
Prohibition of hedging arrangements	Participants will forfeit their interests in unvested shares if they enter into any hedging transaction in relation to those shares in breach of CSR's Share Trading Policy. At 31 March 2023, executive KMP confirmed in writing their beneficial interest in CSR shares, including confirming that they had not entered into any hedging arrangements over vested or unvested CSR shares.
Board discretion	The board retains discretion to reduce or lapse performance rights (or recover the net proceeds where vested shares have been sold) in several circumstances including, but not limited to, material financial misstatements, the performance and conduct of the participant, the performance of the business unit the participant is employed in, CSR group performance, fraudulent or dishonest acts, bringing CSR or any business unit into disrepute or breach of duties or obligations to CSR (including acting in breach of the terms and conditions of their employment and/or CSR's Code of Business Conduct and Ethics).

8 At risk remuneration – long-term incentive (continued)

(iii) PRP performance conditions

A summary of the performance hurdles for each PRP grant, along with further detail on how each hurdle is measured, is set out below.

Table 15: Performance hurdles for each PRP grant

	Note	YEM23	YEM22	YEM21	YEM20
Relative TSR (Tranche A)	1	50%	50%	50%	–
Absolute TSR (Tranche A)	2	–	–	–	50%
Earnings per share (Tranche B)	3	50%	50%	50%	50%

1. Relative TSR

- TSR is the percentage growth in shareholder value, which measures the changes in share price, taking into account dividends and capital returns.
- The board believes relative TSR is an appropriate measure for the PRP as it directly aligns with shareholder interests and provides transparency and focus of eligible executives in driving dividends, capital management and share price growth.
- Absolute TSR is a gateway to vesting to ensure that participants are only rewarded for positive shareholder returns. If absolute TSR is negative over the performance period, no rights will vest in this tranche.
- The comparator peer group used to calculate relative TSR is those companies comprising the S&P/ASX51 – ASX150 defined at the start of each performance period. This peer group is sufficiently broad to measure relativity and the market capitalisation has greater alignment to CSR than the S&P ASX200. The board may adjust the comparator group to take into account events including, but not limited to, takeovers, mergers or de-mergers that might occur during the performance period.
- In measuring TSR, share prices are calculated based on a 90-calendar-day VWAP at the start and end of the performance period.
- Assuming the absolute TSR gate is met, the proportion of the Tranche A performance rights that vest will be determined based on CSR's relative TSR, in accordance with the vesting schedule in table 16 below.

Table 16: Vesting schedule for all Relative TSR PRP grants

TSR of CSR relative to the Peer Group	Proportion of Tranche A to vest
Below the 50 th percentile	0%
At the 50 th percentile	50%
Between the 50 th percentile and the 75 th percentile	Straight-line vesting between 50% and 100%
75 th percentile or greater	100%

2. Absolute TSR for YEM20 PRP

- For the YEM20 PRP, a review of performance hurdles was conducted incorporating potential major property transactions over the ensuing three years. As a result, relative TSR was replaced with absolute TSR.
- The board considered that absolute TSR was a more appropriate measure for the YEM20 PRP as it more directly aligned with shareholder interests and provided transparency and focus of executives in driving both earnings and share price growth.
- The targets are set out in table 17 below. In setting these targets consideration was given to the historical TSR performance of CSR, the cost of capital and projected earnings through the performance period.

Table 17: Vesting schedule for the Absolute TSR grant

Cumulative Average Growth Rate (CAGR) of TSR	Proportion of Tranche A to vest
Below TSR of 14%	0%
TSR of 14%	75%
Between TSR of 14% and 18%	Straight-line vesting between 75% and 100%
18% and above	100%

8 At risk remuneration – long-term incentive (continued)

(iii) PRP performance conditions (continued)

3. Earnings per share (EPS)

Compound growth in EPS measures the success of the business in generating continued growth in earnings and aligns the effort of executive KMP and senior executives with shareholder interests. The use of EPS as a long-term performance measure is also consistent with market practice. EPS is defined as net profit after tax per share before significant items. The board reviews all 'significant items' at the end of each performance period and considers whether it is appropriate to adjust for the impact on incentive outcomes, with the YEM23 outcome summarised in section 4(i) and table 9. In addition, the board may adjust EPS to exclude the effects of material business acquisitions or divestments.

EPS is measured on an averaged basis over the three year performance period rather than point to point to reflect the cyclical nature of the business. Target performance is calculated by taking the total EPS from the performance period using actual EPS of the base year and compounding 5% per annum for three years and dividing the result by three. Stretch performance is calculated using the same methodology, except the growth is compounded by 10% per annum.

Table 18: Performance hurdles for the YEM20 to YEM23 PRP grants

EPS performance hurdle	YEM23		YEM22		YEM21		YEM20	
	Target	Stretch	Target	Stretch	Target	Stretch	Target	Stretch
Cumulative EPS required over next three years (cents per share)	131.4	144.5	109.6	120.5	85.4	93.9	119.5	131.4
Average EPS required over next three years (cents per share)	43.8	48.2	36.5	40.2	28.5	31.3	39.8	43.8

Table 19: EPS PRP vesting schedule

CAGR of EPS	Proportion of Tranche B to vest
Below 5%	0%
At 5%	50%
Between 5% and 10%	Straight-line vesting between 50% and 100%
10% and above	100%

(iv) Details of the PRP awards outstanding

Table 20: Status and key dates of PRP awards

Grant date	Valuation per right ¹	Holding period	Performance testing period	Expiry date (if hurdle not met)	Performance status
19 July 2019 (YEM20)	Tranche A (TSR) \$1.99 Tranche B (EPS) \$3.72	19 July 2019 to 31 March 2022	1 April 2019 to 31 March 2022	1 April 2022	Tranche A (TSR): Actual absolute TSR was 29%. Performance condition was met, resulting in 100% vesting of the allocation grant. Tranche B (EPS): Actual average EPS of 32.5 cents compared to a target of 39.8 cents. Compound growth performance condition was not met and all rights lapsed. Total award was 50%.
21 July 2020 (YEM21)	Tranche A (TSR) \$1.06 Tranche B (EPS) \$3.08	21 July 2020 to 31 March 2023	1 April 2020 to 31 March 2023	1 April 2023	Subsequent to 31 March 2023: Tranche A (TSR) ² : Relative TSR was 65%. Performance condition was met, resulting in 80% vesting of the allocation grant. Tranche B (EPS): Actual average EPS of 39.5 cents compared to a stretch target of 31.3 cents. Compound growth performance condition was met at stretch and all rights vested. Total award was 90%.
21 July 2021 (YEM22)	Tranche A (TSR) \$2.32 Tranche B (EPS) \$4.67	21 July 2021 to 31 March 2024	1 April 2021 to 31 March 2024	1 April 2024	Performance testing not commenced.
29 July 2022 (YEM23)	Tranche A (TSR) \$1.45 Tranche B (EPS) \$3.87	29 July 2022 to 31 March 2025	1 April 2022 to 31 March 2025	1 April 2025	Performance testing not commenced.

¹ The value of performance rights at grant date calculated in accordance with AASB 2 *Share-based Payments*. Valuations are performed by a third party, Ernst & Young.

² To ensure an independent TSR measurement, CSR engages the services of an external organisation, Orient Capital, to calculate CSR's performance against the relative TSR hurdles.

8 At risk remuneration – long-term incentive (continued)

(v) Long-term incentive framework changes

No changes are proposed to the LTI framework for YEM24.

(vi) Other equity incentive plans

During YEM23, the Employee Share Grant was offered to all eligible employees in lieu of the Universal Share Ownership Plan (USOP). The Employee Share Acquisition Plan (ESAP) was also offered to all eligible employees during YEM23.

Table 21: Other equity incentive plans

	Employee Share Grant	Universal Share Ownership Plan (USOP)	Employee Share Acquisition Plan (ESAP)
Participation	All executives and employees (except directors), as at 1 April in the year the shares are granted.	All executives and employees (except directors), who have the equivalent of at least one year's full-time service at the date the shares are allotted.	All full and part time employees and directors within Australia.
Form and quantum of award	The board may elect to grant eligible employees CSR shares. The maximum value of the Employee Share Grant is \$1,000 (being the limit of the tax exemption) for each eligible participant.	The board can approve the purchase of shares up to a maximum value of \$1,000 (being the limit of the tax exemption) for each eligible participant. The award is structured such that participants buy shares which are then matched one for one by the company at no additional cost to participants.	Directors and employees can forgo up to \$5,000 of their cash remuneration annually to acquire shares in the company. The shares are purchased on market by the CSR Share Plan trustee, who acts on instructions given in accordance with the plan rules and the company's Share Trading Policy.
Vesting period	Shares vest immediately upon acquisition by participants. The shares can only be sold three years after the date of grant, unless the participant's employment ceases before then.		The shares are held in trust while the participant is employed by CSR, unless board approval is granted to sell or transfer shares under specific circumstances (e.g. financial hardship). Under current Australian tax law, the maximum period of income tax deferral on the shares purchased is 15 years.
Absence of a performance condition	The plans are designed to encourage share ownership for employees and therefore do not have any performance conditions attached.		
Dividends and voting rights	Participants are entitled to dividends and other distributions and have full voting rights.		

Remuneration in detail

9 Service agreements

Managing Director and CEO – Executive service agreement

Julie Coates was appointed as Managing Director and CEO effective 2 September 2019. Ms Coates' contractual remuneration package is summarised below:

Table 22: Managing Director and CEO's remuneration package

Fixed annual remuneration	Fixed annual remuneration of \$1,184,500 inclusive of superannuation contributions effective from 1 July 2022. Fixed annual remuneration is reviewed annually and increases are not guaranteed.
Notice period	Under the Executive Service Agreement there is no fixed term and Ms Coates' employment can be terminated by: <ul style="list-style-type: none"> the company giving her 12 months' notice of termination; or Ms Coates giving six months' notice of resignation.
STI	There is no guaranteed entitlement to an STI payment and the maximum STI opportunity is 100% of fixed annual remuneration for exceptional performance. Achievement of target performance would result in 70% of the maximum STI being paid. The STI is weighted 60% to financial performance and 40% to individual performance. Under the STI deferral plan rules, 40% of the STI value will be deferred into CSR shares which vest over two years (50% at the end of the first year and 50% at the end of the second year). Further details on the STI deferral plan is contained in table 13.
LTI	The potential value of any award of performance rights is set at a maximum of 140% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to section 8(iii) for details) and are subject to shareholder approval at the AGM.

Chief Financial Officer and Executive General Manager, Property and Aluminium – Executive service agreement

David Fallu resigned from his position of Chief Financial Officer and Executive General Manager, Property and Aluminium in March 2023 and will serve his contractual notice period of six months, up to September 2023. The STI awarded acknowledges that Mr Fallu was employed for the full year and delivered on the personal and financial performance objectives that were set at the beginning of the performance year. The board determined that it is appropriate for Mr Fallu to remain eligible for a STI in YEM23. Mr Fallu's remuneration package is summarised below:

Table 23: Chief Financial Officer and Executive General Manager, Property and Aluminium's remuneration package

Fixed annual remuneration	Fixed annual remuneration of \$745,000 inclusive of superannuation contributions effective from 1 July 2022. Fixed annual remuneration is reviewed annually and increases are not guaranteed.
Notice period	Under the Executive Service Agreement, Mr Fallu's employment can be terminated by: <ul style="list-style-type: none"> the company giving him six months' notice of termination; or Mr Fallu giving six months' notice of resignation.
STI	There is no guaranteed entitlement to an STI payment and the maximum STI opportunity is 100% of fixed annual remuneration for exceptional performance. Achievement of target performance would result in 50% of the maximum STI being paid. The STI is weighted 60% on financial performance and 40% on individual performance. Under the STI deferral plan rules, 40% of the STI value will be deferred into CSR shares which vest over two years (50% at the end of the first year and 50% at the end of the second year). Further details on the STI deferral plan is contained in table 13.
LTI	The potential value of any award of performance rights is set at a maximum of 100% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to section 8(iii) for details).

9 Service agreements (continued)

Table 24: Treatment of the Managing Director and CEO's, and Chief Financial Officer and Executive General Manager, Property and Aluminium's incentives on termination

Circumstance	Short-term incentive ¹	Long-term incentive – unvested performance rights and shares under holding lock ²
Immediate termination for cause	No STI payable and clawback provisions may apply (including deferred STI).	Rights and shares are forfeited.
Resignation	STI is forfeited unless board determines otherwise.	Rights and shares are forfeited unless board determines otherwise. While an employee is serving a notice period, no new LTI grants are issued.
Notice by company, retirement, redundancy, death or permanent disability	Board discretion to award STI on a pro-rata basis (including deferred STI).	Board discretion to allow awards to vest or remain subject to performance hurdles after termination on a pro-rata basis. Shares remain subject to relevant holding lock unless the Board determines otherwise.
Change of control	STI will be paid on a pro-rata basis.	The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger). In exercising this discretion, the board would generally apply pro-rata assessments for plans on foot. Shares remain subject to relevant holding lock unless the Board determines otherwise.

1 Any STI payments will be paid according to the normal annual STI payment time frame (i.e. payment timing will not be accelerated).

2 Shares allocated in respect of vested performance rights are subject to restrictions after vesting.

10 Statutory remuneration

Managing Director and CEO's and Chief Financial Officer and Executive General Manager, Property and Aluminium's remuneration

The remuneration table below shows a decrease in total remuneration expensed for accounting purposes for executive KMP in YEM23 compared with YEM22.

Table 25: Executive KMP statutory remuneration

\$ Year ended 31 March	Fixed			Variable			'At risk'		
	Cash salary	Super-annuation	Leave benefits	Other benefits ¹	STI expense ²	LTI expense ³	Total	STI ⁴	LTI ⁴
Managing Director and CEO – Julie Coates									
2023	1,151,014	24,861	30,006	–	978,382	940,851	3,125,114	31%	30%
2022	1,126,900	23,100	55,880	–	1,023,347	867,712	3,096,939	33%	28%
Chief Financial Officer and Executive General Manager, Property and Aluminium – David Fallu									
2023	713,889	24,861	74,219	3,074	486,892	23,897	1,326,832	37%	2%
2022	691,900	23,100	42,766	1,000	624,507	304,010	1,687,283	37%	18%

1 Other benefits include the Employee Share Grant for YEM23 and other expenditure, all of which related directly to company business. YEM22 includes USOP.

2 STI expense for YEM23 plus amortisation of STI deferrals relating to prior years' grants.

3 LTI expense is as defined in the accounting standards. PRP grants are expensed over the vesting period at a valuation determined on grant date. Valuations are performed by a third party and are detailed in table 20.

4 STI and LTI as a percentage of total remuneration.

11 Deferred shares

Table 26: STI deferred shares for executive KMP

	Number of STI deferred shares				Balance 31 March 2023
	Balance 1 April 2022	Granted ¹	Vested ¹	Lapsed	
Julie Coates	37,814	71,015	(73,321)	–	35,508
David Fallu	23,976	42,967	(45,459)	–	21,484

1 The value of deferred shares provided at grant date was \$6.17 per share based on the VWAP of five-days up to and including to 31 March 2022. These shares related to the YEM22 STI and were granted in June 2022. Half vested on 31 March 2023 and the remaining balance will vest on 31 March 2024 consistent with the STI deferral plan.

Deferred STI in relation to the YEM23 STI award was issued subsequent to 31 March 2023 and will be disclosed in the YEM24 Remuneration Report.

12 Performance rights

Table 27: Executive KMP performance rights

	Number of performance rights				Balance 31 March 2023
	Balance 1 April 2022	Granted ¹	Vested ²	Lapsed	
Julie Coates	1,188,919	268,920	(280,865)	(180,121)	996,853
David Fallu	412,825	120,814	(118,648)	(57,904)	357,087

1 The accounting value of Ms Coates and Mr Fallu's rights granted were \$715,327 and \$321,365 respectively.

2 The following rights vested to ordinary shares during the year ended 31 March 2023:

Ms Coates: YEM20 Tranche A rights vested of 180,120, Tranche B rights of 180,121 lapsed. A total of 180,120 shares were issued on 26 May 2022, and the value of each of these shares was \$4.99, representing a total value to Ms Coates of \$898,731. In addition, Ms Coates satisfied the three-year performance condition associated with PRPs issued on employment commencement. A total of 100,745 shares were issued on 21 November 2022, and the value of each of these shares was \$4.65, representing a total value to Ms Coates of \$468,092.

Mr Fallu: YEM20 Tranche A rights vested of 57,904, Tranche B rights of 57,904 lapsed. A total of 57,904 shares were issued on 26 May 2022, and the value of each of these shares was \$4.99, representing a total value to Mr Fallu of \$288,919. In addition, Mr Fallu satisfied the three-year employment condition associated with the one-off performance bonus for the Viridian business divestment. A total of 60,744 shares were issued on 26 May 2022, and the value of each of these shares was \$4.99, representing a total value to Mr Fallu of \$303,090.

13 Shareholdings

Minimum shareholding requirements

All non-executive directors and executive key management personnel are expected to acquire a beneficial interest in CSR shares equivalent in value to one year's fixed remuneration, and senior executives are expected to acquire a beneficial interest in CSR shares equivalent in value to six months total fixed remuneration. Fixed remuneration is calculated as being inclusive of superannuation. The minimum shareholding requirements are required to be met by non-executive directors within four years of appointment and by KMP and senior executives within a reasonable time frame and are to be valued at the greater of either the cost at the time of purchase, or the current value.

Table 28: Executive KMP shareholdings

	Number of CSR shares ¹				Balance 31 March 2023
	Balance 1 April 2022	Acquired ²	Sold or transferred	Other	
Julie Coates	77,786	360,596	-	-	438,382
David Fallu	161,342	162,878	(50,000)	-	274,220

1 CSR shares in which the executive KMP has a beneficial interest, including shares held by the CSR share plan trustee for vested shares from the PRP and shares held in respect of the STI deferral plan, by the ESAP trustee or via their related parties. It also includes spouse shareholdings.

2 Represents shares allocated upon vesting of rights under the PRP and shares acquired under the STI deferral plan as detailed earlier in this report. Ms Coates acquired shares include 1,038 shares acquired under ESAP, 71,015 shares acquired under the STI deferral plan, 180,120 shares issued on vesting of PRPs, 100,745 shares issued on vesting of three-year performance condition associated with PRPs issued on employment following service conditions being met and 7,678 shares acquired under the Dividend Reinvestment Plan. Mr Fallu's acquired shares include 57,904 shares issued on vesting of PRPs, 60,744 shares issued on vesting of three-year employment condition associated with the one-off performance bonus for the Viridian business divestment, 42,967 shares acquired under the STI deferral plan, 1,038 shares acquired under ESAP and 225 shares acquired under the Employee Share Grant.

14 Other transactions with KMP

The CSR group offers staff discounts on certain products which are also made available to KMP.

A director, Ms Boyce, is also a director of CVF Investments Pty Limited (CVF Investments). Prior to becoming a director of CSR Limited, CVF Investments was engaged as a consultant providing strategic transformation advice. The consulting fees paid to CVF Investments during the year ended 31 March 2023 of \$434,002 were based on normal commercial terms and conditions and recognised as an expense in the CSR group income statement.

There were no other transactions, including loans between CSR and KMP (including their related parties), during YEM22 and YEM23.

Non-executive directors

15 Arrangements

Non-executive directors (NED) are paid a base fee for service to the board, with additional fees for service to each board committee. The fees are set with consideration to the fees paid by companies of a similar size and complexity and are inclusive of superannuation. The shareholder approved fee pool is currently \$1,450,000 per annum including superannuation.

Table 29: Non-executive director arrangements

Role	Annual fee for YEM23 (including superannuation guarantee)
Chair base fee (including all committee memberships)	\$417,300
Other NED base fees	\$154,500
Committee Chair (Risk & Audit Committee, Remuneration & Human Resources Committee or Safety & Sustainability Committee)	\$29,000
Committee memberships	\$12,400 per committee

Following benchmarking undertaken in YEM23, the board determined that effective 1 April 2023 a 3.75% fee increase be applied to all NED fees (rounded to the nearest hundred dollars).

No retirement allowances are payable to NEDs. NEDs do not participate in the company's STI or LTI plans, USOP or Employee Share Grant, or receive any variable remuneration but may forgo fees for CSR shares under the ESAP. Further information is detailed in section 13.

16 Non-executive director fees and shareholdings

Table 30: Non-executive directors' fees

Year ended 31 March		Directors' fees	Termination benefits	Superannuation	Total
John Gillam (chair of the board)	YEM23	392,439	-	24,861	417,300
	YEM22	380,069	-	23,100	403,169
Christina Boyce (from 15 March 2023)	YEM23	7,114	-	747	7,861
	YEM22	-	-	-	-
Nigel Garrard	YEM23	167,341	-	17,367	184,708
	YEM22	157,695	-	15,571	173,266
Christine Holman (to 16 November 2022)	YEM23	111,004	-	11,433	122,437
	YEM22	172,255	-	17,009	189,264
Michael Ihlein (to 25 June 2021)	YEM23	-	-	-	-
	YEM22	45,166	-	-	45,166
Matthew Quinn	YEM23	177,486	-	18,414	195,900
	YEM22	172,255	-	17,009	189,264
Adam Tindall (from 16 January 2023)	YEM23	34,419	-	3,614	38,033
	YEM22	-	-	-	-
Penny Winn	YEM23	177,486	-	18,414	195,900
	YEM22	170,982	-	16,889	187,871
Total non-executive directors	YEM23	1,067,289	-	94,850	1,162,139
	YEM22	1,098,422	-	89,578	1,188,000

Table 31: Non-executive directors' shareholdings

	Number of CSR shares ¹			Balance 31 March 2023
	Balance 1 April 2022	Acquired	Other ²	
John Gillam (chair of the board)	253,510	-	-	253,510
Christina Boyce	-	-	-	-
Nigel Garrard	60,000	15,000	-	75,000
Christine Holman	86,529	6,722	(93,251)	-
Matthew Quinn	81,169	7,389	-	88,558
Adam Tindall	-	20,000	-	20,000
Penny Winn	51,248	-	-	51,248

¹ CSR shares in which the director has a beneficial interest, including shares held under the ESAP trust or via related parties.

² Following Ms Holman's retirement from the board on 16 November 2022, she is no longer a KMP. The 'other' change represents a shareholding balance that no longer requires disclosure and does not represent a disposal of shares whilst a KMP.

Financial Report

Consolidated financial report		Notes to the financial report	75
Statement of financial performance	70	1 Basis of preparation	75
Statement of comprehensive income	71	Financial performance overview	76
Statement of financial position	72	2 Segment information	76
Statement of changes in equity	73	3 Significant items	78
Statement of cash flows	74	4 Earnings per share	79
		5 Revenue	79
Notes to the financial report	75	6 Expenses	80
Directors' declaration	109	7 Net finance costs	80
Independent auditor's report	110	8 Income tax (expense) benefit	81
Shareholder information	114	9 Business combinations	82
		Balance sheet items	83
		10 Working capital	83
		11 Property holdings	83
		12 Property, plant and equipment and intangible assets	84
		13 Net deferred income tax assets	86
		14 Leases	87
		15 Provisions	88
		16 Product liability	89
		Capital structure and risk management	90
		17 Credit facilities	90
		18 Issued capital	90
		19 Dividends and franking credits	90
		20 Reserves	91
		21 Financial risk management	92
		Group structure	97
		22 Subsidiaries	97
		23 Deed of cross guarantee	97
		24 Non-controlling interests	100
		25 Interest in joint operations	100
		26 Equity accounting information	101
		27 Parent entity disclosures	102
		Other	103
		28 Employee benefits	103
		29 Related party disclosures	107
		30 Subsequent events	107
		31 Commitments and contingencies	107
		32 Other non-current assets	108
		33 Auditor's remuneration	108
		34 Other accounting policies	108

Statement of financial performance

\$million	Note	2023	2022
Trading revenue – sale of goods	2,5	2,613.3	2,311.6
Cost of sales		(1,855.2)	(1,610.2)
Gross profit		758.1	701.4
Other income	5	89.6	64.5
Warehouse and distribution costs		(263.1)	(216.5)
Selling, administration and other operating costs		(274.2)	(266.6)
Share of net profit of joint venture entities	26	19.3	15.6
Impairment expense	12	–	(7.0)
Other expenses	6	(15.1)	(6.9)
Profit before finance costs and income tax		314.6	284.5
Interest income	7	2.5	0.5
Finance costs	7	(22.5)	(15.0)
Profit before income tax		294.6	270.0
Income tax (expense) benefit	8	(76.4)	8.7
Profit after tax		218.2	278.7
Profit after tax attributable to:			
Non-controlling interests	24	(0.3)	8.1
Shareholders of CSR Limited		218.5	270.6
Profit after tax		218.2	278.7
Earnings per share attributable to shareholders of CSR Limited			
Basic (cents per share)	4	45.5	55.8
Diluted (cents per share)	4	45.3	55.5

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of comprehensive income

\$million	Note	2023	2022
Profit after tax		218.2	278.7
Other comprehensive income (expense), net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Hedge profit (loss) recognised in equity	21	226.4	(571.2)
Hedge loss transferred to statement of financial performance	21	80.3	135.0
Exchange differences arising on translation of foreign operations	20	0.8	(0.1)
Income tax (expense) benefit relating to these items	13	(92.0)	130.8
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial (loss) gain on superannuation defined benefit plans	28	(1.9)	0.1
Income tax benefit relating to these items		0.7	-
Other comprehensive income (expense) – net of tax		214.3	(305.4)
Total comprehensive income (expense)		432.5	(26.7)
Total comprehensive income (expense) attributable to:			
Non-controlling interests		67.1	(93.0)
Shareholders of CSR Limited		365.4	66.3
Total comprehensive income (expense)		432.5	(26.7)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

\$million	Note	2023	2022
Current assets			
Cash and cash equivalents	34	131.6	177.7
Receivables	10	285.9	228.4
Inventories	10	425.2	374.1
Property holdings	11	36.0	53.0
Other financial assets	21	29.2	98.3
Income tax receivable		16.8	8.9
Prepayments and other current assets		13.4	8.5
Total current assets		938.1	948.9
Non-current assets			
Receivables	32	12.3	22.7
Property holdings	11	109.4	113.9
Investments accounted for using the equity method	26	45.0	40.1
Other financial assets	21	20.9	114.8
Property, plant and equipment	12	692.2	666.1
Right-of-use lease assets	14	128.8	126.0
Goodwill	12	59.9	59.9
Other intangible assets	12	9.3	10.1
Deferred income tax assets	13	206.7	332.8
Other non-current assets	32	8.5	11.7
Total non-current assets		1,293.0	1,498.1
Total assets		2,231.1	2,447.0
Current liabilities			
Payables	10	293.5	314.4
Lease liabilities	14	32.5	30.0
Other financial liabilities	21	69.7	251.5
Tax payable		14.5	13.1
Provisions	15	134.3	138.8
Total current liabilities		544.5	747.8
Non-current liabilities			
Lease liabilities	14	131.1	135.5
Other financial liabilities	21	165.0	379.4
Provisions	15	213.2	232.8
Other non-current liabilities	28	0.7	2.1
Total non-current liabilities		510.0	749.8
Total liabilities		1,054.5	1,497.6
Net assets		1,176.6	949.4
Equity			
Issued capital	18	930.3	966.7
Reserves	20	(147.9)	(293.7)
Retained profits		384.7	334.0
Equity attributable to shareholders of CSR Limited		1,167.1	1,007.0
Non-controlling interests	24	9.5	(57.6)
Total equity		1,176.6	949.4

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

\$million	Note	Issued capital	Reserves	Retained profits	CSR Limited interest	Non-controlling interests	Total equity
Balance at 1 April 2022		966.7	(293.7)	334.0	1,007.0	(57.6)	949.4
Profit for the year		-	-	218.5	218.5	(0.3)	218.2
Other comprehensive income (expense) – net of tax		-	148.1	(1.2)	146.9	67.4	214.3
Dividends paid	19	-	-	(166.6)	(166.6)	-	(166.6)
On-market share buy-back	18	(36.4)	-	-	(36.4)	-	(36.4)
Acquisition of shares by CSR employee share trust	20	-	(5.0)	-	(5.0)	-	(5.0)
Share-based payments – net of tax	20	-	2.7	-	2.7	-	2.7
Balance at 31 March 2023		930.3	(147.9)	384.7	1,167.1	9.5	1,176.6
Balance at 1 April 2021		966.7	(89.6)	245.3	1,122.4	35.4	1,157.8
Profit for the year		-	-	270.6	270.6	8.1	278.7
Other comprehensive income (expense) – net of tax		-	(204.4)	0.1	(204.3)	(101.1)	(305.4)
Dividends paid	19	-	-	(182.0)	(182.0)	-	(182.0)
Acquisition of shares by CSR employee share trust	20	-	(6.0)	-	(6.0)	-	(6.0)
Share-based payments – net of tax	20	-	6.3	-	6.3	-	6.3
Balance at 31 March 2022		966.7	(293.7)	334.0	1,007.0	(57.6)	949.4

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

\$million	Note	2023	2022
Cash flows from operating activities			
Receipts from customers		2,840.5	2,546.9
Payments to suppliers and employees		(2,694.9)	(2,261.9)
Dividends and distributions received	26	15.0	10.9
Interest received		2.2	0.9
Income tax paid		(49.0)	(81.5)
Net cash inflow from operating activities		113.8	215.3
Cash flows from investing activities			
Proceeds from sale of property holdings and other assets		140.3	100.1
Purchase relating to property holdings		(47.4)	(59.7)
Purchase of property, plant and equipment and other intangible assets	12	(84.5)	(40.0)
Purchase of controlled entities and businesses, net of cash acquired	9	-	(2.0)
Receipts (payments) for financial assets		74.3	(54.4)
Loans and receivables repaid (advanced)		7.5	(2.3)
Net cash inflow (outflow) from investing activities		90.2	(58.3)
Cash flows from financing activities			
On-market share buy-back	18	(36.4)	-
Dividends paid ¹	19	(166.6)	(182.0)
Acquisition of shares by CSR employee share trust	20	(5.0)	(6.0)
Lease payments	14	(32.7)	(31.9)
Interest and other finance costs paid ²		(9.5)	(10.1)
Net cash outflow from financing activities		(250.2)	(230.0)
Net decrease in cash held		(46.2)	(73.0)
Net cash at the beginning of the financial year		177.7	250.8
Effects of exchange rate changes		0.1	(0.1)
Net cash at the end of the financial year		131.6	177.7
Reconciliation of net profit attributable to shareholders of CSR Limited to net cash from operating activities			
Net profit attributable to shareholders of CSR Limited	2	218.5	270.6
Net (loss) profit attributable to non-controlling interests	24	(0.3)	8.1
Depreciation and amortisation	6	84.9	88.5
Impairment of assets	12	-	7.0
Share of profits of associates not received as dividends or distributions		(4.3)	(4.7)
Share-based payments	20	4.3	4.0
Finance cost net of discount unwind		9.5	10.1
Net gain on disposal of property holdings	5	(75.6)	(60.3)
Net change in current receivables		(47.8)	(4.6)
Net change in current inventories		(51.1)	(60.1)
Net change in current payables		(20.9)	57.7
Net change in product liability provision		(19.9)	(17.7)
Net change in other provisions		(3.3)	5.4
Net change in current and deferred tax balances		26.7	(91.3)
Net change in other assets and liabilities		(6.9)	2.6
Net cash inflow from operating activities		113.8	215.3

¹ During the year ended 31 March 2023 of the \$166.6 million in dividends paid to CSR Limited shareholders, \$10.7 million was used to purchase CSR shares on-market to satisfy obligations under the Dividend Reinvestment Plan (DRP), and the remaining \$155.9 million was paid in cash.

² In accordance with AASB 16 Leases, interest and other finance costs paid for the year ended 31 March 2023 includes finance costs relating to leases of \$6.8 million (2022: \$7.0 million). Refer to notes 7 and 14 for further details.

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial report

1 Basis of preparation

This section sets out the basis upon which the CSR group's financial statements are prepared as a whole. Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. All other accounting policies are outlined in note 34.

Statement of Compliance: CSR Limited is a limited company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

This general purpose financial report is prepared in accordance with the *Corporations Act 2001* and applicable Accounting Standards and Interpretations, and complies with other requirements of the law. CSR Limited is a 'for profit' entity. The financial report includes the consolidated financial statements of CSR Limited and its controlled entities (CSR group).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the CSR group comply with International Financial Reporting Standards.

Basis of preparation: The financial report is based on historical cost, except for certain financial assets and liabilities which are at fair value.

In preparing this financial report, the CSR group is required to make estimates and assumptions about carrying values of assets and liabilities. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

As at the date these financial statements are authorised for issue, the directors of CSR Limited consider it appropriate that the group is able to continue as a going concern and pay its debts as and when they become due and payable.

Basis of consolidation: The consolidated financial statements have been prepared by aggregating the financial statements of all the entities that comprise the CSR group, being CSR Limited and its controlled entities. In these consolidated financial statements:

- results of each controlled entity are included from the date CSR Limited obtained control and until such time as it ceased to control an entity; and
- all inter-entity balances and transactions are eliminated.

Control is achieved where CSR Limited is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power to direct the activities of the entity. Entities controlled by CSR Limited are under no obligation to accept responsibility for liabilities of other common controlled entities except where such an obligation has been specifically undertaken.

Rounding: Unless otherwise shown in the financial statements, amounts have been rounded to the nearest tenth of a million dollars and are shown by \$million. CSR Limited is a company of the kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016.

Currency: Unless otherwise shown in the financial statements, amounts are in Australian dollars, which is the CSR group's functional currency.

New or revised accounting standards: The CSR group has adopted all amendments to Australian Accounting Standards which became applicable for the CSR group from 1 April 2022.

New standards not yet applicable: refer Note 27 for further detail on AASB 17 *Insurance Contracts*.

Other standards not yet applicable are not expected to have a material impact on the CSR group.

Critical accounting judgments and key sources of estimation uncertainty

uncertainty: Critical judgments and key assumptions that management has made in the process of applying the CSR group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are detailed in the notes below:

Note	Judgment/Estimation
8	Treatment of tax losses
12	Asset impairment
15	Provision for uninsured losses and future claims
15, 16	Product liability
25	Classification of joint arrangements

NOTES TO THE FINANCIAL REPORT: The notes are organised into the following sections.

Financial performance overview: provides a breakdown of individual line items in the statement of financial performance, and other information that is considered most relevant to users of the annual report.

Balance sheet items: provides a breakdown of individual line items in the statement of financial position that are considered most relevant to users of the annual report.

Capital structure and risk management: provides information about the capital management practices of the CSR group and shareholder returns for the year. This section also discusses the CSR group's exposure to various financial risks, explains how these affect the CSR group's financial position and performance and what the CSR group does to manage these risks.

Group structure: explains aspects of the CSR group structure and the impact of this structure on the financial position and performance of the CSR group.

Other: provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements and about items that are not recognised in the financial statements but could potentially have a significant impact on the CSR group's financial position and performance.

Financial performance overview

2 Segment information

Operating and reportable segments

The CSR group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in their role as the chief operating decision makers (CODM) in assessing performance and in determining the allocation of resources. Operating segments are identified by management and the board of directors based on the nature of the products sold and production processes involved. Reportable segments are based on operating segments determined by the similarity of the products produced and sold as these are the sources of the CSR group's major risks and have the most effect on the rates of return.

Each of the business units disclosed below has been determined as a reportable segment.

Building Products	The Building Products business unit comprises Interior Systems (Gyprock plasterboard, Martini, Himmel Interior Systems and Rondo rolled formed steel products joint venture), Construction Systems (Hebel autoclaved aerated concrete products, AFS walling systems and Cemintel fibre cement), and Masonry and Insulation (Bradford insulation, Bradford energy solutions, Edmonds ventilation systems, Monier roofing, PGH Bricks and Pavers and New Zealand Brick Distributors joint venture).
Property	The Property business unit generates returns typically from the sale of former operating sites. In addition, this business is currently involved in a small number of large-scale developments in New South Wales, Queensland and Victoria. These projects, in most cases, are in-fill developments (currently vacant land or discontinued operating sites within otherwise built up areas) located in metropolitan regions.
Aluminium	The Aluminium business unit relates to the CSR group's 70% interest in Gove Aluminium Finance Limited, which in turn holds a 36.05% interest in the Tomago aluminium smelter (i.e. an effective interest of 25.24%). Gove Aluminium Finance Limited sources alumina, has it toll manufactured by Tomago and then sells aluminium into predominantly the Asian market. Products from the aluminium business include aluminium ingot, billet and slab.

Accounting policies and inter-segment transactions

The accounting policies used by the CSR group in reporting segments internally are the same as those disclosed in the significant accounting policies, with the exception that significant items (i.e. those items which by their size and nature or incidence are relevant in explaining financial performance) are excluded from trading profits. This approach is consistent with the manner in which results are reported to the CODM.

Transfers of assets between segments are recognised at book value. It is the CSR group's policy that if items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believes would be inconsistent. Reporting provided to the board of directors in respect of earnings is primarily measured based on earnings before interest and tax (EBIT), excluding significant items, with significant items reviewed and reported separately to the CODM.

The following items are not allocated to operating segments as they are not considered part of the core trading operations of any segment:

- corporate overheads;
- restructuring and provisions;
- net finance costs; and
- significant items.

Geographical information

The CSR group operates principally in Australia. For the year ended 31 March 2023, the CSR group's trading revenue from external customers in Australia amounted to \$2,542.3 million (2022: \$2,242.1 million), with \$71.0 million (2022: \$69.5 million) of trading revenue related to other geographical areas.

The CSR group's non-current assets excluding investments accounted for using the equity method, deferred tax assets and other financial assets in Australia amounted to \$1,005.9 million at 31 March 2023 (2022: \$999.9 million), with \$14.5 million (2022: \$10.5 million) related to other geographical areas.

2 Segment information (continued)

\$million	Trading revenue ¹		EBITDA before significant items ²		Depreciation and amortisation		Earnings before interest, tax and significant items	
Business segment	2023	2022	2023	2022	2023	2022	2023	2022
Building Products	1,833.0	1,614.1	344.7	302.4	(71.3)	(74.2)	273.4	228.2
Property	-	-	71.7	46.9	-	-	71.7	46.9
Aluminium	780.3	697.5	19.6	51.5	(11.6)	(11.8)	8.0	39.7
Corporate ³	-	-	(19.5)	(19.2)	(2.0)	(2.5)	(21.5)	(21.7)
Restructuring and provisions ⁴	-	-	(1.9)	(1.7)	-	-	(1.9)	(1.7)
Total CSR group	2,613.3	2,311.6	414.6	379.9	(84.9)	(88.5)	329.7	291.4

Reconciliation of earnings before interest, tax and significant items to profit after tax

\$million	Note	2023	2022
Earnings before interest, tax and significant items		329.7	291.4
Net finance costs	7	(14.7)	(9.5)
Income tax expense		(90.3)	(81.2)
Profit after tax before significant items (before non-controlling interests)		224.7	200.7
Non-controlling interests	24	0.3	(8.1)
Profit after tax before significant items attributable to shareholders of CSR Limited		225.0	192.6
Significant items after tax attributable to shareholders of CSR Limited	3	(6.5)	78.0
Profit after tax attributable to shareholders of CSR Limited		218.5	270.6

Business segment	Funds employed (\$million) ⁵		Return on funds employed (%) ⁶	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Building Products	938.2	830.0	30.9%	27.3%
Property	153.1	166.1	44.9%	30.7%
Aluminium	163.3	121.3	5.6%	30.9%
Corporate	(41.3)	(47.3)	-	-
Total CSR group	1,213.3	1,070.1	28.9%	27.3%

- Trading revenue excludes net gain on disposal of assets, interest income, dividend income from other entities, share of net profit of joint venture entities and other income. Inter-segment sales are negligible.
- EBITDA before significant items is earnings before interest, tax, depreciation, amortisation and significant items.
- Represents unallocated overhead expenditure and other revenues.
- Represents restructuring and provisions. Includes legal and managerial costs associated with long-term product liabilities and minor product liability claims that arise from time to time, certain defined benefit superannuation liabilities and expenses, other payables, non-operating revenue and other costs (excluding those categorised as significant items).
- Funds employed is net assets of the CSR group less certain non-trading assets and liabilities. Funds employed at 31 March 2023 is calculated as net assets of \$1,176.6 million (2022: \$949.4 million), excluding the following assets: cash of \$131.6 million (2022: \$177.7 million), net tax assets of \$209.0 million (2022: \$328.6 million) and net superannuation assets of \$6.5 million (2022: \$8.3 million). In addition, the following liabilities have been excluded from funds employed: asbestos product liability provision of \$193.4 million (2022: \$213.3 million), net financial liabilities of \$190.1 million (2022: \$422.1 million) and interest payable of \$0.3 million (2022: \$0.1 million interest receivable).
- Return on funds employed (ROFE) is calculated based on EBIT before significant items for the 12 months to year end divided by average funds employed. ROFE is not a measure used for Corporate costs which are considered in the context of the CSR group result. Property ROFE varies due to timing of projects.

3 Significant items

\$million (expense) income	Note	2023	2022
Transformation system implementation projects	6, (i)	(15.1)	(6.9)
Significant items before finance costs and income tax		(15.1)	(6.9)
Discount unwind and hedging relating to product liability provision	7	(5.3)	(5.0)
Recognition of tax losses	(ii)	7.8	86.3
Income tax benefit on significant items		6.1	3.6
Significant items after tax		(6.5)	78.0
Significant items attributable to non-controlling interests		-	-
Significant items attributable to shareholders of CSR Limited		(6.5)	78.0
Net profit after tax attributable to shareholders of CSR Limited		218.5	270.6
Significant items after tax attributable to shareholders of CSR Limited		6.5	(78.0)
Net profit after tax before significant items attributable to shareholders of CSR Limited		225.0	192.6
Earnings per share attributable to shareholders of CSR Limited before significant items¹			
Basic (cents per share)		46.9	39.7
Diluted (cents per share)		46.6	39.5

1 The basis of calculation is consistent with the earnings per share disclosure in the statement of financial performance. Refer to note 4.

Note	Description	Further explanation
(i)	Transformation system implementation projects	During the year ended 31 March 2023, the Building Products segment incurred implementation costs of \$15.1 million (2022: \$6.9 million) in relation to Software-as-a-Service arrangements which are now required to be expensed due to a change in international accounting interpretation. These costs, relating to two projects, have been disclosed as significant due to their size and relevance in understanding the current year trading performance.
(ii)	Recognition of tax losses	During the year ended 31 March 2023, the CSR group recognised a deferred tax asset of \$7.8 million (2022: \$86.3 million) in relation to carry forward capital and revenue tax losses. Refer Note 8 for further detail.

Recognition and measurement

Significant items are those which by their size and nature or incidence are relevant in explaining the financial performance of the CSR group, and as such are disclosed separately.

4 Earnings per share

	2023	2022
Weighted average number of ordinary shares used in the calculation of basic EPS (million) ¹	479.8	484.7
Weighted average number of ordinary shares used in the calculation of diluted EPS (million) ²	482.4	487.4
Profit after tax attributable to shareholders of CSR Limited (\$million)	218.5	270.6
Basic EPS (cents per share)	45.5	55.8
Diluted EPS (cents per share)	45.3	55.5

- 1 Calculated by reducing the total weighted average number of shares on issue of 481.0 million (2022: 485.4 million) by the weighted average number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest of 1,173,192 (2022: 666,479).
- 2 Calculated by increasing the weighted average number of shares used in calculating basic EPS by outstanding performance rights of 2,584,517 (2022: 2,700,156). Performance rights granted under the LTI plan are included in the determination of diluted earnings per share to the extent to which they are dilutive.

5 Revenue

\$million	Note	2023	2022
Trading revenue	2	2,613.3	2,311.6
Other income			
Net gain on disposal of property holdings		75.6	60.3
Net Aluminium Reliability and Emergency Reserve Trader (RERT) compensation		12.7	-
Other		1.3	4.2

Recognition and measurement

- **Sale of goods:** the group sells a range of building products and aluminium. Sales are recognised when control of the products has transferred, being when the products are delivered and accepted by the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.
- **Sale and installation of goods:** certain CSR businesses supply and install building products. Sales are recognised over time given that there is generally no alternative use of the product (it is generally specified based on the requirements of the building) and there is an enforceable right to payment. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. For each of these contracts an appropriate driver is determined which is then used to recognise revenue as the work is completed. In the case of fixed-price contracts, the customer generally pays the fixed amount based on a payment schedule. If the services rendered by CSR exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Some contracts include multiple deliverables, such as the sale of product and related installation services. However, if the installation could be performed by another party it is accounted as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling price. Revenue in relation to the sale of the product is recognised at a point in time when the product is delivered, and legal title has passed, and the customer has accepted the goods. Estimates of revenues, cost or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Sale and installation of goods revenue is disclosed within 'trading revenue' above and in note 2 given it is not material for separate disclosure.

- **Sale of property holdings:** income is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual relationships. An enforceable right to payment does not arise until after the customer has taken control of the property which is the earlier of when title of the property passes or when the customer has physical possession of the property. As a result, income is recognised when control of the property passes to the customer. Income is measured as the amount receivable under the contract. It is discounted to present value if deferred payments have been agreed and the impact of discounting is material. In most cases, the consideration is due when legal title is transferred. Profit realised on the sale of property holdings are disclosed within 'net gain on disposal of property holdings' and classified as 'other income' on the statement of financial performance and is recognised in the Property segment.
- **Disposal of assets:** the net gain (loss) is recognised in 'other income (expense)' when control of the asset passes to the purchaser.

6 Expenses

\$million	Note	2023	2022
Expenses			
Significant items ¹	3	15.1	6.9
Employee benefits expense		478.8	444.1
Depreciation	12,14	82.6	85.1
Amortisation	12	2.3	3.4

1 Significant items are included within other expenses in the statement of financial performance.

Nature of expense

Employee benefits expense: includes salaries and wages, share-based payments and other entitlements.

7 Net finance costs

\$million	Note	2023	2022
Interest expense and funding costs		2.7	3.1
Finance cost - leases	14	6.8	7.0
Discount unwind and hedging relating to product liability provision		5.3	5.0
Discount unwind of other non-current liabilities	15	0.8	0.8
Foreign exchange loss (gain)		6.9	(0.9)
Finance costs		22.5	15.0
Interest income		(2.5)	(0.5)
Net finance costs		20.0	14.5
Finance costs included in significant items	3	(5.3)	(5.0)
Net finance costs before significant items		14.7	9.5

Recognition and measurement

Interest income and expense are accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rates. Funding costs are capitalised and subsequently amortised over the term of the facility. Unwinding of the interest component of discounted assets and liabilities is treated as a finance cost.

8 Income tax (expense) benefit

Reconciliation of income tax (expense) benefit charged to the statement of financial performance:

\$million	Note	2023	2022
Profit before income tax		294.6	270.0
Income tax expense calculated at 30%		(88.4)	(81.0)
Decrease (increase) in income tax expense due to:			
Recognition of carried forward capital tax losses	3	5.0	86.3
Recognition of carried forward tax losses	3	2.8	–
Share of net profit of joint venture entities		5.5	4.4
Taxable profit on property disposals		(0.4)	(0.6)
Income tax under provided in prior years		(0.7)	(0.3)
Other items		(0.2)	(0.1)
Total income tax (expense) benefit		(76.4)	8.7
Comprising of:			
Current tax expense		(43.3)	(40.2)
Deferred tax (expense) credit relating to movements in deferred tax balances	13	(33.1)	48.9
Total income tax (expense) benefit		(76.4)	8.7

Recognition and measurement

Current and deferred tax is recognised as an expense in the statement of financial performance except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting of a business acquisition, in which case it is taken into account in the determination of goodwill.

Tax transparency report

The CSR group has prepared a voluntary tax transparency report which is available to view online or to download from the CSR website (www.csr.com.au). The report sets out relevant tax information for CSR Limited and its controlled entities for the year ended 31 March 2023.

Disclosure of company tax information

Under tax legislation the Australian Taxation Office will publish in 2023 the following data for the CSR Limited tax consolidated group and Gove Aluminium Finance Limited in relation to the 2022 tax year:

Entity	Total revenue ¹ (\$million)	Taxable income (\$million)	Tax payable (\$million)
CSR Limited (ABN: 90 000 001 276)	1,774.0	164.2	42.0
Gove Aluminium Finance Limited (ABN: 45 001 860 073)	708.3	34.3	9.5

1 For financial reporting and taxation purposes, items may have been classified between revenue and expenses differently. Therefore, total revenue may not reconcile to note 2 or note 24.

Income tax is payable on taxable income (not total revenue) after allowing for expenses and specific adjustments under the tax law. For CSR Limited, tax payable for 2022 was \$42.0 million because CSR was entitled to utilise franking credits on dividends received and R&D tax offsets to reduce its tax payable.

8 Income tax (expense) benefit (continued)

Significant judgement and critical accounting estimate – treatment of tax losses

Carry forward tax losses or unused tax credits are recognised as a deferred tax asset to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

During the year ending 31 March 2023, the CSR group has recognised a deferred tax asset of \$7.8 million in relation to carry forward tax losses.

The net amount of tax losses, capital losses and rebates carried forward at the end of the year for which no deferred tax asset has been recognised is set out below:

Value of tax losses, capital losses and rebates carried forward (net)	2023 (\$million)	2022 (\$million)
CSR group	99.0	107.8

The gross value of unused tax losses for which no deferred tax asset has been recognised are \$27.1 million (2022: \$36.9 million). Unused tax losses were predominately generated by a New Zealand subsidiary and it is not considered probable that the unrecognised tax losses will be utilised in the foreseeable future. Unused tax losses can be carried forward indefinitely subject to meeting ownership continuity requirements.

The gross value of unused capital losses for which no deferred tax asset has been recognised are \$304.8 million (2022: \$325.0 million). These unrecognised capital losses were predominately generated from the sale of the Viridian Glass business, and it is not considered probable that the unrecognised capital losses will be utilised in the foreseeable future. Unused capital and tax losses can be carried forward indefinitely subject to meeting ownership continuity requirements.

9 Business combinations

i) Current year

Building Products segment

During the year ended 31 March 2023, the Building Products segment invested in an entity for cash consideration of \$1.3 million.

ii) Prior year

Building Products segment

During the year ended 31 March 2022, the Building Products segment acquired the business assets of an entity for total consideration of \$2.0 million with goodwill arising of \$1.6 million.

The Building Products segment also invested in an entity for cash consideration of \$0.9 million.

Balance sheet items

10 Working capital

i) Current receivables

\$million	2023	2022
Trade receivables	269.4	216.0
Allowance for doubtful debts	(15.3)	(10.2)
Net trade receivables	254.1	205.8
Property receivable	6.3	-
Other receivables	25.5	22.6
Total current receivables	285.9	228.4
Ageing		
Within terms - impaired	1.3	-
Past due 0-60 days - not impaired	-	1.0
Past due 0-60 days - impaired	7.1	7.6
Past due >60 days - impaired	6.9	2.6
Movement in allowance for doubtful debts		
Opening balance	(10.2)	(8.2)
Trade debts written off	1.1	0.4
Trade debts provided	(6.2)	(2.4)
Closing balance	(15.3)	(10.2)

11 Property holdings

\$million	2023	2022
Current		
Held for sale	36.0	53.0
Total current property holdings	36.0	53.0
Non-current		
Held for sale	36.8	39.1
Property projects	72.6	74.8
Total non-current property holdings	109.4	113.9

ii) Inventories

\$million	2023	2022
Current		
Raw materials and stores	168.6	138.7
Work in progress	26.1	25.2
Finished goods	230.5	210.2
Total current inventories	425.2	374.1

1 Write-down of inventories recognised as an expense within cost of sales for the year ended 31 March 2023 totalled \$15.0 million (2022: \$14.1 million).

iii) Current payables

\$million	2023	2022
Trade payables	255.3	281.9
Other payables	38.2	32.5
Total current payables	293.5	314.4

Recognition and measurement

- **Trade receivables:** are recognised initially at fair value and are subsequently measured at amortised cost. The CSR group has adopted an expected credit loss ('ECL') model under AASB 9 *Financial Instruments*. The ECL model requires the CSR group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Accordingly, the CSR group's allowance for doubtful debts calculation applies the expected loss model and takes into consideration the likely level of bad debts (based on historical experience and forward looking information) as well as any known 'at risk' receivables. Bad debts are written off against the allowance account and any other change in the allowance account is recognised in the statement of financial performance.
- **Inventories:** valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to make the sale. Costs included in inventories consist of materials, labour and manufacturing overheads which are related to the purchase and production of inventories. The value of inventories is derived by the method most appropriate to each particular class of inventories. The major portion is valued on either a first-in-first-out or average cost basis.
- **Trade and other payables:** are recognised when the CSR group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.
- **Property holdings:** accounted for as Investment Properties in accordance with AASB 140 Investment Property. The carrying amount of property holdings includes the cost of acquisition and costs incurred in preparing the site for sale. Costs incurred after completion of the site are expensed as incurred. Property holdings are classified as either:
 - *Held for sale:* if the carrying amount will be recovered principally through a sale transaction and a sale is considered highly probable. The assets are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property assets that are not expected to settle within 12 months but are subject to a sales agreement are classified as non-current assets.
 - *Property projects:* property holdings are the investment properties which are not yet classified as 'held for sale'. Property holdings not expected to be fully developed within 12 months are classified as non-current assets.

12 Property, plant and equipment and intangible assets

i) Property, plant and equipment

\$million	Note	Land and buildings		Plant and equipment		Total	
		2023	2022	2023	2022	2023	2022
Cost or written down value		401.0	398.8	1,426.2	1,354.4	1,827.2	1,753.2
Accumulated depreciation and impairment		(120.4)	(113.1)	(1,014.6)	(974.0)	(1,135.0)	(1,087.1)
Net carrying amount		280.6	285.7	411.6	380.4	692.2	666.1
Net carrying amount at 1 April		285.7	288.0	380.4	405.7	666.1	693.7
Capital expenditure		1.2	7.6	81.8	32.4	83.0	40.0
Disposed		(1.1)	(2.7)	(2.1)	(0.4)	(3.2)	(3.1)
Depreciation	6	(7.8)	(8.3)	(46.5)	(49.0)	(54.3)	(57.3)
Impairments ¹		-	(0.5)	-	(6.5)	-	(7.0)
Exchange differences		-	-	0.1	-	0.1	-
Acquisitions - business combinations	9	-	-	-	0.2	-	0.2
Transferred to intangible assets		-	-	-	(0.2)	-	(0.2)
Transferred from/(to) property plant and equipment and property holdings		2.6	1.6	(2.1)	(1.8)	0.5	(0.2)
Balance at 31 March		280.6	285.7	411.6	380.4	692.2	666.1

1 The impairment expense in YEM22 relates to a write down of plant and equipment at a former operating site and was recorded within the Property segment earnings before interest and tax.

ii) Goodwill and other intangible assets

\$million	Note	Goodwill		Software		Other		Total other intangible assets	
		2023	2022	2023	2022	2023	2022	2023	2022
Cost		59.9	59.9	90.1	88.6	29.8	30.3	119.9	118.9
Accumulated amortisation and impairment		-	-	(87.4)	(85.6)	(23.2)	(23.2)	(110.6)	(108.8)
Net carrying amount		59.9	59.9	2.7	3.0	6.6	7.1	9.3	10.1
Net carrying amount at 1 April		59.9	58.3	3.0	5.6	7.1	8.0	10.1	13.6
Capital expenditure		-	-	1.5	-	-	-	1.5	-
Amortisation	6	-	-	(1.8)	(2.8)	(0.5)	(0.6)	(2.3)	(3.4)
Acquisitions - business combinations	9	-	1.6	-	-	-	-	-	-
Transferred from/(to) property plant and equipment and property holdings		-	-	-	0.2	-	(0.3)	-	(0.1)
Balance at 31 March		59.9	59.9	2.7	3.0	6.6	7.1	9.3	10.1

12 Property, plant and equipment and intangible assets (continued)

Recognition and measurement

- **Property, plant and equipment:** assets acquired are recorded at historical cost of acquisition less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- **Depreciation/amortisation:** assets are depreciated or amortised at rates based upon their expected economic life using the straight-line method. Land, goodwill and trade names with indefinite lives are not depreciated or amortised. Useful lives are as follows: buildings 10 to 40 years; plant and equipment 2 to 40 years; and systems software and other intangible assets 2 to 8 years.
- **Software:** developed internally or acquired externally, is initially measured at cost and includes development expenditure. Subsequently, these assets are carried at cost less accumulated amortisation and impairment losses.
- **Software-as-a-Service (SaaS) arrangements:** SaaS arrangements are service contracts providing the group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.
- **Other intangible assets:** including trade names and customer lists obtained through acquired businesses, are measured at fair value at the date of acquisition. Trade names of \$1.6 million (2022: \$1.6 million) that have an indefinite life are assessed for recoverability annually. Customer lists and all other trade names that have a defined useful life are amortised and subsequently carried net of accumulated amortisation. Intangible assets not obtained through acquired businesses are measured at cost. These assets are subsequently carried at cost less accumulated amortisation and impairment losses.
- **Goodwill:** represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is not amortised, but tested annually and whenever there is an indicator of impairment. Goodwill is allocated to the lowest level within the group at which the goodwill is monitored for internal management purposes, and cannot be larger than an operating segment. Following the reorganisation of the Building Products segment, the AFS goodwill has been reallocated to the Constructions Systems operating segment given performance of the goodwill is monitored at this level. Immediately prior to the reallocation, an assessment of the carrying value of the AFS CGU (including the goodwill) was performed and confirmed that the recoverable amount exceeded the carrying amount.

Critical accounting estimate – carrying value assessment

The CSR group tests property, plant and equipment and intangible assets for impairment to ensure they are not carried at amounts above their recoverable amounts:

- at least annually for goodwill and trade names with indefinite lives; and
- where there is an indication that the assets may be impaired (which is assessed at least each reporting date).

These tests for impairment are performed by assessing the recoverable amount of each individual asset or, if this is not possible, then the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows. The recoverable amount is determined each reporting period using the CGU's fair value which is calculated using the discounted cash flows expected to arise from the asset. Management judgment is required in these valuations to forecast future cash flows and to determine a suitable discount rate in order to calculate the present value of these future cash flows. Future cash flows take into consideration forecast changes in the building cycle, aluminium prices and exchange rates where appropriate.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount with any impairment recognised immediately in the statement of financial performance.

The carrying amount of goodwill and trade names with indefinite lives forms part of the Building Products segment: \$59.9 million and \$1.6 million respectively (2022: \$59.9 million and \$1.6 million respectively). The recoverable amounts of the cash generating units that include goodwill are determined using discounted cash flow projections.

Key assumptions used in the impairment assessments:

- **Cash flow forecasts:** The cash flows are modelled over a five-year period with a terminal value used from year six onwards. The first five years represent financial plans forecast by management, based on the CSR group's view of the most recent outlook on building activity levels and the current climate-related regulations and committed sustainability initiatives in place, with the terminal year representing long-term average activity levels. These estimates are informed by a review of a sample of external forecasts available as at the date of these financial statements. In addition, cash flows for the Aluminium cash generating unit reflect the most recent forecasts for key assumptions such as the US\$ London Metal Exchange (LME) price and USD:AUD exchange rate.
- **Post-tax discount rate:** The valuation is calculated using a post-tax annual discount rate of 9.6% for all CGUs other than Aluminium which uses 11.6% (2022: 9.0% for all CGUs other than Aluminium which was 10.5%).
- **Terminal value:** The terminal value annual growth rate assumed is 2.5% (2022: 2.0%).

13 Net deferred income tax assets

\$million	2023	2022
Net deferred income tax assets arising on temporary differences	168.5	288.3
Tax losses recorded as asset	2.4	0.6
Capital tax losses recorded as asset	35.8	43.9
Total net deferred income tax assets	206.7	332.8

Movement in net deferred income tax assets

\$million	Opening balance	Credited (charged) to profit or loss	Credited (charged) to equity	Other (including transfers)	Closing balance
2023					
Property, plant and equipment	(11.9)	(4.6)	-	-	(16.5)
Right-of-use lease assets	(37.8)	8.5	-	(9.3)	(38.6)
Lease liabilities	49.6	(9.6)	-	9.1	49.1
Product liability provision	64.0	(6.0)	-	-	58.0
Employee benefits provisions	29.8	(1.4)	-	-	28.4
Other provisions	22.7	3.1	-	0.2	26.0
Fair value of hedges	149.6	-	(92.0)	-	57.6
Accrued expenses	11.1	(3.3)	-	-	7.8
Property sales on capital account	8.7	(8.7)	-	-	-
Other individually insignificant balances	2.5	(4.8)	(1.0)	-	(3.3)
Tax losses	0.6	1.8	-	-	2.4
Capital tax losses	43.9	(8.1)	-	-	35.8
Total net deferred income tax assets	332.8	(33.1)	(93.0)	-	206.7
2022					
Property, plant and equipment	(9.1)	(2.8)	-	-	(11.9)
Right-of-use lease assets	(38.1)	8.3	-	(8.0)	(37.8)
Lease liabilities	51.4	(9.8)	-	8.0	49.6
Product liability provision	69.3	(5.3)	-	-	64.0
Employee benefits provisions	27.0	2.8	-	-	29.8
Other provisions	22.1	0.5	-	0.1	22.7
Fair value of hedges	18.8	-	130.8	-	149.6
Accrued expenses	9.0	2.1	-	-	11.1
Property sales on capital account	-	8.7	-	-	8.7
Other individually insignificant balances	(1.6)	1.8	2.3	-	2.5
Tax losses	1.9	(1.3)	-	-	0.6
Capital tax losses	-	43.9	-	-	43.9
Total net deferred income tax assets	150.7	48.9	133.1	0.1	332.8

Recognition and measurement

Current tax: represents the amount expected to be paid in relation to taxable income for the financial year measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax: is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. A deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities, when the tax balances relate to the same taxation authority and when the CSR group intends to settle the tax assets and liabilities on a net basis. No provision for withholding tax has been made on undistributed earnings of overseas controlled entities where there is no intention to distribute those earnings.

14 Leases

i) The CSR group's leasing activities

The CSR group leases various properties, equipment and vehicles. Property leases typically are for a period of 4 to 10 years and often have extension options and equipment and vehicle leases are typically for a period of 3 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of financial performance. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT equipment and office equipment such as photocopiers.

ii) Amounts recognised in the financial statements

The statement of financial position reflects the following amounts relating to leases:

\$million	2023	2022
Right-of-use assets		
Properties	115.3	112.4
Equipment	7.8	8.3
Vehicles	5.7	5.3
Total right-of-use assets	128.8	126.0
Lease liabilities		
Current	32.5	30.0
Non-current	131.1	135.5
Total lease liabilities	163.6	165.5

The statement of financial performance contains the following amounts relating to leases:

\$million	2023	2022
Depreciation charge for right-of-use assets		
Properties	22.8	22.2
Equipment	2.6	2.9
Vehicles	2.9	2.7
Total depreciation charge for right-of-use assets	28.3	27.8
Interest expense (included in finance cost)	6.8	7.0
Expense relating to short-term and low-value leases	15.6	13.2

The statement of cashflows contains the following amounts within 'financing activities' relating to leases:

\$million	2023	2022
Lease payments	32.7	31.9
Interest	6.8	7.0
Total lease cash outflows included in 'cash flows from financing activities'	39.5	38.9

The table below analyses the undiscounted cash flows for the CSR group's lease liabilities, into relevant maturity groupings based on the remaining lease term at the reporting date:

\$million	2023	2022
1 year or less	38.8	36.7
1 to 3 years	63.4	62.5
3 to 5 years	39.6	44.3
Over 5 years	49.7	56.2
Total undiscounted cash flows	191.5	199.7

15 Provisions

\$million	2022	Recognised/ remeasured	Settled/ transferred	Discount unwind	2023
Current					
Employee benefits	94.6	62.8	(68.7)	–	88.7
Restructure and rationalisation	1.4	–	–	–	1.4
Product liability	24.0	25.3	(25.3)	–	24.0
Restoration and environmental rehabilitation	0.9	–	0.5	–	1.4
Uninsured losses and future claims	7.9	3.0	(4.6)	–	6.3
Other ¹	10.0	6.2	(3.7)	–	12.5
Total current provisions	138.8	97.3	(101.8)	–	134.3
Non-current					
Employee benefits	4.9	–	0.4	–	5.3
Product liability	189.3	(25.3)	–	5.4	169.4
Restoration and environmental rehabilitation	2.7	0.3	(0.6)	–	2.4
Make-good for property leases	10.2	0.6	(0.4)	–	10.4
Uninsured losses and future claims	15.4	(0.1)	–	0.7	16.0
Other ¹	10.3	–	(0.7)	0.1	9.7
Total non-current provisions	232.8	(24.5)	(1.3)	6.2	213.2

¹ Includes provision for anticipated disposal costs of Tomago aluminium smelters spent pot lining and onerous lease liabilities.

Recognition, measurement and critical accounting estimates

Provisions are recognised when the CSR group has a present obligation (legal or constructive) as a result of a past event, it is probable that settlement will be required and the obligation can be reliably estimated. Provisions which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the CSR group.

Provisions representing critical accounting estimates and key sources of estimation uncertainty

- **Product liability:** provision is made for all known asbestos claims and reasonably foreseeable future claims has been determined using reports provided by independent experts in each of Australia and the United States, and includes an appropriate prudential margin. Refer to note 16 for further details of the key assumptions and uncertainties in estimating this liability.
- **Uninsured losses and future claims:** relates to the CSR group's self-insurance program for workers' compensation. CSR Limited is a licensed self-insurer in New South Wales, Queensland, Victoria and Western Australia for workers compensation insurance. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and is determined at each year end using reports provided annually by independent experts.

Other provisions

- **Employee benefits:** provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations when it is probable that settlement will be required and they are capable of being reliably measured. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.
- **Restructure and rationalisation:** provision is made for restructuring and rationalisation where the CSR group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provision is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.
- **Restoration and environmental rehabilitation:** the liability is immediately recognised when the environmental exposure is identified and the rehabilitation costs can be reliably estimated. Judgment is required in arriving at an estimate of future costs required to extinguish these obligations. Given the nature of these issues, circumstances may change and estimates and provisions will be updated accordingly. Expert advice is relied upon (where available) and known facts at the date of this report are considered to arrive at the best estimate for future liabilities.
- **Make-good for property leases:** provision has been recognised for the present value of the estimated expenditure to restore leased properties to their original condition at the end of the respective lease terms. These costs have been capitalised as part of the cost of the right-of-use leased asset and are amortised over the shorter of the term of the lease and the useful life of the assets.

16 Product liability

Background

CSR Limited and/or certain subsidiaries (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia and exporting asbestos to the United States. CSR's involvement in asbestos mining, and the manufacture of products containing asbestos, began in the early 1940s and ceased with the disposition of the Wunderlich asbestos cement business in 1977. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States.

CSR has been settling claims since 1989. It has been, and remains, CSR's policy to ensure that all legitimate asbestos related claims, whether in Australia or the US, are resolved on a fair and equitable basis. Where there is a demonstrated liability, CSR will seek to offer a fair settlement and, in the case of US claimants, one that is consistent with claim settlement values in Australia.

Default judgements have been sought and obtained against CSR in the US, without CSR being present or represented (and for damages that are excessive and of a nature that would not be recognised in Australia). Australian law does not recognise the jurisdiction of US courts in such matters. There have not been any US judgements enforced against CSR. As at 31 March 2023, CSR had resolved approximately 5,500 claims in Australia and approximately 137,900 claims in the United States.

Basis of provision

CSR includes in its financial statements a product liability provision covering all known claims and reasonably foreseeable future asbestos related claims. This provision is reviewed every six months. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. The provision is net of anticipated workers compensation payments from available workers compensation insurers.

CSR does not believe there is any other significant source of insurance available to meet its asbestos liabilities. CSR no longer has general insurance coverage in relation to its ongoing asbestos liabilities.

In determining the product liability provision, CSR has obtained independent expert advice in relation to the future incidence and value of asbestos related claims in Australia and the United States. CSR has appointed Finity Consulting Pty Limited as the independent expert to estimate the Australian liabilities. CSR has appointed Gnarus Advisors, LLC as the independent expert to estimate the United States liabilities. The independent experts make their own determination of the methodology most appropriate for estimating CSR's future liabilities. The assessments of those independent experts project CSR's claims experience into the future using modelling techniques that take into account a range of possible outcomes. The present value of the liabilities is estimated by discounting the estimated cash flows using the pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities.

Many factors are relevant to the independent experts' estimates of future asbestos liabilities, including:

- numbers of claims received by disease and claimant type and expected future claims numbers, including expectations as to when claims experience will peak;
- expected value of claims;
- the presence of other defendants in litigation or claims involving CSR;
- the impact of and developments in the litigation and settlement environment in each of Australia and the United States;
- estimations of legal costs;
- expected claims inflation (Australian liability 3.40% and US liability 2.20%); and
- the discount rate applied to future payments (Australian liability 4.50% and US liability 4.20%).

There are a number of assumptions and limitations that impact on the assessments made by CSR's experts, including the following:

- assumptions used in the modelling are based on the various considerations referred to above;
- the future costs of asbestos related liabilities are inherently uncertain for the reasons discussed in this note;
- uncertainties as to future interest rates and inflation;
- the analysis is supplemented by various academic material on the epidemiology of asbestos related diseases that is considered by the experts to be authoritative;
- the analysis is limited to liability in the respective jurisdictions of Australia and the United States that are the subject of the analysis of that expert and to the asbestos related diseases that are currently compensated in those jurisdictions; and
- the effect of possible events that have not yet occurred which are currently impossible to quantify, such as medical and epidemiological developments in the future in treating asbestos diseases, future court and jury decisions on asbestos liabilities, and legislative changes affecting liability for asbestos diseases.

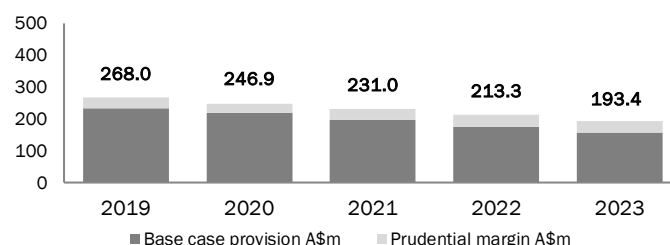
The product liability provision is determined every six months by aggregating the Australian and United States estimates noted above, translating the United States base case estimate to Australian dollars using the exchange rate prevailing at the balance date and adding a prudential margin. The prudential margin is determined by the CSR directors at the balance date, having regard to the prevailing litigation environment and any material uncertainties that may affect future liabilities. As evidenced by the analysis below, the prudential margin has varied over the past five years. The directors anticipate that the prudential margin will continue to fluctuate within a range approximating 10% to 30% depending on the prevailing circumstances at each balance date.

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provision as at 31 March 2023 will definitively estimate CSR's future asbestos liabilities. If the assumptions adopted by CSR's experts prove to be incorrect, the current provision may be shown to materially understate or overstate CSR's asbestos liability.

However, taking into account the provision already included in CSR's financial statements and current claims management experience, CSR is of the opinion that asbestos litigation in Australia and the United States will not have a material adverse impact on the CSR group's financial condition.

CSR's asbestos provision is summarised in the graph and table below:

Table and Graph 1: Five-year history – asbestos provision



\$million	Year ended 31 March	
	2023	2022
Base case estimate	156.8	174.8
Prudential margin	36.6	38.5
Prudential margin %	23.3%	22.0%
Total product liability provision	193.4	213.3

Capital structure and risk management

17 Credit facilities

The CSR group has a total of \$330.0 million (31 March 2022: \$420.0 million) committed standby facilities with external financial institutions. These facilities have fixed maturity dates as follows: \$25.0 million in 2024, \$55.0 million in 2025, \$130.0 million in 2026 and \$120.0 million in 2027. As at 31 March 2023, \$330.0 million of the standby facilities were undrawn (2022: \$420.0 million undrawn).

18 Issued capital

	Ordinary shares fully paid ¹	Issued capital \$million
On issue 31 March 2022	485,382,776	966.7
On-market share buy-back – net of transaction costs	(7,999,189)	(36.4)
On issue 31 March 2023	477,383,587	930.3

¹ Fully paid ordinary shares are listed on the Australian Securities Exchange and carry one vote per share and the right to dividends.

No shares were issued during the years ended 31 March 2023 and 31 March 2022 under employee share plans as shares in respect of the plans were acquired on market. During the years ended 31 March 2023 and 31 March 2022, eligible shareholders were able to reinvest all or part of their dividends in fully paid ordinary shares. Shares were acquired on-market and did not have any impact on issued capital.

Net tangible assets per ordinary share for the year ended 31 March 2023 are \$2.30 (2022: \$1.93). Net tangible assets per share is calculated as net assets attributable to CSR Limited shareholders of \$1,167.1 million (2022: \$1,007.0 million) less intangible assets of \$69.2 million (2022: \$70.0 million) divided by the number of issued ordinary shares of 477.4 million (2022: 485.4 million).

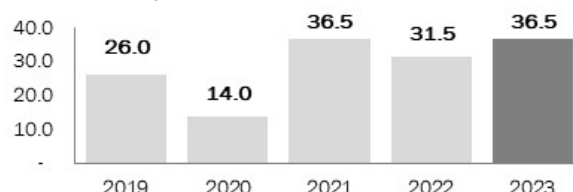
During the year ended 31 March 2023, the company announced that as part of its ongoing capital management strategy, it would undertake an on-market share buy back of up to \$100 million. The share buy-back commenced in July 2022 and remains ongoing.

19 Dividends and franking credits

i) Dividends

Dividend type	Cents per share	Franking	Total amount \$million	Date paid/payable
2021 Final ordinary	14.5	100%	70.4	2 July 2021
2021 Final special	9.5	100%	46.1	2 July 2021
2022 Interim ordinary	13.5	100%	65.5	10 December 2021
2022 Final ordinary	18.0	100%	87.4	1 July 2022
2023 Interim ordinary	16.5	100%	79.2	9 December 2022
2023 Final ordinary ¹	20.0	100%	95.5	3 July 2023

Graph 1: Dividends declared relating to each financial year – cents per share



¹ The final dividend for the financial year ended 31 March 2023 has not been recognised in this financial report because it was resolved to be paid after 31 March 2023. The amounts disclosed as recognised in 2023 are the final dividend in respect of the financial year ended 31 March 2022 and the interim dividend in respect of the financial year ended 31 March 2023.

ii) Franking credits

\$million	2023	2022
Franking account balance on an accruals basis ¹	22.8	43.4

¹ The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of income tax liabilities or receivables after the end of the year.

20 Reserves

\$million	Hedge reserve	Foreign currency translation reserve	Employee share reserve	Share based payment trust reserve	Non-controlling interests reserve	Total
Balance at 1 April 2022	(236.8)	(5.4)	48.7	(31.4)	(68.8)	(293.7)
Hedge profit recognised in equity	164.8	-	-	-	-	164.8
Hedge loss transferred to the statement of financial performance	45.7	-	-	-	-	45.7
Translation of foreign operations	-	0.8	-	-	-	0.8
Income tax related to other comprehensive income	(63.2)	-	-	-	-	(63.2)
Share-based payments	-	-	4.3	-	-	4.3
Income tax related to share-based payments	-	-	(1.6)	-	-	(1.6)
Acquisition of shares by CSR employee share trust	-	-	-	(5.0)	-	(5.0)
Balance at 31 March 2023	(89.5)	(4.6)	51.4	(36.4)	(68.8)	(147.9)
Balance at 1 April 2021	(32.5)	(5.3)	42.4	(25.4)	(68.8)	(89.6)
Hedge loss recognised in equity	(384.6)	-	-	-	-	(384.6)
Hedge loss transferred to the statement of financial performance	92.8	-	-	-	-	92.8
Translation of foreign operations	-	(0.1)	-	-	-	(0.1)
Income tax related to other comprehensive income	87.5	-	-	-	-	87.5
Share-based payments	-	-	4.0	-	-	4.0
Income tax related to share-based payments	-	-	2.3	-	-	2.3
Acquisition of shares by CSR employee share trust	-	-	-	(6.0)	-	(6.0)
Balance at 31 March 2022	(236.8)	(5.4)	48.7	(31.4)	(68.8)	(293.7)

Nature and purpose of reserves

Hedge reserve: the hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Foreign currency translation reserve: exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity.

Employee share reserve: the employee share reserve is used to recognise the share-based payments expense and associated income tax recognised through other comprehensive income.

Share based payment trust reserve: treasury shares are shares in CSR Limited that are held by the CSR Limited Share Plan Trust ('Trust') for the purpose of issuing shares under the CSR employee share plans and the CSR executive incentive plans (see pages 61 to 64 of the remuneration report for further detail). When the Trust purchases the company's equity instruments, the consideration paid is recorded in the share-based payments trust reserve.

Number of shares	2023	2022
Opening balance	750,812	102,181
Acquisition of shares by the Trust (average price of \$4.48 (2022: \$5.81) per share)	1,116,734	1,031,614
Issue of shares under executive incentive plans	(1,081,106)	(382,983)
Closing balance	786,440	750,812

Non-controlling interests reserve: this reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

21 Financial risk management

The CSR group's activities expose it to a variety of financial risks, including credit, liquidity and market risks.

This note presents information about the Risk Management Policy framework ('framework') and each of these risks.

The framework sets out the specific principles in relation to the use of financial instruments in hedging exposures to market risk, specifically interest rate risk, foreign exchange risk and commodity risk (aluminium, alumina, oil, electricity and gas) and the investment of excess liquidity. The risk management policy has been approved by the board of directors.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the CSR group's activities. Compliance with the framework and procedures is reviewed by the Finance Committee on a routine basis. The Finance Committee membership consists of the managing director and other relevant senior executives.

The CSR group uses a variety of derivative instruments to manage market risks. There have been no changes in the type and scale of risk that the CSR group is exposed to or the risk management policies used to manage these risks during the years ended 31 March 2023 and 31 March 2022.

The CSR group does not use derivative or financial instruments for speculative or trading purposes.

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

i) Credit risk

Nature of the risk

Credit risk is the risk of financial loss to the CSR group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the CSR group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Credit risk management: receivables

The CSR group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry sector and country in which customers operate. To manage this risk, the CSR group has a policy for establishing credit approvals and limits under which each new customer is analysed individually for creditworthiness before the CSR group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer and reviewed regularly.

Any sales exceeding those limits require approval from the general manager. The CSR group continuously monitors the financial viability of its trade customers and accounts, ageing analysis and, where necessary, carries out a reassessment of credit limits provided.

Concentrations of credit risk with respect to receivables are limited due to the large number of customers and markets in which the CSR group does business, as well as the dispersion across many geographic areas.

The CSR group measures the loss allowance at an amount that reflects expected losses for trade and other receivables (refer to note 10).

Credit risk management: derivatives

The CSR group has an established counterparty credit risk policy. Derivatives may be entered into with banks that are rated at least A or A2 for durations of more than 3 months or A- or A3 from rating agencies Standard & Poor's and Moody's respectively for shorter terms, unless otherwise approved by the board.

ii) Liquidity risk

Nature of the risk

Liquidity risk is the risk that the CSR group has insufficient funds to meet its financial obligations when they fall due.

Liquidity risk management

Liquidity risk management requires maintaining sufficient cash, bank facilities and reserve borrowing facilities in combination with continuously monitoring forecast and actual cash flows, to enable matching the maturity profiles of financial assets and liabilities. The CSR group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, without incurring unacceptable losses or risking damage to the CSR group's reputation. Details of credit facilities and the maturity profile are given in note 17.

The table below analyses the undiscounted cash flows for the CSR group's financial liabilities and derivative financial instruments, currently in a liability position, into relevant maturity groupings based on the remaining period at the reporting date to maturity:

Liquidity risk (\$million)	1 year or less	1 to 3 years	3 to 5 years	Total
2023				
Current payables	294.4	–	–	294.4
Commodity financial instruments	41.3	92.2	39.0	172.5
Foreign currency financial instruments	28.7	46.2	4.2	79.1
Total	364.4	138.4	43.2	546.0
2022				
Current payables	314.4	–	–	314.4
Commodity financial instruments	248.9	284.8	61.4	595.1
Foreign currency financial instruments	2.5	6.5	1.9	10.9
Total	565.8	291.3	63.3	920.4

21 Financial risk management (continued)

iii) Market risk

The table below provides information about commodity derivatives (to manage commodity price exposures) and significant exchange rate exposures in forward exchange rate contracts, entered into by the CSR group:

\$million	Average price/ exchange rate ^{1,2}	Notional value				Fair value ^{3,4}		Change in equity before tax	
		1 year or less	1 to 3 years	3 to 5 years	Total	Asset	Liability	Price/exchange rate strengthens by 10%	Price/exchange rate weakens by 10%
2023									
Commodity swaps – aluminium	2,409.8	378.7	765.2	299.7	1,443.6	14.6	(122.6)	(143.7)	143.7
Commodity swaps – alumina/aluminium	– ⁵	173.3	367.2	196.3	736.8	3.8	(36.3)	65.2	(65.2)
Commodity swaps – oil	99.7	12.6	5.8	–	18.4	3.5	(0.7)	2.1	(2.1)
Commodity swaps & futures – electricity	63.4	9.1	6.7	–	15.8	15.3	(0.3)	3.0	(3.0)
Forward exchange rate contracts (US dollars – sell) ⁶	0.7	354.9	669.1	237.0	1,261.0	4.2	(74.5)	113.6	(138.9)
2022									
Commodity swaps – aluminium	2,239.7	344.1	669.1	296.2	1,309.4	0.2	(603.9)	(185.5)	185.5
Commodity swaps – alumina/aluminium	– ⁵	113.2	207.7	87.2	408.1	37.4	(9.9)	57.7	(57.7)
Commodity swaps – oil	83.7	13.8	10.0	–	23.8	11.4	–	3.5	(3.5)
Commodity swaps & futures – electricity	57.1	10.1	11.9	0.2	22.2	22.4	(0.1)	4.4	(4.4)
Forward exchange rate contracts (US dollars – sell) ⁶	0.7	307.4	538.6	235.0	1,081.0	53.5	(8.7)	100.4	(122.7)

1 Exchange rate applicable to forward exchange rate contracts.

2 Average deal price is in USD/metric tonne (aluminium), AUD/barrel (oil), AUD/MWh (electricity) and AUD/GJ (gas).

3 \$123.2 million net of commodity contract losses (2022: \$542.4 million net losses) were deferred in 2023 as the losses relate to cash flow hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2023 is one year or less: \$15.2 million loss (2022: \$229.5 million loss); one to three years: \$77.2 million loss (2022: \$256.5 million loss); three to five years: \$30.8 million loss (2022: \$56.4 million loss). The fair value of \$122.7 million (2022: \$542.5 million) includes \$0.5 million of gains (2022: \$0.1 million of losses) recognised in profit or loss.

4 \$70.3 million of net foreign exchange contract losses (2022: \$44.8 million net gains) have been deferred as the gains relate to cash flow hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2023 is one year or less: \$27.4 million loss (2022: \$36.0 million gain); one to three years: \$41.9 million loss (2022: \$5.2 million gain) and three to five years \$1.0 million loss (2022: \$3.6 million gain).

5 Under the alumina/aluminium swaps entered into, the CSR group receives a floating alumina price and pays a floating aluminium price.

6 Sale of US dollars is the dominant foreign exchange hedge. In addition, the CSR group uses FX swaps to manage foreign currency cash positions and FX forwards to purchase foreign currency expended in manufacturing inputs. The fair value of these at 31 March 2023 is an asset value of \$2.3 million (2022: \$0.6 million) and liability value of \$0.1 million (2022: \$1.7 million).

21 Financial risk management (continued)

iii) Market risk (continued)

The table below provides details on the nature, risk management and sensitivity in relation to interest rate and foreign exchange risk.

Risk	Nature of risk	Risk management and sensitivity
Interest rate	<p>At the reporting date, CSR group's interest rate exposure is limited to the net cash balance of \$131.6 million (2022: net cash balance of \$177.7 million).</p> <p>The maturity profile for the net cash balance of \$131.6 million is less than 1 year. The average interest rate on debt for the year was 0% (2022: 0%) and the average interest rate on cash balances for the year was 1.83% (2022: 0.15%).</p>	<p>The CSR group has a policy of hedging interest rate risk to reduce the volatility of interest expense.</p> <p>At 31 March 2023 the group had no interest rate risk management measures in place because it had no material borrowings.</p> <p>If interest rates had increased/decreased by one percentage point per annum from the year end rate with all other variables held constant, the post-tax profit for the year would have been \$0.7 million higher/lower (2022: \$0.9 million higher/lower).</p> <p>This is mainly due to higher/lower interest income on net cash balances.</p>
Foreign exchange	<p>The CSR group's major foreign currency exposure relates to its US dollar aluminium sales revenue. A portion of revenue is unhedged to offset its US dollar expense requirements for raw materials and equipment.</p> <p>The group also has foreign currency exposure arising from payments for raw materials and capital equipment in its other businesses. This exposure is not material compared to aluminium sales revenue exposure.</p>	<p>The CSR group uses a variety of foreign exchange risk management instruments, including spot, forward and swap currency contracts and currency options, to hedge foreign currency denominated receipts resulting from revenue and payments for raw materials and capital equipment denominated in foreign currencies.</p> <p>The CSR group's policy is to hedge its net US dollar aluminium exposure to reduce the volatility of aluminium earnings, when acceptable Australian dollar outcomes can be achieved.</p> <p>Forecast US dollar receipts are based on highly probable forecast monthly sales receipts of aluminium which ensures that the underlying foreign currency exchange risk is identical to the hedged risk component (i.e. the US dollar price). Hedging is undertaken at declining levels for up to four years.</p> <p>Sensitivity of fair values to changes in exchange rate is disclosed in the market risk table on page 93.</p>

The table below provides details on the nature and risk management in relation to commodity price risk. Sensitivity of fair values to changes in commodity prices is disclosed in the market risk table on page 93.

Commodity	Nature of commodity price risk	Commodity price risk management
Aluminium	The CSR group has exposure to aluminium commodity prices which arises from sales contracts that commit the CSR group to supply aluminium in future years. Prices for product supplied under these contracts are a function of the US dollar market price at the time of delivery.	The CSR group has a policy of hedging its aluminium sales (net of any linked exposure on inputs such as alumina), where acceptable pricing is available, to reduce the volatility of its aluminium earnings when exchanged into Australian dollars. Eligible hedging instruments used for hedging commodity price risk include commodity forward contracts and commodity options. Hedging is undertaken at declining levels for up to four years.
Alumina	The CSR group has exposure to alumina commodity prices through the consumption of alumina at the US\$ denominated market price.	The CSR group has a policy of hedging its alumina purchases to reduce the volatility of its aluminium manufacturing costs. Eligible hedging instruments are commodity forward contracts and commodity futures contracts. The commodity forward contracts utilised are typically of the form where the CSR group receives a floating alumina price and pays a floating aluminium price.
Oil	The CSR group has exposure to oil commodity prices through oil price linked gas purchasing contracts. The A\$ gas purchase price is partially a function of the prevailing US\$ oil price and A\$/US\$ exchange rate.	The CSR group has a policy of hedging the oil price component of the price of gas purchased to reduce the volatility of its energy costs. Eligible hedging instruments are commodity forward contracts and commodity futures contracts. These contracts are either denominated in A\$ or US\$. If denominated in US\$ the risk arising from movements in the A\$/US\$ exchange rate is managed through foreign exchange forward and option contracts.
Electricity	The CSR group purchases electricity from the National Electricity Market which gives rise in exposure to the spot electricity price.	The CSR group has a policy of hedging the electricity spot price to reduce the volatility of its energy costs. Eligible hedging instruments are commodity forward contracts and options and commodity futures contracts and options.
Gas	The CSR group has exposure to gas hub prices through purchases of gas from the Victorian Declared Wholesale Gas Market and New South Wales, South Australia and Queensland Short-Term Trading Markets, and also purchases directly through supply contracts.	The CSR group has a policy of hedging its exposure to prices in gas contracts where oil linked to reduce the volatility of its energy costs. Eligible hedging instruments are commodity forward contracts and options and commodity futures contracts and options.

21 Financial risk management (continued)

iv) Capital management

The CSR group manages its capital to ensure that entities in the CSR group will be able to meet their obligations as and when due, take advantage of business opportunities as they present, and continue as a going concern while maximising the return to shareholders in the context of business and financial market conditions.

The capital structure of the CSR group consists of cash and cash equivalents, issued capital and reserves disclosed in notes 18 and 20, retained profits and debt. The CSR group reviews the capital structure regularly and balances its overall capital structure through the payment of dividends, new share issues, share consolidations and share buy-backs, as well as the issue of new debt or the repayment of existing debt.

v) Fair value measurement of financial instruments

The table below provides an analysis of hedge accounted financial instruments that are measured subsequent to initial recognition at fair value.

\$million	2023				2022		
	Level	Current ¹	Non-current	Total	Current ¹	Non-current	Total
Financial assets at fair value							
Commodity swaps – aluminium	2	8.3	6.3	14.6	-	0.2	0.2
Commodity swaps – alumina/aluminium	2	3.2	0.6	3.8	-	37.4	37.4
Commodity swaps – oil	2	3.5	-	3.5	7.4	4.0	11.4
Commodity swaps – electricity	2	4.1	-	4.1	5.3	3.1	8.4
Commodity futures – electricity	1	7.3	3.9	11.2	5.0	9.0	14.0
Forward exchange rate contracts	2	2.2	4.3	6.5	37.6	16.5	54.1
Payments in advance ²	2	-	-	-	42.8	40.3	83.1
Futures margin ³	1	0.6	0.3	0.9	-	-	-
Other	2	-	5.5	5.5	0.2	4.3	4.5
Total		29.2	20.9	50.1	98.3	114.8	213.1
Financial liabilities at fair value							
Commodity swaps – aluminium	2	38.4	84.2	122.6	237.5	366.4	603.9
Commodity swaps – alumina/aluminium	2	2.5	33.8	36.3	9.9	-	9.9
Commodity swaps – oil	2	0.3	0.4	0.7	-	-	-
Commodity swaps – electricity	2	-	-	-	0.1	-	0.1
Commodity futures – electricity	1	0.2	0.1	0.3	-	-	-
Forward exchange rate contracts	2	28.1	46.5	74.6	2.5	7.9	10.4
Futures margin ³	1	-	-	-	1.5	5.1	6.6
Other	2	0.2	-	0.2	-	-	-
Total		69.7	165.0	234.7	251.5	379.4	630.9

1 Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

2 Payments in advance against unrealised losses on derivative instruments.

3 Futures margin as required for hedging under futures account agreements.

The definitions of the fair value hierarchy levels are below.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The CSR group has no Level 3 financial instruments in the fair value hierarchy.

There were no transfers from Level 2 to Level 1 and Level 3 in 2023 and no transfers in either direction in 2022.

The fair value amounts shown above are not necessarily indicative of the amounts that the CSR group would realise upon disposition, nor do they indicate the CSR group's intent or ability to dispose of the financial instrument.

Recognition and measurement

The fair value of financial instruments, including financial assets and liabilities approximates their carrying amount.

The fair values of derivative instruments are calculated using quoted market prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted exchange rates and yield curves derived from quoted interest rates matching the maturities of the contract.

The CSR group designates its derivatives as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the year when the hedged item is recognised in profit or loss.

21 Financial risk management (continued)

vi) Cash flow hedging

The impact of hedging instruments designated in material hedging relationships as of 31 March 2023 on the statement of financial position of the CSR group is as follows:

	Notional amount	Asset carrying amount	Liability carrying amount	Changes in value of instrument used for calculating hedge ineffectiveness – gain (loss)	Changes in value of hedged item used for calculating hedge ineffectiveness – gain (loss)	Cash flow hedge reserve (continuing hedges) – gain (loss)	Hedge gain (loss) recognised in other comprehensive income ¹	Gain (loss) reclassified from other comprehensive income to profit or loss before tax ²	Line item in statement of comprehensive income
2023									
Aluminium commodity swaps	402,350 tonnes	14.6	(122.6)	495.8	(497.6)	(107.9)	410.7	85.1	Trading revenue
Alumina/aluminium commodity swaps ³	1,330,000 tonnes	3.8	(36.1)	(59.9)	63.4	(32.3)	(98.1)	38.3	Cost of sales
Oil commodity swaps	184,000 barrels	3.5	(0.7)	(8.6)	8.6	2.8	1.3	(9.9)	Cost of sales
Electricity commodity swaps	250,296 MWh	14.8	(0.3)	(7.9)	7.0	14.5	16.5	(24.4)	Cost of sales
Forward currency contracts (sales)	1,260.5	4.2	(74.5)	(115.1)	115.1	(70.3)	(107.2)	(7.9)	Trading revenue
Forward currency contracts (purchases)	47.1	2.3	(0.6)	2.9	(2.9)	1.7	3.7	(0.9)	Cost of sales
Environmental certificates	84,000 certificates	–	(0.3)	(0.5)	0.5	(0.3)	(0.5)	–	Cost of sales
2022									
Aluminium commodity swaps	439,350 tonnes	0.2	(603.9)	(475.3)	477.3	(603.7)	(621.8)	146.5	Trading revenue
Alumina/aluminium commodity swaps ³	873,000 tonnes	37.4	(9.9)	40.4	(43.1)	27.5	10.3	30.1	Cost of sales
Oil commodity swaps	285,000 barrels	11.4	–	14.7	(14.7)	11.4	18.1	(3.4)	Cost of sales
Electricity commodity swaps	388,946 MWh	22.5	(0.1)	31.0	(31.0)	22.4	32.8	(1.8)	Cost of sales
Gas commodity swaps	–	–	–	0.4	0.2	–	0.5	(0.1)	Cost of sales
Forward currency contracts (sales)	1,080.0	53.5	(8.7)	(46.6)	46.6	44.8	(10.7)	(36.0)	Trading revenue
Forward currency contracts (purchases)	51.0	0.6	(1.6)	(0.8)	0.8	(1.1)	(0.6)	(0.3)	Cost of sales
Environmental certificates	96,500 certificates	0.2	–	0.2	(0.2)	0.2	0.2	–	Cost of sales

1 The net hedge gain recognised in other comprehensive income totalling \$226.4 million (2022: \$571.2 million net loss) less non-controlling interests of \$61.6 million (2022: \$186.6 million) reconciles to the hedge gain transferred to equity in note 20.

2 The net loss reclassified from other comprehensive income to profit or loss before tax totalling \$80.3 million (2022: \$135.0 million net loss) less non-controlling interests of \$34.6 million (2022: \$42.2 million) reconciles to the hedge loss transferred to the statement of financial performance in note 20.

3 Under the alumina/aluminium swaps entered into, the CSR group receives a floating alumina price and pays a floating aluminium price. Notional amount is tonnes of alumina.

Group structure

22 Subsidiaries

Entity	% CSR ownership		Entity	% CSR ownership	
	2023	2022		2023	2022
Incorporated in Australia			Incorporated in Australia (continued)		
A-Jacks Hardwall Plaster Pty Ltd	100	100	CSR Subsidiary Holdings Limited ²	100	100
A-Jacks Unit Trust	100	100	CSR-ER Nominees Pty Limited	100	100
AFS Systems Pty Limited ²	100	100	Gove Aluminium Finance Limited	70	70
AFS Unit Trust	100	100	High Road Capital Pty Limited	100	100
BI (Contracting) Pty Limited	100	100	Midalco Pty Limited	100	100
Bradford Insulation Industries Pty Limited	100	100	Monier PGH Superannuation Pty Limited	100	100
Bradford Insulation (S.A.) Pty Limited ¹	100	100	PASS Pty Limited	100	100
Bricks Australia Services Pty Limited ²	100	100	PGH Bricks & Pavers Pty Limited ²	100	100
Buchanan Borehole Collieries Pty Ltd	100	100	Rediwall Unit Trust	100	100
CSR Building Products Limited ²	100	100	Rivarol Pty Limited ²	100	100
CSR Developments Pty Ltd	100	100	Seltsam Pty Limited	100	100
CSR Erskine Park Trust	100	100	Softwood Holdings Limited ¹	100	100
CSR Finance Ltd ²	100	100	Softwood Plantations Pty Limited ¹	100	100
CSR Industrial Property Trust	100	100	Softwoods Queensland Pty Limited ¹	100	100
CSR Industrial Property Nominees No. 1 Pty Limited	100	100	Thiess Bros Pty Limited	100	100
CSR Industrial Property Nominees No. 2 Pty Limited	100	100	Thiess Holdings Pty Limited	100	100
CSR International Pty Ltd	100	100			
CSR Investments Pty Limited ²	100	100	Incorporated in New Zealand		
CSR Investments (Asia) Pty Limited	100	100	CSR Building Products (NZ) Ltd	100	100
CSR Investments (Indonesia) Pty Limited	100	100			
CSR Martini Pty Limited ²	100	100	Incorporated in other countries		
CSR Share Plan Pty Limited	100	100	CSR Guangdong Glasswool Co., Ltd (China)	79	79
CSR Structural Systems Pty Limited ²	100	100	CSR Insurance Pte Limited (Singapore)	100	100
CSR Subsidiary Finance Pty Limited ²	100	100	PT Prima Karya Plasterboard (Indonesia)	100	100

¹ In members voluntary liquidation.

² These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

23 Deed of cross guarantee

CSR Limited, AFS Systems Pty Limited, Bricks Australia Services Pty Limited, CSR Building Products Limited, CSR Martini Pty Limited, CSR Finance Ltd, CSR Investments Pty Limited, CSR Structural Systems Pty Limited, CSR Subsidiary Finance Pty Limited, CSR Subsidiary Holdings Limited, PGH Bricks & Pavers Pty Limited and Rivarol Pty Limited are parties to a deed of cross guarantee ('the Deed') under which each company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the Deed that are controlled by CSR Limited, they also represent the 'extended closed group'.

Set out on the following page is a consolidated statement of financial performance, a consolidated statement of comprehensive income, a consolidated statement of financial position and a summary of movements in consolidated retained profits for the years ended 31 March 2023 and 31 March 2022 of the closed group.

23 Deed of cross guarantee (continued)**i) Consolidated statement of financial performance**

\$million	2023	2022
Trading revenue – sale of goods	1,762.0	1,544.7
Cost of sales	(1,072.7)	(934.2)
Gross margin	689.3	610.5
Other income	75.6	57.0
Warehouse and distribution costs	(209.5)	(182.2)
Selling, administration and other operating costs	(253.1)	(247.1)
Share of net profit of joint venture entities	18.2	14.7
Impairment expense	–	(7.0)
Other expenses	(16.0)	(5.2)
Profit before finance costs and income tax	304.5	240.7
Interest income	1.8	0.5
Finance costs	(13.0)	(14.8)
Profit before income tax	293.3	226.4
Income tax (expense) benefit	(79.0)	22.0
Profit after tax	214.3	248.4

ii) Consolidated statement of comprehensive income

\$million	2023	2022
Profit after tax	214.3	248.4
Other comprehensive income, net of tax		
<i>Items that may be reclassified to profit or loss</i>		
Hedge profit recognised in equity	21.0	51.1
Hedge profit transferred to statement of financial performance	(35.1)	(5.6)
Exchange differences arising on translation of foreign operations	0.8	(0.1)
Income tax benefit (expense) relating to these items	4.2	(13.7)
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial (loss) gain on superannuation defined benefit plans	(1.9)	0.1
Income tax benefit relating to these items	0.7	–
Other comprehensive (expense) income, net of tax	(10.3)	31.8
Total comprehensive income	204.0	280.2

iii) Summary of movements in consolidated retained profits

\$million	2023	2022
Opening retained profits	341.4	274.9
Profit for the year	214.3	248.4
Actuarial (loss) gain on superannuation defined benefit plans (net of tax)	(1.2)	0.1
Dividends provided for or paid	(166.6)	(182.0)
Closing retained profits	387.9	341.4

23 Deed of cross guarantee (continued)

iv) Consolidated statement of financial position

\$million	2023	2022
Current assets		
Cash and cash equivalents	125.2	168.7
Receivables	277.0	298.2
Inventories	259.6	224.6
Property holdings	36.0	53.0
Other financial assets	17.4	18.5
Income tax receivable	16.8	8.9
Prepayments and other current assets	12.4	7.6
Total current assets	744.4	779.5
Non-current assets		
Receivables	9.9	20.5
Property holdings	109.4	113.9
Investments accounted for using the equity method	36.0	32.2
Other financial assets	107.5	117.8
Property, plant and equipment	594.1	575.7
Right-of-use lease assets	109.4	110.5
Goodwill	59.9	59.9
Other intangible assets	8.5	8.8
Deferred income tax assets	131.7	163.5
Other non-current assets	8.5	11.7
Total non-current assets	1,174.9	1,214.5
Total assets	1,919.3	1,994.0
Current liabilities		
Payables	178.0	218.5
Lease liabilities	32.5	30.0
Other financial liabilities	1.1	3.1
Tax payable	23.0	18.9
Provisions	116.4	120.7
Total current liabilities	351.0	391.2
Non-current liabilities		
Lease liabilities	118.6	125.5
Other financial liabilities	0.2	5.2
Provisions	203.2	222.8
Other non-current liabilities	0.7	2.1
Total non-current liabilities	322.7	355.6
Total liabilities	673.7	746.8
Net assets	1,245.6	1,247.2
Equity		
Issued capital	930.3	966.7
Reserves	(72.6)	(60.9)
Retained profits	387.9	341.4
Equity attributable to shareholders of the closed group	1,245.6	1,247.2

24 Non-controlling interests

Summarised financial information for each subsidiary that has non-controlling interests that are material to the CSR group is set out below. The amounts disclosed are before intercompany eliminations.

\$million	Gove Aluminium Finance Limited	
	2023	2022
Statement of financial position		
Current assets	186.2	245.2
Non-current assets	198.1	370.9
Current liabilities	178.4	424.4
Non-current liabilities	175.7	385.2
Statement of financial performance		
Revenue	780.3	697.5
(Loss) profit after tax for the year	(1.1)	26.8
Other comprehensive income (expense) for the year	224.6	(337.1)
Total comprehensive income (expense) for the year	223.5	(310.3)
Statement of cash flows		
Cash flows from operating activities	(15.5)	41.4
Cash flows from investing activities	65.0	(74.3)
Cash flows from financing activities	(40.5)	29.5
Net increase (decrease) in cash held	9.0	(3.4)
Transactions with non-controlling interests		
(Loss) profit allocated to non-controlling interests	(0.3)	8.1
Dividends paid to non-controlling interests	-	-

Recognition and measurement

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of financial performance, statement of comprehensive income, statement of financial position and statement of changes in equity respectively. The effects of all transactions with non-controlling interests are recorded in equity if there is no change in control. Where there is a loss of control, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in the income statement. Any losses are allocated to the non-controlling interest in subsidiaries even if the accumulated losses should exceed the non-controlling interest in the individual subsidiary's equity.

25 Interest in joint operations

The CSR group's interest in the Tomago aluminium smelter joint operation of 36.05% (2022: 36.05%) is held through a controlled entity in which the CSR group has a 70% interest, resulting in an effective interest in the joint operation of 25.24% (2022: 25.24%).

Recognition and measurement

The shareholders of the joint operation are jointly and severally liable for the liabilities incurred by the operation and have rights to the assets. This entity is therefore classified as a joint operation and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses. Where the CSR group and the parties to the agreements only have rights to the net assets of each of the operations under the arrangements, these entities will be classified as joint ventures of the CSR group and accounted for using the equity method. Refer to note 26.

Critical accounting estimate

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement, and therefore requires judgment in determining the classification. The CSR group has both joint operations and joint ventures.

26 Equity accounting information

Carrying amount (\$million)	2023			2022		
Entity ¹	Long-term loan	Equity accounted investment	Net investment	Long-term loan	Equity accounted investment	Net investment
Building products						
Rondo Building Services Pty Ltd ²	-	23.9	23.9	-	20.0	20.0
Gypsum Resources Trust Australia ²	12.0	-	12.0	12.0	-	12.0
New Zealand Brick Distributors ³	-	9.0	9.0	-	7.8	7.8
Other ²	-	0.1	0.1	-	0.3	0.3
Total investment	12.0	33.0	45.0	12.0	28.1	40.1

1 The CSR group's interest in these entities is 50% (2022: 50%).

2 Entities incorporated in Australia.

3 Entity is a limited partnership in New Zealand.

Recognition and measurement

Investments in joint venture and associate entities have been accounted for under the equity method in the CSR group financial statements. CSR's share of net profit/loss of joint venture entities is recorded in the statement of financial performance.

Purchases and sales of goods and services to joint venture entities are on normal terms and conditions.

i) Net investment in joint ventures

\$million	2023	2022
Opening net investment	40.1	35.4
Share of net profit before income tax	27.5	22.2
Share of income tax	(8.2)	(6.6)
Dividends and distributions received	(15.0)	(10.9)
Foreign currency translation and other	0.6	-
Closing net investment	45.0	40.1

ii) Summarised financial information of joint venture entities

\$million	2023	2022
Statement of financial position		
Current assets	135.2	122.9
Non-current assets	52.6	59.2
Current liabilities	79.8	79.4
Non-current liabilities	42.6	46.6
Statement of financial performance		
Revenue	350.2	344.8
Share of net profit after tax		
Rondo Building Services Pty Ltd	18.4	14.7
Other	0.9	0.9

iii) Balances and transactions with joint venture entities

\$million	Note	2023	2022
Current payables to CSR		1.7	0.5
Non-current loans payable to CSR	32	3.2	10.6
Current payables to joint venture entities		7.3	9.8
Purchases of goods and services		57.1	48.1
Sales of goods and services		4.8	3.9

27 Parent entity disclosures

i) Summary financial information of CSR Limited

\$million	2023	2022
Statement of financial position		
Current assets ¹	733.6	737.3
Non-current assets	1,828.5	1,850.2
Current liabilities ^{1, 2}	(1,289.0)	(1,203.7)
Non-current liabilities ²	(210.9)	(238.1)
Net assets	1,062.2	1,145.7
Equity		
Issued capital	930.3	966.7
Reserves	9.0	11.3
Retained profits	122.9	167.7
Total equity	1,062.2	1,145.7
Statement of financial performance		
Profit after tax for the year	123.1	134.5
Total comprehensive income	121.9	134.6

- 1 As at 31 March 2023 CSR Limited is in a net current liability position of \$555.4 million (2022: \$466.4 million). The net current liability position is due to intercompany payable balances held with controlled entities. CSR Limited, as the parent entity, determines when these balances will be settled and the subsidiaries cannot call upon these liabilities for settlement.
- 2 Included within current liabilities are the current portion of the product liability provision and uninsured losses and future claims provision of \$24.0 million and \$6.3 million respectively (2022: \$24.0 million and \$7.9 million respectively). Included within non-current liabilities are the non-current portion of the product liability provision and uninsured losses and future claims provision of \$169.4 million and \$16.0 million respectively (2022: \$189.3 million and \$15.4 million respectively). See notes 15 and 16 for further details.

AASB 17 *Insurance Contracts* (AASB 17) will be first applicable to the CSR group for the year commencing 1 April 2023 and must be applied retrospectively. AASB 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts. The parent entity, CSR Limited, will be impacted by the application of AASB 17 as the parent entity is a licensed self-insurer in New South Wales, Queensland, Victoria and Western Australia for workers compensation insurance. The CSR group is currently determining the final impact on the parent entity disclosures.

ii) CSR Limited transactions with controlled entities

During the financial years ended 31 March 2023 and 2022, CSR Limited advanced and repaid loans, sold and purchased goods and services, and provided accounting and administrative assistance to its controlled entities. All loans advanced to and payable to these related parties are unsecured and subordinate to other liabilities. Loans between members of the Australian tax consolidation group are not on normal terms and conditions.

iii) Contingent liabilities

\$million	Note	2023	2022
Contingent liabilities, capable of estimation, arise in respect of the following categories:			
Performance guarantees provided to third parties ¹		93.8	120.1
Bank guarantees to Harwood Superannuation Fund ²	28	3.3	2.2
Total contingent liabilities		97.1	122.3

- 1 Financial guarantees disclosed above relate to bank guarantees provided to third parties to guarantee CSR Limited's performance of its liabilities of \$51.0 million (2022: \$77.3 million) and guarantees provided to third parties outside of the CSR group of \$42.8 million (2022: \$42.8 million). In addition, CSR Limited has undertaken to provide financial support, as and when required, to certain wholly owned controlled entities so as to enable those entities to pay their debts as and when such debts become due and payable.
- 2 CSR Limited has an obligation to contribute amounts so as to ensure that the assets attributable to certain superannuation defined benefit plans are not less than 107% of the amount required to meet the actuarial liabilities.

iv) Capital commitments

CSR Limited has committed \$nil to the acquisition of any property, plant and equipment as at 31 March 2023 (2022: \$nil).

Other

28 Employee benefits

i) Superannuation commitments

During the year, the CSR group participated in a number of superannuation funds (funds) in Australia and New Zealand. The funds provide benefits either on a cash accumulation or defined benefit basis, for employees (and spouses) on retirement, resignation or disablement, or to their dependants on death. Employer contributions are legally enforceable, with the right to terminate, reduce or suspend those contributions upon giving written notice to the trustees. CSR Limited and its Australian controlled entities are required to provide a minimum level of superannuation support for employees under the Australian superannuation guarantee legislation.

Australian superannuation funds

In Australia, the CSR group participates in the Harwood Superannuation Fund and the Pilkington (Australia) Superannuation Scheme for those employees and pensioners who are currently members of these funds and any new employees who become members.

Retirement funds

The contributions to the funds for the year ended 31 March 2023 for the CSR group were \$37.0 million (2022: \$32.0 million).

Accumulation funds

The benefits provided by accumulation funds are based on the contributions and income thereon held by the funds on behalf of the members. Contributions are made as agreed between the member and the company, and for the financial year ended 31 March 2023 contributions totalled \$33.9 million (2022: \$29.5 million). These contributions are expensed in the year they are incurred. CSR group's legal or constructive obligation is limited to these contributions.

Defined benefit funds

The benefits provided by defined benefit divisions of funds (DBDs) are based on length of service or membership and salary of the member at or near retirement. Member contributions, based on a percentage of salary, are specified by the rules of the fund. Employer contributions generally vary based on actuarial advice and may be reduced or cease when a fund is in actuarial surplus. DBDs are closed to new members.

Changes to defined benefit obligations

The Harwood Superannuation Fund Trust Deed was amended with effect from midnight on 31 December 2011 to restructure the various plans within the fund, including splitting the CSR Plan Division One (defined benefit) into three separate plans. The amendment reflected the agreement between CSR Limited and Wilmar International Limited that Sucrogen Limited would assume full responsibility to fund its obligations for defined benefit members employed by the Sucrogen business as well as its share of the funding obligation in respect of the Harwood Pensioner DBD Plan. As such, amounts recorded for the CSR group exclude funding obligations and share of assets and liabilities which have been assumed by Wilmar Sugar Australia Limited.

The Pilkington (Australia) Superannuation Scheme Trust Deed was amended with effect from midnight on 31 January 2019 to restructure the plan within the fund, including splitting the Pilkington (Australia) Superannuation Scheme defined benefit plan into two separate plans. The amendment reflected the agreement between CSR Limited and Viridian Glass Limited that Viridian Glass Limited would assume full responsibility to fund its obligations for defined benefit members employed by the Viridian Glass Limited business. The CSR group retained the funding obligations in respect of the Viridian pensioner defined benefit plan. As such, amounts recorded for the CSR group exclude funding obligations and share of assets and liabilities which have been assumed by Viridian Glass Limited.

Asset backing

The last actuarial assessment for the Harwood Superannuation Fund was completed as at 30 June 2022. The funding requirements were reviewed as at 30 June 2022. A combination of the attained age normal and projected unit credit funding methods were used to determine the contribution rates for the Harwood Superannuation Fund. The projected unit credit funding method was used for the Pilkington (Australia) Superannuation Scheme.

The Trust Deed sets out a minimum funding level of 103% and a funding guarantee of 107% of actuarial liabilities for the DBD CSR and DBD Harwood Pensioner plans. At the time of the last actuarial review, DBD CSR had a funding position in excess of 107% and DBD Harwood Pensioner had a funding position of 102%. Therefore, as at 31 March 2023, CSR Limited was required to provide bank guarantees of \$3.3 million to the trustee of the fund to satisfy the balance of its commitments (2022: \$2.2 million). The bank guarantees have been disclosed in note 27.

Table 1: Defined benefit plans (DBDs) sponsored by the CSR group

\$million	CSR contributions to the funds	Present value of fund assets	Present value of fund liability	Net defined benefit asset (liability)	Contributions paid
Harwood Superannuation Fund					
DBD CSR and DBD Harwood Pensioner ¹	\$nil from 1 April 2022	57.6	(53.2)	4.4	0.2
DBD Monier PGH	\$nil from 1 April 2022	29.4	(26.6)	2.8	0.2
Pilkington (Australia) Superannuation Scheme DBD	\$nil from 1 April 2022	15.2	(15.9)	(0.7)	–

1 Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2023.

28 Employee benefits (continued)**i) Superannuation commitments (continued)****Key assumptions used by actuaries**

Key assumptions and parameters used by the actuaries (expressed as weighted averages) are outlined below:

%	2023	2022
Discount rate (after tax)	5.3	3.6
Expected salary increase	2.8	2.5
Asset class allocation		
– Equity instruments	27.8	27.4
– Debt instruments	53.3	53.0
– Property	7.2	6.1
– Other	11.7	13.5

Impact of plans on the statement of financial performance and comprehensive income

\$million	2023	2022
Amounts recognised in the statement of financial performance ¹		
Current service cost	0.6	0.7
Finance cost	3.5	3.0
Interest income	(3.8)	(3.2)
Total expense included in the statement of financial performance	0.3	0.5
Actuarial (loss) gain incurred during the financial year and recognised in the statement of comprehensive income	(1.9)	0.1
Cumulative actuarial losses recognised in the statement of comprehensive income	(52.4)	(50.5)

1 Disclosed in selling, administration and other operating costs.

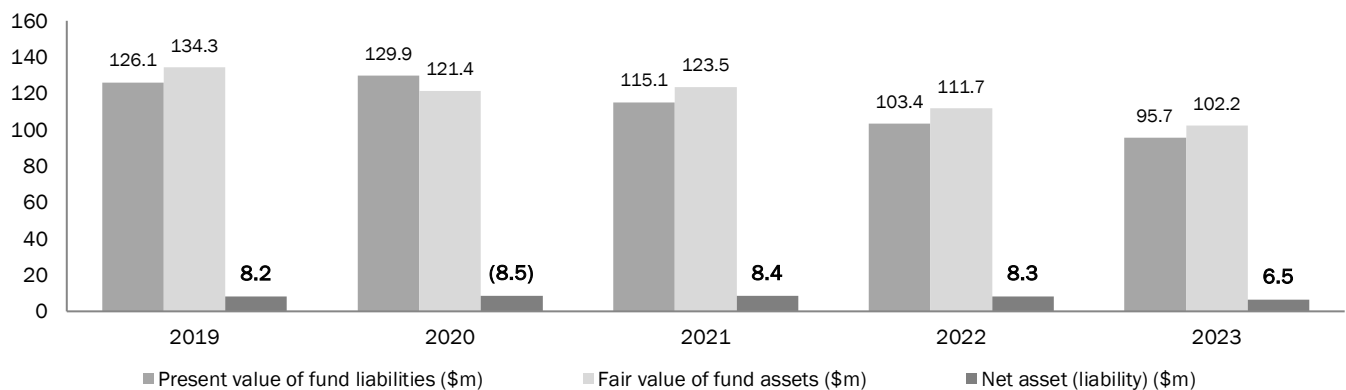
Impact of plans on the statement of financial position

\$million	2023	2022
Net asset of superannuation defined benefit plans		
Fair value of assets	102.2	111.7
Present value of liabilities	(95.7)	(103.4)
Net asset	6.5	8.3
Included in the statement of financial position		
Other non-current assets (note 32)	7.2	10.4
Other non-current liabilities	(0.7)	(2.1)
Net asset	6.5	8.3
Movements in the fair value of the defined benefit plan assets		
Assets at the beginning of the financial year	111.7	123.5
Interest income	3.8	3.2
Return on assets (in excess of interest income)	(6.0)	0.1
Contributions from the employer	0.4	0.3
Contributions from participants	–	0.1
Benefits paid	(7.7)	(15.5)
Assets at the end of the financial year	102.2	111.7
Movements in the present value of the defined benefit plan liabilities		
Liabilities at the beginning of the financial year	103.4	115.1
Current service cost	0.6	0.7
Finance cost	3.5	3.0
Contributions from participants	–	0.1
Actuarial gain	(4.1)	–
Benefits paid	(7.7)	(15.5)
Liabilities at the end of the financial year	95.7	103.4

28 Employee benefits (continued)

i) Superannuation commitments (continued)

Net asset (liability) of superannuation defined benefit plans



Recognition and measurement

For superannuation defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, directly in retained profits, in the year in which they occur, and are presented in the statement of comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

ii) Share-based payments

Long-term incentive (LTI) plan – Performance rights plan (PRP)

Under the LTI plan effective during the year ended 31 March 2023, eligible executives were invited to receive performance rights in the company. Shares acquired on vesting of performance rights are fully paid ordinary shares and the amount payable to acquire these shares is \$nil.

A summary of the performance rights granted under the plan is set out below:

Number of performance rights	2023	2022
Opening balance	3,406,248	3,143,063
Granted during the year	949,888	835,606
Vested during the year	(724,335)	(186,398)
Lapsed during the year	(511,214)	(386,023)
Closing balance	3,120,587	3,406,248

There were no vested and exercisable shares at 31 March 2023 (2022: nil).

Performance rights outstanding at the end of the year have the following expiry dates:

Grant date	Expiry date	Performance rights	
		2023	2022
19 July 2019	1 April 2022	–	1,235,549
21 July 2020	1 April 2023	1,335,093	1,335,093
21 July 2021	1 April 2024	835,606	835,606
29 July 2022	1 April 2025	949,888	–
Total		3,120,587	3,406,248

A summary of key valuation assumptions for rights granted in the year ended 31 March 2023 is set out below:

Grant date	29 July 2022	29 July 2022
Vesting condition	Relative TSR with a positive absolute TSR requirement	EPS growth
Valuation method	Monte-Carlo simulation	Binominal tree
Start of performance period	1 April 2022	1 April 2022
Testing date	31 March 2025	31 March 2025
Expected life	2.7 years	2.7 years
Grant date share price	\$4.55	\$4.55
Volatility	31%	31%
Dividend yield	6.1%	6.1%
Risk-free rate	2.59%	2.59%
Fair value	\$1.45	\$3.87

Further details on the LTI plan and the terms of the grants during the year are detailed in the remuneration report on pages 61 to 64.

28 Employee benefits (continued)

ii) Share-based payments (continued)

Deferred shares

Under the STI deferral plan, 40% of any STI earned by senior executives is delivered in CSR shares. These shares must be held in trust subject to trading restrictions and 50% are deferred for one year and 50% are deferred for two years.

Deferred shares are administered by the CSR Share Plan Trust. The shares are acquired on market at the grant date and are held as treasury shares until such time as they vest. Forfeited shares are reallocated in subsequent grants. The number of shares to be granted is determined based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange.

	2023	2022
Number of rights to deferred shares granted	350,446	272,319
Fair value of rights at grant date	\$6.17	\$5.84

Other plans

Employee Share Grant: to encourage employee share ownership, from time to time, the CSR board may elect to grant eligible employees CSR shares. The maximum value of the Employee Share Grant is \$1,000 per eligible participant. The shares can only be sold three years after the date of grant, unless the participant's employment ceases before then. During YEM23, the Employee Share Grant was offered to all eligible employees in lieu of the Universal Share Ownership Plan (USOP).

Universal Share Option Plan (USOP): eligible employees can buy shares to a maximum value of \$1,000 and receive an equivalent number of shares for no cash consideration. The shares are acquired on market prior to issue with the cost of acquisition recognised in employee benefit expense.

Employee Share Acquisition Plan (ESAP): directors and employees can forgo up to \$5,000 of their cash remuneration annually to acquire shares in the company. The shares are purchased on market by the CSR Share Plan trustee, who acts on instructions given in accordance with the plan rules and the company's Share Trading Policy.

Number of shares issued under the plans	2023	2022
Employee share grant ¹	670,038	-
USOP ¹	-	348,406
ESAP	135,053	78,185

1 Number of shares issued includes the number of purchased shares issued to employees under the plan. Each participant was issued with shares to a maximum value of \$1,000 based on the weighted average market price of \$4.44 (2022: \$5.46).

For further details on the USOP and the ESAP, refer to page 64 of the remuneration report.

Expenses arising from share-based payment transactions

\$	2023	2022
Long-term incentive plan (PRP)	2,549,474	2,520,154
Deferred shares	1,764,474	1,509,875
Other plans	2,341,390	951,555
Total expense	6,655,338	4,981,584

Recognition and measurement

Share-based payments can either be equity settled or cash settled.

- **Equity settled:** the fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period (with a corresponding increase to the employee share reserve), based on the CSR group's estimate of shares that will eventually vest.
- **Cash settled:** the ultimate expense recognised in relation to cash settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date. The expected cash payment is estimated at each reporting date and a liability recognised to the extent that the vesting period has expired and in proportion to the amount of the awards that are expected to ultimately vest.

29 Related party disclosures

i) Transactions with directors or other key management personnel

Transactions entered into during the financial year with directors of CSR Limited and other key management personnel of the CSR group and with their closely related entities which are within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers, employees or shareholders included:

- contracts of employment (see section ii) and reimbursement of expenses;
- acquisition of shares in CSR Limited under the employee share plans and the dividend reinvestment plan;
- dividends from shares in CSR Limited; and
- sale and purchase of goods and services.

These transactions included strategic transformation advice provided by a company related to a director, on normal commercial terms and conditions, prior to the directors' appointment to the CSR board. For detailed disclosures refer to the remuneration report on page 67.

No new loans, loan repayments or loan balances occurred between the CSR group and directors and other key management personnel of the CSR group during the financial year ended 31 March 2023 (2022: nil).

ii) Key management personnel remuneration

Total remuneration paid or payable to directors and key management personnel is set out below:

\$	2023	2022
Short-term employee benefits	4,649,337	4,800,500
Share-based payments expense	964,748	1,171,722
Total	5,614,085	5,972,222

Details of remuneration and the CSR Limited equity holdings of directors and other key management personnel are shown in the remuneration report on pages 49 to 68.

iii) Other related parties

Other than transactions with joint venture entities disclosed in note 26, no material amounts were receivable from, or payable to, other related parties as at 31 March 2023 (2022: nil), and no material transactions with other related parties occurred during those years.

Details of payments to superannuation defined benefit plans are shown in note 28.

30 Subsequent events

Except for the items disclosed below, there has not arisen in the interval between 31 March 2023 and the date of this report, any other matter or circumstance that has significantly affected or may significantly affect the operations of the CSR group, the results of those operations or the state of affairs of the CSR group in subsequent financial years.

Dividends

For dividends resolved to be paid after 31 March 2023, refer to note 19.

31 Commitments and contingencies

i) Commitments

\$million	2023	2022
Contracted capital expenditure comprises:		
Payable within one year	44.7	27.9
Payable within one to five years	4.2	1.9
Total contracted capital expenditure	48.9	29.8

ii) Contingencies

Contingencies for CSR Limited are outlined in the parent entity note 27. There are no other contingencies in relation to controlled entities within the CSR group.

32 Other non-current assets

\$million	Note	2023	2022
Loans to joint venture entities ¹	26	3.2	10.6
Other receivables		9.1	12.1
Total non-current receivables		12.3	22.7
Other assets		1.3	1.3
Superannuation defined benefit plans – fair value of surplus	28	7.2	10.4
Total other non-current assets		8.5	11.7

1 The CSR group has provided facilities to joint venture entities on arm's length terms.

33 Auditor's remuneration

\$	2023	2022
Deloitte Touche Tohmatsu and related network firms		
Audit or review of financial reports	686,000	657,000
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	48,591	29,500
Total auditor's remuneration	734,591	686,500

34 Other accounting policies

Cash and cash equivalents: net cash is defined as cash at bank and on hand and cash equivalents, net of bank overdrafts. Cash equivalents include highly liquid investments which are readily convertible to cash, and loans which are not subject to a term facility. Cash and cash equivalents held at 31 March 2023 included \$131.6 million of cash at bank and on hand (2022: \$177.7 million) and \$nil short-term deposits (2022: \$nil).

Tax consolidation: Australian tax legislation allows groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes.

The CSR group has elected for those entities within the CSR group that are wholly owned Australian resident entities to be taxed as a single entity from 1 April 2004.

Prior to the adoption of the tax consolidation system, CSR Limited, as the head entity in the tax consolidated group, agreed to compensate or be compensated by its wholly owned controlled entities for the balance of their current tax liability/(asset) and any tax loss related deferred tax asset assumed by CSR Limited. Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by CSR Limited and each member of the group in relation to the tax contribution amounts paid or payable between CSR Limited and the other members of the tax consolidated group in accordance with the arrangement.

Foreign currency: all foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in profit or loss in the year in which they arise except if designated as cash flow hedges.

On consolidation, the results and financial position of foreign operations are translated as follows:

- assets and liabilities are translated using exchange rates prevailing at the end of the reporting period;
- income and expense items are translated at the average exchange rates for the period; and
- exchange differences arising, if any, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the operation.

Goods and services tax: revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authority is included as a current asset or liability.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the taxation authority are classified as operating cash flows.

CSR LIMITED

ABN 90 000 001 276

Directors' declaration

The directors declare that:

- 1 in the directors' opinion, there are reasonable grounds to believe that CSR Limited will be able to pay its debts as and when they become due and payable;
- 2 in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as disclosed in note 1;
- 3 in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the CSR group;
- 4 the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the managing director and chief financial officer for the financial year ended 31 March 2023; and
- 5 there are reasonable grounds to believe that CSR Limited and the group entities identified in note 23 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee between CSR Limited and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.



John Gillam
Chair of the board

10 May 2023



Julie Coates
Managing Director and CEO

10 May 2023



Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Independent Auditor's Report to the Members of CSR Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CSR Limited ("CSR" or the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 March 2023, the consolidated statement of financial performance, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 March 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of CSR, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the key audit matter
<p>Product Liability Provision</p> <p>(Refer to Note 16 Product Liability)</p> <p>CSR has recognised a product liability provision of \$193.4 million as at 31 March 2023. The provision is in respect of all known and reasonably foreseeable future asbestos claims. The provision is determined after considering the advice provided by management appointed external experts in Australia and the United States of America ("USA"), being the countries where the past activities gave rise to the liabilities.</p> <p>The determination of the provision is subject to significant judgement as to expected settlement amounts and likelihood of future claims. In addition, the assumption in respect of discount rates has a significant impact on the estimate of provisions.</p>	<p>In conjunction with actuarial specialists, our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> ▪ evaluating management's process, including testing design and implementation of controls in respect of the determination of the product liability provision; ▪ assessing the objectivity, independence and competence of management appointed external experts; ▪ assessing the appropriateness of the assumptions and methodology used in the reports prepared by the management appointed external experts; including: <ul style="list-style-type: none"> - evaluating the reasonableness of the methodology used to calculate the provision; - benchmarking of the discount rates; and - comparison of historical claims experience to assumptions used to estimate future claims; ▪ testing on a sample basis, the accurate inclusion and exclusion of asbestos claims in management's liability database, which is provided to management appointed external experts and forms the basis for the reports; ▪ enquiring of management appointed external experts and the company's internal and external legal counsel in respect of their conclusions;

Key audit matter	How the scope of our audit responded to the key audit matter
<p>Product Liability Provision (continued)</p>	<ul style="list-style-type: none"> ▪ agreeing the provision breakdown between liabilities relating to Australia and the USA, to the respective external experts' reports; ▪ testing the translation of the USA liability to Australian dollars at the appropriate foreign currency exchange rate; ▪ assessing the basis for the determination of the prudential margin through enquiries of management and their consideration of the external experts' reports; and ▪ assessing the appropriateness of the relevant disclosures in the Notes to the financial statements.
<p>Asset valuation</p> <p>(Refer to Note 12 Property, plant and equipment and intangible assets and Note 14 Leases)</p> <p>At 31 March 2023 the Group's consolidated statement of financial position includes goodwill amounting to \$59.9 million, other intangible assets amounting to \$9.3 million, property, plant and equipment amounting to \$692.2 million and right-of-use lease assets amounting to \$128.8 million, comprised of several cash generating units (CGUs).</p> <p>Given that management has changed how they monitor the business, this has resulted in the goodwill being monitored at an operating segment level.</p> <p>The assessment of impairment of the company's goodwill, other intangible assets, property, plant and equipment and right-of-use lease balances involved the exercise of significant judgement in respect of key assumptions such as discount rates, inflation, growth rates, forecast changes in the building cycle, and forecast future cash flows.</p> <p>Management prepare an impairment trigger analysis to identify which CGUs should be considered further for impairment analysis. Based on the analysis performed, no impairments have been recognised.</p>	<p>In conjunction with valuation specialists, our procedures included, but not limited to:</p> <ul style="list-style-type: none"> ▪ evaluating management's process, including testing design and implementation of controls in respect of the preparation and review of impairment conclusions including forecasts and key assumptions; ▪ obtaining and reading the position papers prepared by management to support the models for the CGUs; ▪ evaluating the process used by management in the determination of those CGUs requiring further impairment analysis as a consequence of an impairment trigger by: <ul style="list-style-type: none"> - assessing management's determination of the Group's CGUs, the level at which goodwill is monitored and consistency with the segment reporting; - evaluating management's impairment trigger analysis based on a number of factors including annual financial performance and external market conditions; and - confirming that each CGU containing goodwill had been included in management's impairment testing; ▪ evaluating the analysis performed by management and the conclusions drawn in relation to the AFS and Roofing CGUs by: <ul style="list-style-type: none"> - assessing the appropriateness of the impairment model methodology, key inputs and assumptions used in the models using our knowledge of the business and the industry, including assessment of: <ul style="list-style-type: none"> ▪ the discount rate; ▪ the terminal growth rate; ▪ the inflation rate; ▪ forecast changes in the business cycle; and ▪ forecast cash flows. - testing on a sample basis, the mathematical accuracy of the cash flow models; - agreeing relevant data in the cash flow models to the latest Board approved forecasts; - assessing the historical accuracy of forecasting of the CGUs; - assessing the property valuation report as prepared by management's independent expert; and ▪ assessing the appropriateness of the relevant disclosures in the Notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of CSR are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report which forms part of the directors' report and is included in pages 49 to 68 of the CSR Limited annual report for the year ended 31 March 2023.

In our opinion, the Remuneration Report of CSR Limited for the year ended 31 March 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of CSR are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



J L Gorton

Partner
Chartered Accountants
Sydney, 10 May 2023

Shareholder information

20 LARGEST HOLDERS OF ORDINARY SHARES

As at 1 May 2023

Rank	Name	Units	% of units
1.	HSBC Custody Nominees (Australia) Limited	137,139,035	28.73
2.	Citicorp Nominees Pty Limited	65,831,386	13.79
3.	J P Morgan Nominees Australia Pty Limited	53,850,672	11.28
4.	National Nominees Limited	23,309,310	4.88
5.	BNP Paribas Noms Pty Ltd	9,420,539	1.97
6.	Buttonwood Nominees Pty Ltd	5,500,000	1.15
7.	HSBC Custody Nominees (Australia) Limited	2,784,336	0.58
8.	Prudential Nominees Pty Ltd	2,500,000	0.52
9.	Citicorp Nominees Pty Limited	1,678,786	0.35
10.	Navigator Australia Ltd	1,583,432	0.33
11.	Filetron Pty Ltd	1,274,836	0.27
12.	BNP Paribas Noms Pty Ltd	1,247,052	0.26
13.	Mr Allan Ernest Ormes	1,066,667	0.22
14.	HSBC Custody Nominees (Australia) Limited	1,024,282	0.21
15.	CSR Share Plan Pty Limited	786,440	0.16
16.	BNP Paribas Nominees Pty Ltd	708,398	0.15
17.	BNP Paribas Nominees Pty Ltd	629,440	0.13
18.	Netwealth Investments Limited	567,094	0.12
19.	HSBC Custody Nominees (Australia) Limited	558,135	0.12
20.	V M Nominees Pty Ltd	550,000	0.12
Top 20 holders of issued capital		312,009,840	65.34
Remaining holders balance		165,373,747	34.66

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

Australian Retirement Trust Pty Ltd advised that as at 22 March 2023, it and its associates had an interest in 24,066,209 shares, which represented 5.037% of CSR's issued capital at that time.

Blackrock Group and its subsidiaries advised that as at 22 February 2023, it and its associates had an interest in 24,120,3098 shares, which represented 5.04% of CSR's issued capital at that time.

Mitsubishi UFJ Financial Group Inc advised that as at 30 January 2023, it and its associates had an interest in 30,658,725 shares, which represented 6.42% of CSR's issued capital at that time.

State Street Corporation and its subsidiaries advised that as at 30 January 2023, it and its associates had an interest in 35,606,186 shares, which represented 7.45% of CSR's issued capital at that time.

First Sentier Investors Holdings Pty Limited advised that as at 30 January 2023, it and its associates had an interest in 30,661,364 shares, which represented 6.42% of CSR's issued capital at that time.

The Vanguard Group and its subsidiaries advised that as at 5 January 2022, it and its associates had an interest in 24,280,701 shares, which represented 5.002% of CSR's issued capital at that time.

SHAREHOLDINGS BY GEOGRAPHIC LOCATION

Location	Units	Units %	Holders	Holders %
Australia	473,976,421	99.29%	48,995	96.95
New Zealand	2,082,471	0.44%	1,009	2.00
Hong Kong	431,982	0.09%	28	0.06
United Kingdom	346,304	0.07%	214	0.42
United States of America	158,737	0.03%	93	0.18
Other	387,672	0.08%	195	0.39
Total	477,383,587	100%	50,534	100.00

DISTRIBUTION OF SHAREHOLDINGS

Range	Holders	Units	% of issued capital
1 – 1,000	23,762	11,500,627	2.41
1,001 – 5,000	19,681	46,900,079	9.82
5,001 – 10,000	4,190	30,474,620	6.38
10,001 – 100,000	2,815	61,555,915	12.89
100,001 and over	86	326,952,346	68.50
Total	50,534	477,383,587	100.00

UNMARKETABLE PARCELS

	Minimum parcel size	Holders	Units
Minimum \$500.00 parcel at \$5.3900 per unit	93	1,458	44,438

RECENT CSR DIVIDENDS

Date paid	Type of dividend	Dividend per share	Franking	Franked amount per share at 30%
December 2017	Interim	13.5 cents	50%	6.75 cents
July 2018	Final	13.5 cents	75%	10.125 cents
December 2018	Interim	13.0 cents	100%	13.0 cents
July 2019	Final	13.0 cents	50%	6.5 cents
December 2019	Interim ordinary	10.0 cents	50%	5.0 cents
December 2019	Interim special	4.0 cents	50%	2.0 cents
December 2020	Interim ordinary	8.5 cents	100%	8.5 cents
December 2020	Interim special	4.0 cents	100%	4.0 cents
July 2021	Final ordinary	14.5 cents	100%	14.5 cents
July 2021	Final special	9.5 cents	100%	9.5 cents
December 2021	Interim ordinary	13.5 cents	100%	13.5 cents
July 2022	Final ordinary	18.0 cents	100%	18.0 cents
December 2022	Interim ordinary	16.5 cents	100%	16.5 cents

Registered Office

CSR Limited
ABN 90 000 001 276
Trinity 3, Level 5, 39 Delhi Road
North Ryde NSW 2113 Australia

Mailing Address

Locked Bag 1345
North Ryde BC NSW 1670 Australia

Telephone (02) 9235 8000
International +61 2 9235 8000

www.csr.com.au

Share Registry

All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001 Australia

Telephone 1800 676 061
International +61 3 9415 4033
Facsimile +61 3 9473 2500

www.investorcentre.com/contact

Investor Relations

For general investor queries please contact us at:

Email investorrelations@csr.com.au

Further information

The CSR Annual Report, Corporate Governance Statement and Sustainability Report are available to view online or downloaded on our website at www.csr.com.au

For further information about CSR and its operations, or to sign up for ASX announcements please visit our website at www.csr.com.au