

CSR Limited

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20 October 2015

Ms Stephanie Yong
Senior Adviser, Listings Compliance
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000
Stephanie.Yong@asx.com.au

Dear Stephanie,

Re: Appendix 3Y – Change of Director’s Interest Notice

Set out below are our responses to the questions raised in your letter of 13 October in relation to the Appendix 3Y for Alan Robert Harold Sindel lodged on 13 August 2015 (“the Appendix 3Y”).

Please explain why the Appendix 3Y was lodged late.

The Appendix 3Y related to the lapse of performance rights from the YEM 11 and YEM 12 Performance Rights Plans and the grant of YEM 16 Performance Rights. The Appendix 3Y did not communicate a change in ownership of shares, as Mr Sindel never owned the relevant shares. They were performance rights only. Since 2010, it has been CSR’s policy that all shares relating to employee incentive schemes are purchased on market.

Due to an administrative oversight, the Appendix 3Y was lodged outside the time prescribed by ASX Listing Rule 3.19A.

It took longer than usual for the Company to test the conditions relevant to Mr Sindel’s performance rights and to determine the vesting outcome. There was then an administrative lag in that information being passed to the relevant persons within the Company who are authorised to make lodgements with the ASX. This was partly due to the fact that key staff were on leave at the relevant time and the people covering their roles were not familiar with the timing and processes for testing of the performance rights and notification of outcomes.

Mr Sindel was informed of the change in number of his performance rights at the same time as the ASX. Mr Sindel was not involved in the oversight and did not fail to pass on information. The delay in notification was due to an internal process failure.

As set out below, the Company has put in place processes to mitigate the risk of late lodgements occurring in the future.



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What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?

CSR has the following procedures in place to meet its obligations under listing rule 3.19A (and the obligations of directors under section 205G of the Corporations Act 2001 (Cth)):

- Each non-executive director signs a non-executive director letter at the time of their appointment. This letter provides that any changes to the director's CSR shareholding or interests must promptly be notified to the Company Secretary. In particular, directors are obliged to provide CSR with the information required to make its disclosures under listing rule 3.19A.
- The procedure for appointment of new directors includes a shareholding check.
- Under the CSR Share Trading Policy, all directors are required to notify the Company of all of their proposed trades as part of the share trading clearance process and CSR regularly reminds directors of the Company's trading windows.
- The procedure for preparing CSR's Annual Report includes confirmation by directors of the number of CSR shares held directly and indirectly by them as at 31 March in the relevant financial year.

If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

CSR considers that the procedures it has in place with its directors are adequate to enable compliance with the relevant obligations and notes that it has a sound track record of compliance with ASX Listing Rule 3.19A.

The recent oversight has illustrated that there is scope to improve the internal procedures CSR has in place to ensure that passive changes in a director's interest are promptly identified and the relevant information passed up in a timely fashion. The Company has put in place additional processes to mitigate the risk of late lodgements occurring in the future and to avoid the occurrence of another administrative oversight when performance rights are tested, including relevant staff members having tighter diary prompts on the testing dates for performance rights.

Yours sincerely,



Debbie Schroeder
Legal Counsel & Company Secretary



13 October 2015

Debbie Schroeder
Legal Counsel & Company Secretary
CSR Limited
GPO Box 483
Sydney NSW 2000

By email

Dear Ms Schroeder,

CSR LIMITED (THE "COMPANY")
Appendix 3Y – Change of Director's Interest Notice

We refer to the following:

1. The following announcement lodged by the Company with ASX Limited ("ASX"):
 - The Appendix 3Y for Alan Robert Harold Sindel lodged on 13 August 2015 (the "Appendix 3Y").
2. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.1 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*
 - *On the date that the entity is admitted to the official list.*
 - *On the date that a director is appointed.**The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.*
 - 3.19A.2 *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust). The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*
 - 3.19A.3 *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.*
3. Listing rule 3.19B which states as follows:



An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

4. The Companies Update dated 27 June 2008, reminding listed entities of their obligation to notify ASX within 5 business days of the notifiable interests in securities held by each director and outlining the action that ASX would take in relation to breaches of listings rules 3.19A and 3.19B.

The Appendix 3Y indicates that changes in the notifiable interests of Mr Sindel occurred on 23 and 24 July 2015. It appears that the Appendix 3Y should have been lodged with ASX by 30 July 2015. Consequently, the Company may be in breach of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed companies for its reporting requirements.

ASX reminds the Company of its contract with ASX to comply with the listing rules. In the circumstances ASX considers that it is appropriate that the Company make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: "Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities", we ask that you answer each of the following questions:

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does the Company have in place with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Company intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by a return e-mail or by facsimile on facsimile number **(02) 9241 7620**. It should not be sent to the Market Announcements Office.

A response is requested as soon as possible and, in any event, **no later than close of business (Sydney time) on Tuesday, 20 October 2015.**

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a form suitable for release and should separately address each of the questions asked.



If you have any queries or concerns, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Stephanie Yong
Senior Adviser, Listings Compliance (Sydney)