



CSR LIMITED

Annual Report 2020

CSR

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ABOUT CSR

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

Formed in 1855, CSR is one of Australia's oldest manufacturing companies. Today it is a leading building products company in Australia and New Zealand and is the name behind some of the market's most trusted and recognised brand names including Gyprock plasterboard, Bradford insulation, Cemintel fibre cement, Hebel autoclaved aerated concrete panels, PGH Bricks, Monier rooftiles and AFS walling systems.

CSR generates additional earnings from its Property division which focuses on maximising financial returns by developing surplus former manufacturing sites and industrial land. CSR is also a joint venture participant in the Tomago aluminium smelter, located near Newcastle, NSW.

COVID-19 AND CSR'S ANNUAL REPORT

CSR was nearing the end of its financial year when the COVID-19 pandemic was declared in March 2020. The company acted quickly to bolster CSR's financial position and ensure there was sufficient liquidity to operate in the uncertain economic environment. This has included an immediate cash preservation focus and ceasing or deferring all non-essential expenditure. In line with this position, CSR has streamlined its annual report this year to reduce costs.

CSR's Annual General Meeting (AGM) will be held on 24 June 2020 at 10am (AEST). Details on arrangements for the AGM are included in the Notice of Meeting.

Further updates to the market can be found on the company's website www.csr.com.au.



\$2.2b

Revenue in YEM20



\$125m

Statutory net profit after tax in YEM20



180+

Manufacturing and distribution sites across Australia and NZ



18,000+

Customers across Australia and NZ



2,800+

CSR employees



↓ 8%

Lost time injuries down 8% in YEM20



↓ 2%

Reduction in waste production in 2019



↓ 3%

Reduction in greenhouse gas emissions in 2019

FINANCIAL OVERVIEW

Trading revenue of \$2.2 billion was down 5% reflecting the slowdown in residential construction.

FIVE YEAR PERFORMANCE OVERVIEW Year ended 31 March (\$ million) unless stated	Continuing operations ¹				
	2020	2019	2018	2017	2016
Operating results					
Trading revenue	2,212.5	2,322.8	2,237.7	2,468.3	2,298.8
Earnings before interest and tax (EBIT)					
Building Products ²	170.5	206.5	214.1	202.8	167.6
Property	(1.5)	38.8	47.8	15.0	23.3
Aluminium	59.6	36.6	79.5	93.1	104.1
Viridian	-	-	-	7.0	8.1
Segment total	228.6	281.9	341.4	317.9	303.1
Corporate and restructuring and provisions ^{2, 3}	(11.8)	(16.9)	(21.1)	(19.9)	(26.3)
CSR EBIT	216.8	265.0	320.3	298.0	276.8
Net profit after tax (before significant items)	134.8	181.7	210.6	183.8	166.0
Net profit after tax and discontinued operations (after significant items)	125.3	78.0	188.8	177.9	142.3
Financial position					
Shareholders' funds	1,125.5	1,231.1	1,274.1	1,206.5	1,317.2
Total assets	2,404.5	1,991.1	2,136.0	2,097.1	2,215.8
Net cash / (debt)	94.8	50.0	(14.3)	(11.4)	70.9
Key data per share					
Earnings before significant items (cents)	27.3	36.1	41.9	36.5	32.9
Earnings after significant items and discontinued operations (cents)	25.4	15.5	37.5	35.3	28.2
Dividend (cents)	14.0	26.0	27.0	26.0	23.5
Payout ratio	51.3	72.0	64.4	71.2	71.4
Key measures					
Profit margin (EBIT/trading revenue) (%)	9.8	11.4	14.3	12.1	12.0
Return on funds employed (ROFE) (%) ⁴	17.8	21.8	27.8	21.6	20.7
Employees (Number of people employed) ⁵	2,823	2,960	4,282	4,193	3,578

1. From continuing operations for 2018 and 2019, which excludes the Viridian Glass business which was sold on 31 January 2019.

2. From 1 April 2016 there was a change in internal reporting which resulted in a transfer of operating expenditure from Corporate to Building Products.

3. Represents unallocated overhead expenditure and other revenues.

4. 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.

5. 2019 excludes employees of Viridian Glass.

CHAIRMAN'S MESSAGE

Retaining CSR's position of operational and financial strength.

While the financial year ended 31 March 2020 (YEM20) clearly came to an unusual close for CSR, I am pleased to share some of our significant achievements with you.

We ended the year with a solid result in our Building Products business. The residential market has slowed after a period of very high activity over the last few years. Increased diversification of our business in both product and market positioned us well against this backdrop. As a result, our revenue was down 6%, which was ahead of the weakness in the residential building market which was down on average 21%.

In Property, while no transactions were completed during the year, we announced the \$142.5 million sale of industrial land at Horsley Park, NSW. Aluminium delivered a stronger result which benefitted from the lower Australian dollar.

Our statutory net profit was \$125.3 million, up significantly from \$78.0 million in the prior year which included impairment charges from the Viridian Glass business (sold on 31 January 2019).

CSR's net profit after tax from continuing operations (before significant items) was \$134.8 million, down 26%.

COVID-19 Response

As the COVID-19 pandemic emerged toward the end of our financial year, CSR acted quickly to ensure that health and safety of our employees, contractors, customers and suppliers was the first and overriding priority. We have worked closely with key stakeholders to support building sites remaining open in Australia. This has enabled us to help our customers continue working on the many projects which started well before COVID-19, while ensuring safety on site.

We also focused on retaining CSR's strong financial position and plan for the longer-term resilience of our business. CSR ended the year in a position of financial strength and we have taken a number of steps to maximise our near-term liquidity.

As of 31 March 2020, CSR had net cash of \$95 million and a strong liquidity position which ensures we are well prepared for the year ahead. Since the year end, we have secured additional facilities of \$200 million to ensure we have additional liquidity and strengthen our financial position.

A key part of our strategy to bolster our financial position was to take a cash preservation approach across all of our businesses. This ensured we could focus on business critical and safety related expenditure.

We also applied this approach to our capital management programs. As a result, CSR's on-market share buyback was paused. Prior to being paused the share buyback returned over \$69 million to shareholders since its commencement in March 2019.

Due to the uncertain economic environment, the board has also made the prudent decision that no final dividend will be paid this year.

In December 2019 shareholders received dividends of \$69 million comprising an interim (10 cents per share) and special dividend (4 cents per share) following receipt of deferred Property proceeds during the first half of the year.

We will continue to review our financial position and resume our capital management programs when it is appropriate to do so in the future.

While our lives today remain focused on the COVID-19 pandemic, you will recall that just over four months ago, we were witnessing the devastating bushfires and the huge impact on many communities in Australia. We have since raised a total of \$50,000 from employee donations and matching by CSR for the Salvation Army Bushfire appeal. We will also be supporting other charity bushfire projects with CSR product donations as the rebuild continues.



\$95m

Net cash of \$95m with a strong liquidity position



\$75m

Completed \$75m expansion of Hebel Somersby operation



\$69m

Total dividends paid for YEM20



\$69m

Returned to shareholders through the share buyback



2030 targets

Sustainability targets in place for 2030

Completion of \$75 million Hebel expansion

A key milestone this year was the completion of the \$75 million new Hebel factory at Somersby, NSW. This project was a long time in the making. CSR first began production of Hebel almost 30 years ago and today remains the only manufacturer of autoclaved aerated concrete (AAC) in Australia and New Zealand.

This is the most significant expansion project undertaken by CSR for many years. Planning for the new factory began over four years ago to identify areas where CSR could develop a world class facility which minimises raw materials and energy use, improves safety and leverages our product expertise.

An overriding objective was to focus on the local economy and minimise our carbon footprint by working with local suppliers, manufacturers and products sourced in the region where possible.

This factory is a strong endorsement of the manufacturing skills we have here in Australia.

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

Another major milestone this year was the appointment of Julie Coates as CSR's new Managing Director & CEO. Julie joined CSR on 2 September 2019 and brings extensive experience leading large manufacturing companies with a deep understanding of product branding, marketing, digital transformation and global sourcing.

These combined skills are invaluable as we continue to adapt to change, innovate and pursue growth. Since Julie joined CSR, she has worked with the team to align our strategic priorities with a focus on productivity and cost discipline. This is particularly important during the COVID-19 pandemic where she has led the team by focusing on two key principles – the health and safety of all of our people and ensuring the resilience of our business over the long-term.

Thank you to the CSR team

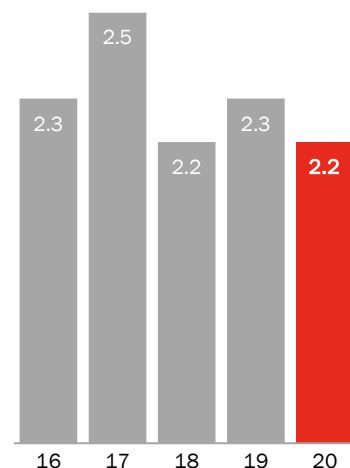
On behalf of the board, I want to thank the 2,800 CSR employees for their efforts this year. In the last two months, you have managed a difficult environment by focusing on what we can control and supporting each other and our customers.

This year CSR has achieved a significant milestone as we reached our 165th year in Australia. CSR has operated over this extensive period as the company has adapted to change and continues to grow and evolve as the markets around us keep changing. This will continue as we manage the business during COVID-19 and ensuring we are strong and fitter in the recovery.

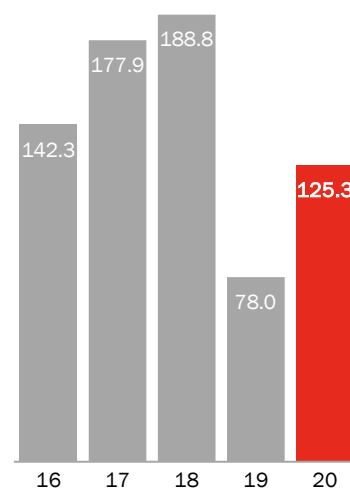
A sincere thanks to all of the team at CSR and to our shareholders for your continued support during this challenging time.



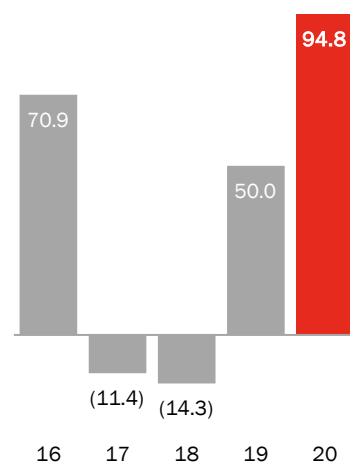
JOHN GILLAM
CHAIRMAN
12 MAY 2020



TRADING REVENUE
Year ended 31 March (\$bn)



STATUTORY NET PROFIT AFTER TAX
Year ended 31 March (\$m)



NET CASH/(DEBT)
Year ended 31 March (\$m)

MANAGING DIRECTOR'S REVIEW

Ensuring health and safety and business resilience.

Since I joined CSR in September 2019, I have been very impressed by the experience and passion of our team and the trust that our customers have in our leading brands.

It has also been great to see some strong areas of innovation and diversity across our business. Our reach and experience has helped tap into new projects – particularly in the commercial market with great service and design support.

As I have visited our many manufacturing, distribution, retail outlets and design centres over the last eight months, I have learned more about the dedication and focus of our people.

Their ability to adapt to changes and act decisively has been well demonstrated during the last two months with COVID-19. We have acted quickly to manage the situation for our people and our customers with one consistent approach across all of CSR to the response and ongoing communications. CSR businesses quickly adapted to new business processes to improve hygiene and social distancing requirements with a detailed approach to factory, warehouse and retail outlet management and work on building sites.

As an Australian manufacturer with a supply chain with core raw materials sourced locally, we have ensured our sites remained fully operational and minimised disruptions for our customers.

Sustainability

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

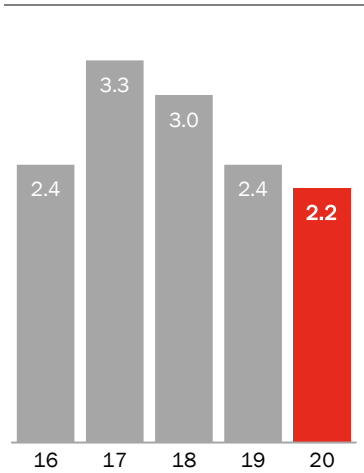
We set targets in 2010 to deliver a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas emissions, solid waste to landfill and potable water usage. At the end of this ten year period, we have reached our target for waste to landfill with a reduction of over 50% and achieved our CO2e emissions target with a 24% reduction. We also significantly reduced water and energy usage during the period.

The learnings from this process has led to the development of new sustainability targets to 2030 which cover key areas of energy, emissions, procurement, packaging, water, waste and biodiversity.





This year we also achieved an 8% reduction in the rate of lost time injuries. Safety is clearly a top priority for CSR and me. While we are seeing improvement in some key metrics, there remains more work to do to improve performance.

Further details on our approach to sustainability are included on page 11 and in the **CSR Sustainability Report** which was published in December 2019.

New sustainability targets to 2030 have been set with a broader base of measurement and increased expectation of improvement across the business



LTIFR - 8% IMPROVEMENT IN SAFETY IN YEM20
Safety measured as Lost Time Injury Frequency Rate (per million work hours)

Strategic priorities for long-term		Key actions
	Customer solutions and systems	<ul style="list-style-type: none">Product development and diversification across residential and commercial marketsAssessing opportunities for changing customer requirements
	Product and technical support	<ul style="list-style-type: none">Support customers with technical and installation advice on products and systems to improve certification, fire and acoustic specificationsMaximise opportunity from further development of CSR's products and systems
	Optimise footprint	<ul style="list-style-type: none">Optimise manufacturing footprint within the COVID-19 market environment as part of overall management of costsOngoing review of scenarios to align product to demand
	Supply chain efficiency	<ul style="list-style-type: none">Identify delivery and transport (metro and regional) efficienciesWarehouse management to improve flexibility across businesses and reduce costs

Business performance and outlook

The CSR Group delivered earnings before interest and tax (EBIT before significant items) of \$216.8 million for YEM20, which was down 18% on the previous year.

In **Building Products**, we were planning for the continued decline in residential building activity we have seen over the past year. The business performed solidly in this environment with our largest businesses of Gyprock and Bradford maintaining stable earnings during the period. This was offset by lower earnings in PGH Bricks, Hebel and AFS due to the slower market.

Since the year end, construction markets in Australia remain active with projects started well before COVID-19. Our sites in New Zealand resumed operations in late April following the full lock-down which started in late March.

We have not seen a significant drop in activity in the first six weeks of YEM21, with revenue down 3% compared to the previous corresponding period. However, we anticipate there will be an impact on key markets this year, but the timing and extent is uncertain.

In **Property**, no material transactions were completed during the year as expected. In November 2019, we announced the sale of 20 hectares of industrial land at Horsley Park, NSW for total sale proceeds of \$142.5 million.

The first tranche of this transaction is on track to record \$80 million in proceeds and \$53 million in EBIT later this year with additional earnings to be recorded in YEM23. Despite the impact of COVID-19 on the economy, demand for industrial property in Western Sydney remains strong.

In **Aluminium**, EBIT was up strongly as input costs have stabilised with the second half earnings benefitting from the significant decline in Australian dollar. This has also enabled a significant increase in our forward hedging position.

A further update on current trading for the CSR Group will be provided at the company's AGM on 24 June 2020.

Planning to ensure safety, manage costs and capacity

Looking ahead, planning continues for the various scenarios of potential impact on the building market over the coming months.

We have taken a prudent approach to cost management: working hours have been reduced throughout the organisation where appropriate and non-essential expenditure is now ceased or deferred.

In addition, in recognition of challenging times ahead, I have forfeited my YEM20 short-term incentive together with CSR's CFO and senior executives.

We have confirmed all operational levers which are available to align production to demand across all sites, businesses and support roles. Ongoing monitoring of a range of lead indicators is in place to adjust production and our cost position as early as possible.

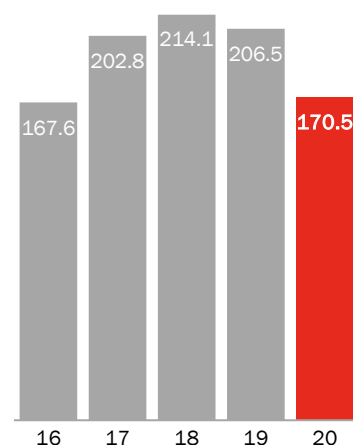
Over the last six months, we identified a number of areas to deliver the next phase of growth. While our near-term priorities have changed, we are also focused on a number of strategic priorities for the year ahead to optimise our operations and support growth. These will be managed within the current environment to ensure CSR's long-term resilience and growth.

Thank you

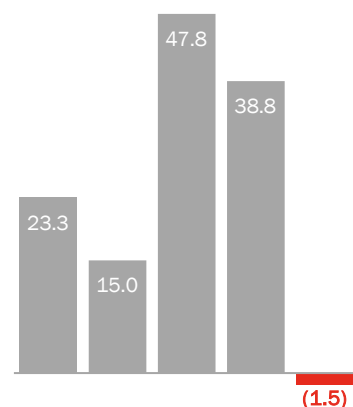
I want to thank all of our team, contractors, customers and suppliers for their support. The CSR team has ensured that as we work together and look out for each other, we will sustain this business for the long-term.



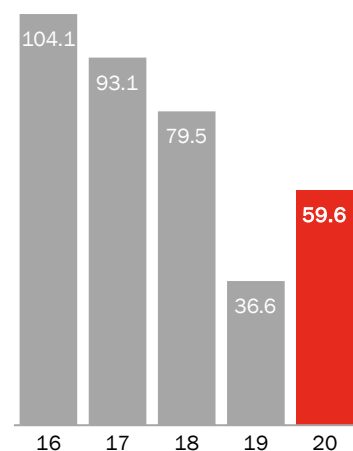
JULIE COATES
MANAGING DIRECTOR AND CEO
12 MAY 2020



BUILDING PRODUCTS EBIT
Year ended 31 March (\$m)



PROPERTY EBIT
Year ended 31 March (\$m)



ALUMINIUM EBIT
Year ended 31 March (\$m)

OPERATING AND FINANCIAL REVIEW

Group EBIT down 18% reflecting lower Building Products result and timing of Property transactions

Trading revenue¹ of \$2.2 billion for the year ended 31 March 2020 (YEM20), down 5% on the prior year.

Earnings before interest and tax (EBIT)¹ of \$216.8 million, down 18% included the following results:

- **Building Products** - EBIT of \$170.5 million, down 17% following the slowdown in residential construction during the last twelve months. CSR's largest businesses of Gyprock and Bradford delivered steady earnings benefitting from a more diversified revenue base across residential and commercial construction.
- **Property** - No significant Property sales were recognised during the year due to the timing of transactions. The earnings from the transaction announced in November 2019 at Horsley Park, NSW are expected to be recorded in YEM21 and YEM23.
- **Aluminium** - EBIT of \$59.6 million, up 63% as input costs have stabilised and with the second half earnings benefitting from the significant decline in Australian dollar.

Net profit after tax from continuing operations (before significant items)¹ of \$134.8 million, down 26%.

Statutory net profit after tax (including discontinued operations) of \$125.3 million compared to \$78.0 million in the prior year which included impairment charges.

Earnings per share¹ of 27.3 cents, down from 36.1 cents.

Total dividends for the year of 14 cps, comprising 10 cps interim dividend, 4 cps special dividend (both franked at 50%) reflecting deferred settlements on Property transactions from previous years. No final dividend has been declared given the uncertain economic environment.

A\$m unless stated ¹	2020 ²	2019	Change
Trading revenue from continuing operations	2,212.5	2,322.8	(5%)
EBIT from continuing operations			
Building Products	170.5	206.5	(17%)
Property	(1.5)	38.8	(104%)
Aluminium	59.6	36.6	63%
Corporate (including restructure and provisions)	(11.8)	(16.9)	30%
Group EBIT from continuing operations	216.8	265.0	(18%)
Net finance (costs) income	(10.8)	0.1	
Tax expense	(58.0)	(74.7)	
Non-controlling interests	(13.2)	(8.7)	
Net profit after tax from continuing operations ¹	134.8	181.7	(26%)
Significant items after tax from continuing operations	(9.5)	(42.8)	
Statutory net profit after tax from continuing operations	125.3	138.9	(10%)
Statutory net loss after tax from discontinued operations	-	(60.9)	
Total statutory net profit after tax	125.3	78.0	61%

1. All references are for continuing operations before significant items unless stated. They 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 2020 (YEM20). All comparisons are to the year ended 31 March 2019 (YEM19) unless otherwise stated.
2. CSR adopted AASB 16 Leases effective 1 April 2019, resulting in an increase to EBIT of \$7 million and decrease to net profit after tax of \$2 million for YEM20. YEM19 has not been restated, refer to Note 14 in the financial report.

CSR FINANCIAL PERFORMANCE

CSR reported a net profit after tax from continuing operations (before significant items) of \$134.8 million for the year ended 31 March 2020 (YEM20), down 26%.

Statutory net profit after tax (including discontinued operations) of \$125.3 million compared to \$78.0 million in the prior year which included impairment charges from the Viridian Glass business (sold on 31 January 2019).

Tax expense of \$58.0 million (before significant items) was down from \$74.7 million due to the lower pre-tax profits. CSR's effective tax rate for the year (before significant items) was 28.2% in line with the prior year.

Net cash of \$94.8 million increased from the net cash position of \$50.0 million as of 31 March 2019, included the final proceeds from the sale of Viridian and receipt of deferred Property consideration. This has been further bolstered by additional credit facilities of \$200 million which were finalised in May 2020.

Capital expenditure (excluding Property and acquisitions) was \$100.2 million during the year. Of this total, \$43.0 million was for stay-in-business projects and \$57.2 million was development related capital expenditure, including Hebel's new factory completed in Somersby, NSW. Bradford Martini's leased factory site in Villawood, NSW was also purchased for \$18 million when the property was listed for sale. Property invested \$42.2 million during the year as part of rehabilitation of key development sites.

Dividends – In December 2019, the company paid an interim dividend of 10 cps plus a special dividend of 4 cps (both franked at 50%) reflecting deferred settlements on property transactions from previous years. Based on the uncertain economic environment, the board has taken the prudent decision to not declare a final dividend for YEM20.

Share buyback – In March 2019, CSR launched a \$100 million on-market share buyback. \$69 million in shares have been purchased to date. This on-market share buyback is currently paused as part of the company's cash preservation focus in response to COVID-19.

Product liability – As at 31 March 2020, the asbestos provision fell to \$246.9 million from \$268.0 million as at 31 March 2019. This provision included a prudential margin of \$28.0 million. CSR paid asbestos related claims of \$27.8 million (including legal costs) compared to \$29.1 million in the prior year.

BUILDING PRODUCTS PERFORMANCE

Construction market conditions by segment

	2020	2019	change
Australia Residential (12m – 000s)			
Detached ¹	107.2	121.9	(12%)
Medium density ¹	33.8	43.3	(22%)
High density ¹	40.3	65.4	(38%)
Total Residential Commencements	181.3	230.6	(21%)
Non-residential (A\$B) ²	45.9	44.5	3%
A&A (A\$B) ²	8.9	9.4	(4%)
NZ consents (12m - 000s) ³	36.5	32.5	12%

1. Source ABS data – (original basis two quarter lag – i.e. 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 2 quarter lag – 12 months to September).

The majority of CSR's Building Products are utilised at the end of the construction process which results in product sales occurring on average two quarters after the start of a residential housing commencement. While this can vary between detached and multi-residential housing, CSR's revenues for YEM20 are generally aligned to residential commencements for the 12 months to September 2019. Therefore, the market data above has not been impacted by the COVID-19 pandemic which began in Australia and New Zealand in March 2020.

Australian residential housing commencements on a two quarter lag basis of 181,322 were down 21% compared to the prior year. Detached housing on the east coast of Australia decreased by 12%, while Western Australia was down 15%. The medium and high density market slowed significantly during the period, down 32%, as projects slowed following a period of very high activity over the last few years.

The non-residential market was up 3% driven by growth in the commercial sector. The alterations and additions market has also slowed, while the New Zealand market remained reasonably strong across all segments.

Building Products Financial Results

A\$m unless stated ¹	2020	2019	change
Revenue	1,591.3	1,695.9	(6%)
EBIT	170.5	206.5	(17%)
Funds employed ²	945.8	947.4	–
EBIT/revenue	10.7%	12.2%	
Return on funds employed ³	18.0%	22.1%	

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.

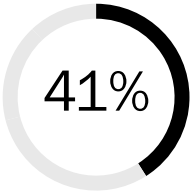
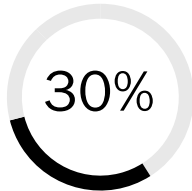
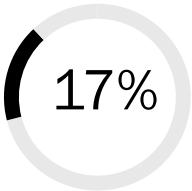
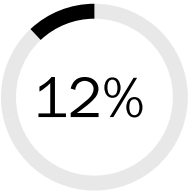
3. Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed.

Trading revenue from Building Products was \$1,591.3 million, down 6%. Building Products EBIT of \$170.5 million was down 17% as the slowdown in residential construction activity impacted performance during the year. This decline in activity has seen housing commencements across the industry down on average 21%.

Despite the broader market slowdown, CSR's largest businesses of Gyprock and Bradford delivered steady earnings as they benefitted from a diversified revenue base across residential and commercial sectors. Hebel and AFS earnings, however, were lower as they have significant exposure to the high density market which was down 38% during the period. PGH Bricks activity slowed during the year as detached housing activity was down 12%. The high fixed cost nature of the business had a significant impact on PGH Bricks' earnings.

EBIT margin of 10.7% was down from 12.2% due to lower volumes across the operating network with the opportunity for price increases above inflation becoming more limited in some products and regions.

Building Products Business Performance

LIGHTWEIGHT SYSTEMS	ENERGY AND ROOFING SOLUTIONS	BRICKS	CONSTRUCTION SYSTEMS
 <p>41%</p>	 <p>30%</p>	 <p>17%</p>	 <p>12%</p>
<p>GYPROCK CEMINTEL</p> <p>HIMMEL POTTER</p> <p>INTERIOR SYSTEMS</p> <p>RONDO</p>	<p>Bradford™ martini</p> <p>Monier™</p> <p>ROOFING</p>	<p>PGH BRICKS & PAVERS</p>	<p>hebel</p> <p>The better way to build</p> <p>afs</p> <p>smarter permanent framework.</p>
<ul style="list-style-type: none"> YEM20 revenue \$660m (1% below YEM19) Performance benefitted from diversified market base Gyprock EBIT steady 	<ul style="list-style-type: none"> YEM20 revenue \$474m (3% below YEM19) Bradford and Martini insulation EBIT steady Monier roofing EBIT lower due to slower detached housing market 	<ul style="list-style-type: none"> YEM20 revenue \$265m (14% below YEM19) Volumes lower as detached housing has fallen on east coast EBIT down due to decline in activity Darra closure completed in July 2019 to improve cost position 	<ul style="list-style-type: none"> YEM20 revenue \$192m (17% below YEM19) Volumes and pricing impacted by sharp slowdown in NSW high density market EBIT lower reflecting lower market activity

COVID-19 RESPONSE

Health and safety first and overriding priority

CSR's first and overriding priority is to protect the health and safety of all of our employees, contractors and customers. When the COVID-19 pandemic was declared in Australia and New Zealand in March 2020, CSR acted quickly to implement a number of business contingency plans, personal hygiene and social distancing measures at all sites in line with government guidelines.

CSR's manufacturing sites in Australia, as well as the broader building and construction market, have largely remained fully operational since the start of the COVID-19 pandemic. In New Zealand, CSR's operations were in lock-down from 26 March 2020 to 28 April 2020 with operations resuming activity over the last two weeks.

Action plan to prepare for decline in market activity in YEM21

While the impact of COVID-19 has been minimal on the YEM20 results, market demand for CSR's products is forecast to decline over the balance of the YEM21 financial year due to the impact of COVID-19 on the broader economy. In response, CSR has taken a number of steps to reduce expenditure and manage production levels. Extensive scenario planning has also been completed to maximise productivity and align production with changes in market activity.

Building Products Outlook

Since the year end, construction markets in Australia remain active with projects started well before COVID-19. CSR's sites in New Zealand resumed operations in late April following the full lock-down which started in late March.

The company has not seen a significant drop in activity in the first six weeks of YEM21, with revenue down 3% compared to the previous corresponding period. However, it is anticipated there will be an impact on key markets this year, but the timing and extent is uncertain.

PROPERTY

Progress on key development projects

A\$m unless stated ¹	2020	2019	change
EBIT	(1.5)	38.8	(104%)
Funds employed ²	167.8	224.5	(25%)
Return on funds employed ³	(0.8%)	18.9%	

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. However, due to the timing of transactions, no significant earnings were recorded during the year.

On 1 November 2019, CSR confirmed the sale of the second tranche of surplus land at Horsley Park, NSW for total sale proceeds of \$142.5 million to ESR Australia. The sale of the 20-hectare site is expected to generate Property EBIT of \$94 million. These earnings will be split into two stages which are expected to be recorded in the financial years 31 March 2021 and 2023 (YEM21 and YEM23). Following completion of rehabilitation, roads and infrastructure, the first stage proceeds of \$80 million and EBIT of \$53 million is expected to be recorded in the second half of YEM21. The sale received approval by the Foreign Investment Review Board in February 2020.

Other major projects under development

- **Schofields, NSW** (Residential) – Full zoning approval of the 70ha site is expected to be completed by the second quarter of 2020, producing approximately 1,525 lots. Timing of Stage 1 (28ha) will be based on market conditions within the next two years.
- **Warner, QLD** (Residential) – Residential zoning application under review. Subject to zoning, the site could produce around 450 lots. Zoning expected to be completed in 2020.
- **Brendale, QLD** (Industrial) – Contracts have been settled on 5ha delivering EBIT of \$2 million in YEM20. A further 4ha are under contract to be completed in YEM21, while marketing continues on the remaining 13ha at the site.

ALUMINIUM

EBIT higher reflecting lower input costs and A\$

A\$m unless stated ¹	2020	2019	change
Sales (tonnes)	209,905	213,280	(2%)
A\$ realised price ²	2,960	2,939	1%
Revenue	621.2	626.9	(1%)
EBIT	59.6	36.6	63%
Funds employed ³	141.0	140.3	
EBIT/revenue	9.6%	5.8%	
Return on funds employed ⁴	42.4%	28.2%	

1. Before significant items.

2. Realised price in A\$ per tonne (including hedging and premiums).

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) was steady compared to the prior year increasing by 1% to A\$2,960 per tonne.

Gove Aluminium Finance (GAF – 70% CSR) sales volumes of 209,905 tonnes were 2% below 213,280 in the prior year due to a rebalancing of end of year inventory levels and slightly lower Tomago production. Trading revenue of \$621.2 million was down slightly due to lower volumes and LME aluminium prices, which were largely offset by currency fluctuation and hedging gains.

The Australian dollar averaged 68.2 US cents compared to 73.0 US cents in the prior year, while the average MJP ingot premium for the year was US\$98 per tonne, below the US\$112 per tonne in the prior year (Platts Metals Week – Main Japanese Port ingot premium).

EBIT of \$59.6 million was up 63% due to hedging gains and lower A\$ alumina costs which are linked to the US\$ LME aluminium price. Other input costs including coke also declined as well as the overall cost of electricity due to a lower coal cost pass through compared to the prior year.

GAF has secured 100% of alumina volumes for the 2020 calendar year which are linked to the US\$ aluminium price. These new contracts began in January 2020, which have staged end dates over three years. For calendar year 2021, 80% of alumina volumes have been contracted.

Due to the COVID-19 pandemic in March 2020, the Australian dollar experienced a sharp decline which provided an opportunity to significantly increase the forward hedge position. As of 30 April 2020, 63% of the net aluminium exposure for YEM21 is hedged (H1 is 74% hedged) which is up from 16% as of 31 October 2019.

GAF Aluminium Hedge Book position - significant increase in forward hedge position

As of 30 April 2020	YEM21	YEM22	YEM23
Average price A\$ per tonne (excludes premiums)	A\$ 2,826	A\$ 2,846	A\$2,913
% of net aluminium exposure hedged	63%	42%	36%

SUSTAINABILITY AND PEOPLE

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

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

Further details on CSR's approach to sustainability over the past year are included in the **2019 CSR Sustainability Report** which was published in December 2019.

ENVIRONMENT

CSR is committed to contributing to an overall positive impact on the environment and reducing reliance on non-renewable resources. CSR has an active program to reduce its impact on the environment which is overseen by the Board and the WHSE Committee. Each business in CSR has a plan which commits site management to:

- Comply with government environmental regulations
- Identify and address key environmental risks
- Improve environmental awareness of employees and contractors
- Reduce greenhouse gas emissions, water usage and use of resources and minimise waste
- Continue the focus on improving the energy efficiency of our operations

Outcome of 2020 goals

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

At the end of this ten year period, we have reached our target for waste to landfill with a reduction of over 50% since 2009. Our CO₂e emissions also achieved the target with a 24% reduction. We also significantly reduced in water usage – down 17% and energy consumption – down 16% during the 10 year period.

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

Sustainability targets to 2030

Following on from the specific ten year targets to reduce greenhouse gas emissions and waste production and the consumption of energy and water used in production completed in 2019, CSR has broadened its approach for a new set of targets to 2030 to cover key areas of energy and emissions reduction, procurement, packaging, minimising water use and waste and preserving biodiversity.

Targets to 2030

- **Renewable Energy in Manufacturing** – 50% of electricity generated by renewable energy
- **Advanced Energy Performance** - 20% energy reduction (GJ) per tonne of saleable product.
- **Towards a Circular Economy - Zero waste to landfill** - CSR packaging to be closed loop (either 100% reusable; recyclable; compostable) with a 75% reduction in solid waste to landfill.
- **Zero Water Waste** - 30% reduction of potable water consumed (litr) per tonne of saleable product.
- **Transitioning to Carbon Positive** - 30% reduction of greenhouse gas emissions (CO₂e) per tonne of saleable product.
- **Preserving Biodiversity** - Enhanced biodiversity outcomes on all CSR sites and developments.
- **Building a Sustainable Society** - 5% of indirect spend by Procurement to be spent with social enterprises.

Over the coming year, each business unit will be reviewing their road map to align their operations to these goals and these will be regularly reviewed by senior management and the WHSE committee.

Energy Improvement Fund

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

To date nine projects have been approved and four completed for a total investment of \$6.6 million including:

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

Approach to climate risk and opportunities

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

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

The Paris Agreement, to which Australia is a signatory, creates a global framework for country-level emission reductions. Yet the policy environment in which this decarbonisation occurs remains unclear, creating uncertainty for business around types and magnitudes of climate-related transition risks and opportunities that it will face.

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

Climate risk management

Climate risks are assessed as part of CSR's risk framework which is outlined on page 23. CSR supports the Task Force on Climate-related Financial Disclosures (TCFD) framework to assess and disclose climate-related risks and opportunities. We developed a staged approach in 2018 to assess these risks and opportunities and continue to integrate them into our risk management approach across the business. As part of this staged approach, in 2019, we conducted a climate scenario analysis of CSR's Gyprock plasterboard from 2020 to 2030, under three modelled scenarios.

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

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

The three modelled scenarios broadly align with:

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

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

- Climate policy is the most significant driver of transition risk
- Energy efficiency and renewable energy sourcing reduces projected liabilities
- Risk will be impacted by its position relative to its peers

Outcomes of this work will be included in CSR's annual strategic, capital and business planning. The next steps in CSR's approach will be to undertake further scenario analysis within another business unit within the CSR Building Products portfolio. Learnings from the CSR Gyprock project will help inform the scope of this analysis.

Sustainable procurement

The sustainable procurement project is a risk based approach to manage sustainability issues across the procurement process. We have developed our overall procurement capabilities across CSR while addressing supply chain sustainability risks which also prepares us for Australia's Modern Slavery Act.

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

We take a risk-based approach to conducting audits with our suppliers which is included in our Supplier Code of Conduct. CSR is working through a process to identify any evidence of modern slavery in its supply chain. One of the first priorities was to embed explicit statements about human rights in our Supplier Code of Conduct. New vendors will be required to acknowledge the Supplier Code of Conduct as part of the onboarding process.

It will also be rolled out to existing vendors, prioritised by risk over the next 12 months.

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

OUR PEOPLE

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

COVID-19 Health and Safety

Our first and overriding priority is to protect the health and safety of all of our employees and contractors. As the COVID-19 pandemic was declared in Australia and New Zealand in March 2020, CSR implemented a number of business contingency plans, personal hygiene and social distancing measures at all sites in line with government and Safe Work Australia guidelines.

A majority of our operational sites such as manufacturing plants, distribution centres, trade centres and construction sites are already low-density operations. This means that generally workers operate in distances greater than 1.5 metres on a frequent basis.

As many of our employees interact with different members of the public either through serving and working with customers, working side by side with third party labour or receiving supply services from key contractors, we are taking steps to ensure we mitigate exposure risks. There are several ways we are attempting to minimise risk.

Current controls we have in place include:





- Practising good hygiene at all our sites and wherever our employees may go;
- 14-day self-isolation requirements for any employee returning from overseas travel, along with a suspension of work-related overseas travel;
- Appropriate medical clearance and testing for potential and actual cases of exposure to COVID-19
- Providing regular updates and education to our employees as needed;
- Implementing remote working solutions if needed, as well as continuity plans for our factories;
- Constant monitoring of government and medical information sources; and
- Protocols are in place that activate closures, disinfection and appropriate quarantine procedures based on recommendations by government and health agencies.

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

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

Leading safety at CSR

Recognising the scale and breadth of CSR's activities in serving customers through our manufacturing, supply chain, building and construction requires that we focus on simple, clear, consistent and well managed standards. Our approach to safety over the last few years is based on four key pillars.

Theme	Approach	YEM20 areas of focus
 Safety leadership and behaviour	Building leadership capability and performance measures	Leading Safety@CSR training program to help our leaders perform at their best and develop safety leaders of the future.
 Healthy body and mind	Plan and promote site specific health initiatives in the workplace	New initiatives include investment in mental health training with pilot program completed with senior leader mental health first aid awareness training
 Risk management	Eliminate or reduce risk with a simple, common sense approach	Focus on chain of responsibility from manufacturing, distribution and delivery of our building products. Key areas of loading, new site practices, exit vehicle checks and building trusted partnerships with our carriers
 Systems performance	Investing in systems to minimise risk and reduce admin requirements	Ramped up adoption of WHSE Live system which is a 24/7 online tool to track and report hazards and incidents and monitor proactive initiatives across CSR

Leadership development

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

We have 3 leadership development programs in our core suite:

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

In addition, additional training is provided across a wide range of areas including: Strengthening your leadership, Diversity – breaking bias, Finance, Compliance, Workplace health, safety and environment and Technology.

Following the full-scale rollout of the performance management system, ACHiEVE@CSR in YEM19, YEM20 leadership and development was focused on:

- Embedding the ACHiEVE@CSR principles throughout the organisation
- Designed and rolled out a condensed version of Achieve@CSR for all new salaried employees to CSR
- Reinvigorated our Leadership Development programs

Each year these programs are refreshed to ensure relevancy to our business needs and the latest research and emerging trends in leadership practices. In YEM20, \$2.2 million was invested in training and development programs with 23,340 hours of training hours completed by CSR employees.

WORKING IN THE COMMUNITY

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

We continue to partner with a number of organisations in line with our commitment to operate in a sustainable manner and to gain the confidence of the communities in which we operate.

Bushfire support

Following the devastating bushfires in Australia in the summer of 2020, CSR supported a number of initiatives to assist communities impacted by the disaster and support the rebuild process. CSR is in a unique position as it provides products and technical expertise to the market to assist in building in bushfire prone areas.

- CSR and its employees donated a total of \$50,000 to the Salvation Army Bushfire Appeal in YEM20
- CSR teams provided technical information to architects and designers to assist with rebuild education campaigns in regional communities impacted by the bushfire
- CSR product donation program is assisting charities which are supporting bushfire rebuild projects

Australian Business and Community Network

CSR commenced working with the Australian Business and Community Network (ABCN) in 2011. It is a partnership of highly committed national business leaders and companies working on mentoring and coaching programs in schools in high need areas. In 2019, CSR volunteers donated 627 hours, providing mentoring support to 197 students from disadvantaged schools in New South Wales, Queensland and Victoria.

Community relations

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

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

CSR is progressively rehabilitating the site with the potential for future development that is in line with the surrounding area. A residential development is proposed to replace the quarry, which will be redeveloped with approximately 500 homes, new trees and seven hectares of preserved habitat, roads, paths and bikeways. A development application was lodged in 2018 with Moreton Bay Regional Council. The application is impact assessable, so our local community have a unique opportunity to provide feedback during the statutory public notification period. This enables everyone to formally submit their ideas to Council on density, infrastructure and environmental management.

Key elements of the program include:

- **Warner Working Group** – founded in 2018 to bring the community together in a collective forum. Members are from the district, schools, industry, government and CSR. By talking together and working together, the community can contribute to Warner's future.
- **Communications program** – includes dedicated website: www.warnerquarry.com.au, Facebook page, letterbox drop to local residents, dedicated 1800 number and email for queries.
- **Flora and fauna protection** – CSR has invested \$1.5m on species protection and research in the district with ongoing talks with stakeholders in government and community about working together on the development of a fauna research and management program.

The team is also working with scientists, residents and school kids on species protection and a strategic approach to long-term management. Veterinary scientists, who specialise in the koala, work on CSR's Moreton Bay developments, and they will be engaged on any future development projects in this area.

CORPORATE GOVERNANCE STATEMENT

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

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

This Corporate Governance Statement is current as at 12 May 2020 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 and that good corporate governance is an integral part of the culture and business practices of the CSR group.

Throughout the reporting period, being the year ended 31 March 2020, CSR complied with the recommendations contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) (ASX CGC Principles), and early adopted recommendations from the 4th edition where appropriate.

Charters and policies referred to in this corporate governance statement are available on CSR's website in the 'Investor Relations & 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.

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 tolerance, as well as CSR's risk management strategy and frameworks and monitoring their effectiveness;
- 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.

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.

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

At all times throughout YEM20, the board comprised of a majority of independent directors. Each of the non-executive directors, including the chairman, has been determined by the board to be independent of CSR and its management, having no business or other relationships that could compromise his or her autonomy as a director.

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. 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. The length of tenure of each director is set out below.

Table 1: CSR Limited director tenure

Director	Date appointed	Date last re-elected
John Gillam (chairman)	December 2017	2018 Annual Meeting
Julie Coates (managing director)	September 2019	To be ratified at 2020 AGM
Christine Holman	October 2016	2017 Annual Meeting
Michael Ihlein	July 2011	2017 Annual Meeting
Matthew Quinn	August 2013	2019 Annual Meeting
Penny Winn	November 2015	2018 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.

On 2 September 2019 Ms Julie Coates commenced as Managing Director. This followed the announcement in December 2018 that, after eight years leading the business, Mr Rob Sindel would retire in 2019. A summary of the material terms of Ms Coates' service agreement are on the CSR website and Ms Coates will stand for ratification of her appointment at the 2020 Annual General Meeting.

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 chairman briefs new directors on their roles and responsibilities. New directors receive a comprehensive information pack as part of this induction, as well as special briefings from management and visits to key operating sites to assist them to rapidly understand CSR's businesses and associated 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 chairman's approval. The board charter requires that all directors be provided with a copy of such advice and be notified if the chairman's approval is withheld.

The board appoints and removes the company secretary. All directors have direct access to the company secretary who is accountable to the managing director and, through the chairman, 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 chairman 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 general managers, or other functional managers also attend board meetings by invitation, 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 or with one or two directors.

Every meeting of the Workplace Health, Safety & Environment Committee is held at a CSR site.

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 five 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 28 to 29 and is available on CSR's website on the **Corporate Governance** page.

The chairman 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 chairman represents the views of the board to shareholders and canvasses the views of stakeholders, including through the annual general meeting.

In YEM20, changes to the board were as follows:

- Rob Sindel retired as managing director on 2 September 2019, with Julie Coates appointed as managing director on the same date.

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 table on this page sets out the skills and experience the board considers essential for effective governance with the current representation of those skills and experience on the board set out on the following page.

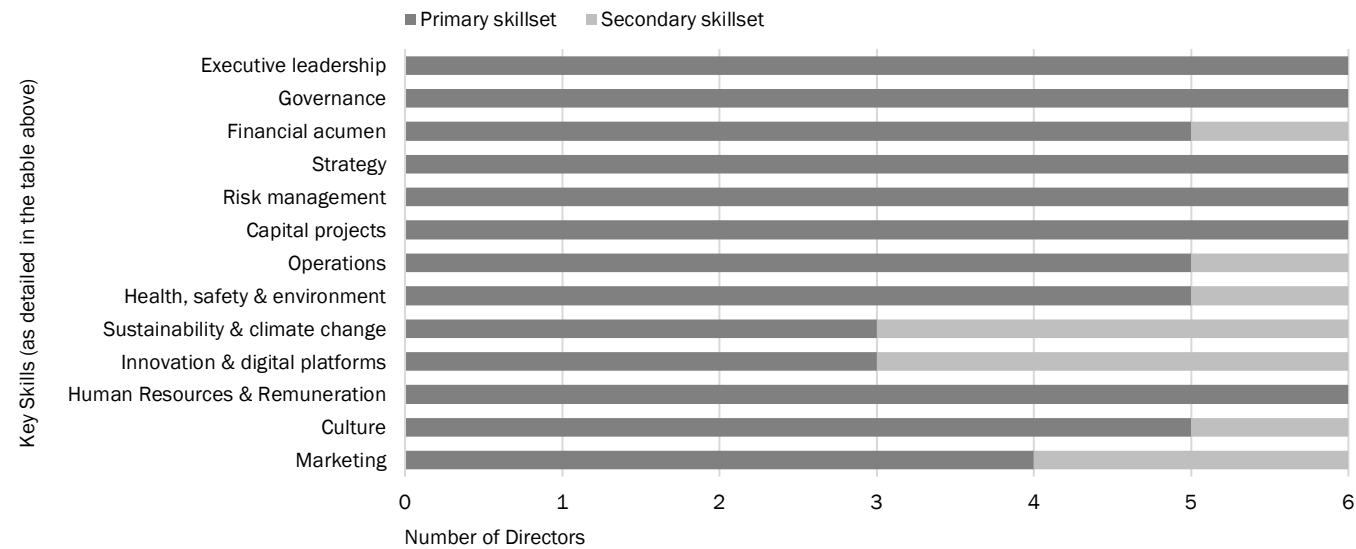
Table 2: Summary of board skills and experience

Skills	Relevant experience
Leadership and Governance	
Executive leadership	Sustainable success in business at a senior executive level.
Governance	Experience with a major organisation that is subject to rigorous governance standards, and an ability to assess the effectiveness of senior management.
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.
Strategy	Track record of developing and implementing a successful strategy, including appropriately questioning and challenging management on the delivery of agreed strategic planning objectives.
Risk management	Track record in developing a business portfolio over the long term that remains resilient to systemic risk, including an ability to identify key business risks and mitigation strategies.
Capital projects	Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons.
Operations and Technology	
Operations	Experience having led or overseen the management of complex operating assets, with a focus on business operations and the oversight of key processes.
Health, safety & environment	Experience related to workplace health and safety, environmental and social responsibility, including implementing and monitoring systems to ensure safe working conditions.
Sustainability & climate change	Experience or demonstrated understanding of key environmental impacts, including climate change risks and community concerns, and the governance of these impacts.
Innovation & digital platforms	Proven success creating more effective processes, products and ideas, leading to new growth platforms. For example, experience using digital platforms to improve the service offering, performance and customer experience, or understanding how to align existing digital touch points to improve performance and customer interfaces.
People	
Human Resources & Remuneration	Board remuneration committee membership or management experience in relation to remuneration, including incentive programs and relevant legislation and contractual framework governing remuneration.
Culture	Experience and ability to develop succession plans, develop talent, monitor culture and improve diversity.
Marketing	Senior executive experience in marketing and a detailed understanding of the Group's corporate purpose to create value.

Size, composition and skills of the board (continued)

The diagram on this page sets out the current representation of those skills and experience on the board.

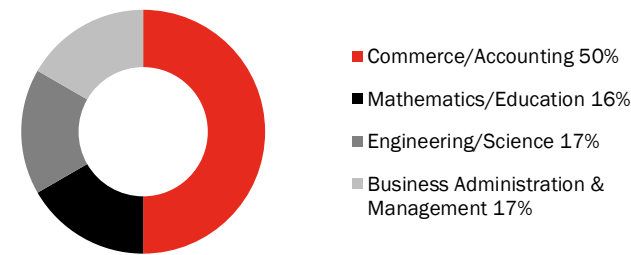
Diagram 1: Board skill matrix



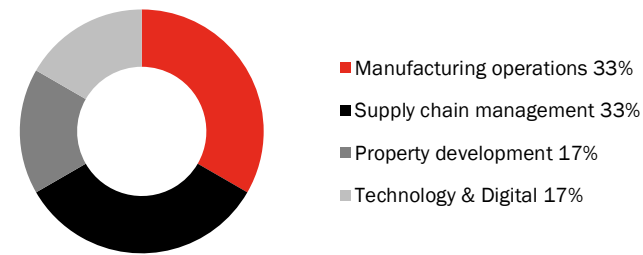
The board keeps the balance of skills and experience of its members, as well as their independence, under review. The board strives to achieve diversity in its composition.

Diagram 2: Board diversity

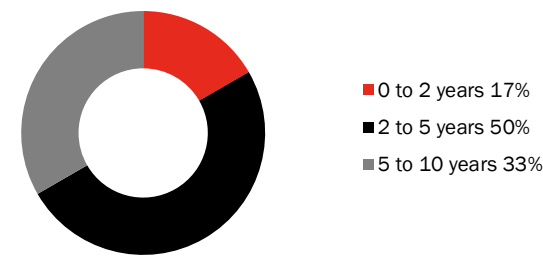
TERTIARY QUALIFICATIONS



INDUSTRY SECTOR EXPERIENCE



TENURE



GENDER DIVERSITY



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 arises, the director concerned is excluded from all discussion and decision making on the 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 senior 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 board.

In YEM20, the CSR board and the Risk & Audit Committee were reviewed. A review of the Remuneration & Human Resources Committee will be undertaken in YEM21.

Board Committees

To increase its effectiveness, the board has three committees consisting of the Risk & Audit Committee, Workplace Health, Safety & Environment 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 Workplace Health, Safety & Environment 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 Workplace Health, Safety & Environment Committee each comprise at least three non-executive directors and are chaired by a director who is not the chairman of the board. All committees meet at least four times per year.

Julie Coates, 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 is chaired by Mike Ihlein. The other members of the committee are Christine Holman and Matthew Quinn. Each of these directors is deemed to be independent and their qualifications and experience are set out on pages 28 and 29 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 relevant senior managers (also by invitation).

The 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 24 and 25 of this statement.

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;
- 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 and chief financial officer.

Board Committees (continued)

Remuneration & Human Resources Committee

The Remuneration & Human Resources Committee is chaired by Matthew Quinn. The other members of the committee are John Gillam and Penny Winn. Each of these directors is considered to be independent.

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 senior managers reporting to her; and
- overseeing CSR's human resources strategy, particularly succession and development planning for senior managers.

The committee considers independent advice on policies and practices to attract, motivate, reward and retain strong performers.

Workplace Health, Safety and Environment 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 Workplace Health, Safety & Environment Committee oversees and reports to the board on the management of the company's WHS&E responsibilities. The Workplace Health, Safety & Environment Committee is chaired by Penny Winn. The other members of the committee are Christine Holman and Mike Ihlein. Julie Coates and other members of management attend meetings of the Workplace Health, Safety & Environment Committee by invitation.

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

- receiving regular performance reports from management;
- 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; and
- monitoring potential liabilities, changes in legislation, community expectations, research findings and technological changes.

The committee conducts every meeting at a CSR site and such meetings include 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;
- recommending the appointment and removal of directors;
- 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 YEM20

Details of director attendance at board and board committee meetings held during the reporting period are provided on page 32 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 a senior leadership team, comprised of the managing director and her direct reports. The senior team meets at least monthly and is responsible for:

- implementing the strategic objectives as set by the board;
- operating within the risk framework as approved 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.

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 is 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 reviewed and adjusted if required. CSR conducted evaluations of its senior executives in accordance with this process in October 2019, as well as in March and April 2020.

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.

Diversity at CSR

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

CSR places great importance on our people and remains committed to promoting an inclusive workplace by applying policies and practices designed to improve both gender equality and diversity within our organisation. Having a diverse workplace brings a range of benefits to our business, such as improved business decision making, wider range of skills, fosters innovation and ultimately better solutions for our customers.

Year on year we strive to improve our recruitment and retention strategies and practices in order to further support gender diversity and equity in our workplace. We have maintained monthly reporting on attraction, selection and retention of female employees by business unit tracking metrics on:

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

CSR workplace profile

The diversity of CSR's employees remains fundamental to its success. 21% of employees in senior management positions are women. CSR defines "senior management" as any role with a job grade higher than 13. CSR uses the Korn Ferry Hay job grading system to set job grades/levels, with job grades ranging from 1 to 19.

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 YEM20, the percentage of women in the CSR workforce increased from 21% to 22%, with incremental increases reported since YEM16.

Measurable objectives

Improving diversity requires cultural change driven by the leadership and commitment of the board and senior management. CSR has structured its measurable objectives around this commitment. The achievements for YEM20 and the initiatives for YEM21, as approved by the Remuneration & Human Resources Committee, are set out below:

Measurable objective	YEM20 achievements	Overview of YEM21 initiatives
Leadership and culture	<ul style="list-style-type: none"> 46% of participants in CSR's senior leaders program were female Sponsorship of Women in Industry Awards, specifically the Excellence in Manufacturing Award. Four CSR employees were finalists with two category winners: the Safety Advocacy Award and Business Development Manager of the Year Finalised and deployed Experience Maps for all key roles as a resource to promote career planning through the development of skills, behaviours and knowledge 	<ul style="list-style-type: none"> Continue to provide opportunities for women to develop and enhance their careers through attending CSR leadership programs Continue to leverage learnings from the detailed review of female talent, with a focus on development and career aspirations Collect data relating to what diversity and inclusion dimensions are important to our people in order to develop a CSR Diversity and Inclusion Strategy
Policy & Governance	<ul style="list-style-type: none"> Gender pay analysis indicates at a group level most job grades are paid at or around the median for both males and females Completed a comprehensive rollout of the Flex@CSR framework, with a number of employees having elected to take up flexible leave and to a lesser extent paid secondary carers leave CSR's Reset on Respect training, refreshed and rebadged as Achieving Above the Line, covers Fairness, Respect, Diversity and Inclusion training. All employees of a single CSR business participated in this training between July and September 2019 and training was launched for all employees in November 2019. 588 employees have completed this training to date 	<ul style="list-style-type: none"> Continue the established bi-annual process to ensure gender pay equity including reviews by the executive team and CSR board Complete Above the Line training that covers Fairness, Respect, Diversity and Inclusion by December 2020
Recruitment and retention	<ul style="list-style-type: none"> Female voluntary terminations have reduced from 73 in YEM19 to 52 in YEM20; a reduction of 29% and account for 8.4% of total voluntary terminations Introduced a HR dashboard to manage data and provide insights into a range of HR metrics that can be filtered by gender 	<ul style="list-style-type: none"> Develop and implement a plan to improve gender participation rates for females (22% as at March 2020) to be better than the industry standard of 27.1% (ABS as at November 2019) Continue to report and track operational diversity metrics such as female applications, appointments and turnover

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 49 of the Remuneration Report. Employees cannot approve their own remuneration, nor can they review that of their direct subordinates without their manager's approval.

The **Remuneration Report**, commencing on page 34 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 YEM20 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 and the internal and external audit functions;
- Workplace Health, Safety & Environment 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 the company's involvement in the communities in which it operates; and
- Senior management team – manages and reports to the board on business and financial risks and overall compliance.

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

A risk management framework is in place covering business risk, financial risk, financial integrity, legal compliance and sustainability risk. The risk management framework requires risks across the businesses to be identified, evaluated, monitored and controlled. Risks are classified as either strategic, operational or financial/compliance. The framework also includes evaluation of mitigation strategies. The most recent review of the risk management framework took place on 28 October 2019.

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

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

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 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 senior specialists 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 compliance framework annually to confirm that the framework continues to be appropriate and effective. The most recent assessment of the compliance framework took place on 3 May 2019.

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 over YEM20 was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

In YEM20 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. External advice is obtained as required.

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

Environmental, social and economic sustainability risks

CSR's approach to manage and mitigate material risks is outlined in the **2019 Sustainability Report**, which is published in December each year. The matters below reflect CSR's 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"> 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 CEO, CFO, Group Treasurer and the General Manager of Gove Aluminium Finance. CSR regularly monitors cash flow and the group financial position as part of the Finance committee's function. CSR is actively engaged with the Tomago operating committee through its position on the Tomago Board. Tomago undertakes separate material risk analysis to identify and mitigate potential operational risks.
Australian construction markets and competitor activity	<ul style="list-style-type: none"> Approximately 75% of CSR's total revenue is generated from product and services supplied into the new residential construction sector of Australia and New Zealand which is impacted by several macro-economic factors. Changes in ownership in the construction sector has resulted in larger customers representing an increasing proportion of CSR's revenue. As a supplier to the construction market, CSR is subject to a number of competitive forces including other domestic and international suppliers and new technologies which could replace existing building methods. 	<ul style="list-style-type: none"> Reviews of market activity are factored into CSR's monthly reporting, quarterly forecasting and annual budget and planning cycles, which in turn drive capacity and capital planning. Furthermore, the nature of CSR's building products is that they are typically sold late in the construction process, giving CSR some visibility of changes in market conditions before specifically impacting demand. CSR is actively developing and acquiring new products, services and distribution networks to improve its position in the market and provide a comprehensive service offering. The release of future land supply for residential development relies on the coordination of government and regulatory bodies with builders and developers to deliver infrastructure and services for new projects.
COVID-19 pandemic	<ul style="list-style-type: none"> The COVID-19 pandemic materially changed the markets in which CSR operates due to the overall impact of government restrictions on the economy. Market demand for CSR's products is forecast to worsen over the balance of the YEM21 financial year. Any significant increase in COVID-19 cases could result in additional restrictions which limit operation of CSR's manufacturing sites and/or building and construction sites for an extended period. 	<ul style="list-style-type: none"> In March 2020, the company acted quickly to bolster the CSR's strong financial position and ensure there was sufficient liquidity to operate in the uncertain economic environment for the medium-term. This has included an immediate cash preservation focus, ceasing all non-essential expenditure and limiting all investments to safety and business critical projects. Scenario planning is in place to prepare for further declines in market activity which will include a range of operational levers including reduced shifts and overtime, production line changes, factory shutdowns and production consolidation. The liquidity position in place is sufficient to manage current downside scenarios under review but will be assessed with any changes to current market conditions.
Digital and cyber security	<ul style="list-style-type: none"> Digital services are increasingly used by the construction sector. CSR's digital development program is critical to achieving growth in its key markets. CSR network and data risks for cyber security breaches. 	<ul style="list-style-type: none"> Implemented regular user security awareness training. A cyber security improvement plan launched with accreditation in accordance with ISO27001. Regular penetration testing and patching across systems.

Key areas of materiality	Risks	Monitor and manage risk
Employee and community engagement	<ul style="list-style-type: none"> An engaged and diverse workforce is critical to CSR's long term success. This includes managing the transition to a new CEO, CSR's aging workforce, transferring technical skills and sales relationships as well as promoting trade apprenticeships across the building sector. CSR recognises that it plays an important role in the success and prosperity of local communities as an employer, operator of major manufacturing sites and developer of its legacy property assets. 	<ul style="list-style-type: none"> CSR has developed a suite of leadership and training programs to provide our people with the knowledge, skills and support to enable them to perform at their best. Succession and contingency planning in place across all business units and for the CEO. Flex@CSR program supports working parents as well as promoting flexible working arrangements more broadly across CSR. Community relations site planning underway at key sites.
Energy and climate change	<ul style="list-style-type: none"> CSR's manufacturing operations use significant amounts of energy including electricity and gas. These energy costs are increasing, particularly for Tomago aluminium, which in turn impacts its cost competitiveness compared to global smelters. The transition to a low carbon economy and mitigating the potential impacts of climate change, as well as government regulations and planning may impact the availability and nature of energy supply as well as how we manage our land assets and business processes. 	<ul style="list-style-type: none"> For 2030, CSR has set new 10 year targets which cover key areas of energy and emissions reduction, procurement, packaging, minimising water use and waste and preserving biodiversity. Where possible, CSR enters into long-term contracts to provide greater security of energy supply for its factories. CSR's Energy and Carbon Management Committee oversees risks related to electricity and gas pricing and management. Alternative energy sources including solar power are also under review in addition to site specific energy reduction initiatives. Transition risk assessment scenarios were completed for Gyprock plasterboard, CSR's largest business by revenue. This analysis focused on transition (market, policy & regulatory) risks, complementing earlier work undertaken on the physical (weather) risks impacting sites and supply chain risks. Established a \$20 million CSR Energy Improvement Fund to deliver energy saving projects across its manufacturing sites.
Product liability	<ul style="list-style-type: none"> Previous involvement in asbestos in Australia and exporting asbestos to the United States. CSR ceased asbestos mining in 1966 and divested remaining interests in 1977. 	<ul style="list-style-type: none"> CSR meets all valid claims in both Australia and the United States on an equitable basis. The asbestos provision is impacted by movements in claim numbers, settlement rates and values and movements in AUD/US\$ exchange rate.
Supply Chain and product compliance	<ul style="list-style-type: none"> CSR relies on an extensive supply chain to manufacture and distribute its products and services. This supply chain can be impacted by natural, political or technological disruptions which the company reviews to develop alternative supply options and minimise the risk of potential supply dislocation. Changes in building codes requires ongoing assessment to ensure products are fit for purpose and compliant with all relevant codes. This includes additional risks associated with supply and install services. 	<ul style="list-style-type: none"> CSR has a quality management system to ensure that all products manufactured or supplied consistently meet the requirements and specifications of international and national quality standards and customer expectations. CSR has launched a two-year work plan to develop and implement its sustainable procurement strategy. This process will also align CSR with the requirements of Australian Modern Slavery legislation.
Workplace health and safety	<ul style="list-style-type: none"> CSR has a stated long-term objective of achieving zero harm to CSR people across all operations. 	<ul style="list-style-type: none"> The board WHSE committee regularly reviews initiatives targeting improved safety performance across CSR's businesses.

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 chairman 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 the internal auditor

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

The internal audit function is led by the Company Secretary and Risk Manager and provides objective assurance to Management and the board on the effectiveness of CSR's internal control, risk management and governance systems and processes. The function oversees the execution of the internal audit plan, as approved by the Risk and Audit Committee. The risk and internal audit manager has a reporting line to the chief financial officer as well as to the Risk and Audit Committee.

The role of the internal auditor is 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;
- oversee the implementation of CSR's risk framework across the organisation; and
- recommend improvements to the company's risk management framework.

The function comprises a mix of qualified in-house professionals and support from relevant external expertise. The internal audit function has full access to all CSR businesses, records and personnel. Noting the reporting line and the dual role of the Company Secretary and Risk Manager, the board does not consider the internal audit function to be completely independent of management. In cases where this may impact the objectivity of the function, then external auditors/investigators are retained.

The internal audit plan is formulated using a risk-based approach to align assurance with CSR's key risks. Internal audit activity and outcomes are reported to the Risk and Audit Committee at least bi-annually.

ENGAGEMENT WITH INVESTORS

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, 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 chairman's and managing director's addresses at the company's annual general meeting are made available on **CSR's website**.

Shareholders

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. Announcements to the ASX, significant briefings, presentations, notices of meetings and speeches at annual general meetings are promptly posted on the **Investor Relations and News** section of CSR's website.

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

Shareholders are encouraged to submit questions ahead of 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. All resolutions at the annual general meeting are decided by a poll rather than on a show of hands.

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 investor roadshows, conferences and other briefings with all materials lodged with ASX prior to distribution.

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

- investor briefings, presentations, conferences and other events;
- encouraging questions via the company's website and ahead of the AGM via the Notice of Meeting; and
- webcasting important company events.

CODE OF BUSINESS CONDUCT AND ETHICS

CSR has a Code of Business Conduct & Ethics (code) which underpins its goals and values. The code sets the standards for dealing with external stakeholders.

The underlying principle of CSR's code is that ethical 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 in all business activities.

The code articulates how employees are expected to operate in line with CSR's fundamental values. **CSR's Values** are set out both in the code and separately on CSR's website. The code incorporates

CSR's anti-bribery and corruption policy, CSR's modern slavery statement 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 sign 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 potential breaches in a number of ways including via a confidential telephone service. The CSR policy on the reporting of misconduct within the organisation 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 via the Risk & Audit Committee.

SHARE TRADING POLICY

Under the company's **Share Trading Policy**, directors and senior managers may only buy or sell CSR shares, or give instructions to the trustee of CSR's employee share acquisition plan (ESAP), 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. Under the policy, and as required by law, all directors and employees are prohibited from buying or selling CSR shares 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 (as applied during the relevant reporting period).

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.

BOARD OF DIRECTORS

JOHN GILLAM

BCom, FAICD, FAIM.

Chairman since 1 June 2018, non-executive director since December 2017.

Other CSR responsibilities

Member of the Remuneration & Human Resources 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 BlueFit Pty Limited (2018 to current)
- Chairman of Trinity Grammar School, Kew (2018 to current)
- Director of Heartwell Foundation (2009 to current)
- Director of Clontarf Foundation (2017 to current)

JULIE COATES

BA, DipE.

Appointed to the board as an executive director and managing director on 2 September 2019, having joined CSR on the same date.

Other 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

- Previously a director of Coca-Cola Amatil (until November 2019)
- Previously a director of Spotless Group Holdings Limited (until July 2017)

CHRISTINE HOLMAN

PGDipBA, MBA, GAICD.

Non-executive director since October 2016.

Other CSR responsibilities

Member of the Workplace Health, Safety & Environment Committee and Risk & Audit Committee.

Experience and expertise

Christine was formerly commercial director at Telstra Broadcast Services until March 2016 and chief financial officer and commercial director of Globecast Australia until June 2015. Christine also spent seven years at Capital Investment Group involved in strategy, business development and mergers and acquisitions. Christine has over 20 years' experience across the technology, private equity and digital sectors in a variety of functions including finance, commercial, technology and marketing.

Other directorships/offices held

- Non-executive director of Blackmores Limited (2019 to current)
- Non-executive director of Collins Foods Limited (2019 to current)
- Non-executive director of The Moorebank Intermodal Company, a Federal Government Business Enterprise (2018 to current)
- Non-executive director of The Bradman Foundation (2016 to current)
- Non-executive director of the State Library of NSW Foundation (2017 to current)
- Non-executive director of the T20 World Cup 2020 Cricket Board (2018 to current)
- Previously a non-executive director of Vocus Group Limited (August 2017 to November 2017)
- Previously a non-executive director of HT&E Limited (November 2015 to December 2018)
- Previously a non-executive director of WiseTech Global Limited (2018 to October 2019)

MIKE IHLEIN

BBUS (Accounting), FAICD, FCPA, FFIN, MFEI.

Non-executive director since July 2011.

Other CSR responsibilities

Chairman of the Risk & Audit Committee and member of the Workplace Health, Safety & Environment Committee.

Experience and expertise

Mike was formerly chief executive officer and executive director of Brambles Limited until November 2009, prior to which he was Brambles' chief financial officer for four years. Mike has also had a long career with Coca-Cola Amatil Limited including seven years as chief financial officer and executive director and a number of senior operational, finance, business development and treasury roles including managing director of Coca-Cola Amatil Poland.

Other directorships/offices held

- Non-executive director of Scentre Group (2014 to current)
- Non-executive director of Inghams Group Limited (2020 to current)
- Non-executive director of Kilfinan Australia Limited (2016 to current)
- Previously a non-executive director of Snowy Hydro Limited (2012 to 2019)

MATTHEW QUINN

BSc (HONS), ACA, ARCS.

Non-executive director since August 2013.

Other CSR responsibilities

Chairman of the Remuneration & Human Resources Committee and member of the Risk & Audit Committee.

Experience and expertise

Matthew was formerly managing director of Stockland for 12 years until January 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 Class Super (Director since 2015, Chair since February 2017 to current)
- Chairman of TSA Management Group Holdings Pty Limited (2018 to current)
- Non-executive director of Regis Healthcare Limited (2018 to current)
- Non-executive director of Elders Limited (2020 to current)
- Member of the Australian Business and Community Network Scholarship Foundation

PENNY WINN

BCOM, MBA, GAICD.

Non-executive director since November 2015.

Other CSR responsibilities

Chair of the Workplace Health, Safety & Environment Committee and a 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, including experience in workplace health & safety.

Other directorships/offices held

- Non-executive director of Caltex Australia Limited (2015 to current)
- Non-executive director of Goodman Limited and Goodman Funds Management Limited (2018 to current)
- Non-executive director of Coca-Cola Amatil (2019 to current)
- Previously Chairman of Port Waratah Coal Services Ltd (2015 to 2019)

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 2020. The information appearing on pages 30 to 55 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 CSR group operations and the results for the year ended 31 March 2020 is set out on the inside front cover to page 27 and pages 56 to 100 of the annual report and forms part of the directors' report. This includes the summary of consolidated results as well as 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 2020.

Events after balance sheet date

Impact of COVID-19

The global COVID-19 pandemic and the subsequent restrictions imposed by the Australian, New Zealand and other overseas governments have caused disruption to businesses and economic activity. The forecast economic decline is expected to result in lower levels of construction activity in the near term, which would negatively impact CSR's trading revenue and operations.

The CSR group has managed, and continues to actively manage, the risks arising from COVID-19. This includes a financial response plan that incorporates scenario and contingency planning at various levels of construction activity, stress testing of cash flow forecasts and sensitivity analysis. In addition to a CSR group business continuity plan (BCP), all CSR businesses have developed tailored BCPs, which are specific to their business and contemplate the operational responses at various levels of construction activity.

As at 31 March 2020, CSR had cash of \$414.8 million, following the drawdown of \$320.0 million in borrowing facilities. This has been further bolstered by additional credit facilities of \$200.0 million which have been finalised in May 2020. These additional facilities expire in October 2021. This provides CSR with increased financial flexibility to manage an uncertain business activity environment.

There have not been any significant adverse operational or financial impacts as a result of the COVID-19 pandemic to date and any known impacts to date have been reflected in the YEM20 financial statements.

As at the date these financial statements are authorised for issue, the directors of CSR Limited consider that the financial effects of any potential changes cannot be reasonably estimated for future financial periods. As the situation remains fluid due to evolving changes in government policy and business and customer reactions thereto, the directors consider that the general economic impacts arising from COVID-19 and lower levels of forecast activity are likely to negatively impact the financial results and position of the CSR group over the near term, in particular, the year ending 31 March 2021. As a result, there is a potential that the lower levels of forecast activity may impact the future recoverability of the group's assets, including debtors, inventory, property, plant and equipment and intangible assets.

Dividends

No final dividend has been declared for the year ended 31 March 2020.

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 dividend of 13.0 cents per ordinary share (50% franked at the 30% corporate tax rate), with respect to the financial year ended 31 March 2019, was paid on 2 July 2019; and
- an interim ordinary dividend of 10.0 cents per ordinary share and an interim special dividend of 4.0 cents per ordinary share (50% franked at the 30% corporate tax rate) was paid on 10 December 2019 (as set out in note 19 to the financial statements on page 80).

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 101 of CSR's constitution, CSR indemnifies every person who is or has been an 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 101 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 101 of CSR's constitution or any agreement.

During the year, CSR paid premiums in respect of insurance contracts for the year ended 31 March 2020 and, since the end of the year, CSR has paid, or agreed to pay, premiums in respect of such contracts for the year ended 31 March 2021. 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 attended a small number of events organised by political parties such as conferences in the year ended 31 March 2020. 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 these events (2019: \$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 2020, an officer of the CSR group. No auditor who played a significant role in the CSR group audit for the year ended 31 March 2020 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 33.

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 98. 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 34 to 55 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 2 September 2019 Julie Coates succeeded Rob Sindel as CEO and Managing Director, who retired from the board on the same date. There were no other changes to the board in the year ended 31 March 2020.

The names of directors who held office at 12 May 2020, 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 28 and 29 and forms part of the directors' report.

The qualifications and experience of the company secretary at 12 May 2020 are as follows:

Debbie Schroeder
BED (HONS), LLB, GAICD, AGIA.

Joined CSR in 2001 and has been company secretary since 2010. In 2018, Debbie was appointed head of Risk and Internal Audit. Prior to joining CSR, Debbie was a lawyer at Tress Cocks & Maddox and Landers & Rogers. Debbie has extensive experience in corporations law and corporate governance, risk management and compliance, dispute resolution, employment law, and insurance. Debbie holds a Graduate Diploma in Applied Corporate Governance, is an Associate of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors (AICD).

Directors' meetings and directors' shareholdings

The number of meetings of the company's board of directors and each board committee held during the year ended 31 March 2020, 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 53 and 55. 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 2020	CSR Board		Risk & Audit Committee		Workplace Health, Safety & Environment Committee		Remuneration & Human Resources Committee	
	Held ¹	Attended ²	Held ¹	Attended ²	Held ¹	Attended ²	Held ¹	Attended ²
John Gillam ^{4, 5}	13	13	n/a	4	n/a	1	6	6
Christine Holman ³	13	13	4	4	4	4	n/a	6
Michael Ihlein ³	13	13	4	4	4	4	n/a	5
Matthew Quinn ⁴	13	13	4	4	n/a	1	6	6
Penny Winn ⁵	13	13	n/a	4	4	4	6	6
Julie Coates ⁶	6	6	3	3	3	3	4	4
Rob Sindel ⁷	7	6	1	1	2	1	2	2

1 Meetings held while a member.

2 Meetings attended.

3 Director is not a member of the Remuneration & Human Resources Committee.

4 Director is not a member of the Workplace Health, Safety & Environment Committee.

5 Director is not a member of the Risk & Audit Committee.

6 Appointed as executive director from 2 September 2019.

7 Resigned as executive director from 2 September 2019.



John Gillam
Chairman
12 May 2020



Julie Coates
Managing Director and CEO
12 May 2020



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

12 May 2020

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 2020, 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, reading "J L Gorton", enclosed in a thin black rectangular border.

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 Network

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 2020 (YEM20).

One of our most important roles as a board is to implement a remuneration framework for our senior executives and employees that is fair and reasonable and motivates them to work hard in the interests of shareholders. 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. This engagement has led to us implementing several changes to the framework and our remuneration disclosures over the years as we strive for best practice.

Prior to YEM19, we received overwhelming support for our Remuneration Report. However, this changed last year when we received a "first strike" with 34% of shareholders recording a "no" vote against the adoption of the report. This was a very disappointing outcome for us, and one that we are intent on learning from to ensure we regain your support this year.

As a result of last year's outcome, the board conducted a thorough review of published reports on CSR's Remuneration Report issued by shareholder advisors and met with several major shareholders to discuss how we can improve both remuneration policy and disclosure. Following this, we have made several changes to our framework in YEM20 to address the concerns that were raised and enhanced disclosure in this Remuneration Report, to provide you with greater clarity on both the remuneration framework and the assessments made by the board in determining remuneration outcomes. These changes are summarised below, with more detail provided in section 1 and throughout the report.

Changes to the remuneration framework:

- The minimum shareholding policy was formalised to require KMP (executive and directors) to accumulate a shareholding equivalent to 100% of fixed annual remuneration over a reasonable period of time.
- Relative TSR has been re-introduced as a performance measure for the YEM21 long term incentive grant, with a requirement for a positive absolute TSR in order for any rights to vest.
- From YEM21, the amount of deferred STI will be increased from 20% to 40%.
- From YEM21, a one year "holding lock" will be applied on all LTI shares awarded under the Performance Rights Plan (PRP).

Enhanced disclosures in the CSR Remuneration Report:

- More detail is provided on how we assess executive KMP and senior executive remuneration relative to both market benchmarks and comparable roles in the industries in which CSR operates (refer to section 7).
- Explained how we assess the treatment of significant items in relation to any incentives awarded (refer to section 8).
- Provided greater clarity on the process for setting and assessing STI targets. This disclosure is particularly important as the industries in which we operate (primarily building materials and aluminium) are cyclical in nature, and how executives perform at the low points of the cycle can be just as important for positive shareholder outcomes as when the markets are buoyant. This is quite relevant to the remuneration outcomes in YEM19 and YEM20 given lower levels of building activity in these years (refer to section 8).

YEM20 results and remuneration outcomes

In recognition of the uncertainty arising from the COVID-19 pandemic, the Managing Director, Chief Financial Officer and all senior executives have forfeited any entitlement to a STI for YEM20. The overall STI awarded for YEM20 decreased by \$11 million or 66% when compared to the prior year and represented a payout ratio of 2.6% of YEM20 EBIT, which is the lowest payout ratio in a decade.

CSR group EBIT of \$217 million for YEM20 was below the financial target set, with the shortfall in performance attributed to the timing of property transactions and lower sales activity levels in the Building Products segment. Reflecting the valued contribution of employees during the year, STI based on performance achieved has been awarded to front line managers where their business units did meet their financial targets, or where a discretionary element of non-financial STI was warranted.

Managing Director and CEO transition

Another important role of the board is to ensure we have the right Managing Director and CEO to lead the company and there is a smooth succession when there is a change of CEO. Rob Sindel was a very effective CEO of CSR and it was incumbent on the board to conduct an extensive search and evaluation process to find his successor. The board was very pleased to identify Julie Coates and for her to accept the role. Ms Coates has a tremendous track record in leading large and complex manufacturing companies, and has already made a very positive impact on the business. We are confident that Ms Coates will lead CSR well through its next phase of growth and will be a great asset for the company.

The board conducted extensive research to decide the appropriate level of fixed remuneration and incentives for Ms Coates, mindful of remuneration for comparable roles and remuneration in her previous role. Details are provided in sections 7 and 10.

In summary, following these changes, 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. We also anticipate that the improved disclosure will help you make a full and proper assessment of the framework and remuneration outcomes, and we welcome any feedback on how we can further improve the report.



Matthew Quinn

Chairman

Remuneration and Human Resources Committee

Overview

1 “First strike” on YEM19 Remuneration Report

At the YEM19 AGM, CSR recorded a no vote of 34% on the resolution to adopt the YEM19 Remuneration Report resulting in a “first strike”. Feedback received from shareholders and their advisors indicated that some disclosures lacked transparency and some remuneration practices may have been out of alignment with market practice and shareholder expectations. The board takes these concerns seriously and has proactively sought to address shareholder concerns. The following table summarises the concerns raised and how CSR has addressed these.

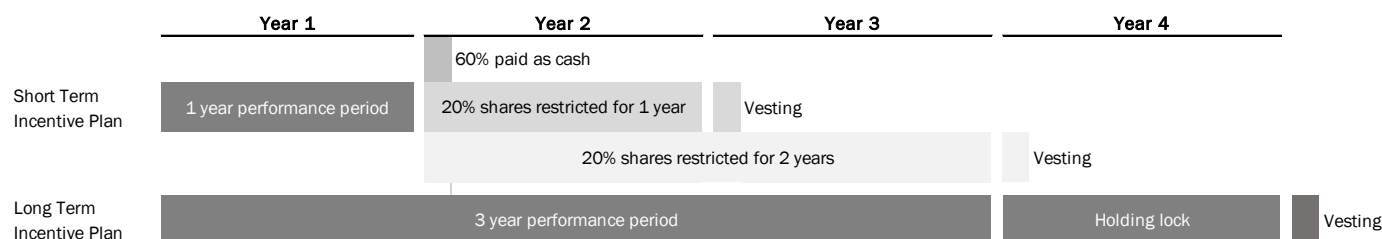
Table 1: YEM19 Remuneration Report feedback and responses

Subject	Key concerns	Actions to address key concerns
Managing director's remuneration	<ul style="list-style-type: none"> The peer group used for benchmarking the managing director's remuneration along with other executive KMP is not adequately disclosed, resulting in inconsistent assessment of pay against the market and the company's policy. Disclosure required on YEM20 STI measures and outcomes for outgoing managing director should be included in the YEM20 Remuneration Report. 	<ul style="list-style-type: none"> Enhanced the disclosure to improve shareholder understanding of the actual peer group used, which is defined as; <i>“a custom peer group that falls within 50% to 200% of CSR's market capitalisation, revenue and EBIT. This ensures that remuneration for KMP is based on roles of comparable size. Reference is also made to CSR's major competitors who compete directly for the services of KMP and senior executives.”</i> The outgoing managing director did not receive an increase in fixed remuneration in YEM20. Based on the benchmarking undertaken in YEM19, Mr Sindel's total target remuneration was in line with peers, with a skew towards long term incentives. The benchmarking revealed that fixed annual remuneration was in line with peers, target short term incentives (STI) was lower and long term incentives (LTI) was higher. The outgoing managing director's YEM20 remuneration arrangements and outcomes are detailed in section 10.
Treatment of significant items	<ul style="list-style-type: none"> Greater transparency on how the board has determined which expenditure and income should be classified as significant items and their impact on STI and LTI outcomes. 	<ul style="list-style-type: none"> CSR has reviewed market practice and updated the significant items policy in YEM20. The threshold for income or expense to be classified as a significant item has been increased to \$5 million. The board will continue to assess all significant items to determine how these should impact any incentive payments. The board will consider the extent to which the significant item is attributed to current management control or decisions and make adjustments accordingly. More comprehensive disclosures have been included in section 8 explaining the key policy points and assessment decisions made, including the use of board discretion, in determining incentive outcomes.
Disclosure of STI financial targets	<ul style="list-style-type: none"> There is insufficient disclosure and transparency on STI financial targets and the assessment of outcomes. This causes difficulty for shareholders to determine whether targets are sufficiently rigorous and aligned with shareholder expectations. 	<ul style="list-style-type: none"> As EBIT is the primary STI financial measure, CSR has elected not to disclose the financial target due to commercial sensitivity. From YEM20 we have included disclosure of the assessment of the STI financial measures and outcome, including the matters considered in setting the target such as expected building activity, energy prices, aluminium price and exchange rates. Further detail is contained in section 8. In addition to the absolute EBIT result for the year, the board views outperformance against competitors and other market metrics as a sign of good executive performance, particularly at a low point in the building cycle. This could result in executives earning STI based on a lower EBIT than the prior year if such outperformance is demonstrated. This is explained in section 8.
Minimum shareholding requirements	<ul style="list-style-type: none"> Minimum shareholding requirements are lower than market practice. 	<ul style="list-style-type: none"> The minimum shareholding policy was amended in June 2019 to require KMP to build a shareholding equivalent to 100% of fixed annual remuneration over a reasonable time. Further detail is included in section 14.
STI deferral	<ul style="list-style-type: none"> STI deferral of 20% for executive KMP and senior executives is below market practice and shareholder expectations. 	<ul style="list-style-type: none"> From YEM21, STI deferral in the form of shares will be increased to 40%. The shares will be transferred to the participant in two equal tranches, one and two years after the STI is granted. Further detail is included in section 8.
Absolute TSR as an LTI performance hurdle	<ul style="list-style-type: none"> Absolute TSR may inappropriately penalise or reward the executive as a consequence of market conditions, despite the positive or negative contribution of the executive. 	<ul style="list-style-type: none"> While the YEM20 LTI grant for the incoming managing director gained strong support at the AGM, the board acknowledged shareholder concerns and has resolved to reintroduce relative TSR for the YEM21 LTI grant, as disclosed in section 9. However, absolute TSR will remain as a qualifying hurdle, and no performance rights will vest for the TSR tranche if absolute TSR is negative. From YEM21, a restriction on trading will be applied, through a 12 month holding lock for all shares awarded under the LTI.

1 “First strike” on YEM19 Remuneration Report (continued)

Following the changes summarised above, the following figure illustrates the timing of how remuneration will be earned, subject to performance measures being met for executive KMP and senior executives.

Figure 1: YEM21 short term and long term incentive plans



2 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 2020 (YEM20) and the remuneration framework. The report also details proposed changes for the financial year ended 31 March 2021 (YEM21).

Consistent with prior years, actual remuneration of executive KMP has been included in the Remuneration Report in section 4. In the interests of transparency, year-on-year analysis is also provided on aggregate remuneration for senior executives (as defined in section 3).

3 Key management personnel (KMP) and senior executives

KMP for YEM20 are detailed in the table below. KMP are as defined by the Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124).

Given the flat organisation structure of the company and following a review of senior executives against the criteria for determining executive KMP, only the managing director and chief financial officer qualify as executive KMP, consistent with prior years.

Table 2: Key management personnel

Name	Position	Term as KMP
Non-executive directors (NEDs)		
John Gillam	Chairman	Full year
Christine Holman	Director	Full year
Michael Ihlein	Director	Full year
Matthew Quinn	Director	Full year
Penny Winn	Director	Full year
Executive KMP		
Julie Coates ¹	Managing Director and CEO	From 2 September 2019
Rob Sindel ¹	Managing Director and CEO	Up to 2 September 2019
David Fallu	Chief Financial Officer	Full year

1 On 14 December 2018, Rob Sindel announced his intention to retire from CSR and it was announced on 16 May 2019 that Julie Coates would be appointed as CEO and Managing Director following Mr Sindel’s retirement. Mr Sindel ceased to be a KMP from 2 September 2019 and remained employed until 13 September 2019 to ensure a seamless transition to Ms Coates. Further detail is included in section 10.

Senior executives of CSR 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 3: Senior executives

Name	Position	Term as senior executive
Ian Hardiman	Executive General Manager – New Business, Innovation & Technology	Full year
Luke Murphy	Executive General Manager – Human Resources	To 31 January 2020
Andrew Mackenzie	General Manager – Property	Full year
Nick Pezet	Executive General Manager – PGH Bricks	Full year
Andrea Pidcock	Executive General Manager – Lightweight Systems	Full year
Anthony Tannous ¹	Executive General Manager – Energy & Roofing Solutions	Full year
Mark White	General Manager – Aluminium	Full year

1 Mr Tannous assumed responsibility for the Energy & Roofing Solutions business (which includes the Bradford business) in April 2019.

Remuneration and performance outcomes

4 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 YEM20. The board believes presenting information in this way provides shareholders with increased clarity and transparency of executive KMP remuneration, clearly 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 11, with a summary of the differences detailed in the table below.

Table 4: Comparison of actual and statutory remuneration disclosures

	Fixed annual remuneration	Short term incentive	Long term incentive	Leave accruals	Other benefits
Actual remuneration disclosures	Cash salary, superannuation contributions and other eligible salary sacrifice benefits	STI award for YEM20, inclusive of the 20% STI deferral, expressed as a cash value	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 2020	Not included	Includes 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 YEM20, exclusive of STI deferral, plus amortisation of STI deferrals 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 YEM20 relates to YEM18 to YEM20 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 the table below. Mr Sindel's fixed remuneration was not increased during the year while Mr Fallu received a 2.5% increase. The remuneration disclosure is prepared on the basis summarised in table 4. There were no termination benefits paid to executive KMP during the year.

Table 5: Actual remuneration received by executive KMP

Year ended 31 March \$	Fixed remuneration	Short term incentive ¹	Long term incentive	Other benefits ²	YEM20 Total	YEM19 Total
Julie Coates	670,833	–	–	–	670,833	–
Rob Sindel ³	678,254	522,000	683,048	–	1,883,302	4,207,931
David Fallu	631,625	–	–	1,563	633,188	1,045,047
Total	1,980,712	522,000	683,048	1,563	3,187,323	5,252,978

1 An STI was not awarded to KMP for YEM20, except for the special incentive paid to Mr Sindel (note 3).

2 Other benefits included USOP and travel expenditure, all of which related directly to company business.

3 As disclosed in the YEM19 Remuneration Report, given the transition to a new managing director, Mr Sindel's fixed remuneration includes an allowance recognising the service provided beyond the notice period. The STI paid to Mr Sindel of \$522,000 is a specific incentive based on goals set by the board and determined for services up to 31 August 2019. Additional information on the variations to Mr Sindel's employment terms and short term incentive performance outcomes is included in section 10.

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 4. The analysis excludes the executive KMP.

Table 6: Senior executive remuneration

Year ended 31 March \$	Fixed annual remuneration	Fixed annual remuneration change ¹	Short term incentive	Long term incentive	Other benefits ²	Total ³	Change in total
2020	3,731,054	4.4%	–	693,887	5,876	4,430,817	(45.1%)
2019	3,888,575	3.6%	2,034,160	2,133,142	16,302	8,072,179	(0.2%)

1 The 'fixed annual remuneration change' has been adjusted for the departure of Mr Murphy. The total fixed remuneration change (including Mr Murphy) is a decrease of 4.1%.

2 Other benefits include USOP and travel expenditure related to company business or contractual obligations.

3 Total remuneration includes remuneration paid to Mr Murphy while a senior executive. Total remuneration does not include a termination amount of \$500,000 paid to Mr Murphy consistent with his contractual obligations. At the discretion of the board, and consistent with the PRP and STI deferral rules, Mr Murphy was approved as a good leaver. As a result, 76,988 performance rights remain on foot for the YEM18 to YEM20 PRP plans. This represents the pro-rata of the outstanding performance rights based on the percentage of the performance period served for each plan. Deferred STI shares of 26,774 relating to the YEM18 and YEM19 STI plans vested at Mr Murphy's termination date.

5 Performance outcomes

Table 7: Summary of performance outcomes for YEM20

Remuneration	Performance outcome
Total remuneration	<ul style="list-style-type: none"> Total remuneration expense decreased significantly for executive KMP and senior executives due to a decrease in the STI awarded and fewer LTI's vested in YEM20 compared to YEM19.
Short term incentive (STI)	<ul style="list-style-type: none"> 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 forecast building activity, as well as considering investor requirements for a certain level of sustainable returns. YEM20 CSR group EBIT of \$217 million fell short of the financial target set due to the: <ul style="list-style-type: none"> timing of property transactions, with the sale of Horsley Park Stage 2 announced in YEM20, but the profit will not be recognised for accounting purposes until subsequent financial years; and Building Products segment, due to lower sales activity from businesses exposed to the detached and multi-residential building sectors. Further detail is included in section 8. The STI awarded for YEM20 decreased by \$11 million or 66% compared to the prior year for the following reasons: <ul style="list-style-type: none"> The CSR group and a number of businesses were not awarded a financial component, as the financial targets for the year were not met. Only a proportion of the customer metric was awarded based on an assessment of the performance achieved during YEM20. In recognition of the uncertainty arising from the COVID-19 pandemic, the Managing Director, Chief Financial Officer and all senior executives forfeited their entitlement to a STI for YEM20. The board performed an assessment of the group's performance for YEM20, and in consideration of the valued contribution of CSR's employees, has decided to award a discretionary STI for eligible employees (excluding the Managing Director, Chief Financial Officer and senior executives). The STI awarded amounted to a payout ratio of 2.6% of EBIT, which is the lowest payout ratio in a decade.
Long term incentive (LTI)	<ul style="list-style-type: none"> During the year the YEM17 LTI performance hurdles were partially met resulting in 45.3% of the YEM17 PRP grant vesting with the components assessed as follows: <ul style="list-style-type: none"> Earnings per share (EPS) target: 33.6% vested out of 40% potential Strategic measures: 11.7% vested out of 30% potential Total shareholder return (TSR) target: nil% vested out of 30% potential The value of LTI that vested in YEM20 decreased compared to YEM19 due to a lower number of rights vesting and a decrease in the CSR share price used to value them. Further detail is contained in section 9.

Overall financial performance and variable remuneration

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

Table 8: 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
YEM20	216.8	1.5	27.3	17.8	3.17	0.5 ⁷	– ⁷	2.6% ⁸	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
YEM18	320.3	25.3	41.9	27.8	5.18	1.2	2.2	5.4%	1.8	1.8
YEM17	298.0	45.7	36.5	21.6	4.51	0.9	2.0	5.5%	2.8	2.2
YEM16	276.8	(10.9)	32.9	20.7	3.30	1.2	2.2	6.7%	3.6	3.4

1 EBIT and EPS are calculated before significant items. For YEM18 to YEM20, EBIT and EPS are from continuing operations before significant items.

2 TSR at 31 March sourced from Bloomberg. Relative TSR performance is disclosed in Table 19 along with the LTI vesting outcomes.

3 Return on Funds Employed (ROFE) defined in note 2 to the CSR group financial statements. ROFE for YEM18 to YEM20 is from continuing operations.

4 Closing share price at 31 March.

5 Represents the value of PRPs vesting 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 1.

7 An STI was not awarded to executive KMP or senior executives for YEM20, except for the special incentive paid to Mr Sindel.

8 Total STI awarded for YEM20 represents 42% of the target STI opportunity. Further detail on the STI awarded is outlined in table 7.

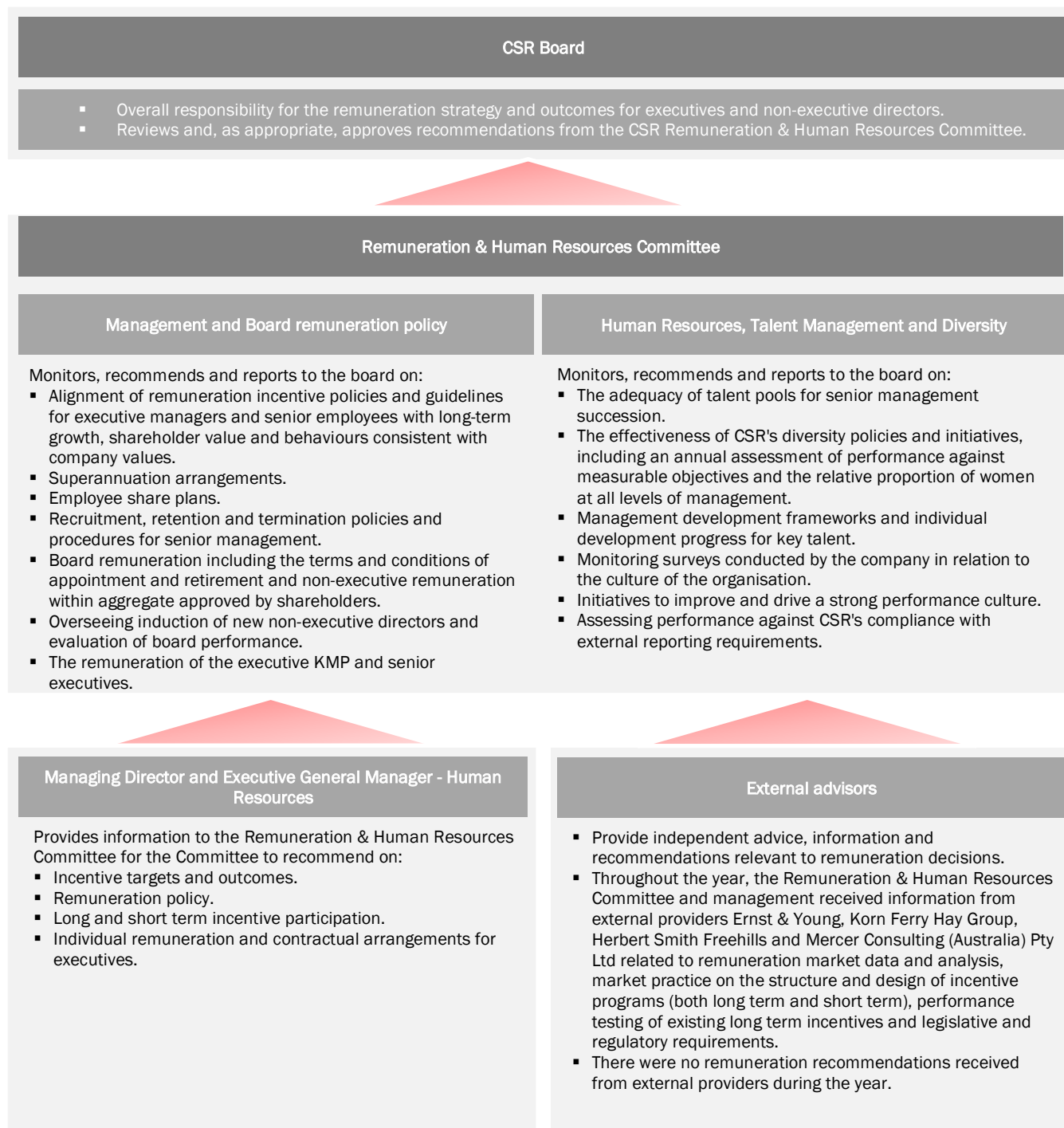
Further detail on the assessment of each of the performance measures for short and long term incentives is set out in sections 8 and 9 respectively.

Remuneration Governance

6 Remuneration governance

CSR's remuneration governance framework is set out below. While the board retains ultimate responsibility, CSR's remuneration policy is 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 from the CSR website. The charter was reviewed and updated during the year.

Figure 2: CSR's remuneration governance framework

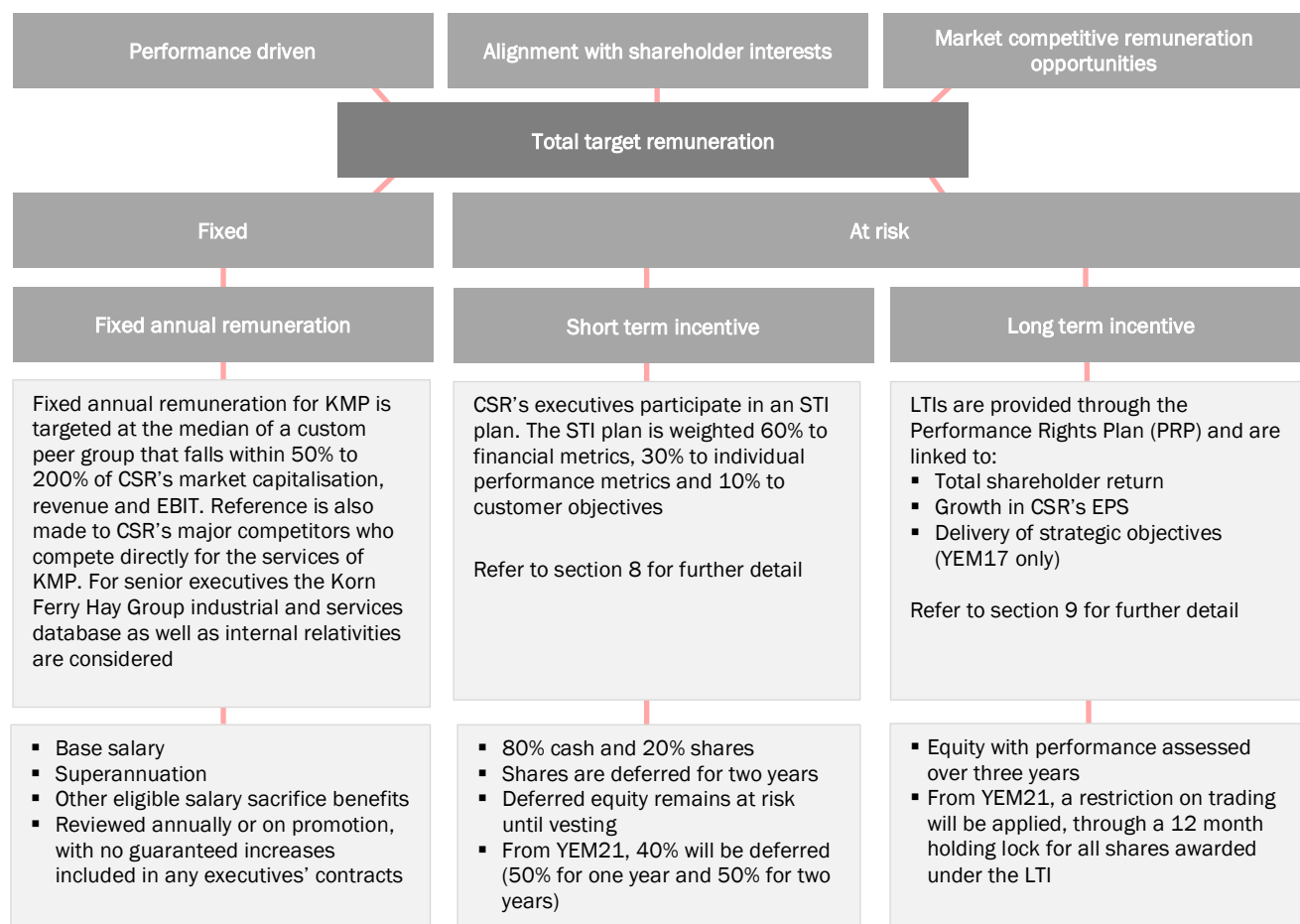


Components of remuneration

7 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 3: CSR's remuneration strategy and structure



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

Table 9: Key principles of CSR's executive remuneration policy

Objective	Explanation
Performance driven	<p>Remuneration should reward executives based on annual performance against business plans and longer term shareholder returns. The variable components of remuneration (both short term and long term) are driven by challenging targets focussed on both external and internal measures of financial and non-financial performance. A significant proportion of executive remuneration is 'at risk'. The following remuneration mix 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. There is no change to the managing director's remuneration mix following a change of incumbent.</p> <p>0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%</p> <p>■ Fixed ■ STI ■ LTI</p>

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

Table 9: Key principles of CSR's executive remuneration policy (continued)

Objective	Explanation
Market competitive remuneration opportunities	<p>Remuneration opportunities, including those elements which can be earned subject to performance, are set at competitive levels that will attract, motivate and retain high quality executives.</p> <ul style="list-style-type: none"> Executive remuneration is reviewed annually. CSR aims to provide market competitive remuneration against jobs of comparable size and responsibility against a custom peer group of between 15 to 20 companies that falls within 50% to 200% of CSR's market capitalisation, revenue and EBIT. This ensures that remuneration for KMP is based on roles of comparable size. In setting executive remuneration, reference is also made to CSR's major competitors, the Korn Ferry Hay Group industrial and services database as well as internal relativities. Variable remuneration (through STI and LTI) provides the opportunity to earn total remuneration (fixed annual remuneration plus variable remuneration) that reaches the top quartile of the market for superior performance.
Alignment with shareholder interests	<ul style="list-style-type: none"> Executive remuneration is aligned with shareholder interests through a significant emphasis on variable remuneration. Incentive plans and performance measures are aligned with CSR's short and long-term success. KMP and senior executives are required to hold, or make progress towards holding, a minimum CSR shareholding. From YEM21, the requirement will increase to 100% of their fixed annual remuneration for KMP, acquired over a reasonable timeframe. Further detail on this policy is set out in section 14. Ownership of CSR shares is encouraged through the use of equity as the vehicle for the LTI plan, the STI deferral plan for executive KMP and senior executives, the 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).

8 At risk remuneration - short term incentive

(i) Table 10: Details of the short term incentive plan

Purpose	To drive individual and team performance to deliver annual business plans and 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 in July.			
Performance measures	The performance measures for the STI are based on a combination of financial and non-financial measures:			
	Performance component	Corporate roles	Business unit roles	
	CSR group EBIT	60%	30%	
	Business unit EBIT	–	30%	
	Individual objectives	30%	30%	
	Customer objectives	10%	10%	
	Total	100%	100%	
	Financial measures are based on the board approved EBIT budget. 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 forecast building activity, as well as considering investor requirements for a certain level of sustainable returns.			
	Return on Funds Employed (ROFE) is also assessed by the board to ensure the effectiveness with which capital is deployed within the business is measured and rewarded, especially given the cyclical nature of the industry and the impact this has on performance.			
	The maximum STI payable is 200% of a participant’s target STI opportunity, except for the managing director who is capped at 143% of target STI opportunity, equivalent to 100% of fixed annual remuneration. Detail on the actual performance for YEM20 compared to the targets set is summarised later in this section.			
Minimum financial performance requirements	A minimum financial performance threshold is based on 95% of the board approved EBIT budget, below which no financial component will be paid. Target financial performance equates to the approved EBIT budget while stretch performance is 110% of the approved EBIT budget. The target and stretch budgets are set at a challenging level, with stretch achievement only in the event of exceptional performance. The STI accrues on a straight-line basis for financial performance between threshold and target and between target and stretch. These parameters apply at both the CSR and business unit level.			
	Performance component	Threshold ²	Target	Stretch
	Percentage of EBIT target achieved	95%	100%	110%
	Percentage of target STI payable ¹	0%	100%	200%
	<div><div>1</div><div>Managing director’s STI is capped at 143% of target STI opportunity, equivalent to 100% of fixed annual remuneration.</div></div> <div><div>2</div><div>For the purpose of calculating the 95% financial threshold, the EBIT target is increased by the amount of STI payable if the budget is achieved.</div></div>			
Under the plan rules, if the financial threshold is not met the individual and customer objectives are discounted by 50%. Should both CSR and the applicable business unit not reach the financial threshold, then any payment will be at the discretion of the board. In addition, under the plan rules, the board has discretion to reduce, remove or increase any STI payable after considering overall business performance.				

8 At risk remuneration - short term incentive (continued)

(i) Table 10: Details of the short term incentive plan (continued)

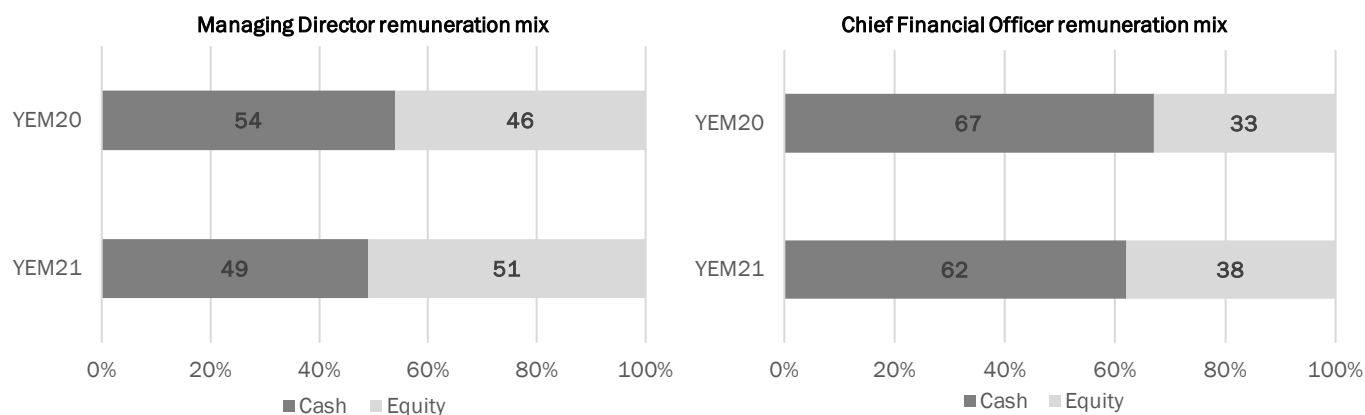
Individual objectives	<p>The individual objectives set for each participant at the beginning of the financial year, in consultation with their direct manager, are aligned to the business plan and behaviours which are in line with CSR's values. These objectives include safety, health and environment, meeting customer needs, becoming supplier of choice, leadership and development of people, sales targets, operational improvement, restructuring and rationalisation plans, production targets, growth and other personally attributable goals.</p> <p>These objectives are documented in CSR's performance management system ACHiEVE@CSR and performance is assessed during the year, with a final assessment to coincide with year-end.</p>
Customer objectives	<p>Customer objectives are set at a group level and business unit level. The objectives are focussed on improvements in the customer experience through specific targets that measure customer feedback and are set at the start of the year.</p> <p>In addition, as part of the participant's individual objectives, specific customer relevant objectives must also be included within ACHiEVE@CSR. Examples could include objectives focussed on real time data on the order and delivery experience, adoption of our digital platform CSR Connect, building capability in customer facing staff and improving use of data to drive customer insights and value.</p>
Assessment of performance against measures	<p>At the end of the financial year, each participant's performance is assessed based on financial results for CSR and the relevant business. A review by the participant's manager is undertaken to determine performance against the relevant individual objectives.</p> <p>Individual objective assessments and recommendations are made by the participant's immediate manager, as he or she is best placed to assess the individual's performance. All recommendations are reviewed and approved by the business unit general manager, human resources and the managing director.</p> <p>The Remuneration & Human Resources Committee approves executive KMP and senior executive STIs as well as the overall STI pool in aggregate.</p>
Board discretion	<p>The intention is to minimise discretionary adjustments to the plan outcomes. However, the board and the managing director 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 any material amounts recorded outside of EBIT (e.g. 'significant items'); ▪ any significant changes in AUD price for aluminium compared with the prices assumed in the budget; ▪ occurrence of a fatality, regardless of fault; ▪ maintenance and preservation of the company's assets and reputation; ▪ development and attention to customer relationships; ▪ 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 Business Code of Conduct and Ethics policy.
Service condition	<p>New starters or people promoted into eligible roles may participate in the STI with pro rata entitlements if they have been in the role for more than three months of the relevant financial year.</p> <p>For participants who retire, die or are retrenched during the performance period, the managing director and the board have discretion in awarding a payment. Unless the board determines otherwise, no payment will be made to participants who cease employment voluntarily, or have their employment terminated for inadequate performance or for cause, before the end of the performance year.</p>
Equity deferral	<p>Under the STI deferral plan, 20% of any STI earned by executive KMP and senior executives is delivered in CSR shares. These shares are held in trust subject to trading restrictions and have a continued service requirement for a minimum of two years. During this restriction period, the shares are subject to forfeiture if the executive resigns or is terminated for cause. No further performance conditions apply and shares fully vest to the participant at the end of the restriction period, if the continued service requirement is met.</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 applying to the shares held in trust in their name.</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 including financial errors, misstatements or misrepresentations.</p>

8 At risk remuneration - short term incentive (continued)

(ii) Changes from YEM21 – short term incentive plan

From YEM21, the percentage of total STI required to be deferred for two years has been increased from 20% to 40%, with half released to participants at the end of year one and the balance released at the end of year two. This is subject to the participant remaining employed at the end of each period and the clawback provisions described above. This change in policy will improve alignment to shareholder interests and market practice, as well as assist with executive KMP and senior executive retention.

The following chart highlights the impact of the YEM21 changes to deferred STI on the ratio of cash to equity (deferred STI and PRP).



(iii) Assessment of YEM20 short term incentive performance

STI financial measures

As noted earlier in this section, 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 forecast building activity at the time, as well as considering investor requirements for a certain level of sustainable returns. An assessment of the YEM20 performance for the CSR group and the individual segments is summarised in the table below.

Table 11: Assessment of YEM20 performance compared to financial targets set

Business	Comment on target and performance
CSR group	<ul style="list-style-type: none"> For YEM20 the target was set in an environment of declining building activity and risk in relation to the timing of property transactions, which are often dependent on external approvals and the completion of remediation and infrastructure works. As a result, the group EBIT target set for STI purposes was lower than YEM19. The YEM20 actual group EBIT before significant items of \$217 million was below the financial targets set. Further explanation of the performance for each business is set out below.
Building Products	<ul style="list-style-type: none"> The targets were established having regard to the forecast material reduction in new housing activity. Given the expected shortfall in building activity, the YEM20 financial targets for the Building Products businesses were set below the YEM19 result. The actual level of building activity in YEM20 was lower than forecast and a number of businesses did not achieve their financial targets. In particular, businesses with concentrated levels of exposure to residential building activity (the Bricks and Roofing businesses) or concentrated exposure to high-rise (the Construction Systems businesses) experienced a more pronounced impact compared to businesses with higher levels of commercial and renovations exposure (such as Insulation and Lightweight Systems). Despite this, in the context of a challenging operating environment, Building Products continues to perform strongly across most segments and revenue (impacted by pricing, volume and portfolio changes) has outperformed a weighted market activity index.
Property	<ul style="list-style-type: none"> A challenging target was set for the Property business in YEM20. Despite announcing the sale of Horsley Park Stage 2 during the year (proceeds of \$142.5 million and expected EBIT of \$94 million), the timing of the transaction will mean that the profits on sale will be recognised in YEM21 and YEM23 in accordance with accounting standards. As a result, the Property business EBIT was a loss of \$1.5 million which did not meet the financial targets set for YEM20. The development of the Property portfolio continues, with significant progress made in relation to finalising the rezoning outcomes for Schofields and Warner and inclusion of Badgerys Creek in the industrial precincts of the Western Sydney Aerotropolis.
Aluminium	<ul style="list-style-type: none"> The aluminium business was set a financial target of higher EBIT compared to YEM19. This reflected the hedged position at the start of the year and operating efficiencies at the Tomago plant. The financial target was achieved and the business unit component of the STI was awarded.

8 At risk remuneration - short term incentive (continued)

(iii) Assessment of YEM20 short term incentive performance (continued)

Consideration of significant items recorded in YEM20

The STI financial targets are set based on EBIT 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 their impact on incentive outcomes. In forming its views, the board will have consideration as to whether the item was due to current management control or decisions.

After assessing the significant items reported in YEM20, the board has determined that incentive outcomes should be adjusted for the following reasons.

Table 12: Assessment of significant items for remuneration purposes

Item	Description
Product liability provision	<ul style="list-style-type: none"> The product liability provision expenses recorded in YEM20 of \$4.3m after tax pre-dates current management and the board has consistently treated these amounts as significant items. Accordingly, it was determined that incentive outcomes should not be adjusted for this item.
Legal settlement benefit	<ul style="list-style-type: none"> The legal settlement benefit of \$2.5m after tax did not relate to current year trading and it was determined that the incentive outcomes should not be adjusted for this item.
Impairment of building product assets	<ul style="list-style-type: none"> An impairment charge of \$7.6 million after tax was recorded against two business units within Building Products after a decision was made to suspend operations as a result of the economic uncertainty due to COVID-19 and a focus on cash preservation. Given that decision was a recommendation of management and the operations of these businesses are within management's control, it was determined that the incentive outcomes for both short-term and long-term incentives would be adjusted, and EBIT and EPS used for YEM20 STI and LTI calculations would be downgraded by the impairment charge.

STI non-financial measures

For the businesses that met their business unit financial target half of their non-financial STI component was awarded, in accordance with the STI plan (as detailed in table 10).

Given the CSR group and a number of businesses did not meet the STI financial targets (discussed in table 7 and table 11) a discretionary element of the non-financial STI component was also awarded based on the CSR board's consideration of the valued contribution of CSR's employees during the year.

As previously noted the Managing Director, Chief Financial Officer and all senior executives have forfeited their entitlement to a STI for YEM20, including a non-financial STI component.

9 At risk remuneration - long term incentive

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

CSR's long term incentive program aims to:

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

(ii) Details of the LTI plan

The long term incentive plan is delivered through the CSR Performance Rights Plan (PRP). The following plan details apply to PRP grants from YEM17 to YEM20. Changes to the YEM21 LTI plan are disclosed later in this section.

Table 13: Features of the long term incentive plan

Participation	Managing director, 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, calculated using a face value of shares and convert to shares subject to performance vesting criteria. If performance conditions are met, CSR shares will be purchased on market and transferred to participants. Refer to section 9(iii) for more detail.
Vesting and performance period	Awards are subject to a three year vesting period. Immediately following completion of the vesting 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).
Treatment of capital return	There is no entitlement to a capital return. However, the board may make an adjustment to the number of shares underlying unvested performance rights that would be awarded to the participant if and when the performance rights vested. The number of additional shares underlying the performance rights corresponds to the cash amount per share returned to shareholders and is intended to ensure that the value of awards of PRP holders is not eroded by capital returns. Capital returns are included as part of TSR performance.
At vesting	For all PRP grants, rights are eligible for one CSR Limited share per one performance right on vesting.
Sales restrictions post vesting	Shares transferred to participants on the vesting of performance rights are subject to the CSR share trading policy.
Dividends	There is no entitlement to dividends on performance rights during the performance period.
Treatment on cessation of employment	Unvested awards: Generally, a participant who ceases to be employed prior to the performance conditions being met will forfeit their interest in the unvested shares. However, if the cessation of employment is the result of retirement, redundancy, total or permanent disablement, death or any other special circumstances at the board's discretion, board policy is to retain awards in the plan subject to ongoing performance hurdles following cessation of employment, i.e. awards remain 'on foot'. In exercising this discretion, the board would not generally accelerate vesting and would apply pro rata assessments for plans on foot. Vested awards: Awards that have vested are transferred 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 transferred 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 2020, 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).

9 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 14: Performance hurdles for each PRP grant

	Note	YEM20	YEM19	YEM18	YEM17
Absolute TSR (Tranche A)	1	50%	–	–	–
Relative TSR (Tranche A)	1	–	50%	50%	30%
Earnings per share (Tranche B)	2	50%	50%	50%	40%
Strategic objectives (Tranche C)	3	–	–	–	30%

1. Total shareholder return (TSR)

TSR is the percentage growth in shareholder value, which measures the changes in share price, taking into account dividends and capital returns. For the purposes of the TSR calculation, the start and end share prices will be calculated based on 10 trading days VWAP.

Absolute TSR for YEM20

- For the YEM20 PRP, a review of performance hurdles was conducted incorporating potential property transactions over the ensuing three years. As a result, relative TSR was replaced with absolute TSR.
- The board believes absolute TSR is an appropriate measure for the YEM20 PRP as it more directly aligns with shareholder interests and provides transparency and focus of executives in driving both earnings and share price growth.
- The targets are set out in table 15. 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 15: Absolute TSR targets for the YEM20 PRP 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%

Relative TSR prior to YEM20

TSR performance is assessed against the constituents of the S&P/ASX 200 index (Peer Group) defined at the start of the performance period.

Table 16: Relative TSR vesting schedule

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

9 At risk remuneration - long term incentive (continued)

(iii) PRP performance conditions (continued)

2. Earnings per share (EPS)

Compound growth in EPS assesses 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. A consistent treatment is applied for both STI and LTI assessments, with the YEM20 outcome summarised in section 8 (iii) and table 12. In addition, the board may adjust EPS to exclude the effects of material business acquisitions or divestments and for certain one-off costs.

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 17: Performance hurdles for the YEM17 to YEM20 PRP grants

EPS performance hurdle	YEM20		YEM19		YEM18		YEM17	
	Target	Stretch	Target	Stretch	Target	Stretch	Target	Stretch
Cumulative EPS required over next three years (cps)	119.5	131.4	140.0	154.0	120.8	132.9	108.9	119.8
Average EPS required over next three years (cps)	39.8	43.8	46.7	51.3	40.3	44.3	36.3	39.9

The reduction in the EPS target for the YEM20 grant is due to a lower EPS in YEM19 compared to the prior two years.

Table 18: 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%

3. Strategic objectives (YEM17 only)

For the YEM17 grant, specific objectives were set in the areas of growth, portfolio and digital. Performance of this plan was assessed during YEM20 and partially vested. Further detail on the assessment is detailed below.

(iv) Assessment of performance impacting YEM20 remuneration

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. In addition, the YEM17 PRP award also included performance against specific strategic objectives in the areas of growth, portfolio and digital.

In relation to the YEM17 PRP assessment, the EPS and TSR outcomes are described below in table 19. In addition, the specific strategic objectives were assessed as follows:

- Growth:** the board set a target for growth in EBIT derived from new products and services beyond 'business as usual'. Whilst there has been strong growth in several businesses including Bradford Energy, Polyester, Hebel and AFS, the group target was not met. As a result, no vesting of this tranche occurred.
- Portfolio:** the board set targets focussed on strategic acquisitions or divestments to rebalance the CSR Portfolio. Specific goals were set in relation to the building products portfolio, rebuilding the property portfolio and management of the long tail product liability. The board reviewed these goals and based upon the acquisition of Bricks, the divestment of Viridian and substantial rebuild of the property portfolio, it was determined that 67% of this tranche would vest.
- Digital:** the board set specific targets focussed on delivery of the digital strategy that centred on enhancing technical functionality, digitisation of the customer experience and revenue through the digital platform CSR Connect. The board reviewed these goals and considering the growth of engaged users on our platform, revenue generated through CSR Connect/other digital platforms and implementation of delivery tracking for customers it was determined that 50% of this tranche would vest.

9 At risk remuneration - long term incentive (continued)

(v) Details of the PRP awards outstanding

Table 19: 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 ²
26 July 2016 (YEM17)	Tranche A (TSR) \$2.42 Tranche B (EPS) \$3.40 Tranche C (Strategic objectives) \$3.40	26 July 2016 to 31 March 2019	1 April 2016 to 31 March 2019	1 April 2019	Tranche A (TSR): Performance condition not met in March 2019 and all rights lapsed. Tranche B (EPS): compound growth performance condition met with 84% of the allocation vesting and the remaining unvested rights lapsed. Tranche C (Strategic objectives): 39% of the allocation vested and the unvested rights lapsed.
25 July 2017 (YEM18)	Tranche A (TSR) \$1.76 Tranche B (EPS) \$3.37	25 July 2017 to 31 March 2020	1 April 2017 to 31 March 2020	1 April 2020	Subsequent to 31 March 2020: Tranche A (TSR): Performance condition was met and 57.3% of allocation vested and the remaining unvested rights lapsed. Tranche B (EPS): compound growth performance condition was not met and all rights lapsed.
25 July 2018 (YEM19)	Tranche A (TSR) \$1.36 Tranche B (EPS) \$3.60	25 July 2018 to 31 March 2021	1 April 2018 to 31 March 2021	1 April 2021	Performance testing not commenced.
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	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, Mercer Consulting (Australia) Pty Ltd, to calculate CSR's performance against the TSR hurdles.

(vi) Long term incentive plan changes

The following changes to the LTI plan have been introduced for YEM21.

Table 20: Changes to the LTI plan from YEM21

Component	Description
Holding lock	<ul style="list-style-type: none"> A 12 month holding lock on shares awarded under the PRP has been introduced to aid senior executive retention and supplement CSR's clawback provisions. During the holding lock participants are entitled to receive dividends and other distributions and have full voting rights.
Performance measures - total shareholder return	<ul style="list-style-type: none"> Relative TSR has been reintroduced as a performance measure (replaces absolute TSR) as it is an established measure with greater alignment to market practice. Absolute TSR will be retained but as a positive 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 will be 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. In measuring TSR, share prices will be calculated based on a 90 day VWAP at the start and end of the performance period (compared to the current 10 day calculation) to address share price volatility.

9 At risk remuneration - long term incentive (continued)

(vii) Other equity incentive plans

Table 21: Other equity incentive plans

	Universal Share Ownership Plan (USOP)	Employee Share Acquisition Plan (ESAP)
Purpose	To encourage share ownership by enabling executives and employees to benefit from favourable Australian tax treatment.	
Participation	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	Each year, the board approves 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.	Participants are entitled to dividends and other distributions and have full voting rights while the shares are held in trust.

Remuneration in detail

10 Service agreements

Managing director – Executive service agreement

Julie Coates was appointed as managing director on 2 September 2019. Ms Coates contractual remuneration package is summarised below.

Table 22: Managing director's remuneration package (Ms Coates from 2 September 2019)

Fixed annual remuneration	Fixed annual remuneration of \$1,150,000 inclusive of superannuation contributions. Fixed annual remuneration is reviewed annually and increases are not guaranteed.
Notice period	Under the Executive's 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, 30% to individual performance and 10% to customer experience metrics. For YEM20, Ms Coates is entitled to a pro rata STI payment for the period served. Under the STI deferral plan rules, 20% of the STI value will be deferred into CSR shares which vest in two years. From YEM21 the amount subject to deferral will increase to 40%. Further details on the STI deferral plan is contained in table 10.
LTI	The value of any award of performance rights is currently set at a maximum of 120% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to section 9(iii) for details) and are subject to shareholder approval at the AGM.
Transition benefits	To attract high calibre talent, it is customary market practice to compensate new employees for the loss of earned but unpaid variable remuneration with their previous employer. As a result, Ms Coates was granted 100,745 rights with a face value of \$400,000 which will vest on 2 September 2022, subject to Ms Coates remaining employed on that date. No other performance conditions apply.

Former managing director – Executive service agreement

Rob Sindel was appointed as managing director of CSR effective 1 January 2011. On 14 December 2018, the company announced Mr Sindel's intention to retire and Mr Sindel left the business on 13 September 2019.

Mr Sindel is well regarded professionally and a highly experienced managing director. During his tenure as managing director, Mr Sindel delivered solid results.

As disclosed in the YEM19 Remuneration Report, the board determined that Mr Sindel would be treated as a good leaver for the purposes of his entitlements on termination. Mr Sindel gave six months' notice on 14 December 2018 in accordance with his employment contract and envisaged a leaving date of 13 June 2019. Due to commitments to her previous employer Ms Coates was unable to commence until 2 September 2019 and an extension to 13 September 2019 was agreed with Mr Sindel to ensure a smooth transition.

While Mr Sindel was contractually entitled to participate in both STI and LTI schemes in YEM20, given his notice and the need to retain Mr Sindel for a handover, the board agreed the following variations to his remuneration arrangements.

Table 23: Variations to the former managing director's remuneration package

Fixed annual remuneration	<ul style="list-style-type: none"> As disclosed in the YEM19 Remuneration Report, Mr Sindel's fixed annual remuneration was not increased in YEM20. Mr Sindel agreed to remain as managing director until Ms Coates could commence and was paid an allowance from the end of his contractual notice period (commencing 14 June 2019) until he ceased employment to recognise the importance of retaining his services for a successful transition.
STI	<ul style="list-style-type: none"> Consistent with STI deferral rules and the good leaver policy, Mr Sindel retained all of his deferred STI shares. On 31 March 2020, YEM18 deferred STI shares of 34,563 met the service condition and were approved by the board to be made available to Mr Sindel in May 2020. The remaining 57,341 deferred shares will vest on 31 March 2021. Mr Sindel did not participate in the YEM20 STI plan but was eligible for a specific incentive up to \$600,000. This incentive focussed on retaining Mr Sindel for a successful handover and incentivising him during the notice period to deliver a number of specific initiatives of benefit to the group. This included group targets up until 31 August in relation to safety, profitability, returns on funds employed and a range of specific initiatives across each business segment (e.g. for Building Products execution of cost saving initiatives and successful integration of the Roofing and Bradford businesses). Following a detailed assessment of performance against the objectives for the period ended 31 August 2019, the board determined that 87% of the specific incentive would be awarded and \$522,000 was paid in November 2019. The STI deferral did not apply to the specific incentive.

10 Service agreements (continued)

Former managing director – Executive service agreement (continued)

Table 23: Variations to the former managing director's remuneration package (continued)

LTI	<ul style="list-style-type: none"> Given the YEM20 PRP was granted after Mr Sindel announced his retirement, it was agreed that he would not participate in the grant. In relation to previous unvested grants, Mr Sindel retains a pro rata number of his PRP rights, calculated from each respective grant date up to the date of his departure. These rights will remain on foot and be subject to the performance conditions of each grant. In relation to the YEM18 PRP 79,508 rights met their performance condition and 198,010 failed to meet their performance condition and lapsed effective 31 March 2020. The remaining 142,718 YEM19 rights will be tested on 31 March 2021. Any vested rights will be paid in cash (net of tax), calculated using the five day volume weighted average price of CSR shares leading up to (but excluding) the vesting date, multiplied by the number of rights that have vested.
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Table 24: Former managing director's remuneration package (before variations)

Fixed annual remuneration	Fixed annual remuneration of \$1,286,470 inclusive of superannuation contributions effective from 1 July 2018. Fixed annual remuneration was reviewed annually, and increases were not guaranteed.
Notice period	Under the Executive's Service Agreement there was no fixed term and Mr Sindel's employment could be terminated by: <ul style="list-style-type: none"> the company giving him 12 months' notice of termination; or Mr Sindel giving six months' notice of resignation.
STI	<p>There was no guaranteed entitlement to an STI payment and the maximum STI opportunity was 100% of fixed annual remuneration for exceptional performance. Achievement of target performance would result in 70% of the maximum STI being paid. The STI was weighted 60% on financial performance, 30% on individual performance and 10% on customer experience metrics.</p> <p>Under the STI deferral plan rules, 20% of the STI value was deferred into CSR shares which vest in two years. Further detail on the STI deferral plan is contained in table 10.</p>
LTI	The value of any award of performance rights was set at a maximum of 120% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board.

Chief financial officer – Executive service agreement

David Fallu was appointed as chief financial officer effective 2 February 2017. Mr Fallu's remuneration package is summarised as follows:

Table 25: Chief financial officer's contractual remuneration package

Fixed annual remuneration	Fixed annual remuneration of \$635,500 inclusive of superannuation contributions effective from 1 July 2019. This represented an increase of 2.5% compared to the prior year. Fixed annual remuneration is reviewed annually and increases are not guaranteed.
Notice period	Under the Executive's 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	<p>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, 30% on individual performance and 10% on customer experience metrics.</p> <p>Under the STI deferral plan rules, 20% of the STI value will be deferred into CSR shares which vest in two years. From YEM21 the amount subject to deferral will increase to 40%. Further detail on the STI deferral plan is contained in table 10.</p>
LTI	The potential value of any award of performance rights is set at a maximum of 60% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board.

During YEM20, the board approved a one-off performance bonus for Mr Fallu of \$200,000, based on his significant contribution to the sale of the Viridian business. The bonus was awarded in the form of rights and 60,744 rights were issued with a grant date of 8 May 2019. These rights will convert to CSR shares on the third anniversary of the grant date (being 8 May 2022) subject to Mr Fallu still being employed on that date.

10 Service agreements (continued)

Table 26: Treatment of the managing director's and chief financial officer's incentives on termination

Circumstance	Short term incentive ¹	Long term incentive – unvested performance rights ²
Immediate termination for cause	No STI payable and clawback provisions may apply (including deferred STI).	Rights are forfeited.
Resignation	STI is forfeited unless board determines otherwise.	Rights are forfeited unless board determines otherwise.
Notice by company, good leaver, 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.
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.

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 not subject to restrictions after vesting.

11 Statutory remuneration

Managing director's and chief financial officer's remuneration

The remuneration table below shows a decrease in total remuneration expensed for accounting purposes for executive KMP in YEM20 compared with YEM19.

Table 27: Executive KMP statutory remuneration

\$ Year ended 31 March	Fixed ¹		Variable				'At risk'		
	Cash salary	Super-annuation	Leave benefits	Other benefits ²	STI expense ³	LTI expense ⁴	Total	STI ⁵	LTI ⁵
Managing director – Julie Coates									
2020	655,081	15,752	31,267	–	–	307,695	1,009,795	–	30%
2019	–	–	–	–	–	–	–	–	–
Former managing director – Rob Sindel									
2020	667,870	10,384	(8,403)	–	645,311	(618,839)	696,323	–	–
2019	1,258,214	20,411	21,495	–	938,432	846,052	3,084,604	30%	27%
Chief financial officer – David Fallu									
2020	610,740	20,885	24,504	1,563	49,288	74,522	781,502	6%	10%
2019	585,183	20,411	30,122	1,547	399,613	117,384	1,154,260	35%	10%

1 Fixed annual remuneration may be allocated at the executive's discretion to cash, superannuation (subject to legislative minimums), motor vehicles and certain other benefits.

2 Other benefits included USOP and travel expenditure, all of which is directly related to company business.

3 STI expense for YEM20 plus amortisation of STI deferrals relating to prior years' grants. STI payments may be allocated at the executive's discretion to cash or additional superannuation contributions.

4 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 19.

5 STI and LTI as a percentage of total remuneration.

12 Deferred shares

Table 28: STI deferred shares for executive KMP

	Number of STI deferred shares				
	Balance 1 April 2019	Granted ¹	Vested	Lapsed	Balance 31 March 2020 ²
Julie Coates	–	–	–	–	–
Rob Sindel	34,563	57,341	(34,563)	–	57,341
David Fallu	11,503	26,600	(11,503)	–	26,600

1 The value of deferred shares provided at grant date was \$3.29 per share. These shares related to the YEM19 STI and were granted in May 2019 and will vest on 31 March 2021 consistent with the STI deferral plan.

2 The closing balance of deferred shares at 31 March 2020 represents unvested shares for YEM19 STI.

13 Performance rights

Table 29: Executive KMP performance rights

	Number of performance rights				Balance 31 March 2020
	Balance 1 April 2019	Granted ¹	Vested ²	Lapsed	
Julie Coates	–	460,986	–	–	460,986
Rob Sindel	1,082,803	–	(203,288)	(459,279)	420,236
David Fallu	147,037	176,552	–	–	323,589

1 The accounting value of Ms Coates and Mr Fallu's rights granted were \$1,428,489 and \$530,632 respectively.

2 The following rights vested to ordinary shares during the year ended 31 March 2020:

Mr Sindel: YEM17 Tranche B rights vested of 150,783 and YEM17 Tranche C rights vested of 52,505. A total of 203,288 shares were issued on 17 May 2019, and the value of each of these shares was \$3.36, representing a total value to Mr Sindel of \$683,048.

14 Shareholdings

Minimum shareholding requirements

The board has reviewed the minimum shareholding policy and determined that from YEM20 KMP will accumulate over time the equivalent of 100% of fixed annual remuneration in CSR shares. The value of the shares held by the KMP is calculated as the higher of the current market price or the price the shares were acquired at. This change impacts the managing director, chief financial officer and CSR non-executive directors. Non-executive directors are required to meet the minimum shareholding requirements within four years of appointment. Executive KMP will be provided a reasonable timeframe in which to accumulate the minimum shareholding having regard to the business cycle and likely variable incentive outcomes that may become available to count towards the requirements.

There is no change for senior executives who are required to hold 50% of fixed annual remuneration in CSR shares.

Table 30: Executive KMP shareholdings

	Number of CSR shares ¹				Balance 31 March 2020
	Balance 1 April 2019	Acquired ²	Sold or transferred	Other ³	
Julie Coates	–	–	–	–	–
Rob Sindel ³	901,766	260,629	–	(1,162,395)	–
David Fallu	56,360	28,137	(20,000)	–	64,497

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. Mr Sindel's acquired shares include 203,288 shares issued on vesting of PRPs and 57,341 shares acquired under the STI deferral plan. Mr Fallu's acquired shares include 26,600 shares acquired under the STI deferral plan, 1,069 shares acquired under ESAP and 468 shares acquired under USOP.

3 Effective from 2 September 2019 Mr Sindel retired from his role as Managing Director and CEO and ceased being a KMP on the same date. The 'other' change does not represent a disposal of shares.

Non-executive directors and other

15 Arrangements

Non-executive directors are paid a base fee for service to the board which includes one committee membership, with an additional fee for service to additional board committees. The fees are set with consideration to the fees paid in 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.

Following benchmarking in YEM19, the board determined not to increase NED fees for YEM20. However, the committee chairman fees totalling \$82,342 were evenly distributed between the three committee chairmen and each received \$27,447 in YEM20 with no impact to aggregate fees.

Table 31: Non-executive director (NED) arrangements

Role	Annual fee for YEM20 (including superannuation guarantee)
Chairman base fees (including all committee memberships)	\$395,264
Other NED base fees (including one committee membership)	\$158,106
Chairman of the Risk & Audit Committee	An additional \$27,447
Chairman of the Remuneration & Human Resources Committee	An additional \$27,447
Chairman of the Workplace Health, Safety & Environment Committee	An additional \$27,447
Additional committee memberships	An additional \$11,764 per additional committee (applies to NEDs other than the chairman)

The board determined not to increase NED fees for YEM21.

No retirement allowances are payable to NEDs. NEDs do not participate in the company's STI or LTI plans or receive any variable remuneration but may forgo fees for CSR shares under the ESAP. To further align NEDs' interests with those of shareholders, the company expects all NEDs to acquire a beneficial interest in CSR shares equivalent to 100% of their fixed annual remuneration. Further information is detailed in section 14.

16 Non-executive director fees

Table 32: Non-executive directors' fees

Year ended 31 March		Directors' fees	Termination benefits	Superannuation	Total
John Gillam (chairman) ¹	YEM20	374,379	–	20,885	395,264
	YEM19	339,843	–	20,984	360,827
Christine Holman	YEM20	155,131	–	14,738	169,869
	YEM19	155,131	–	14,737	169,868
Michael Ihlein	YEM20	169,455	–	16,098	185,553
	YEM19	176,616	–	16,779	193,395
Matthew Quinn	YEM20	169,455	–	16,098	185,553
	YEM19	165,874	–	15,758	181,632
Jeremy Sutcliffe ¹	YEM20	–	–	–	–
	YEM19	60,865	–	5,012	65,877
Penny Winn	YEM20	169,455	–	16,098	185,553
	YEM19	165,874	–	15,758	181,632
Total non-executive directors	YEM20	1,037,875	–	83,917	1,121,792
	YEM19	1,064,203	–	89,028	1,153,231

¹ Effective from 31 May 2018 John Gillam succeeded Jeremy Sutcliffe as Chairman who retired from the board on the same date.

17 Shareholdings

Table 33: Non-executive directors' shareholdings

	Number of CSR shares ¹				Balance 31 March 2020
	Balance 1 April 2019	Included in remuneration	Acquired	Other	
John Gillam (chairman)	253,510	–	–	–	253,510
Christine Holman	64,574	–	14,738	–	79,312
Michael Ihlein	62,079	–	1,069	–	63,148
Matthew Quinn	60,059	–	12,360	–	72,419
Penny Winn	43,403	–	7,845	–	51,248

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

18 Other transactions with KMP

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

There were no other transactions, including loans between CSR and KMP (including their related parties), during YEM19 and YEM20.

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Statement of financial performance

\$million	Note	2020	2019
Continuing operations			
Trading revenue – sale of goods	2,5	2,212.5	2,322.8
Cost of sales		(1,541.5)	(1,627.4)
Gross profit		671.0	695.4
Other income	5	17.7	54.8
Warehouse and distribution costs		(197.0)	(204.3)
Selling, administration and other operating costs		(282.4)	(292.7)
Share of net profit of joint venture entities	26	13.9	13.8
Impairment expense	12,26	(9.1)	(32.8)
Other expenses		(4.7)	(17.6)
Profit before finance costs and income tax from continuing operations		209.4	216.6
Interest income	7	3.3	3.6
Finance costs	7	(20.3)	(11.5)
Profit before income tax from continuing operations		192.4	208.7
Income tax expense	8	(53.9)	(61.2)
Profit after tax from continuing operations		138.5	147.5
Loss after tax from discontinued operations	9	–	(60.9)
Profit after tax		138.5	86.6
Profit after tax attributable to:			
Non-controlling interests	24	13.2	8.6
Shareholders of CSR Limited ¹		125.3	78.0
Profit after tax		138.5	86.6
Earnings per share from continuing operations attributable to shareholders of CSR Limited			
Basic (cents per share)	4	25.4	27.6
Diluted (cents per share)	4	25.4	27.6
Earnings per share from profit attributable to shareholders of CSR Limited			
Basic (cents per share)	4	25.4	15.5
Diluted (cents per share)	4	25.4	15.5

1 Net profit from continuing operations before significant items attributable to shareholders of CSR Limited is \$134.8 million (2019: \$181.7 million). Refer to note 3 of the financial statements.

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

Statement of comprehensive income

\$million	Note	2020	2019
Profit after tax		138.5	86.6
Other comprehensive income (expense), net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Hedge profit recognised in equity		12.9	18.5
Hedge (profit) loss transferred to statement of financial performance		(10.5)	8.4
Exchange differences arising on translation of foreign operations	20	1.3	0.1
Recycling of foreign currency translation reserve on disposal of business, transferred to statement of financial performance	9, 20	-	1.1
Income tax expense relating to these items	13	(0.7)	(8.1)
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial loss on superannuation defined benefit plans	28	(13.9)	(1.6)
Income tax benefit relating to these items	13	4.2	0.5
Other comprehensive (expense) income – net of tax		(6.7)	18.9
Total comprehensive income		131.8	105.5
Total comprehensive income attributable to:			
Non-controlling interests		18.6	12.4
Shareholders of CSR Limited		113.2	93.1
Total comprehensive income		131.8	105.5
Total comprehensive income attributable to shareholders of CSR Limited arises from:			
Continuing operations		113.2	154.7
Discontinued operations		-	(61.6)
Total comprehensive income attributable to shareholders of CSR Limited		113.2	93.1

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

Statement of financial position

\$million	Note	2020	2019
Current assets			
Cash and cash equivalents	34	414.8	50.0
Receivables	11	254.1	455.9
Inventories and development projects	11	401.6	377.9
Other financial assets	21	48.1	27.2
Income tax receivable		-	5.2
Prepayments and other current assets		10.0	10.4
Total current assets		1,128.6	926.6
Non-current assets			
Receivables	32	15.0	25.8
Inventories and development projects	11	87.0	74.7
Investments accounted for using the equity method	26	42.6	40.4
Other financial assets	21	31.5	17.6
Property, plant and equipment	12	741.5	709.6
Right-of-use lease assets	14	153.2	-
Goodwill	12	58.3	57.2
Other intangible assets	12	15.8	23.7
Deferred income tax assets	13	130.3	104.3
Other non-current assets	32	0.7	11.2
Total non-current assets		1,275.9	1,064.5
Total assets		2,404.5	1,991.1
Current liabilities			
Payables	11	245.5	260.9
Lease liabilities	14	32.9	-
Other financial liabilities	21	33.2	16.8
Tax payable		39.4	6.1
Provisions	15	129.9	156.2
Total current liabilities		480.9	440.0
Non-current liabilities			
Payables		-	3.6
Borrowings	17	320.0	-
Lease liabilities	14	167.1	-
Other financial liabilities	21	19.0	4.7
Provisions	15	265.0	297.2
Deferred income tax liabilities	13	18.5	12.2
Other non-current liabilities	28	8.5	2.3
Total non-current liabilities		798.1	320.0
Total liabilities		1,279.0	760.0
Net assets		1,125.5	1,231.1
Equity			
Issued capital	18	966.7	1,028.8
Reserves	20	(45.7)	(38.4)
Retained profits		144.0	187.6
Equity attributable to shareholders of CSR Limited		1,065.0	1,178.0
Non-controlling interests	24	60.5	53.1
Total equity		1,125.5	1,231.1

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 2019		1,028.8	(38.4)	187.6	1,178.0	53.1	1,231.1
Adjustment on adoption of AASB 16 (net of tax)	14	-	-	(25.5)	(25.5)	(0.4)	(25.9)
Restated balance at 1 April 2019		1,028.8	(38.4)	162.1	1,152.5	52.7	1,205.2
Profit for the year		-	-	125.3	125.3	13.2	138.5
Total other comprehensive income (expense) – net of tax		-	(2.4)	(9.7)	(12.1)	5.4	(6.7)
Dividends paid	19	-	-	(133.7)	(133.7)	(6.8)	(140.5)
On-market share buy-back	18	(62.1)	-	-	(62.1)	-	(62.1)
Acquisition of treasury shares	20	-	(0.1)	-	(0.1)	-	(0.1)
Acquisition of non-controlling interest	10,20	-	(6.3)	-	(6.3)	(4.0)	(10.3)
Share-based payments – inclusive of tax	20	-	1.5	-	1.5	-	1.5
Balance at 31 March 2020		966.7	(45.7)	144.0	1,065.0	60.5	1,125.5
Balance at 1 April 2018		1,036.2	(53.2)	244.4	1,227.4	46.7	1,274.1
Profit for the year		-	-	78.0	78.0	8.6	86.6
Total other comprehensive income (expense) – net of tax		-	16.2	(1.1)	15.1	3.8	18.9
Dividends paid	19	-	-	(133.7)	(133.7)	(6.0)	(139.7)
On-market share buy-back	18	(7.4)	-	-	(7.4)	-	(7.4)
Acquisition of treasury shares	20	-	(2.6)	-	(2.6)	-	(2.6)
Share-based payments – inclusive of tax	20	-	1.2	-	1.2	-	1.2
Balance at 31 March 2019		1,028.8	(38.4)	187.6	1,178.0	53.1	1,231.1

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

Statement of cash flows

\$million	Note	2020	2019
Cash flows from operating activities			
Receipts from customers		2,500.7	2,933.6
Payments to suppliers and employees		(2,252.1)	(2,731.6)
Dividends and distributions received	26	10.6	14.3
Interest received		3.5	3.1
Income tax paid		(16.6)	(12.1)
Net cash inflow from operating activities		246.1	207.3
Cash flows from investing activities			
Purchase of property, plant and equipment and other assets		(142.4)	(163.6)
Proceeds from sale of property, plant and equipment and other assets		114.5	49.1
Proceeds from sale of Glass division, net of cash disposed ¹	9	78.5	137.3
Purchase of controlled entities and businesses, net of cash acquired	10	(16.8)	(1.0)
Costs associated with disposal of businesses		(0.7)	(4.4)
Loans and receivables repaid (advanced)		13.6	(5.3)
Net cash inflow from investing activities		46.7	12.1
Cash flows from financing activities			
On-market share buy-back	18	(62.1)	(7.4)
Net drawdown (repayment) of borrowings		320.0	(28.0)
Dividends paid ²		(140.5)	(139.7)
Acquisition of shares by CSR employee share trust	20	(0.1)	(2.6)
Lease payments ^{3,4}		(33.9)	-
Interest and other finance costs paid ⁴		(11.6)	(5.7)
Net cash inflow (outflow) from financing activities		71.8	(183.4)
Net increase in cash held		364.6	36.0
Net cash at the beginning of the financial year		50.0	13.7
Effects of exchange rate changes		0.2	0.3
Net cash at the end of the financial year		414.8	50.0
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	125.3	78.0
Net profit attributable to non-controlling interests	24	13.2	8.6
Depreciation and amortisation	6	99.7	76.1
Impairment of assets		9.1	95.5
Share of profits of associates not received as dividends or distributions		(3.3)	0.5
Share-based payments	20	0.3	3.3
Finance cost net of discount unwind		11.6	5.0
Profit on disposal of assets	5	(3.5)	(44.3)
Gain on sale of Glass division	9	-	(6.7)
Net change in current receivables		26.9	(10.8)
Net change in current inventories		(10.6)	(22.8)
Net change in current payables		(11.6)	(10.0)
Net change in product liability provision		(21.1)	(21.0)
Net change in other provisions		(26.5)	23.9
Net change in current and deferred tax balances		33.4	30.1
Net change in other assets and liabilities		3.2	1.9
Net cash from operating activities		246.1	207.3

1 Cash flow from discontinued operations is disclosed in note 9 to the financial statements.

2 During the year ended 31 March 2020, within the \$140.5 million of dividends paid, dividends to CSR Limited shareholders were \$133.7 million. Of the \$133.7 million in dividends, \$11.2 million was used to purchase CSR shares on-market to satisfy obligations under the Dividend Reinvestment Plan (DRP), and the remaining \$122.5 million was paid in cash.

3 Lease payments were disclosed within Payments to suppliers and employees for the year ended 31 March 2019.

4 In accordance with AASB 16 Leases interest and other finance costs paid for the year ended 31 March 2020 includes finance costs relating to leases of \$9.4m. 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.

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.

Business combinations: 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.

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 2019. Further information on the impact of adopting AASB 16 Leases is contained in Note 14.

New standards not yet applicable: 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: 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
12	Asset impairment
15	Measurement of provisions for restoration and environmental rehabilitation and legal claims
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
- provides information 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	Lightweight Systems (Gyprock plasterboard, Cemintel fibre cement, Himmel Interior Systems and Rondo rolled formed steel products joint venture), Construction Systems (Hebel autoclaved aerated concrete products, AFS walling systems and CSR Inclose™), Energy and Roofing Solutions (Bradford and Martini insulation, Bradford energy solutions, Edmonds ventilation systems and Monier roofing) and Bricks (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 by advancing the sites through various stages of the development cycle. 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.

Discontinued operations – Glass

The Glass business was disposed on 31 January 2019 and was classified as a discontinued operation in YEM19. The Glass business included the operations of Viridian in Australia and New Zealand. Viridian is Australia's leading architectural glass provider and the only manufacturer of float glass and hard coated performance products in Australia. It manufactures clear float, coated and bulk laminate glass in Victoria and value-added processing of glass from a number of facilities across Australia and New Zealand.

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 2020, the CSR continuing group's trading revenue from external customers in Australia amounted to \$2,140.9 million (2019: \$2,255.2 million), with \$71.6 million (2019: \$67.6 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 \$1,062.3 million at 31 March 2020 (2019: \$900.0 million), with \$9.2 million (2019: \$2.2 million) related to other geographical areas.

2 Segment information (continued)

\$million	Trading revenue ¹		EBITDA before significant items ²		Depreciation and amortisation ³		Earnings before interest, tax and significant items	
Business segment	2020	2019	2020	2019	2020	2019	2020	2019
Building Products	1,591.3	1,695.9	254.9	258.9	84.4	52.4	170.5	206.5
Property	–	–	(0.8)	39.0	0.7	0.2	(1.5)	38.8
Aluminium	621.2	626.9	71.5	48.3	11.9	11.7	59.6	36.6
Corporate ⁴	–	–	(8.0)	(14.0)	2.7	0.7	(10.7)	(14.7)
Restructuring and provisions ⁵	–	–	(1.1)	(2.2)	–	–	(1.1)	(2.2)
Continuing operations	2,212.5	2,322.8	316.5	330.0	99.7	65.0	216.8	265.0
Glass discontinued operations	–	318.9	–	18.5	–	11.1	–	7.4
Total CSR group	2,212.5	2,641.7	316.5	348.5	99.7	76.1	216.8	272.4

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

\$million	Note	2020	2019
Continuing operations earnings before interest, tax and significant items		216.8	265.0
Net finance (expense) income	7	(10.8)	0.1
Income tax expense		(58.0)	(74.7)
Profit after tax from continuing operations before significant items (before non-controlling interests)		148.0	190.4
Less: non-controlling interests		(13.2)	(8.7)
Profit after tax from continuing operations before significant items attributable to shareholders of CSR Limited		134.8	181.7
Significant items after tax from continuing operations attributable to shareholders of CSR Limited	3	(9.5)	(42.8)
Profit after tax from continuing operations attributable to shareholders of CSR Limited		125.3	138.9
Loss from discontinued operations attributable to shareholders of CSR Limited	9	–	(60.9)
Profit after tax attributable to shareholders of CSR Limited		125.3	78.0

Business segment	Funds employed (\$million) ⁶		Return on funds employed (%) ⁷	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Building Products	945.8	947.4	18.0%	22.1%
Property	167.8	224.5	(0.8)%	18.9%
Aluminium	141.0	140.3	42.4%	28.2%
Corporate	(65.6)	(63.2)	–	–
Total CSR group	1,189.0	1,249.0	17.8%	21.8%

- 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.
- Depreciation and amortisation for the year ended 31 March 2020 includes depreciation of \$31.7 million in relation to leases (2019: \$nil). Refer to note 14 for further details.
- 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 2020 is calculated as net assets of \$1,125.5 million (2019: \$1,231.1 million), excluding the following assets: cash of \$414.8 million (2019: \$50.0 million), net tax assets of \$72.4 million (2019: \$91.2 million), net superannuation assets of \$nil (2019: \$8.2 million), net financial assets of \$24.0 million (2019: \$21.3 million), deferred consideration receivable of \$nil (2019: \$78.5 million) and interest receivable of \$0.7 million (2019: \$0.9 million). In addition, the following liabilities have been excluded from funds employed: borrowings of \$320.0 million (2019: \$nil), asbestos product liability provision of \$246.9 million (2019: \$268.0 million) and net superannuation liabilities of \$8.5 million (2019: \$nil).
- 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	Note	2020	2019
Significant items from continuing operations:			
Impairment of Building Products assets ¹	12	(10.9)	(32.8)
Restructuring costs ²		-	(11.6)
Remediation, supply disruption and other costs ³		3.5	(4.0)
Significant items from continuing operations before finance costs and income tax		(7.4)	(48.4)
Discount unwind and hedging relating to product liability provision	7	(6.2)	(8.0)
Income tax benefit on significant items from continuing operations		4.1	13.5
Significant items after tax from continuing operations		(9.5)	(42.9)
Significant items attributable to non-controlling interests		-	0.1
Significant items from continuing operations attributable to shareholders of CSR Limited		(9.5)	(42.8)
Loss from discontinued operations after tax attributable to shareholders of CSR Limited ⁴	9	-	(65.3)
Significant items and discontinued operations loss attributable to shareholders of CSR Limited		(9.5)	(108.1)
Net profit attributable to shareholders of CSR Limited ⁵		125.3	73.6
Significant items and discontinued operations loss attributable to shareholders of CSR Limited		9.5	108.1
Net profit from continuing operations before significant items attributable to shareholders of CSR Limited⁶		134.8	181.7
Earnings per share from continuing operations attributable to shareholders of CSR Limited before significant items⁷			
Basic (cents per share)		27.3	36.1
Diluted (cents per share)		27.3	36.1

- 1 During the year ended 31 March 2020, the Building Products segment recorded a charge of \$10.9 million to reduce the carrying value of Velocity and Inclose business assets to their recoverable amount. The majority of this charge related to the impairment of plant, equipment and intangible assets. During the year ended 31 March 2019, following an impairment assessment of the Roofing cash generating unit (disclosed within the Building Products segment) an impairment charge of \$32.8 million was recognised. Refer to note 12 for further detail.
- 2 During the year ended 31 March 2019, the Building Products segment recorded a charge of \$11.2 million and the Aluminium segment recorded a charge of \$0.4 million for restructuring costs to align the business cost base with current market conditions and secure ongoing efficiencies.
- 3 During the year ended 31 March 2020, the CSR group recorded income of \$3.5 million as a result of the settlement of a legal dispute. During the year ended 31 March 2019, the CSR group recorded a charge of \$4.0 million as a result of the re-measurement of land remediation and other provisions. An amount of \$1.6 million was recorded in Other income and \$5.6 million in Other expenses.
- 4 On 31 January 2019, the CSR group completed the sale of the Viridian glass segment. The Viridian Glass segment was classified as a discontinued operation and all non-trading transactions were treated as significant for the year ended 31 March 2019. Total pre-tax significant items related to the Viridian Glass segment for the year ended 31 March 2019 were \$88.4 million. Refer to note 9 for further information.
- 5 During the year ended 31 March 2019, net profit attributable to shareholders of CSR Limited excludes net profit after tax of \$4.4 million generated by the Viridian glass segment until the sale of the business on 31 January 2019. Net profit attributable to shareholders of CSR Limited (including net profit of discontinued operations) was \$78.0 million. Further detail of discontinued operations is contained in note 9.
- 6 During the year ended 31 March 2019, net profit from continuing operations before significant items of \$181.7 million excludes net profit generated by the Viridian glass segment until the sale of the business on 31 January 2019. Net profit before significant items attributable to shareholders of CSR Limited (including net profit of discontinued operations) was \$186.1 million.
- 7 The basis of calculation is consistent with the earnings per share disclosure in the statement of financial performance. Refer to note 4.

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

	2020	2019
Weighted average number of ordinary shares used in the calculation of basic EPS (million) ¹	493.5	503.2
Weighted average number of ordinary shares used in the calculation of diluted EPS (million) ²	494.1	503.8
Profit after tax from continuing operations attributable to shareholders of CSR Limited (\$million)	125.3	138.9
Basic EPS from continuing operations (cents per share)	25.4	27.6
Diluted EPS from continuing operations (cents per share)	25.4	27.6
Profit after tax attributable to shareholders of CSR Limited (\$million)	125.3	78.0
Basic EPS (cents per share)	25.4	15.5
Diluted EPS (cents per share)	25.4	15.5

- 1 Calculated by reducing the total weighted average number of shares on issue of 493.9 million (2019: 504.1 million) by the weighted average number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest of 423,278 (2019: 960,651).
- 2 Calculated by increasing the weighted average number of shares used in calculating basic EPS by outstanding performance rights of 642,017 (2019: 615,549). 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	2020	2019
Trading revenue from continuing operations	2	2,212.5	2,322.8
Other income from continuing operations			
Net gain on disposal of assets		3.5	44.3
Significant items	3	3.5	1.6
Other		10.7	8.9
Trading revenue from discontinued operations	9	-	318.9

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.

- **Land development and resale:** the group develops and sells commercial and residential properties. 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. The revenue 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. Land development and resale profit is disclosed within 'net gain on disposal of assets' and classified as 'other income' on the statement of financial performance and is recognised in the Property segment.
- **Disposal of assets:** income is recognised when control of the asset passes to the purchaser. The revenue 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.

6 Expenses

\$million	Note	2020	2019
Expenses from continuing operations			
Significant items ¹	3	10.9	50.0
Employee benefits expense		415.1	464.6
Operating lease expense ²	14	12.6	51.6
Depreciation	12,14	92.5	57.7
Amortisation	12	7.2	7.3
Expenses from discontinued operations			
Significant items ¹	3	-	88.4
Employee benefits expense		-	120.0
Operating lease expense ²		-	18.4
Depreciation	12	-	10.8
Amortisation	12	-	0.3

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

2 Operating lease expense has been included for prior year comparative purposes. The CSR group adopted AASB 16 Leases on 1 April 2019 and for the year ended 31 March 2020 the expense relates to outgoings, short term and low value leases. Refer to note 14 for further details.

Nature of expense

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

7 Net finance costs

\$million	Note	2020	2019
Net finance costs from continuing operations			
Interest expense and funding costs		2.2	4.8
Finance cost - leases	14	9.4	-
Discount unwind and hedging relating to product liability provision		6.2	8.0
Discount unwind of other non-current liabilities		0.8	0.8
Foreign exchange loss (gain)		1.7	(2.1)
Finance costs		20.3	11.5
Interest income		(3.3)	(3.6)
Net finance costs		17.0	7.9
Finance costs included in significant items	3	(6.2)	(8.0)
Net finance costs (income) before significant items		10.8	(0.1)
Net finance costs from discontinued operations			
		-	0.9

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

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

\$million	Note	2020	2019
Profit before income tax from continuing operations		192.4	208.7
Loss before income tax from discontinued operations		-	(81.9)
		192.4	126.8
Income tax expense calculated at 30%		57.7	38.0
(Decrease) increase in income tax expense due to:			
Share of net profit of joint venture entities		(4.1)	(4.0)
Non-taxable profit on property disposals		0.1	-
Non-deductible impairment of goodwill and other assets		0.4	12.3
Income tax over provided in prior years		(0.2)	(0.6)
Other items ¹		-	(5.5)
Total income tax expense on profit		53.9	40.2
Comprising of:			
Current tax expense		57.5	22.2
Deferred tax (credit) expense relating to movements in deferred tax balances	13	(3.6)	18.0
Total income tax expense on profit		53.9	40.2
Income tax expense (credit) is attributable to:			
Profit from continuing operations		53.9	61.2
Loss from discontinued operations		-	(21.0)
Total income tax expense on profit		53.9	40.2

1 Primarily relates to discontinued operations in 2019.

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 2020 and 31 March 2019.

Disclosure of company tax information

Under tax legislation the Australian Taxation Office will publish in 2020 the following data for the CSR Limited tax consolidated group and Gove Aluminium Finance Limited in relation to the 2019 tax year:

Entity	Total revenue ¹ (\$million)	Taxable income (\$million)	Tax payable (\$million)
CSR Limited (ABN: 90 000 001 276)	2,222.8	152.5	5.2
Gove Aluminium Finance Limited (ABN: 45 001 860 073)	632.2	44.6	10.4

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 2019 was \$5.2 million because CSR was entitled to utilise franking credits on dividends received and R&D tax offsets to reduce its tax payable.

The net amount of tax losses, capital losses and rebates carried forward at the end of the year is set out below:

Value of tax losses, capital losses and rebates carried forward (net)	2020 (\$million)	2019 (\$million)
CSR Group	193.0 ²	10.2

2 The gross value of unused tax losses for which no deferred tax asset has been recognised are \$36.1 million (31 March 2019: \$36.4 million). Unused tax losses were generated by a New Zealand subsidiary that is no longer considered likely to utilise the tax losses 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 \$610.2 million (31 March 2019: \$nil). Unused capital losses were generated from the sale of the Viridian Glass business and it is not considered likely that the capital losses will be utilised in the foreseeable future. Unused capital losses can be carried forward indefinitely subject to meeting ownership continuity requirements.

9 Discontinued operations

i) Description

The sale of the Viridian Glass business was announced on 28 November 2018. This transaction included the sale of the glass businesses in both Australia and New Zealand and the Viridian property site at Dandenong, Victoria. The sale was completed on 31 January 2019 and is reported in the prior period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The Viridian property site at Ingleburn was retained by CSR and subsequently sold on 28 March 2019. This completed the divestment of all Viridian assets.

ii) Financial performance and cash flow information

The below information presented is for the 10 months ended 31 January 2019.

\$million	2019
Revenue (note 5)	318.9
Expenses	(312.4)
Profit before income tax	6.5
Income tax expense	(2.1)
Profit after income tax before significant items	4.4
Impairment of assets, onerous leases and other costs after tax, recorded as significant items	(65.7)
Gain on sale of business after tax	6.7
Transaction costs after tax ¹	(6.3)
Loss from discontinued operations	(60.9)
Hedge profit	0.6
Exchange differences on translation	(1.4)
Recycling of reserves	1.1
Actuarial loss on superannuation defined benefit plan	(1.0)
Other comprehensive expense from discontinued operations, net of tax	(0.7)

Net cash inflow from discontinued operations:

\$million	2020	2019
Net cash from operating activities	–	21.3
Net cash from investment activities ²	78.5	126.9
Net cash generated from discontinued operations	78.5	148.2

1 Transaction costs of \$4.4 million were paid during the year ended 31 March 2019.

2 The deferred consideration of \$78.5 million was received on 31 July 2019 in accordance with the sale agreement and has been disclosed as proceeds from sale of business in the statement of cash flows. The 2019 cash flow includes an inflow of \$137.3 million from the sale of the business and the Ingleburn property.

The cash flows included in the statement of cash flow relating to the disposal of the business were:

\$million	2019
Consideration received	143.2
Cash disposed	(5.9)
Cash proceeds net of cash disposed	137.3

iii) Details of the sale of Viridian glass

\$million	2019
Consideration received or receivable	
Cash	143.2
Fair value of deferred consideration ³	78.5
Total disposal consideration	221.7
Carrying amount of net assets sold	(220.7)
Gain on sale before income tax and reclassification of reserves	1.0
Recycling of reserves	(1.1)
Income tax credit on sale	6.8
Gain on sale after income tax	6.7

3 The deferred consideration was received six months after completion, being 31 July 2019.

The carrying amounts of assets and liabilities as at the date of sale (31 January 2019) were:

\$million	31 January 2019
Cash	5.9
Trade and other receivables	44.4
Inventories	82.3
Property, plant and equipment	128.4
Deferred tax assets	22.7
Total assets	283.7
Trade and other payables	30.7
Provisions	32.3
Total liabilities	63.0
Net assets disposed	220.7

10 Business combinations

i) Current year

CSR Martini Pty Limited

Background

On 20 December 2019, the CSR group acquired the 30% minority interest in CSR Martini Pty Limited (Martini) for cash consideration of \$12.1 million.

Revenue and profit contribution

If the minority interest share of Martini was excluded from the CSR group results for the year ended 31 March 2020, profit after tax attributable to non-controlling interests would have been \$1.1 million lower and profit after tax attributable to shareholders of CSR Limited would have been \$1.1 million higher.

Acquisition accounting for the transaction

In accordance with AASB 10 *Consolidated Financial Statements*, as the CSR group has a controlling interest in Martini, the acquisition is treated as a transaction between shareholders. As a result, the difference between the consideration paid by the CSR group to purchase the minority interest in Martini and the non-controlling interest has been recorded in the non-controlling interest reserve. Fair value acquisition accounting is not required and the CSR group continues to consolidate Martini. Effective 21 December 2019, the CSR group has recognised 100% of the net profit after tax of Martini.

At the date of finalisation of this full year report, the necessary tax consolidation calculations have not been finalised (refer note a). Therefore, the accounting for this acquisition and the net impact of this transaction on equity has been determined at 31 March 2020 based on the directors' best estimates.

Details of the effect of changes in the ownership interest on the equity attributable to owners of the CSR group is summarised as follows:

	Note	\$million
Carrying amount of non-controlling interest at acquisition date		4.0
Consideration paid		(12.1)
Add: put option liability extinguished		3.3
Less: deferred tax impact arising from Martini joining the CSR tax consolidation group	(a)	(1.5)
Amount recognised in non-controlling interest reserve		(6.3)

a) Deferred tax impact arising from Martini joining the CSR tax consolidation group

Martini automatically entered the CSR tax consolidation group at acquisition date. Accordingly, the tax cost base of the net assets of Martini needed to be reset, which has resulted in an adjustment to the deferred tax balances. As the entry into the tax consolidation group was a direct consequence of CSR's acquisition of the non-controlling interest, the estimated impact of revising the deferred tax balances has been recorded in equity in the year ended 31 March 2020.

At 31 March 2020, calculations are being finalised to quantify the deferred tax impact from Martini joining the tax consolidation group. This will be finalised for the 30 September 2020 half year financial report.

Building Products segment

During the year ended 31 March 2020, the Building Products segment acquired the business assets of two entities for total consideration of \$4.0 million with goodwill of \$1.8 million arising as a result of these acquisitions. Cash consideration of \$3.2 million has been paid, with \$0.8 million deferred.

The Building Products segment also invested in an entity for cash consideration of \$1.5 million.

ii) Prior year

During the year ended 31 March 2019, the Building Products segment acquired the business assets of an entity and invested in an entity for cash consideration of \$1.0 million.

Balance sheet items

11 Working capital

i) Current receivables

\$million	2020	2019
Trade receivables	228.1	246.0
Allowance for doubtful debts	(8.6)	(7.2)
Net trade receivables	219.5	238.8
Property receivable	17.3	109.6
Deferred consideration	-	78.5
Other loans and receivables	17.3	29.0
Total loans and receivables	34.6	217.1
Total current receivables	254.1	455.9
Ageing		
Past due 0-60 days – not impaired	7.9	9.4
Past due >60 days – not impaired	-	-
Past due 0-60 days – impaired	3.7	1.5
Past due >60 days – impaired	4.9	5.7
Movement in allowance for doubtful debts		
Opening balance	(7.2)	(8.5)
Trade debts written off	1.8	2.2
Trade debts disposed	-	1.1
Trade debts provided	(3.2)	(2.0)
Closing balance	(8.6)	(7.2)

ii) Inventories and development projects

\$million	2020	2019
Current		
Raw materials and stores	102.7	99.1
Work in progress	18.0	16.9
Finished goods	221.2	214.6
Development projects	59.7	47.3
Total current inventories and development projects¹	401.6	377.9
Non-current		
Development projects	87.0	74.7
Total non-current inventories and development projects	87.0	74.7

1 Write-down of inventories recognised as an expense within cost of sales for the year ended 31 March 2020 totalled \$13.6 million (2019: \$12.7 million).

iii) Current payables

\$million	2020	2019
Trade payables	217.4	238.2
Other payables	28.1	22.7
Total current payables	245.5	260.9

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. The recoverability of debtors at 31 March 2020 has been assessed to consider the impact of the COVID-19 pandemic and no material recoverability issues have been identified.
- **Inventories:** are 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.
 - **Raw materials, stores, work in progress and finished goods:** 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.
 - **Development projects:** cost includes the cost of acquisition, development and holding costs during development. Costs incurred after completion of development are expensed as incurred. Development projects not expected to be sold within 12 months are classified as non-current assets.
- **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.

12 Property, plant and equipment and intangible assets

i) Property, plant and equipment

\$million	Note	Land and buildings		Plant and equipment		Total	
		2020	2019	2020	2019	2020	2019
Cost or written down value		388.5	341.0	1,344.8	1,306.4	1,733.3	1,647.4
Accumulated depreciation and impairment		(96.4)	(88.3)	(895.4)	(849.5)	(991.8)	(937.8)
Net carrying amount		292.1	252.7	449.4	456.9	741.5	709.6
Net carrying amount at 1 April		252.7	270.6	456.9	562.8	709.6	833.4
Capital expenditure		25.7	23.9	74.5	90.9	100.2	114.8
Disposed		-	-	(0.4)	(1.9)	(0.4)	(1.9)
Disposal of discontinued operations	9	-	(37.4)	-	(91.0)	-	(128.4)
Depreciation - continuing operations	6	(8.1)	(8.0)	(52.7)	(49.7)	(60.8)	(57.7)
Depreciation - discontinued operations	6	-	(1.1)	-	(9.7)	-	(10.8)
Impairments - continuing operations		-	-	(3.5)	(6.2)	(3.5)	(6.2)
Impairments - discontinued operations		-	(0.3)	-	(26.4)	-	(26.7)
Exchange differences		-	-	-	(0.3)	-	(0.3)
Acquisitions - business combinations	10	-	-	1.5	0.5	1.5	0.5
Transferred to intangible assets	12ii)	-	-	(3.5)	(7.8)	(3.5)	(7.8)
Transferred from (to) property plant and equipment, inventories & other assets		21.8	5.0	(23.4)	(4.3)	(1.6)	0.7
Balance at 31 March		292.1	252.7	449.4	456.9	741.5	709.6

ii) Goodwill and other intangible assets

\$million	Note	Goodwill		Software		Other		Total other intangible assets	
		2020	2019	2020	2019	2020	2019	2020	2019
Cost		58.3	57.2	87.3	87.8	30.0	46.1	117.3	133.9
Accumulated amortisation and impairment		-	-	(79.1)	(74.2)	(22.4)	(36.0)	(101.5)	(110.2)
Net carrying amount		58.3	57.2	8.2	13.6	7.6	10.1	15.8	23.7
Net carrying amount at 1 April		57.2	98.1	13.6	17.1	10.1	27.4	23.7	44.5
Capital expenditure		-	-	0.1	0.3	-	-	0.1	0.3
Disposed		-	-	-	(0.1)	-	-	-	(0.1)
Amortisation - continuing operations	6	-	-	(5.6)	(5.7)	(1.6)	(1.6)	(7.2)	(7.3)
Amortisation - discontinued operations	6	-	-	-	(0.3)	-	-	-	(0.3)
Impairments - continuing operations		(0.7)	(9.8)	(2.4)	(0.7)	(1.9)	(15.3)	(4.3)	(16.0)
Impairments - discontinued operations		-	(30.7)	-	(4.9)	-	(0.4)	-	(5.3)
Exchange differences		-	(0.4)	-	0.1	-	-	-	0.1
Acquisitions - business combinations	10	1.8	-	-	-	-	-	-	-
Transferred from plant & equipment	12i)	-	-	2.5	7.8	1.0	-	3.5	7.8
Balance at 31 March		58.3	57.2	8.2	13.6	7.6	10.1	15.8	23.7

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 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.
- **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 (2019: \$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.

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 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 the higher of an asset or a CGU's fair value less costs of disposal and value in use. The value in use calculations are based on discounted cash flows expected to arise from the asset. Management judgment is required in these valuations to forecast future cash flows and 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.

The carrying amount of goodwill and trade names with indefinite lives forms part of the Building Products segment: \$58.3 million and \$1.6 million respectively (31 March 2019: \$57.2 million and \$1.6 million respectively). The recoverable amounts of the cash generating units that include goodwill are determined using discounted cash flow projections.

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 respective cycle, with the terminal year representing long term average activity levels. The valuation is calculated using a post-tax annual discount rate of 10.0% for all segments other than Aluminium which uses 11.2% (2019: 10.0% for all segments other than Aluminium which was 11.2%). The terminal value annual growth rate was 2.5% in the year ended 31 March 2020 (2019: 2.5%). Discounted cash flow projections over the period are deemed appropriate given the cyclical nature of the markets in which the CSR group operates.

It is expected that the recent Australian and New Zealand Government restrictions, implemented in response to the global COVID-19 pandemic, will have an impact on construction activity levels in the near term. As a result, internal cash flow forecasts used for impairment assessments have been moderated to reflect the lower levels of construction activity expected in the years ending 31 March 2021 and 31 March 2022. These estimates have been informed by a review of a sample of external forecasts available as at the date these financial statements are authorised for issue. In addition, the cash flows for the Aluminium cash generating unit also reflect the most recent forecasts for key assumptions such as the US\$ London Metal Exchange (LME) price and USD:AUD exchange rate. Given the uncertainty as to the extent and duration of restrictions and the overall impact on economic activity, actual experience may materially differ from internal forecasts.

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.

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

Critical accounting estimate – carrying value assessment (continued)

Roofing cash generating unit

An impairment assessment was performed for the Roofing CGU at 31 March 2019 in accordance with AASB 136 *Impairment of Assets*. Following a detailed value in use impairment review of future cash flow projections, an impairment charge of \$32.8 million was recorded in the statement of financial performance for 31 March 2019. This impairment charge was allocated to goodwill (\$9.8 million), other intangible assets (\$16.0 million), plant and equipment (\$6.2 million) and equity accounted investments (\$0.8 million). This impairment charge fully impaired all goodwill and indefinite life intangibles previously recognised for the Roofing CGU.

During the year ended 31 March 2020, the Roofing CGU experienced a shortfall in earnings when compared to internal forecasts, mainly due to the exit of certain product lines. As a result, the Roofing CGU was assessed for impairment at 31 March 2020. Following a detailed impairment review of future cash flow projections, the recoverable amount of the Roofing CGU is estimated to exceed the carrying amount.

The recoverable amount of the CGU would equal its carrying amount if any of the following key assumptions were to change:

- Business cash contribution reduces by 9% for each year modelled.
- Post tax discount rate increases from 10.0% to 11.0%.
- Long term growth rate decreases from 2.5% to 1.2%.

The impact of reasonable possible changes in key assumptions have been considered. A decrease in cash contribution of 20% would result in an impairment of \$10 million. No other reasonable possible changes in key assumptions have been identified.

Aluminium cash generating unit

Whilst the Aluminium CGU experienced higher earnings before interest and tax when compared to internal forecasts for the year ended 31 March 2020, forecast cash flows for the year ending 31 March 2021 indicate a significant reduction in earnings before interest and tax. This is primarily due to forecast lower Aluminium LME price and higher cost of raw materials.

Following a detailed impairment review of future cash flow projections, the recoverable amount of the Aluminium CGU is estimated to exceed the carrying amount at 31 March 2020. In addition to the assumptions outlined above, key assumptions have been used in preparing the Aluminium cash flow projections. The range used for the US\$ Aluminium LME price assumption is an annual average of between US\$1,668 and US\$2,020 per tonne, and the range used for the USD:AUD exchange rate assumption is an annual average of between \$0.62 and \$0.71.

The recoverable amount of the CGU would equal its carrying amount if any of the following key assumptions were to change:

- Post-tax discount rate increases from 11.2% to 12.6%.
- Long term growth rate decreases from 2.5% to 0.5%.

The impact of reasonable possible changes in key assumptions have been considered:

- A decrease of US\$25 per tonne in the Aluminium LME price throughout the period modelled, would result in an impairment to the Aluminium CGU assets of \$9 million.
- An increase of 1 cent in the USD:AUD exchange rate throughout the period modelled, would result in an impairment to the Aluminium CGU assets of \$8 million.

Glass cash generating unit

In accordance with AASB 136 *Impairment of Assets*, an impairment assessment was performed for the Glass CGU at 30 September 2018. Following a detailed value in use impairment review of future cash flow projections, an impairment charge of \$63.3 million was recorded in the statement of financial performance for 30 September 2018. This impairment charge was allocated to goodwill (\$30.7 million), other intangible assets (\$5.3 million), plant and equipment (\$26.7 million) and other assets (\$0.6 million). This impairment charge fully impaired all goodwill previously recognised for the Glass CGU. In addition, onerous lease provisions of \$10.6 million and other provisions of \$0.5 million were recorded at 30 September 2018.

The sale of the Glass CGU was announced on 28 November 2018 and completed on 31 January 2019. The Glass CGU is reported in the prior period as a discontinued operation. Refer to note 9.

13 Net deferred income tax assets

\$million	2020	2019
Net deferred income tax assets arising on temporary differences ¹	129.4	104.3
Net deferred income tax liabilities arising on temporary differences	(18.5)	(12.2)
Tax losses – revenue recorded as asset ¹	0.9	–
Total net deferred income tax assets	111.8	92.1

1 For the year ended 31 March 2020, deferred income tax assets in the statement of financial position total \$130.3 million (31 March 2019: \$104.3 million).

Movement in deferred income tax assets

\$million	Opening balance	Credited (charged) to profit or loss	Credited (charged) to equity	Other (including transfers)	Disposed ¹	Closing balance
2020						
Property, plant and equipment	(17.4)	0.9	(0.6)	1.4	–	(15.7)
Right-of-use lease assets	–	9.7	(51.2)	(4.4)	–	(45.9)
Lease liabilities	–	(10.2)	66.0	4.2	–	60.0
Superannuation defined benefit plans	(2.6)	0.9	4.2	–	–	2.5
Product liability provision	80.4	(6.3)	–	–	–	74.1
Employee benefits provisions	28.2	(3.8)	–	–	–	24.4
Other provisions	26.3	(0.6)	(3.4)	(1.0)	–	21.3
Spares and stores	(11.9)	0.1	–	–	–	(11.8)
Fair value of hedges	(6.1)	–	(0.7)	–	–	(6.8)
Other individually insignificant balances	(4.8)	12.0	0.3	1.3	–	8.8
Tax losses	–	0.9	–	–	–	0.9
Total net deferred income tax assets	92.1	3.6	14.6	1.5	–	111.8
2019						
Property, plant and equipment	(9.5)	3.1	–	0.1	(11.1)	(17.4)
Superannuation defined benefit plans	(3.4)	0.3	0.5	–	–	(2.6)
Product liability provision	86.7	(6.3)	–	–	–	80.4
Employee benefits provisions	36.3	0.5	–	–	(8.6)	28.2
Other provisions	23.0	6.7	–	–	(3.4)	26.3
Spares and stores	(11.8)	0.5	–	–	(0.6)	(11.9)
Fair value of hedges	2.0	–	(8.1)	–	–	(6.1)
Other individually insignificant balances	10.8	(12.5)	(2.1)	(2.0)	1.0	(4.8)
Tax losses	10.3	(10.3)	–	–	–	–
Total net deferred income tax assets	144.4	(18.0)	(9.7)	(1.9)	(22.7)	92.1

1 Relates to the disposal of Viridian Glass. Refer to note 9.

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) Leasing activities and accounting policy

The CSR group leases various properties, equipment and cars. Property leases typically are for a period of 5 to 10 years and often have extension options and equipment and car leases are typically for a period of 3 to 5 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.

AASB 16 Leases removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The CSR group adopted AASB 16 on 1 April 2019.

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.

Assets and liabilities arising from a lease are initially measured at present value. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that are based on an index or rate.
- Amounts expected to be payable by the lessee under residual value guarantees.
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
- Payment of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the CSR group's incremental borrowing rate. Residual value guarantees are only held in relation to certain equipment leases. These are not material to the CSR group.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date, less any lease incentives received.
- Any initial direct costs.
- An estimate of restoration or make good costs.

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.

Critical accounting estimate – determining the lease term

Extension options are included in most property leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The extension options are held by the CSR group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension term. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The assessment is reviewed if a significant event or change in circumstance occurs which affects this assessment and that is within the control of the lessee. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension options was immaterial.

ii) Impact of adoption on 1 April 2019

On adoption of AASB 16, the CSR group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the CSR group's incremental borrowing rate as at 1 April 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 4.4%.

In applying AASB 16 for the first time, the CSR group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.
- The exclusion of initial direct costs for the measurement of the right-to-use asset at the date of initial application.
- Relying on previous assessments as to whether a lease is onerous.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The CSR group has also elected not to apply AASB 16 to contracts that were not identified as containing a lease under AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*. The recognition of the lease liability can be reconciled to the operating lease commitments disclosed at 31 March 2019 as follows:

\$million	
Operating lease commitments disclosed at 31 March 2019	147.1
Discounted using the CSR group's incremental borrowing rate of 4.4%	(13.1)
(Less): short term leases and low value leases recognised on a straight-line basis as an expense	(9.7)
Add: adjustments as a result of different treatment of extension and termination options	93.3
Lease liability recognised as at 1 April 2019	217.6

14 Leases (continued)

ii) Impact of adoption on 1 April 2019 (continued)

Certain right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. All other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet at 31 March 2019. In accordance with AASB 16, the CSR group has not restated comparatives as permitted under the specific transition provisions in the standard. Following implementation of the standard on 1 April 2019:

- Property, plant and equipment increased by \$168.4m to recognise the net right-of-use asset, after the impairment of onerous leases.
- Lease liabilities increased by \$217.6m.
- Onerous lease provisions decreased by \$18.8m.
- Make good provisions increased by \$5.6m.
- Retained earnings was reduced by \$25.9m.
- Deferred tax assets increased by \$11.4m.
- Equity accounted investments decreased by \$1.3m.

iii) Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

\$million	2020	2019
Right-of-use assets		
Properties	140.4	-
Equipment	6.4	-
Vehicles	6.4	-
Total right-of-use assets	153.2	-
Lease liabilities		
Current	32.9	-
Non-current	167.1	-
Total lease liabilities	200.0	-

Additions to the right-of-use assets during the year ended 31 March 2020 were \$16.5 million.

iv) Amounts recognised in the statement of financial performance

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

\$million	2020	2019
Depreciation charge for right-of-use assets		
Properties	25.4	-
Equipment	2.3	-
Vehicles	4.0	-
Total depreciation charge for right-of-use assets	31.7	-
Interest expense (included in finance cost)	9.4	-
Expense relating to short term, low value leases and outgoings	12.6	-

The impact of AASB 16 on the CSR group consolidated statement of financial performance is set out below:

\$million	2020	2019
Increase in earnings before interest, tax, depreciation and amortisation (EBITDA)	38.4	-
Increase in earnings before interest and tax (EBIT)	6.7	-
Decrease in net profit after tax	(1.9)	-

The statement of cash flows for 31 March 2020 includes cash outflows for lease payments of \$33.9 million and lease interest of \$9.4 million within 'cash flows from financing activities'. The cash flows for the year ended 31 March 2019 have not been restated, with the cash outflow associated with lease payments included in 'payments to suppliers and employees' within 'cash flows from operating activities'.

The segment disclosures for 31 March 2020, as detailed in note 2, incorporates the impact of AASB 16. This resulted in a net decrease to funds employed (impact at 1 April 2019 on the CSR group was \$37.3 million) and increase to EBIT of approximately \$6.7m for the year ended 31 March 2020. The combination of these impacts has resulted in the return on funds employed for Building Products and the CSR group increasing by approximately 1% for the year ended 31 March 2020.

15 Provisions

\$million	2019	Recognised/ remeasured	Settled/ transferred	Discount unwind	2020
Current					
Employee benefits	87.9	46.0	(57.1)	-	76.8
Restructure and rationalisation	16.3	-	(9.7)	-	6.6
Product liability	30.0	27.8	(27.8)	-	30.0
Restoration and environmental rehabilitation	2.3	-	(1.2)	-	1.1
Uninsured losses and future claims	5.4	-	(1.4)	-	4.0
Other ¹	14.3	5.5	(8.4)	-	11.4
Total current provisions	156.2	79.3	(105.6)	-	129.9
Non-current					
Employee benefits	5.8	-	(1.5)	-	4.3
Product liability	238.0	(27.8)	-	6.7	216.9
Restoration and environmental rehabilitation	2.3	11.3	(1.4)	-	12.2
Uninsured losses and future claims	23.7	-	(4.4)	0.7	20.0
Other ¹	27.4	(15.9)	-	0.1	11.6
Total non-current provisions	297.2	(32.4)	(7.3)	7.5	265.0

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.
- **Measurement of provisions for restoration and environmental rehabilitation and legal claims:** the CSR group is in the process of remediating land in relation to legacy factory sites and is involved in a number of ongoing legal disputes. 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.
- **Provision for 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, Western Australia and the Australian Capital Territory 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 by independent experts annually.

Other provisions

- **Employee benefits provisions:** 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.

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 2020, CSR had resolved approximately 4,885 claims in Australia and approximately 137,850 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 Nathan Associates, Inc 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 2.50% and US liability 2.0%); and
- the discount rate applied to future payments (Australian liability 2.25% and US liability 2.40%).

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.

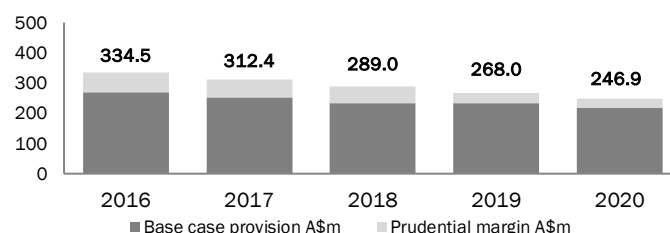
The product liability provision is determined every six months by aggregating the Australian and United States estimates noted above, translating the United States base case estimate to Australian dollars using the exchange rate prevailing at the balance date and adding a prudential margin. The prudential 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 2020 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	
	2020	2019
Base case estimate	218.9	232.3
Prudential margin	28.0	35.7
Prudential margin %	12.8%	15.4%
Total product liability provision	246.9	268.0

Capital structure and risk management

17 Borrowings and credit facilities

i) Borrowings

	2020	2019
Non-current borrowings – unsecured	320.0	-

Recognition and measurement

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate method.

ii) Credit facilities

The CSR group has a total of \$320.0 million (31 March 2019: \$325.0 million) committed standby facilities with external financial institutions. These facilities have fixed maturity dates as follows: \$161.0 million in 2022, \$134.0 million in 2023 and \$25.0 million in 2024. As at 31 March 2020, \$320.0 million of the standby facilities were drawn (2019: \$325.0 million undrawn).

18 Issued capital

	Ordinary shares fully paid ¹	Issued capital \$million
On issue 31 March 2019	502,061,531	1,028.8
On-market share buy-back – net of transaction costs	(16,678,755)	(62.1)
On issue 31 March 2020	485,382,776	966.7

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 2020 and 31 March 2019 under employee share plans as shares in respect of the plans were acquired on market. During the years ended 31 March 2020 and 31 March 2019, 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 2020 are \$2.04 (2019: \$2.19). Net tangible assets per share is calculated as net assets attributable to CSR Limited shareholders of \$1,065.0 million (2019: \$1,178.0 million) less intangible assets of \$74.1 million (2019: \$80.9 million) divided by the number of issued ordinary shares of 485.4 million (2019: 502.1 million).

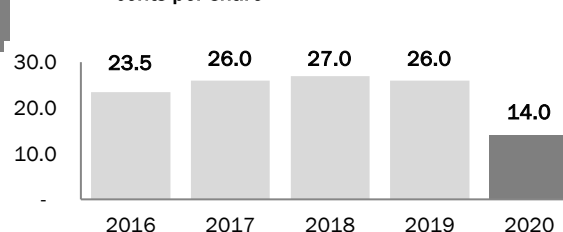
During the year ended 31 March 2019, the company announced that as part of its ongoing capital management strategy, it would undertake an on-market share buy-back of up to \$100 million.

19 Dividends and franking credits

i) Dividends

Dividend type	Cents per share	Franking	Total amount \$million	Date paid/payable
2018 Final	13.5	75%	68.1	3 July 2018
2019 Interim	13.0	100%	65.6	11 December 2018
2019 Final	13.0	50%	64.9	2 July 2019
2020 Interim ordinary	10.0	50%	49.1	10 December 2019
2020 Interim special	4.0	50%	19.7	10 December 2019
2020 Final ¹	-	-	-	-

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



1 The amounts disclosed as recognised in 2020 are the final dividend in respect of the financial year ended 31 March 2019 and the interim dividends in respect of the financial year ended 31 March 2020.

ii) Franking credits

\$million	2020	2019
Franking account balance on an accruals basis ¹	39.8	21.6

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	Other	Total
Balance at 1 April 2019	13.0	(3.4)	38.7	(24.3)	(59.1)	(3.3)	(38.4)
Hedge profit recognised in equity	3.8	-	-	-	-	-	3.8
Hedge profit transferred to the statement of financial performance	(9.1)	-	-	-	-	-	(9.1)
Translation of foreign operations	-	1.3	-	-	-	-	1.3
Income tax related to other comprehensive income	1.6	-	-	-	-	-	1.6
Share-based payments expense	-	-	0.3	-	-	-	0.3
Income tax related to share-based payments expense	-	-	1.2	-	-	-	1.2
Acquisition of treasury shares	-	-	-	(0.1)	-	-	(0.1)
Acquisition of non-controlling interest	-	-	-	-	(9.6)	3.3	(6.3)
Balance at 31 March 2020	9.3	(2.1)	40.2	(24.4)	(68.7)	-	(45.7)
Balance at 1 April 2018	(2.0)	(4.6)	37.5	(21.7)	(59.1)	(3.3)	(53.2)
Hedge profit recognised in equity	16.3	-	-	-	-	-	16.3
Hedge loss transferred to the statement of financial performance	5.2	-	-	-	-	-	5.2
Translation of foreign operations	-	0.1	-	-	-	-	0.1
Reclassification to income statement on disposal of discontinued operations	-	1.1	-	-	-	-	1.1
Income tax related to other comprehensive income	(6.5)	-	-	-	-	-	(6.5)
Share-based payments expense	-	-	3.3	-	-	-	3.3
Income tax related to share-based payments expense	-	-	(2.1)	-	-	-	(2.1)
Acquisition of treasury shares	-	-	-	(2.6)	-	-	(2.6)
Balance at 31 March 2019	13.0	(3.4)	38.7	(24.3)	(59.1)	(3.3)	(38.4)

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 45 to 49 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	2020	2019
Opening balance	683,663	1,155,256
Acquisition of shares by the Trust (average price of \$3.40 (2019: \$4.73) per share)	25,000	550,000
Issue of shares under executive incentive plans	(687,309)	(1,021,593)
Closing balance	21,354	683,663

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.

Other reserves: other reserves were used to recognise the written put option the minority shareholders of the Martini business had to sell all of their remaining interest to the group at an agreed price (based on the financial results of the business). The written put option was extinguished as a result of the CSR group's purchase of the remaining 30% of Martini. Refer to note 10 for further details.

21 Financial risk management

The CSR group's activities expose it to a variety of financial risks:

- (i) credit risk;
- (ii) liquidity risk; and
- (iii) market risk.

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 commodity risk, foreign exchange risk, interest rate risk and credit risk, in addition to the use of derivatives 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 financial and commodity price 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 2020 and 31 March 2019.

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 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. Sale 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 counterparties, ageing analysis and, where necessary, carries out a reassessment of sale 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 (see note 11).

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- from rating agency Standard & Poor's or A3 from rating agency Moody's, 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 by continuously monitoring forecast and actual cash flows and 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 liabilities 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
2020				
Current payables	245.5	-	-	245.5
Non-current other payables	-	-	-	-
Borrowings (including interest)	3.4	297.9	25.1	326.4
Commodity financial instruments ¹	8.4	9.6	1.0	19.0
Foreign currency financial instruments ¹	18.8	8.4	-	27.2
Total	276.1	315.9	26.1	618.1
2019				
Current payables	260.9	-	-	260.9
Non-current other payables	-	3.6	-	3.6
Borrowings (including interest)	-	-	-	-
Commodity financial instruments ¹	0.6	0.3	0.1	1.0
Foreign currency financial instruments ¹	16.4	4.4	-	20.8
Total	277.9	8.3	0.1	286.3

1 Settlement of commodity and foreign currency financial instruments will be offset by revenue from the sale of commodities.

21 Financial risk management (continued)

iii) Market risk

Nature of commodity price risk – 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.

Commodity price risk management – aluminium

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.

The price of product supplied under sales contracts comprises two components, the London Metal Exchange (LME) Primary Aluminium cash price, and a physical premium. Over the year ended 31 March 2020, the average of the daily LME cash price was US\$1,751 per tonne and the average Platts mid-point physical premium was US\$98 per tonne. The LME price component represented 95% of the sum of the two. The CSR group designates the LME price component of sales as the hedged item. Commodity forward and option contracts are also priced against the LME Primary Aluminium cash price. There is an established economic relationship between the physical sales of aluminium and the commodity forward and option contracts as they are both priced using the same reference price. As the underlying risk of the aluminium price risk is identical to the hedged component, the CSR group has established a hedge ratio of 1:1 for all its hedging relationships over aluminium price risk.

The CSR group does not hedge its exposure to the variability in physical metal premiums. In the CSR group's view, there is currently no viable hedge instrument for physical metal premiums and this component of the metal sales price remains unhedged.

The table below provides information about the aluminium commodity swaps entered into by the CSR group to manage its aluminium commodity price exposure:

Commodity price risk (\$million)	Notional value				Fair value	
	1 year or less	1 to 3 years	3 to 5 years	Total	Asset	Liability
2020						
Aluminium commodity swaps ^{1,2}	233.8	320.4	13.1	567.3	53.2	(0.1)
2019						
Aluminium commodity swaps ^{1,2}	287.1	92.4	–	379.5	29.8	(0.2)

1 The average price in US dollars per metric tonne at 31 March 2020 was \$1,789.0 (2019: \$2,123.6). The average price for the individual periods does not materially differ from the overall average price disclosed.

2 \$53.1 million net of commodity contract gains (2019: \$29.6 million net gains) were deferred in 2020 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 2020 is one year or less: \$34.2 million gain (2019: \$20.9 million gain); one to three years: \$18.7 million gain (2019: \$8.7 million gain); three to five years: \$0.2 million gain (2019: \$nil).

Commodity price risk sensitivity – aluminium

At 31 March 2020, had the Aluminium price strengthened/weakened by 10%, assuming a constant exchange rate on hedging contracts, the post-tax profit arising from commodity swaps would have been materially unchanged, mainly as a result of the effectiveness of the hedging in place. Equity before tax would have been \$50.7 million lower/\$50.7 million higher (2019: \$34.3 million lower/\$34.3 million higher) had the Aluminium price strengthened/weakened by 10%, assuming a constant exchange rate on hedging contracts arising mainly from commodity swaps designated as cash flow hedges.

Commodity price risk sensitivity – alumina

At 31 March 2020, had the alumina price strengthened/weakened by 10%, assuming a constant exchange rate on hedging contracts, the post-tax profit arising from commodity swaps would have been materially unchanged, mainly as a result of the effectiveness of the hedging in place. Equity before tax would have been \$7.0 million lower/\$7.0 million higher (2019: \$nil lower/\$nil higher) had the alumina price strengthened/weakened by 10%, assuming a constant exchange rate on hedging contracts arising mainly from commodity swaps designated as cash flow hedges.

Other commodity price risks

Other commodity price risks include:

- **Oil:** the CSR group has exposure to oil commodity prices through an oil price linked gas purchasing contract. 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.
- **Electricity:** the CSR group has exposure to the National Electricity Market spot electricity price through an electricity supply agreement. The CSR group has a policy of hedging this spot price exposure to reduce the volatility of its energy costs.

No further detailed disclosure is included on these commodity price risks given they are not material to the CSR group.

Interest rate risk management

At the reporting date, CSR group's interest rate exposure is limited to the net cash balance of \$414.8 million (2019: net cash balance of \$50.0 million). The maturity profile for the cash balance of \$414.8 million is less than 1 year. The average interest rate on debt for the year was 1.1% (2019: 2.5%) and the average interest rate on cash balances for the year was 1.07% (2019: 0.09%).

At 31 March 2020, if interest rates had increased/decreased by one percentage point per annum from the year end rates with all other variables held constant, the post-tax profit for the year would have been \$0.6 million higher/lower (2019: \$0.4 million higher/lower), mainly as a result of higher/lower interest income on net cash balances.

21 Financial risk management (continued)

iii) Market risk (continued)

Nature of foreign exchange risk

The CSR group's major foreign currency exposure relates to its US dollar aluminium sales revenue and payments for raw materials and capital equipment.

Foreign exchange risk management

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.

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.

Forecast US dollar receipts are based on highly probable forecast monthly sales transactions of aluminium which ensures that the underlying foreign currency exchange risk is identical to the hedged risk component (i.e. the US dollar price). Therefore, the CSR group has established a hedge ratio of 1:1 for all its foreign exchange hedging relationships. Hedging is undertaken at declining levels for up to four years.

The CSR group's policy to hedge foreign exchange exposures arising from payments for raw materials are hedged for up to 18 months with a declining hedge level over time, although higher levels can be hedged when using currency options. The policy requires that material foreign currency denominated purchases of capital equipment be fully hedged to the domestic currency to eliminate currency exposure. Similarly, the policy also requires that all material foreign currency assets and liabilities are hedged to the relevant entity's domestic currency.

Foreign exchange risk sensitivity

At 31 March 2020, had the Australian dollar strengthened/weakened by 10% against the respective foreign currencies with all other variables held constant, the post-tax profit arising from forward exchange rate agreements would have been materially unchanged, mainly as a result of the effectiveness of the hedging in place. Equity before tax would have been \$58.9 million higher/\$72.0 million lower (2019: \$20.2 million higher/\$24.7 million lower) had the Australian dollar strengthened/weakened by 10% against the respective foreign currencies arising mainly from foreign forward exchange contracts designated as cash flow hedges.

The table below provides information about the CSR group's significant exchange rate exposures in forward exchange rate agreements:

Foreign exchange risk ^{1,2} (\$million)	Average exchange rate ²	Notional value			Fair value	
		1 year or less	1 to 3 years	Total	Asset	Liability
2020						
US dollar – buy	0.68	35.4	2.6	38.0	3.6	–
US dollar – sell	0.63	347.1	350.6	697.7	16.6	(26.6)
NZ dollar – buy	1.05	10.3	–	10.3	0.3	–
NZ dollar – sell	1.05	17.0	–	17.0	–	(0.4)
Euro – buy	0.60	16.6	0.6	17.2	1.4	–
Euro – sell	0.57	3.0	–	3.0	–	(0.1)
Japanese yen – buy	72.63	4.6	–	4.6	0.4	–
Japanese yen – sell	68.74	0.6	–	0.6	–	–
Total					22.3	(27.1)
2019						
US dollar – buy	0.72	45.5	–	45.5	1.0	–
US dollar – sell	0.77	215.0	64.4	279.4	–	(20.4)
NZ dollar – buy	1.06	10.1	–	10.1	0.2	–
NZ dollar – sell	1.06	9.3	–	9.3	–	(0.2)
Euro – buy	0.63	8.5	–	8.5	–	–
Euro – sell	0.63	0.4	–	0.4	–	–
Japanese yen – buy	78.46	1.6	–	1.6	–	–
Japanese yen – sell	–	–	–	–	–	–
Total					1.2	(20.6)

1 \$5.7 million of net foreign exchange contract losses (2019: \$19.4 million losses) have been deferred 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 2020 is one year or less: \$6.2 million loss (2019: \$15.0 million loss); and one to three years: \$0.5 million gain (2019: \$4.4 million loss).

2 Average rates for the individual periods do not materially differ from the overall average rates disclosed.

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 continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

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 redemption 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 of fair value, including their levels in the fair value hierarchy:

\$million	2020	2019
	Level 2	Level 2
Financial assets at fair value		
Commodity swaps – aluminium	53.2	29.8
Commodity swaps – oil and electricity	0.7	11.8
Forward exchange rate contracts	22.3	1.2
Other	3.4	2.0
Total	79.6	44.8
Financial liabilities at fair value		
Commodity swaps – aluminium	0.1	0.2
Commodity swaps – aluminium/alumina	8.1	–
Commodity swaps – oil and electricity	16.8	0.5
Forward exchange rate contracts	27.1	20.6
Other	0.1	0.2
Total	52.2	21.5

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The CSR group has no Level 1 financial instruments in the fair value hierarchy.

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 2020 and no transfers in either direction in 2020.

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 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.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts.

21 Financial risk management (continued)

vi) Cash flow hedging

The impact of hedging instruments designated in material hedging relationships as of 31 March 2020 on the statement of financial position of the CSR group is as follows:

\$million	Commodity price risk ¹				Foreign exchange risk			
	Aluminium commodity swaps (forecast sales) ²		Alumina/aluminium commodity swaps (forecast purchases) ³		Forward currency contracts (forecast sales) ⁴		Forward currency contracts (forecast purchases) ⁵	
	2020	2019	2020	2019	2020	2019	2020	2019
Notional amount	195,675 tonnes	126,500 tonnes	158,350 tonnes	-	632.3	277.6	42.0	26.9
Asset – carrying amount	53.2	29.8	-	-	16.5	-	5.3	1.2
Liability – carrying amount	0.1	0.2	8.1	-	26.6	20.4	0.8	0.2
Changes in value of instrument used for calculating hedge ineffectiveness – (loss) gain	23.5	42.7	(8.1)	-	10.3	(24.8)	3.4	(1.3)

1 The CSR group has insignificant hedging relationships in oil commodity swaps and electricity swaps.

2 \$34.2 million (2019: \$21.0 million) of the carrying amount of Aluminium commodity swaps are disclosed within current other financial assets and \$19.0 million (2019: \$8.8 million) within non-current other financial assets. \$nil (2019: \$0.2 million) of Aluminium commodity swaps are disclosed within current other financial liabilities and \$0.1 million (2019: \$nil) within non-current other financial liabilities.

3 \$8.1 million (2019: \$nil) of the carrying amount of alumina/Aluminium swaps are disclosed within current other financial liabilities. Under these contracts CSR receives the floating alumina price and pays the floating aluminium price. The contractual equivalent aluminium under the contracts is 28,978 tonnes.

4 \$7.8 million (2019: \$nil) of the carrying amount of forward currency contracts are disclosed within current other financial assets and \$8.7 million (2019: \$nil) within non-current other financial assets. \$18.2 million (2019: \$16.0 million) of the carrying amount of forward currency contracts are disclosed within current other financial liabilities and \$8.4 million (2019: \$4.4 million) within non-current other financial liabilities.

5 \$5.1 million (2019: \$1.2 million) of the carrying amount of forward currency contracts are disclosed within current other financial assets and \$0.2 million (2019: \$nil) within non-current other financial assets. \$0.8 million (2019: \$0.2 million) of forward current contract liabilities are disclosed within current other financial liabilities.

The impact of hedged items designated in hedging relationships as of 31 March 2020 on the statement of financial position of the CSR group is as follows:

\$million	Commodity price risk				Foreign exchange risk			
	Aluminium commodity swaps (forecast sales)		Alumina/aluminium commodity swaps (forecast purchases)		Forward currency contracts (forecast sales)		Forward currency contracts (forecast purchases)	
	2020	2019	2020	2019	2020	2019	2020	2019
Changes in value of hedged item used for calculating hedge ineffectiveness – gain (loss)	(23.7)	(42.8)	7.9	-	(10.3)	24.8	(3.4)	1.3
Cash flow hedge reserve (continuing hedges) – gain (loss)	53.1	29.6	(8.1)	-	(10.1)	(20.4)	4.5	1.0

The below hedging relationships affected profit or loss and other comprehensive income as follows:

\$million	Commodity price risk				Foreign exchange risk			
	Aluminium commodity swaps (forecast sales)		Alumina/aluminium commodity swaps (forecast purchases)		Forward currency contracts (forecast sales)		Forward currency contracts (forecast purchases)	
	2020	2019	2020	2019	2020	2019	2020	2019
Hedge gain (loss) recognised in other comprehensive income ¹	44.4	28.0	(8.1)	-	(5.8)	(20.7)	4.5	1.0
Gain (loss) reclassified from other comprehensive income to profit or loss before tax ²	(20.9)	14.7	-	-	16.0	(4.1)	(1.1)	(2.2)
Line item in statement of comprehensive income	Trading revenue	Trading revenue	Cost of sales	Cost of sales	Trading revenue	Trading revenue	Cost of sales	Cost of sales

No hedge ineffectiveness was recognised in profit or loss during the year.

1 The hedge gain recognised in other comprehensive income totalling \$35.0 million (2019: \$8.3 million gain) together with the \$22.1 million loss (2019: \$10.2 million gain) on oil and electricity swaps less non-controlling interests of \$9.1 million (2019: \$2.2 million) reconciles to the hedge gain transferred to equity in note 20.

2 The loss reclassified from other comprehensive income to profit or loss after tax totalling \$6.0 million (2019: \$8.4 million gain) together with the \$4.5m loss (2019: \$nil loss) on oil and electricity swaps less non-controlling interests of \$1.4 million loss (2019: \$3.2 million gain) reconciles to the hedge loss transferred to the statement of financial performance in note 20.

Group structure

22 Subsidiaries

Entity	% CSR ownership		Entity	% CSR ownership	
	2020	2019		2020	2019
Incorporated in Australia			Incorporated in Australia (continued)		
A-Jacks Hardwall Plaster Pty Ltd	100	100	PGH Bricks & Pavers Pty Limited ²	100	100
A-Jacks Unit Trust	100	100	Rediwall Unit Trust	100	100
AFS Systems Pty Limited ²	100	100	Rivarol Pty Limited ²	100	100
AFS Unit Trust	100	100	SA Independent Glass Pty Ltd ⁴	-	-
BI (Contracting) Pty Limited	100	100	Seltsam Pty Limited	100	100
Bradford Insulation Industries Pty Limited	100	100	Softwood Holdings Limited ¹	100	100
Bradford Insulation (S.A.) Pty Limited ¹	100	100	Softwood Plantations Pty Limited ¹	100	100
Bricks Australia Services Pty Limited ²	100	100	Softwoods Queensland Pty Limited ¹	100	100
Buchanan Borehole Collieries Pty Ltd	100	100	Thiess Bros Pty Limited	100	100
CSR Building Products Limited ²	100	100	Thiess Holdings Pty Limited	100	100
CSR Developments Pty Ltd	100	100	Viridian Glass International Pty Limited ⁴	-	-
CSR Erskine Park Trust	100	100	Viridian Glass Investment Company Pty Limited ⁴	-	-
CSR Finance Limited ²	100	100	Viridian Glass Limited ⁴	-	-
CSR Industrial Property Trust	100	100	Viridian Glass Operations Pty Limited ⁴	-	-
CSR Industrial Property Nominees No. 1 Pty Limited	100	100	Viridian Glass Properties Pty Limited ⁴	-	-
CSR Industrial Property Nominees No. 2 Pty Limited	100	100			
CSR International Pty Ltd	100	100	Incorporated in New Zealand		
CSR Investments Pty Limited ²	100	100	CSR Building Products (NZ) Ltd ⁵	100	100
CSR Investments (Asia) Pty Limited	100	100	CSR (New Zealand) Holdings Limited ⁵	-	100
CSR Investments (Indonesia) Pty Limited	100	100	CSR Subsidiary (New Zealand) Limited ⁵	-	100
CSR Martini Pty Limited ^{2, 3}	100	70	Euroglass Systems Limited ⁴	-	-
CSR Share Plan Pty Limited	100	100	Glass Concepts Limited ⁴	-	-
CSR Structural Systems Pty Limited ²	100	100	National Glass Limited ⁴	-	-
CSR Subsidiary Finance Pty Limited ²	100	100	Norm Fowke Limited ⁴	-	-
CSR Subsidiary Holdings Limited ²	100	100	Tasman Glass Limited ⁴	-	-
CSR-ER Nominees Pty Limited	100	100	Viridian Glass GP Limited ⁴	-	-
DMS Security Glass Pty Ltd ⁴	-	-	Viridian Glass Limited Partnership ⁴	-	-
Don Mathieson & Staff Glass Pty Ltd ⁴	-	-			
Gove Aluminium Finance Limited	70	70	Incorporated in other countries		
High Road Capital Pty Limited	100	100	CSR Business Information Consulting (Shanghai) Co. Ltd (China) ⁶	-	100
Midalco Pty Limited	100	100			
Monier PGH Superannuation Pty Limited	100	100	CSR Guangdong Glasswool Co., Ltd (China)	79	79
PASS Pty Limited	100	100	CSR Insurance Pte Limited (Singapore)	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.

3 The CSR group held a 70% interest in CSR Martini Pty Limited until 20 December 2019 when the remaining 30% interest was acquired. Refer to note 10 for further details.

4 On 31 January 2019 the sale of the Viridian Glass business was completed, and these entities were disposed as part of the sale transaction. Further detail is included in note 9.

5 On 8 April 2019 CSR Building Products (NZ) Limited, CSR (New Zealand) Holdings Limited and CSR Subsidiary (New Zealand) Limited were amalgamated, with CSR Building Products (NZ) Limited continuing as the amalgamated company under Part XIII of the Companies Act 1993.

6 Deregistered 18 October 2019.

23 Deed of cross guarantee

CSR Limited, Bricks Australia Services Pty Limited, CSR Building Products Limited, CSR Finance Ltd, CSR Investments Pty Limited, CSR Structural Systems Pty Limited, AFS Systems Pty Ltd, CSR Subsidiary Finance Pty Limited, CSR Subsidiary Holdings Limited, PGH Bricks & Pavers Pty Limited, Rivarol Pty Limited and CSR Martini Pty Limited (joined during the year ended 31 March 2020) are parties to a deed of cross guarantee ('the Deed') under which each company guarantees the debts of the others. Viridian Glass Limited exited the Deed following the sale of the company on 31 January 2019. 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.

23 Deed of cross guarantee (continued)

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 below 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 2020 and 31 March 2019 of the closed group.

i) Consolidated statement of financial performance

\$million	2020	2019
Trading revenue – sale of goods	1,519.8	1,832.1
Cost of sales	(952.5)	(1,145.8)
Gross margin	567.3	686.3
Other income	26.4	90.7
Warehouse and distribution costs	(170.0)	(221.4)
Selling, administration and other operating costs	(262.3)	(301.6)
Share of net profit of joint venture entities	13.7	13.9
Impairment expense	(9.1)	(85.7)
Other expenses	(4.6)	(11.1)
Profit before finance costs and income tax	161.4	171.1
Interest income	2.8	3.2
Finance costs	(18.8)	(12.5)
Profit before income tax	145.4	161.8
Income tax expense	(36.7)	(16.7)
Profit after tax	108.7	145.1

ii) Consolidated statement of comprehensive income

\$million	2020	2019
Profit after tax	108.7	145.1
Other comprehensive (expense) income, net of tax		
<i>Items that may be reclassified to profit or loss</i>		
Hedge (loss) profit recognised in equity	(17.3)	11.2
Hedge profit transferred to statement of financial performance	(5.7)	(2.2)
Exchange differences arising on translation of foreign operations	1.3	0.1
Recycling of foreign currency translation reserve on disposal of business, transferred to statement of financial performance	–	1.1
Income tax benefit (expense) relating to these items	6.9	(2.7)
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial loss on superannuation defined benefit plans	(13.9)	(1.6)
Income tax benefit relating to these items	4.2	0.5
Other comprehensive (expense) income – net of tax	(24.5)	6.4
Total comprehensive income	84.2	151.5

iii) Summary of movements in consolidated retained profits

\$million	2020	2019
Opening retained profits	216.2	205.9
Adjustment on adoption of AASB 16 (net of tax)	(25.5)	–
Profit for the year	108.7	145.1
Actuarial loss on superannuation defined benefit plans (net of tax)	(9.7)	(1.1)
Dividends provided for or paid	(133.7)	(133.7)
Closing retained profits	156.0	216.2

23 Deed of cross guarantee (continued)

iv) Consolidated statement of financial position

\$million	2020	2019
Current assets		
Cash and cash equivalents	409.6	41.3
Receivables	180.3	361.8
Inventories	299.9	277.0
Other financial assets	-	6.1
Prepayments and other current assets	9.3	9.1
Total current assets	899.1	695.3
Non-current assets		
Receivables	26.1	39.2
Inventories	87.0	74.7
Investments accounted for using the equity method	34.4	32.5
Other financial assets	162.0	173.4
Property, plant and equipment	643.2	601.4
Right-of-use lease assets	143.0	-
Goodwill	58.3	56.1
Other intangible assets	14.5	21.3
Deferred income tax assets	127.2	101.7
Other non-current assets	0.7	11.2
Total non-current assets	1,296.4	1,111.5
Total assets	2,195.5	1,806.8
Current liabilities		
Payables	188.6	191.2
Lease liabilities	32.9	-
Other financial liabilities	0.6	0.6
Tax payable	31.9	6.1
Provisions	110.8	135.6
Total current liabilities	364.8	333.5
Non-current liabilities		
Payables	4.0	-
Lease liabilities	159.1	-
Borrowings	320.0	-
Other financial liabilities	10.6	0.3
Provisions	254.6	288.0
Other non-current liabilities	8.5	2.3
Total non-current liabilities	756.8	290.6
Total liabilities	1,121.6	624.1
Net assets	1,073.9	1,182.7
Equity		
Issued capital	966.7	1,028.8
Reserves	(48.8)	(62.3)
Retained profits	156.0	216.2
Equity attributable to shareholders of the closed group	1,073.9	1,182.7

24 Non-controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the CSR group. The amounts disclosed are before intercompany eliminations.

\$million	Gove Aluminium Finance Limited	
	2020	2019
Statement of financial position		
Current assets	212.2	151.5
Non-current assets	140.4	122.7
Current liabilities	114.0	91.7
Non-current liabilities	38.1	25.5
Statement of financial performance		
Revenue	621.2	626.9
Profit after tax for the year	40.5	24.6
Other comprehensive income for the year	18.0	12.5
Total comprehensive income for the year	58.5	37.1
Statement of cash flows		
Cash flows from operating activities	58.2	13.4
Cash flows from investing activities	(8.4)	(9.1)
Cash flows from financing activities	(16.3)	(20.2)
Net increase (decrease) in cash held	33.5	(15.9)
Transactions with non-controlling interests		
Profit allocated to non-controlling interests ¹	12.1	7.4
Dividends paid to non-controlling interests ²	4.5	16.2

¹ Profit allocated to non-controlling interests for subsidiaries that are not material for disclosure was \$1.1 million for the year ended 31 March 2020 (2019: \$1.2 million).

² During the year ended 31 March 2020, dividends declared to non-controlling interests included \$4.5 million which was paid in cash. During the year ended 31 March 2019, dividends declared to non-controlling interests included \$10.6 million which was re-invested through a dividend reinvestment plan and \$5.6 million which was paid in cash. Dividends paid to non-controlling interests for subsidiaries that are not material for disclosure were \$2.3 million (2019: \$0.4 million).

25 Interest in joint operations

The CSR group's interest in the Tomago aluminium smelter joint operation of 36.05% (2019: 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% (2019: 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)	2020			2019		
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	-	21.7	21.7	-	19.0	19.0
Gypsum Resources Trust Australia ²	12.0	-	12.0	12.0	-	12.0
New Zealand Brick Distributors ³	-	8.1	8.1	-	7.9	7.9
Other ²	-	0.8	0.8	-	1.5	1.5
Total investment	12.0	30.6	42.6	12.0	28.4	40.4

1 The CSR group's interest in these entities is 50% (2019: 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	2020	2019
Opening net investment	40.4	43.6
Share of net profit before income tax	20.0	19.7
Share of income tax	(6.1)	(5.9)
Dividends and distributions received	(10.6)	(14.3)
Impairment of equity accounted investment	(0.6)	(0.8)
Reclassification of long-term loan to short-term loan	-	(2.4)
Foreign currency translation and other	0.8	0.5
Impact of new leases standard	(1.3)	-
Closing net investment	42.6	40.4

ii) Summarised financial information of joint venture entities

\$million	2020	2019
Statement of financial position		
Current assets	98.6	103.8
Non-current assets	77.1	24.9
Current liabilities	53.1	61.9
Non-current liabilities	56.8	2.7
Statement of financial performance		
Revenue	293.1	293.4
Share of net profit (loss) after tax		
Rondo Building Services Pty Ltd	13.8	14.0
Other	0.1	(0.2)

iii) Balances and transactions with joint venture entities

\$million	Note	2020	2019
Current loans payable to CSR		0.8	3.5
Non-current loans payable to CSR	32	7.7	14.1
Current payables to joint venture entities		7.0	5.3
Purchases of goods and services		35.3	31.8
Sales of goods and services		2.2	6.6

27 Parent entity disclosures

i) Summary financial information of CSR Limited (parent)

\$million	2020	2019
Statement of financial position		
Current assets	725.1	350.8
Non-current assets	1,779.6	1,743.5
Current liabilities ¹	(768.0)	(559.8)
Non-current liabilities ¹	(609.8)	(261.9)
Net assets	1,126.9	1,272.6
Equity		
Issued capital	966.7	1,028.8
Reserves	9.8	8.3
Retained profits	150.4	235.5
Total equity	1,126.9	1,272.6
Statement of financial performance		
Profit after tax for the year	48.8	189.0
Total comprehensive income	48.6	189.6

- 1 Included within current liabilities are the current portion of the product liability provision and uninsured losses and future claims provision of \$30.0 million and \$4.0 million respectively (2019: \$30.0 million and \$5.4 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 \$216.9 million and \$20.0 million respectively (2019: \$238.0 million and \$23.7 million respectively). See notes 15 and 16 for further details.

ii) CSR Limited transactions with controlled entities

During the financial years ended 31 March 2020 and 2019, 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	2020	2019
Contingent liabilities, capable of estimation, arise in respect of the following categories:			
Performance guarantees provided to third parties ²		116.9	119.6
Bank guarantees to Harwood Superannuation Fund ¹	28	3.2	1.3
Total contingent liabilities		120.1	120.9

- 1 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.
- 2 Financial guarantees disclosed above relate to bank guarantees provided to third parties to guarantee CSR Limited's performance of its liabilities of \$80.4 million (2019: \$83.1 million) and guarantees provided to third parties outside of the CSR group of \$36.5 million (2019: \$36.5 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.

iv) Capital commitments

CSR Limited has committed \$nil to the acquisition of any property, plant and equipment as at 31 March 2020 (2019: \$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 2020 for the CSR group were \$36.2 million (2019: \$43.2 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 2020, contributions totalled \$32.3 million (2019: \$37.1 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 will retain 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 2019. The funding requirements were reviewed as at 30 June 2019. 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 103%. Therefore, as at 31 March 2020, CSR Limited was required to provide bank guarantees of \$3.2 million to the trustee of the fund to satisfy the balance of its commitments (2019: \$1.3 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 2019	66.6	(68.5)	(1.9)	0.2
DBD Monier PGH	\$nil from 1 April 2019	38.8	(40.3)	(1.5)	(2.2)
Pilkington (Australia) Superannuation Scheme DBD ²	14.6% of eligible salary	16.0	(21.1)	(5.1)	–

¹ Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2020.

² Funds contributed by CSR are for accumulation members.

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:

%	2020	2019
Discount rate (after tax)	2.4	3.5
Expected salary increase	2.5	3.0
Asset class allocation		
– Equity instruments	26.5	29.7
– Debt instruments	45.0	50.8
– Property	3.4	2.7
– Other	25.1	16.8

Impact of plans on the statement of financial performance and comprehensive income

\$million	2020	2019
Amounts recognised in the statement of financial performance ¹		
Current service cost	1.0	2.3
Finance cost	4.2	5.7
Interest income	(4.4)	(5.7)
Total expense included in the statement of financial performance	0.8	2.3
Actuarial loss incurred during the financial year and recognised in the statement of comprehensive income	(13.9)	(1.6)
Cumulative actuarial losses recognised in the statement of comprehensive income	(68.2)	(54.3)

1 Disclosed in selling, administration and other operating costs.

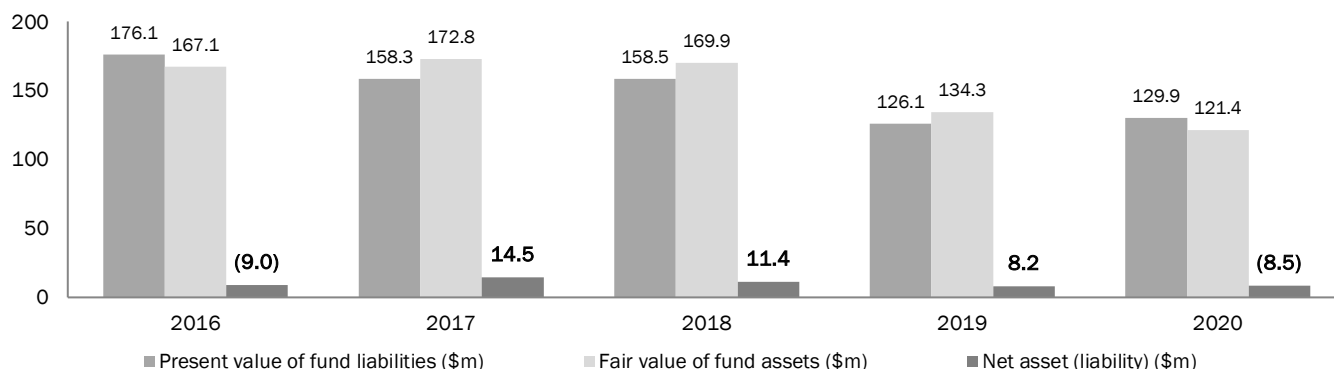
Impact of plans on the statement of financial position

\$million	2020	2019
Net (liability) asset of superannuation defined benefit plans		
Fair value of assets	121.4	134.3
Present value of liabilities	(129.9)	(126.1)
Net (liability) asset	(8.5)	8.2
Included in the statement of financial position		
Non-current other assets (note 32)	–	10.5
Other non-current liabilities	(8.5)	(2.3)
Net (liability) asset	(8.5)	8.2
Movements in the fair value of the defined benefit plan assets		
Assets at the beginning of the financial year	134.3	169.9
Interest income	4.4	5.7
Return on assets (in excess of interest income)	(6.5)	0.8
Contributions from the employer	(2.0)	1.7
Contributions from participants	0.4	2.3
Benefits paid	(9.2)	(46.1)
Assets at the end of the financial year	121.4	134.3
Movements in the present value of the defined benefit plan liabilities		
Liabilities at the beginning of the financial year	126.1	158.5
Current service cost	1.0	2.3
Finance cost	4.2	5.7
Contributions from participants	0.4	2.3
Actuarial loss	7.4	2.4
Curtailments and settlements	–	1.0
Benefits paid	(9.2)	(46.1)
Liabilities at the end of the financial year	129.9	126.1

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 2020, 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	2020	2019
Opening balance	3,004,974	3,240,703
Granted during the year	1,609,588	911,695
Vested during the year	(535,107)	(904,017)
Lapsed during the year	(963,148)	(243,407)
Closing balance	3,116,307	3,004,974

There were no vested and exercisable shares at 31 March 2020 (2019: nil).

Performance rights outstanding at the end of the year have the following expiry dates:

Grant date	Expiry date	Performance rights	
		2020	2019
26 July 2016	1 April 2019	–	1,181,270
25 July 2017	1 April 2020	863,248	927,434
25 July 2018	1 April 2021	687,269	896,270
19 July 2019	1 April 2022	1,565,790	–
Total		3,116,307	3,004,974

A summary of key valuation assumptions for rights granted in the year ended 31 March 2020 is set out below:

Grant date	19 July 2019	19 July 2019
Vesting condition	Absolute TSR	EPS
Valuation method	Monte Carlo simulation	Binomial Tree
Start of performance period	1 April 2019	1 April 2019
Testing date	31 March 2022	31 March 2022
Expected life	2.7 years	2.7 years
Grant date share price	\$4.31	\$4.31
Volatility	30%	30%
Dividend yield	5.4%	5.4%
Risk-free rate	0.94%	0.94%
Fair value	\$1.99	\$3.72

Further details on the LTI plan and the terms of the grants during the year are detailed in the remuneration report on pages 45 to 49.

28 Employee benefits (continued)

ii) Share-based payments (continued)

Deferred shares

Under the STI deferral plan, 20% of any STI earned by senior executives is delivered in CSR shares. These shares must be held in trust subject to trading restrictions and have a continued service requirement for a minimum of two years from the date of allocation.

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 are vested. 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.

	2020	2019
Number of rights to deferred shares granted	207,502	130,202
Fair value of rights at grant date	\$3.29	\$5.24

Other plans

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	2020	2019
USOP ¹	406,692	618,943
ESAP	89,321	110,117

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 \$4.27 (2019: \$3.84).

For further details on the USOP and the ESAP, refer to page 49 of the remuneration report.

Expenses arising from share-based payment transactions

\$	2020	2019
Long term incentive plan (PRP)	(351,685)	2,705,539
Deferred shares	682,886	566,440
Other plans	867,926	1,275,194
Total expense	1,199,127	4,547,173

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.

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 2020 (2019: nil).

ii) Key management personnel remuneration

Total remuneration paid or payable to directors and key management personnel is set out below:

\$	2020	2019
Short-term employee benefits	3,846,034	4,428,659
Share-based payments expense	(236,622)	963,436
Total	3,609,412	5,392,095

Details of remuneration and the CSR Limited equity holdings of directors and other key management personnel are shown in the remuneration report on pages 34 to 55.

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 2020 (2019: 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

With the exception of the items disclosed below, there has not arisen in the interval between 31 March 2020 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.

Impact of COVID-19

The global COVID-19 pandemic and the subsequent restrictions imposed by the Australian, New Zealand and other overseas governments have caused disruption to businesses and economic activity. The forecast economic decline is expected to result in lower levels of construction activity in the near term, which would negatively impact CSR's trading revenue and operations.

The CSR group has managed, and continues to actively manage, the risks arising from COVID-19. This includes a financial response plan that incorporates scenario and contingency planning at various levels of construction activity, stress testing of cash flow forecasts and sensitivity analysis. In addition to a CSR group business continuity plan (BCP), all CSR businesses have developed tailored BCPs, which are specific to their business and contemplate the operational responses at various levels of construction activity.

As at 31 March 2020, CSR had cash of \$414.8 million, following the drawdown of \$320.0 million in borrowing facilities. This has been further bolstered by additional credit facilities of \$200.0 million which have been finalised in May 2020. These additional facilities expire in October 2021. This provides CSR with increased financial flexibility to manage an uncertain business activity environment.

There have not been any significant adverse operational or financial impacts as a result of the COVID-19 pandemic to date and any known impacts to date have been reflected in the YEM20 financial statements.

As at the date these financial statements are authorised for issue, the directors of CSR Limited consider that the financial effects of any potential changes cannot be reasonably estimated for future financial periods. As the situation remains fluid, due to evolving changes in government policy and business and customer reactions thereto, the directors consider that the general economic impacts arising from COVID-19 and lower levels of forecast activity are likely to negatively impact the financial results and position of the CSR group over the near term, in particular, the year ending 31 March 2021. As a result, there is a potential that the lower levels of forecast activity may impact the future recoverability of the group's assets, including debtors, inventory, property, plant and equipment and intangible assets.

Dividend

No final dividend has been declared for the year ended 31 March 2020.

31 Commitments and contingencies

i) Commitments

\$million	2020	2019
Operating lease and hire expenditure		
Land and buildings	–	125.0
Plant and equipment	–	22.1
Total	–	147.1
Contracted lease and hire expenditure comprises:		
Within one year	–	44.4
Between one and five year(s)	–	85.4
After five years	–	17.3
Total	–	147.1
Contracted capital expenditure comprises:		
Payable within one year	16.1	20.4

The total of minimum rentals to be received in the future under non-cancellable sub-leases as at 31 March 2020 is not material. Contingent rentals for 2020 and 2019 financial years were not material.

From 1 April 2019, the CSR group has recognised right-of-use assets and lease liabilities for these leases, except for short term and low value leases. See note 14 for further information. Operating lease expenditure for 2020 and 2019 is disclosed in note 6.

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	2020	2019
Loans to joint venture entities ¹	26	7.7	14.1
Other loans and receivables		7.3	11.7
Total non-current receivables		15.0	25.8
Other assets		0.7	0.7
Superannuation defined benefit plans – fair value of surplus	28	–	10.5
Total other non-current assets		0.7	11.2

¹ The CSR group has provided facilities to joint venture entities on arm's length terms.

33 Auditor's remuneration

\$	2020	2019
Deloitte Touche Tohmatsu in Australia		
Audit or review of financial statements	657,000	718,000
Sustainability and carbon related assurance services	41,200	72,000
Other assurance and advisory services	–	22,000
Total auditor's remuneration	698,200	812,000

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 2020 included \$299.8 million of cash at bank and on hand (2019: \$50.0 million) and \$115.0 million short-term deposits (2019: \$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.

Put option liabilities on non-controlling interests: contracts that contain an obligation to pay cash in the future to purchase minority shares held by non-controlling interests, even if the payment is conditional on the option being exercised by the holder, are recorded as a financial liability. The initial redemption liability is recorded against equity. The financial liability is recognised at the present value of the expected redemption amount.

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 2020; 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
Chairman

12 May 2020



Julie Coates
Managing Director and CEO

12 May 2020



Deloitte Touche Tohmatsu
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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 2020, 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 2020 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* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the key audit matter
<p>Product Liability Provision (Refer to Note 16 Product Liability)</p> <p>CSR has recognised a product liability provision of \$246.9 million as at 31 March 2020. 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 giving 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 assumptions 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"> 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; 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.

Key audit matter	How the scope of our audit responded to the key audit matter
<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 2020 the Group's consolidated statement of financial position includes goodwill amounting to \$58.3 million, other intangible assets amounting to \$15.8 million, property, plant and equipment amounting to \$741.5 million and right-of-use lease assets amounting to \$153.2 million, comprised of several cash generating units (CGUs).</p> <p>The assessment of impairment of the company's goodwill and property, plant and equipment 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, including the impact of the COVID-19 pandemic.</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. The Roofing and Aluminium CGUs were identified by management as CGUs requiring additional disclosure due to their sensitivity to changes in specific assumptions.</p>	<p>In conjunction with valuation specialists, our procedures included, but not limited to:</p> <ul style="list-style-type: none"> ▪ 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 company's CGUs based on our understanding of the business 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 Roofing and Aluminium 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, including the impact of the COVID-19 pandemic. - 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, including the impact of the COVID-19 pandemic; - assessing the historical accuracy of forecasting of the CGUs; - obtaining and reading the position papers prepared by management to support the models for these CGUs; - evaluating management's process, including testing controls on a sample basis in respect of the preparation and review of forecasts; 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 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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, related safeguards.

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 34 to 55 of the CSR Limited annual report for the year ended 31 March 2020.

In our opinion, the Remuneration Report of CSR Limited for the year ended 31 March 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



J L Gorton
Partner
Chartered Accountants

Sydney, 12 May 2020

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Member of Deloitte Asia Pacific Limited and the Deloitte Network

Shareholder Information

20 LARGEST HOLDERS OF ORDINARY SHARES

As at 30 April 2020

RANK	NAME	UNITS	% OF UNITS
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	143,684,601	29.6
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	83,862,629	17.3
3.	CITICORP NOMINEES PTY LIMITED	73,123,130	15.1
4.	NATIONAL NOMINEES LIMITED	19,562,494	4.0
5.	BNP PARIBAS NOMS PTY LTD	8,827,257	1.8
6.	BNP PARIBAS NOMINEES PTY LTD	6,283,887	1.3
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,523,649	0.7
8.	CS THIRD NOMINEES PTY LIMITED	2,723,727	0.6
9.	PRUDENTIAL NOMINEES PTY LTD	2,500,000	0.5
10.	AMP LIFE LIMITED	2,240,654	0.5
11.	BNP PARIBAS NOMS PTY LTD	1,750,043	0.4
12.	CITICORP NOMINEES PTY LIMITED	1,329,844	0.3
13.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - GSCO ECA	1,115,475	0.2
14.	MR ALLAN ERNEST ORMES	1,066,667	0.2
15.	NEWECONOMY COM AU NOMINEES PTY LIMITED	949,113	0.2
16.	CSR SHARE PLAN PTY LIMITED	630,369	0.1
17.	V M NOMINEES PTY LTD	550,000	0.1
18.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	544,796	0.1
19.	LSND PTY LTD	527,450	0.1
20.	MR BRIAN FREDERICK DITCHFIELD	500,000	0.1
Top 20 holders of issued capital		355,295,785	73.2
Remaining holders balance		130,086,991	26.8

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

The Blackrock Group and its subsidiaries advised that as of 5 December 2019, it and its associates had an interest in 35.7 million shares, which represented 7.27% of CSR's issued capital at that time.

Dimensional Entities and its subsidiaries advised that as of 20 June 2013, it and its associates had an interest in 30.4 million shares, which represented 6.01% of CSR's issued capital at that time.

The Vanguard Group Inc. and its subsidiaries advised that as of 31 March 2020, it and its associates had an interest in 29.2 million shares, which represented 6.01% of CSR's issued capital at that time.

Allan Gray Australia Pty Ltd and its subsidiaries advised that as of 27 April 2020, it and its associates had an interest in 25.7 million shares, which represented 5.30% of CSR's issued capital at that time.

SHAREHOLDINGS BY GEOGRAPHIC LOCATION

Location	Units	Units %	Holders	Holders %
AUSTRALIA	481,843,271	99.3	44,395	96.3
NEW ZEALAND	2,253,198	0.4	1,161	2.5
HONG KONG	448,614	0.1	34	0.1
UNITED KINGDOM	324,622	0.1	228	0.5
UNITED STATES OF AMERICA	182,745	0.0	91	0.2
Other	330,326	0.1	202	0.4
Total	485,382,776	100.0	46,111	100.0

DISTRIBUTION OF SHAREHOLDINGS

Range	Holders	Units	% of issued capital
1 – 1,000	22,690	11,199,373	2.3
1,001 – 5,000	18,204	41,584,059	8.6
5,001 – 10,000	3,175	22,746,065	4.7
10,001 – 100,000	1,968	42,938,424	8.8
100,001 and over	74	366,914,855	75.6
Total	46,111	485,382,776	100.0

UNMARKETABLE PARCELS

	Minimum parcel size	Holders	Units
Minimum \$ 500.00 parcel at \$ 3.73 per unit	135	1,811	94,433

RECENT CSR DIVIDENDS

Date paid	Type of dividend	Dividend per share	Franking	Franked amount per share at 30%
December 2014	Interim	8.5 cents	0%	NA
July 2015	Final	11.5 cents	0%	NA
December 2015	Interim	11.5 cents	0%	NA
July 2016	Final	12.0 cents	0%	NA
December 2016	Interim	13.0 cents	0%	NA
July 2017	Final	13.0 cents	50%	6.5 cents
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

Registry information

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
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www.investorcentre.com/contact

Investor relations and news

The CSR Annual Report, Corporate Governance Statement and Sustainability Report are available to view online or download, visit www.csr.com.au

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CSR Limited

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