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

6 December 2022

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

Dear Justin,

CSR Limited (CSR) – Sustainability Report

Please find attached CSR's 2022 Sustainability Report for immediate release.

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

Yours faithfully

Jill Hardiman
Company Secretary

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

Building solutions for a better future

CSR

We are committed to building solutions for a better future.

CSR's products and systems are part of the homes and communities of millions of people across Australia and New Zealand. What we do as a company impacts the way we live and thrive – now, and for years to come.

Sustainability is an opportunity. Our commitment to sustainability will ensure we make the world a better place for our people, our communities and the planet. We're innovating today for the built environment we want tomorrow.

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Welcome

John Gillam and Julie Coates

We are very pleased to share with you our progress on sustainability this year with our focus on three key areas for CSR:

- Improving safety performance
- Continued progress on 2030 sustainability targets
- Developing a new Sustainability Framework aligned to CSR's strategy

Improving safety performance

Our work over the last few years on embedding risk reduction plans at all sites has led to significant improvement in safety over the past year. Importantly, we are seeing a reduction in high consequence incidents across the business. We know we have more work to do and in the last few months we have launched a major new initiative around "Never Walk Past" with further details included in this report. This is led by our operational and safety leaders to help all of us to build a mindset to never walk past an unsafe act or condition.

Continued progress on 2030 sustainability targets

Over the last two years, we have developed many initiatives across the business to deliver on our 2030 targets with detailed reporting on our progress. This includes an 8% reduction in our emissions per tonne of saleable product since 2020. We have also completed an independent review of the work underway on our decarbonisation initiatives and alignment to our 2030 targets.

Developing a new Sustainability Framework aligned to CSR's strategy

While CSR is making good progress on the 2030 targets, we are actively assessing opportunities to extend these targets to be more ambitious. This includes the development of an overarching Sustainability Framework aligned to our strategy. This framework ensures that all of our sustainability initiatives are linked together across the full breadth of environmental, social and governance (ESG) topics. Further work is underway to refine our goals and commitments with development of additional targets and metrics across the five key sustainability aspirations:

- Empowering our people
- Transition to net zero
- Closing the loop
- Leading through innovation
- Building communities

Delivering energy efficient design

CSR's leadership in energy efficient products and systems will play an important role in how the built environment reduces emissions, improves energy productivity and transitions to a greater use of renewable energy. During the year, we completed a comprehensive review of the scope of changes contained in the National Construction Code 2022 (NCC2022) due for adoption across Australia next year. This includes the increase in thermal performance of homes to the equivalent of a 7-star energy rating with CSR bringing a whole-of-home approach to provide cost effective design and energy efficiency.

Closing the loop

Closing the loop brings together the various components of CSR's supply chain. Starting with how we source raw materials, packaging from our vendors through to minimising the waste on our sites and for our customers. CSR has made a number of significant steps this year to reduce packaging including the CSR wide pallet recycling program. Since the program launched in 2021, CSR has saved approximately 600 tonnes per month of timber from entering landfill and significantly reduced overall timber usage in the business.

Thank you to the CSR team

On behalf of the board, we would like to thank the CSR team for their efforts this year – particularly for ensuring the health and safety of everyone across the business during a very busy year. The great progress we have made on sustainability this year is due to the unwavering efforts of our people.

We would also like to thank Christine Holman for her work as chair of CSR's Safety and Sustainability board committee during the year. Christine retired as a director of CSR on 16 November 2022. Current CSR non-executive director Nigel Garrard has now taken over as chair of this committee. We look forward to working with Nigel and the rest of the CSR board and leadership teams on progressing our sustainability agenda in the year ahead.

We hope you find this report informative and we encourage you to provide feedback to us via the CSR website (www.csr.com.au).

John Gillam
Chair, CSR Limited

Julie Coates
Managing Director and CEO, CSR Limited

CSR at a glance

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

OUR BUSINESS

BUILDING PRODUCTS

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

Interior Systems

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

GYPROCK martini HIMMEL INTERIOR SYSTEMS POTTER INTERIOR SYSTEMS

Masonry & Insulation

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

PGH BRICKS & PAVERS Monier ROOFING Bradford

Construction Systems

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

hebel The better way to build afs smarter permanent formwork. CEMINTEL

Aluminium

Through its 70% shareholding in Gove Aluminium Finance Limited, CSR holds an effective 25.2% interest in the Tomago aluminium smelter in New South Wales.

Property

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

OUR PERFORMANCE

YEAR ENDED 31 MARCH 2022 (YEM22)

$2.3bn Revenue

$291m Earnings Before Interest and Tax (EBIT)[1]

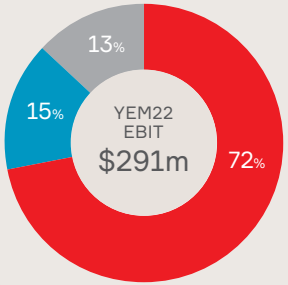
$271m Statutory net profit after tax

39.7c Earnings per share[1]

$2.4bn Total assets

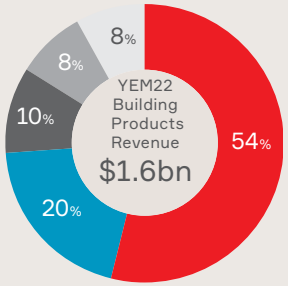
1 Before significant items.

Business segment overview



- Building Products
- Property
- Aluminium

Construction market diversification



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

Building solutions for a better future

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

CSR'S RESOURCES

Strong foundation

Experienced team
2,700+

Strong balance sheet
$142m
Net cash (as of 30 Sept 2022)

Trusted brands with leading market positions

Australian/New Zealand freehold property sites
58

Operational excellence

Manufacturing sites
30+
Operational excellence and innovation

Strong return on funds employed for Building Products
28%
(as of 30 Sept 2022)

Core raw materials sourced locally

Distribution outlets
100+
Extensive network CSR branded outlets (metro and regional reach)

Customer engagement

Customers
18,000+
across Australia & New Zealand

Serving a broad range of construction segments

Technical expertise in building science and compliance

Energy efficiency and architectural design

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

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

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

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

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

CSR'S SUSTAINABILITY FOCUS AREAS

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

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

Closing the Loop
Contributing to a circular building industry

Leading Through Innovation
Innovating to advance sustainability at CSR and across the building sector

Building Communities
Building long-term, mutually beneficial community relationships

Development of CSR's sustainability framework

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

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

In 2020, CSR established new targets to 2030 across energy & greenhouse gas, renewable energy, water, waste, biodiversity and social procurement. Over the last two years, CSR has developed initiatives to deliver on these targets, with detailed reporting on our progress as well as a governance structure to monitor performance. In 2022, an independent review was completed of the work underway and the alignment to the achievement of the 2030 targets as well as identification of a potential pathway to transition to net zero.

While we continue to progress these initiatives, during the year an overarching Sustainability Framework was also developed which is aligned to the company's strategy. This ensures a common understanding of what sustainability means to CSR and how we emphasise the importance of sustainability to the business and its key stakeholders.

This framework ensures that all sustainability actions and targets are linked together across the full breadth of environmental, social and governance (ESG) topics including:

- A clear understanding of where CSR is today and agreement for which areas should be prioritised in the near-term
- A clear sustainability narrative to engage with key stakeholders, both internal and external
- A cohesive framework that creates a common language for the business
- A Sustainability Framework that connects strongly to the CSR's broader purpose and strategy

Further work is now underway to define specific targets and actions to support this framework and communication of CSR's sustainability ambitions.

This includes the refinement of goals, commitments and development of additional targets and metrics across the five key pillars of CSR's Sustainability Framework. Once finalised, this work will be integrated into CSR's sustainability strategy in 2023.

DEVELOPING CSR'S SUSTAINABILITY FRAMEWORK

1 Engagement and research
- Engaged with CSR's leadership teams and key internal stakeholders
- Detailed reviews of industry research, peers and trends

2 Stakeholder mapping
- Mapped CSR's stakeholders interests and ability to influence/impact CSR
- Reviewed approach to ensure engagement across key stakeholder groups

3 Materiality analysis
- Stakeholder reviews and interviews to determine the most material sustainability topics for CSR
- Aligned to United Nations Sustainable Development Goals (SDGs)

4 Current state assessment
- Assessed CSR's current sustainability position with peers in terms of operating model and activities addressing material topics

5 Develop sustainability framework
- Developed indicative sustainability framework
- Further progress on goals and commitments to be outlined in 2023

CSR's sustainability ambitions

SUSTAINABILITY VISION

"Building solutions for a better future" by focusing on innovative and sustainable building solutions

	Empowering our people	Transition to Net Zero	Closing the Loop	Leading Through Innovation	Building Communities
PILLARS	Empowering our people	Transition to Net Zero	Closing the Loop	Leading Through Innovation	Building Communities
AMBITION	Thriving, inclusive and high performing team that is empowered to make the change we need	Decarbonising our business to operate in a low/no carbon world	Contributing to a circular building industry	Innovating to advance sustainability at CSR and across the building sector	Building long-term, mutually beneficial community relationships
MATERIAL TOPICS	– Healthy and safe people – Diversity and inclusion – Employee engagement and wellbeing	– Climate resilient business – Managing climate impacts	– Circularity and waste – Biodiversity management	– Product innovation and stewardship – Product quality, safety and compliance	– Community support – Supply chain sustainability

IMPACT

Aligned to these primary United Nations Sustainable Development Goals (SDGs)

Good momentum to deliver 2030 sustainability targets

2009-2020

CSR set four intensity targets

TEN YEAR TARGETS COMPLETED IN 2020

WASTE PRODUCTION
(Kg/Tonne of product)
Achieved ↓57% reduction

WATER CONSUMPTION
(Ltr/Tonne of product)
Achieved ↓13% reduction

ENERGY CONSUMPTION
(GJ/tonne of product)
Achieved ↓24% reduction

TOTAL SCOPE CO_2e
(Kg/Tonne of product)
Achieved ↓32% reduction

- Completed TCFD climate change scenario analysis on CSR's largest businesses to guide strategic decisions, based on the financial impact analysis
- Developed staged approach to assess the risks and opportunities

SET NEW TARGETS IN 2020

2030 Sustainability Targets

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

11 SUSTAINABLE CITIES AND COMMUNITIES
- **5%** of indirect spend by Procurement to be spent with social enterprises.

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

13 CLIMATE ACTION
- **30%** reduction of greenhouse gas emissions (CO_2e) kg per tonne of saleable product.

15 LIFE ON LAND
- Enhance biodiversity outcomes on CSR sites and developments.

PROGRESS IN 2022

Our progress this year

- Independent review for alignment to 2030 targets and identification of potential pathway to transition to net zero
- Developed an overarching Sustainability Framework aligned to CSR's strategy
- Further work underway on refinement of goals, commitments and metrics across the five pillars
- Once finalised, this work with be integrated into CSR's sustainability strategy in 2023

SUSTAINABILITY FOCUS AREAS

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

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

Closing the Loop
Contributing to a circular building industry

Leading Through Innovation
Innovating to advance sustainability at CSR and across the building sector

Building Communities
Building long-term, mutually beneficial community relationships

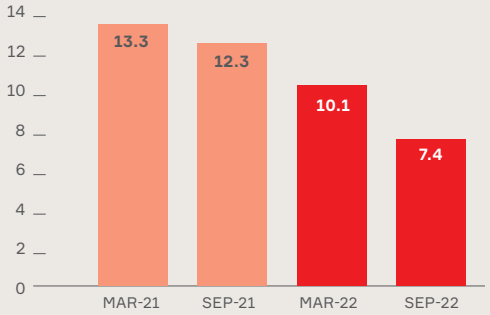
Broadening sustainability focus areas, goals and commitments

Driving further improvement in safety

IMPROVEMENT IN SAFETY OVER LAST 18 MONTHS

44%
improvement in total recordable injury frequency rate since March 2021

TOTAL RECORDABLE INJURY FREQUENCY RATE
Per million work hours



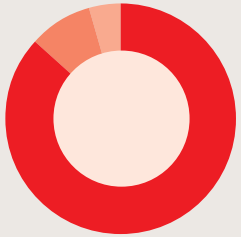
KEY FOCUS AREAS DRIVING IMPROVEMENT

- Managing high potential consequence risk as core priority
- Encouraging transparency of reporting
- Empowering teams at site level to help lead and take ownership for safety
- Significant improvement in metrics and data transparency
- Improved quality of workplace health, safety and environment resources in the Business Units

PROGRESS IN 2022

- All sites have Risk Reduction plans focussed on CSR wide Top Risks

TOTAL RECORDABLE INJURY FREQUENCY RATE
As at 1 October 2021 – 30 September 2022



87%
of CSR sites with no recordable injuries in the last 12 months

- 87% Zero recordable injuries at 124 sites
- 9% One recordable injury at 13 sites
- 4% >1 recordable injury at 6 sites

STRATEGY

- Continued improvement in the quality of Risk Reduction plans
- Rollout of Never Walk Past – cultural safety change program
- Focus on leading indicator metrics such as Corrective Action Completion rate
- Increased focus on contractor management particularly in Supply and Install

Continuing to build safety leadership culture across CSR

2 Empowering our people

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EMPOWERING OUR PEOPLE

Safety strategy and performance

CSR continued to work though the three year Workplace Health, Safety and Environment (WHSE) strategy established in March 2021 focussed around three core principles: Risk, Systems and Hearts & Minds.

Risk

Risk reduction is a cornerstone of CSR's strategy and is designed specifically to address high potential consequence risks across all of the business. By focusing on what COULD go wrong rather than what HAS gone wrong, we ensure that we are learning from all our activities including near misses and observations rather than only learning from injuries that have occurred.

Our site based Risk Reduction Plan process identifies the top risks in our business on a site by site basis and continues to evolve and improve as our business becomes more familiar with the processes of addressing high consequence risks and putting plans in place to reduce the risk of someone being injured or harming the environment.

Systems

Our approach to systems includes the continual refinement of our existing processes to improve their effectiveness in providing valuable insights into trends and potential areas of concern. We have also further strengthened our Rapid Induct system to improve our contractor management and provide assurance that all workers undertaking work on behalf of CSR have access to CSR's expectations for working safely as a priority.

As well as refining existing metrics and processes, we are building more advanced proactive metrics into our performance measurement including corrective action completion rates which is a measure of how well we are undertaking work to complete actions raised as a result of an identified a risk or hazard.

Hearts & Minds

Hearts & Minds is championed by our leaders, leading by example and demonstrating how everyone in the business can look after each other and never walk past unsafe situations. This begins with leadership and is linked to the CSR strategy which puts safety and sustainability at the forefront of all of our decisions and actions.

This year, we are working towards launching our *Never Walk Past* cultural change program which is covered on page 14.

EMPOWERING OUR PEOPLE

Safety performance improving

Addressing high potential consequence risk is CSR's primary focus, however we recognise that Total Recordable Injury Frequency Rate, (TRIFR), is a valuable indicator of our safety improvement.

During the course of the last 12 months the business set its sights on improving our TRIFR by at least 20%.

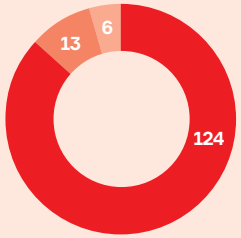
The biggest opportunity for improvement was in our Masonry & Insulation and Construction Systems business units. We are very proud of the operational teams who have managed to achieve a significant TRIFR improvement across their Business Units which in turn has assisted CSR achieve a step change in our safety performance as measured by total recordable injury frequency rate (TRIFR) which improved by 40% from 12.3 in September 2021 to 7.4 as of 30 September 2022 (per million work hours). We are also very proud of the 124 sites who achieved zero recordable injuries in the 12 months to 30 September 2022.

This has been supported by our safety teams who have been partnering with operations to build safety capability at every site. This partnership and clarity has helped us deliver a more consistent approach across the business

CSR's target is zero injuries and we know this is possible as 124 of our 143 sites, or over 87% of our sites, achieved this ambition in the last 12 months to 30 September 2022.

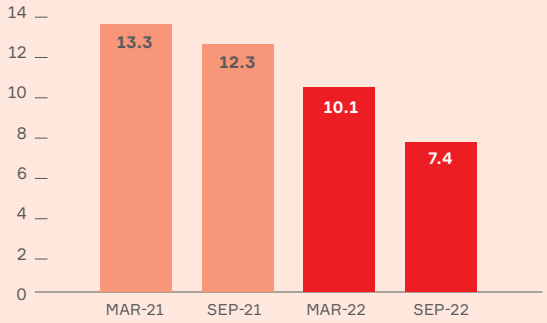
CSR safety performance

TOTAL RECORDABLE INJURY FREQUENCY RATE
As at 1 October 2021 – 30 September 2022 (12 months)



87%
or 124 sites achieved zero recordable injuries in the 12 months to 30 September 2022

TOTAL RECORDABLE INJURY FREQUENCY RATE
Per million work hours



EMPOWERING OUR PEOPLE

Never Walk Past

Never Walk Past is a mindset that we want to create – Fostering the belief that if you have the courage to act and speak up you could save a life.

The program has been developed around the simple principle of, people taking personal ownership of what they see, hear, and do. We aim to create safer working environments, by people never walking past an unsafe act or condition.

Critical factors:

— looking for a 'moment' where something could go wrong and,

— having a conversation when you see someone at risk

The goal is to provide a simple, clear, and positive framework for our people to adopt and encourage them to make a personal commitment to follow through with action. The program has been designed to be Line Leader led with the support of our Workplace Health, Safety and Environment community and rolled out over the coming months.

There are many pockets of greatness right across CSR, we are building on this developing attitude and maintain momentum in 2023 with complementary activities supporting situational awareness and how to engage and have a meaningful conversation.

Our leadership teams are committed with a long-term view, they support the investment needed to reinforce the mindset and are excited at the real potential of injury reduction.

Martini leading the way on Never Walk Past

CSR's Martini operations manufacture a range of insulation and acoustic panel products from sites at Villawood and Ingleburn, NSW.

A serious injury in 2018 led to a number of new initiatives to drive significant safety improvement.

Over the last few years the Martini team focused on a number of core areas including more detailed investigations of top risks, active on-site leadership, and investment in physical changes.

In June 2022 Jose Perez the Operations Manager felt a hearts and minds program was the next intuitive step and took it upon himself to pilot the Never Walk Past program. Jose explains "it was important to speak to my people and give real and honest insight".

By taking a personal interest in the delivery of this program, Jose stopped and took time out of production to speak with his teams on their shared values, attitudes, and behaviours.

Story telling was key, being able to share experiences with each other helped people relate and connect personally – Building a level of trust amongst each other where positive change is a real possibility.

The primary message is personal ownership from everyone, managers, supervisors and workers. Never walking past an unsafe act or condition requires the commitment of all of us to play our part.

This commitment was highly visible to everyone by installing a Never Walk Past board which every staff member on site signed and sees every day as they sign in to work.

This is intended to serve as a daily reminder of everyone's commitment and reinforces the behavioural change needed from all of us to see and feel the long term impact.

EMPOWERING OUR PEOPLE

Improving diversity

21%
total women in the CSR workforce at 30 September 2022

25%
new hires in the 12 months to 30 September 2022 were women

A diverse mix of voices leads to better discussions, decisions, and outcomes for everyone

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

Year on year we review our recruitment and retention strategies and practices to further support diversity, inclusion and equity in our workplace.

A number of CSR's policies have recently been improved from 1 September 2022 as follows:

— Increase in paid primary parental leave (including stillbirth) to a total of 14 weeks

— Implemented paid secondary parental leave (including stillbirth)

— Increase compassionate leave for immediate family (including miscarriage)

— Providing superannuation contribution for employees undertaking unpaid parental leave for up to 12 months

— Providing financial assistance to employees in addition to domestic violence leave

We have maintained regular reporting on attraction, selection and retention of female employees by tracking metrics on:

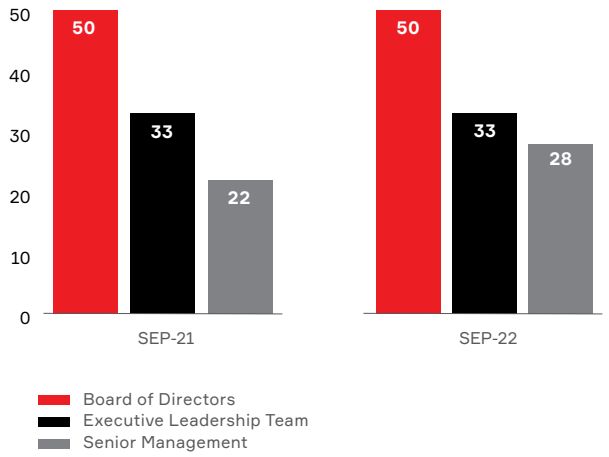
— The number of women that have joined CSR

— Women who have left CSR and the reason for leaving

— The gender participation ratio for CSR as well for each business unit

— Gender pay equity

WOMEN IN LEADERSHIP AT CSR (%)



Workplace Profile

CSR is committed to increasing female representation at all levels of management and across the organisation.

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.

As at 30 September 2022, the percentage of women in the CSR workforce was 21%. During the 12 months to September 2022, 25% of new hires were women.

Most pleasing was that 44% of hired leaders in this period were women. This drove a 27% uplift in our percentage of female Senior Managers.

EMPOWERING OUR PEOPLE

CSR supporting diversity and inclusion

The Champions of Change Coalition is a globally recognised, innovative strategy for achieving gender equality, advancing more and diverse women in leadership, and building respectful and inclusive workplaces.

CSR's Julie Coates is a member of the Champions of Change National 2017 Group. The Group's goal is to increase the representation of women in leadership positions and in non-traditional roles across their organisations.

The National 2017 Group focuses on three key areas: normalising and enabling flexible work for the frontline; creating and sustaining inclusive work environments, with a focus on psychological safety; and influencing gender equality in the value chain.

CHAMPIONS OF CHANGE COALITION

Building Awareness of NAIDOC Week

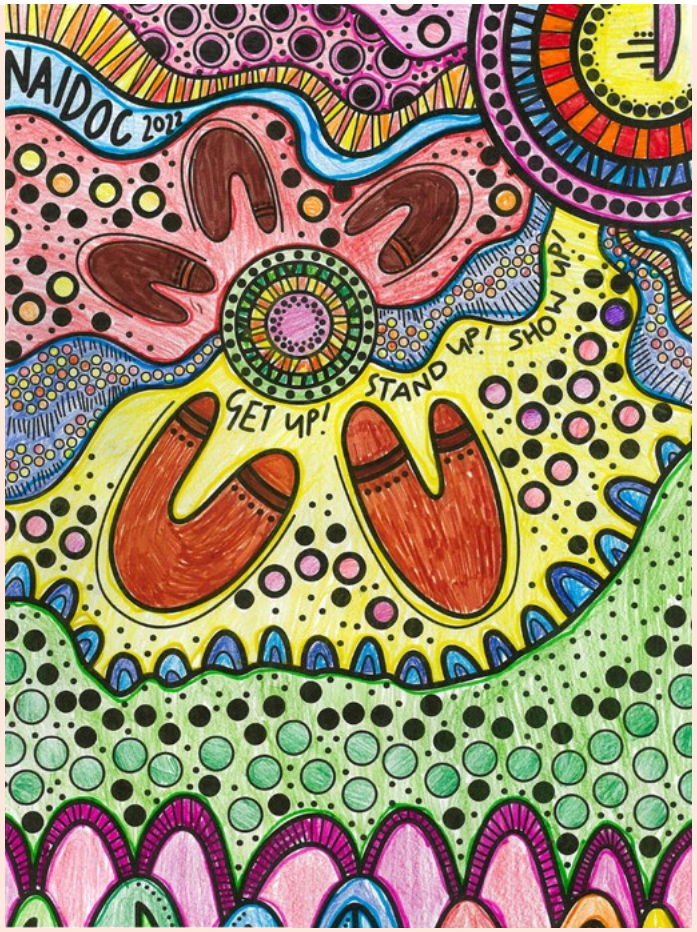
In July 2022, CSR helped to raise awareness for NAIDOC week across the business.

The theme for the year was *Get up! Stand up! Show up!*, which speaks to the need for systemic change for all of our Indigenous people across the country.

As part of the week, CSR organised a colouring competition for children of its employees based on the art of proud Wiradjuri artist Amanda Hinkelmann.

Over 70 entries were received and were judged by CSR's EGM Human Resources Catherine Flynn and Distribution Support Coordinator and proud Wiradjuri man Matt Dunn.

Entries were split into three age groups, and the winner of each age group won a prize pack of books written by Indigenous authors.



EMPOWERING OUR PEOPLE

Building an engaged and high performing culture

During 2021, CSR launched a new Wellbeing@CSR program to help support our employees and their families.

This was particularly important during the lockdowns experienced across Australia and New Zealand during the past two years.

In September 2022, the program was relaunched with an upgraded LifeWorks portal. This portal continues to provide a number of tools and resources and access to 24/7 confidential, free assistance for any personal or work related issues that may impact our employees and their family's health and wellbeing.

There is also access for employee's immediate families to free counselling sessions. The new portal also includes a number of new features to help take proactive steps for our mental health including:

— Virtual 30-minute fitness programs

— "CareNow" self guided program designed to help with anxiety, depression and stress

— Total wellbeing assessment

In September 2022, CSR also continued to support Australia's RUOK Day and New Zealand's Mental Health Awareness Week. This year's RUOK theme was "It's ok to not feel ok and it is absolutely ok to ask for help".

This is aligned to one of CSR's behaviours to "Be Courageous" and encouraging everyone to reach out to others and look after each other.

Building engagement and measuring progress

CSR's objective is to build an engaged and high performing culture. In support of this, a culture and engagement survey tool has been developed to measure progress and is based on CSR's defined culture and engagement framework which sets out leadership actions for ongoing improvement.

The first culture and engagement survey was completed in September 2021 using 32 questions as a baseline. During April 2022 a follow up pulse survey was run using 10 questions to measure progress on the priority areas of focus from the first survey. For this survey, CSR achieved a participation rate of 85% which is better than global best practice.

Positive progress:

— Participation rate significantly increased with 2,170 (85%) of CSR's 2,551 employees participating

— The response rate from waged factory teams increased from 47% to 79% and total operations increased from 56% to 83%

— Overall favourability of responses continues to improve, including positive results across globally benchmarked engagement questions. Leadership action planning is prioritised following each survey.

— Results indicate increased confidence from employees in response to management actions for improved engagement.

Graceann Tathyaril, scholarship recipient. Below: Dashboard at Cemintel

UTS Women in Engineering Program

In partnership with University Technology Sydney (UTS), over the last four years CSR has invested in the Women in Engineering Program which supports the development of the next generation of young engineering professionals.

CSR's support includes internship programs which included working with scholarship recipient Graceann Tathyaril in 2018. Having now completed her studies, Graceann recently rejoined CSR in 2022 in a full time graduate engineering position.

CSR also supports the Lucy Mentoring Program which connects women studying engineering or information technology at UTS with industry professionals for one-on-one mentoring over six months. Activities included a recent visit of six engineering students to CSR's Cemintel Wetherill Park, NSW site hosted by Cemintel's Engineering Manager and mentor to the program Andrew Bodnar.

3 Transition to Net Zero

TRANSITION TO NET ZERO

Climate Change Strategy

One of the key pillars of CSR's strategy framework is the Transition to Net Zero with the aim of decarbonising our business to operate in a low/no carbon world. There are a number of focus areas in order to achieve this ambition.

CSR has progressed its approach to climate risk and opportunities covering many of the key recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) framework. We have developed a staged approach to assess the risks and opportunities and integrate them into our risk assessment approach which covers the key areas of Strategy, Governance, Risk Management and Metrics and Targets. This includes reviews launched in 2019 of transitional and physical risks of CSR's major businesses to help guide strategic decisions based on the financial impacts analysis.

CSR has now completed TCFD analysis across its five largest businesses. We are now moving to bring all this work together across the CSR group, which will be progressed during 2023.

In 2022, we launched a detailed review of our sustainability ambition in order to ensure that we have a deliberate and structured plan of action going forward which is responsive to the changing environment and adapting to emerging opportunities and expectations. This work included external sustainability experts leading discussions with key internal CSR stakeholders, and analysis of the external environment, to better understand CSR's material sustainability impacts and further opportunities to improve performance. The outcome of this work is CSR's Sustainability Framework as outlined on page 7.

Supporting global decarbonisation priorities	**2030 target** ↓30% reduce GHG emissions per tonne of saleable product	↓8% reduction achieved to date
Manufacturing with greater efficiency to reduce energy use	**2030 target** ↓20% reduce energy use per tonne of saleable product	↓7% reduction achieved to date
Increasing renewable energy use	$1.0million investment in solar PV capacity at three sites	15 sites with a solar PV at a total capacity of 2,700kWs with a further three projects under review which will increase CSR's total solar capacity to 3,600kws

TRANSITION TO NET ZERO

Governance and Risk Management

Governance of climate-related risks and opportunities

CSR's governance framework sets out the way CSR does business and how the CSR board is accountable to all stakeholders for the performance and growth of the company, as well as the identification and management of business risks.

The governance framework ensures that climate-related risks and opportunities are effectively identified and managed. Oversight of climate change is led by the board's Safety & Sustainability (S&S) Committee. The S&S Committee is also kept updated in relation to climate related risks, policy and legislative changes which may have implications for CSR.

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

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

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

Risk Management

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

In June 2017, the TCFD released a framework for disclosure of climate change risks and opportunities. The taskforce divides climate related risks into two main categories (1) risks related to transition and (2) risks related to physical impacts. CSR has conducted work within both of these areas. Transition risks include policy and legal risks; technological risks; market or reputation risk whilst physical risks (which may be short or long-term) are normally associated with direct impact on the operations including the supply chain.

CSR has undertaken physical and transition risk analysis between 2019 and 2021 across its Gyprock, Bradford and PGH businesses, and in 2022 completed an assessment for its Hebel and Cemintel businesses. This work included transition risk analysis in order to estimate the potential financial impact of various transition risks under three hypothetical climate scenarios. These scenarios reflect potential changes in policy and the economy under different levels of ambition to limit the physical effects of climate change.

During 2022, CSR updated its risk management policy and framework, including its appetite for various risks and opportunities ensuring alignment with CSR's new strategy. There is a risk to CSR that if it fails to identify and respond effectively to climate change then reduced revenue, increased cost, asset impairment and business supply disruption may occur. Management are required to actively integrate climate change into strategic planning and identify climate change related risks as part of their risk assessment process. Risks are viewed both at enterprise level and business unit level.

CSR Sustainability Governance Framework

Full details of CSR's governance framework is included in the Corporate Governance Statement which is published on the CSR website and is included in the 2022 CSR Annual Report. Further details on CSR's approach to managing and mitigating material risks is included in the Risk Management section of the 2022 CSR Annual Report.

TRANSITION TO NET ZERO

Targets and metrics

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

As part of mitigating the impacts of climate change from our operations, in 2010 CSR set four intensity targets to deliver a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas (GHG) emissions, solid waste to landfill and potable water usage using 2009/10 as the base year. At the time, CSR was one of the first manufacturing companies in Australia to set specific environmental targets. In 2020, CSR completed the ten year targets set back in 2010 as reported in previous Sustainability Reports. Significant reductions were achieved across waste, energy and emissions. Although we were short of the 20% target for water, key learnings were gained to improve our operational efficiency and use of resources.

New sustainability targets to 2030 were launched in June 2020 covering a range of metrics to improve performance and reduce environmental impact. The team set challenging but achievable targets which are aligned to the UN Sustainable Development Goals (SDG) that are most relevant to CSR, and the areas where we can make the greatest impact. All our businesses have action plans underway to achieve or beat their 2030 targets. These plans include a list of projects to assist in achieving the targets. The material projects are reviewed monthly by the Sustainability Steering Committee with progress reported to the board's Safety & Sustainability Committee.

While CSR is maintaining good progress on its 2030 targets, we are currently actively assessing opportunities to extend these targets to be more ambitious. As a demonstration of our prioritisation of decarbonisation, CSR has appointed a dedicated Head of Decarbonisation who will work alongside our Head of Sustainability to lead this target review. This review is progressing and will be integrated into CSR's sustainability strategy in 2023.

SDG GOALS	2030 TARGETS	INITIATIVES TO HELP REACH TARGETS
Goal 7 Affordable and Clean Energy	— Establish and implement a CSR connected power network — 50% of electricity generated by renewable energy	— Since 2015, Solar PV systems installed across 15 sites with total capacity of 2,700 kWs
	— 20% energy reduction (GJ) per tonne of saleable product	— Examples include: Replacing wastewater pumps with high efficiency pumps at Bradford Ingleburn, NSW and installation of a more efficient boiling system at Cemintel Wetherill Park, NSW
Goal 11 Sustainable Cities and Communities	— 5% of indirect spend by Procurement to be spent with social enterprises	— In the last year, social spend is up 10% — CSR is now tracking at 76% of its social spend target, with a current spend of $5 million
Goal 12 Responsible Consumption and Production	— CSR packaging to be closed loop (either 100% reusable; recyclable; compostable) — 75% reduction in solid waste to landfill	— CSR aligned Australian Packaging Covenant 2025 targets that all packaging in either 100% reusable, recyclable or compostable to reduce waste
	— 30% reduction of potable water consumed (ltr) per tonne of saleable product	— Construction underway of water treatment plant at Bradford Brendale, QLD to reduce potable water use by 80% or a saving of 35 million lites per year
Goal 13 Climate Action	— 30% reduction of greenhouse gas emissions (CO_2e) per tonne of saleable product	— Viable projects rolled into the CSR wide capital allocation process — All projects are assessed against the CSR targets to understand pathway to achieving the 2030 ambition
Goal 15 Life on Land	— Enhance biodiversity outcomes on CSR sites and developments	— Key biodiversity outcomes underway at Property sites including Badgerys Creek, NSW, Warner, QLD and Horsley Park, NSW

TRANSITION TO NET ZERO

Climate change scenario analysis

CSR has undertaken a detailed program to assess the potential climate-related risks and opportunities facing its businesses.

CSR has progressively been assessing physical and transition risk for its businesses and estimates the financial impact for these risks to 2030 and 2050 under three hypothetical climate scenarios of 1.5, 2 and 3-4 degrees. In 2022, work was completed for the Hebel and Cemintel businesses and includes Scope 1, 2 and the material Scope 3 emissions.

This climate scenario analysis was applied to the risk scoring criteria in CSR's risk management framework. These scores were then probability weighted to provide overall climate risk rankings in 2030 and 2050. Transition risk, and overall risk, is most significantly impacted by policy changes, which drive additional compliance costs associated with energy and emissions. The physical risk rating is less sensitive to the different scenarios than transition risk using a 2030 time horizon, reflecting expectations that the most significant impacts of climate change are likely to be realised later this century.

Key transition risks and opportunities for Hebel and Cemintel were identified. Risks included:

- The introduction of carbon pricing and costs of abatement technology in the supply chain resulting in increased input costs and an increase in the cost of production with the potential to reduce demand
- Growing regulatory pressure to reduce emissions resulting in increased expenditure for abatement technologies
- Potential damage to manufacturing facilities due to increased frequency of extreme weather events

Opportunities included:

- Raw material substitution to mitigate negative impacts on demand. Energy substitution opportunities to reduce operating costs
- Increased demand for the product due to increased population growth

Next Steps

CSR has completed TCFD analysis for the bulk of its businesses. In 2023, we will work to consolidate the findings to form a CSR wide view, including how our portfolio may specifically increase or mitigate risks or create greater opportunities and how to more fully integrate the findings into the CSR business strategy.

CSR BUSINESS	hebel The better way to build		CEMINTEL	
SCENARIO AND POLICY ENVIRONMENT	GHG (SCOPE 1, 2, MATERIAL SCOPE 3) EMISSIONS PROFILE	VALUE AT RISK IN 2030 OF PROJECTED REVENUE	GHG (SCOPE 1, 2, MATERIAL SCOPE 3) EMISSIONS PROFILE	VALUE AT RISK IN 2030 OF PROJECTED REVENUE
1.5°C LOW EMISSIONS 1.5°C LOW — **Economy-wide policy changes slightly decrease AAC demand, and result in greater cost from emissions liability.**	Emissions projected to rise **50% in 2030** and then reduce by **71% by 2050**	**4.6%** (of which 2% physical, 98% transition)	Emissions projected to rise **7% in 2030** and then reduce by **80% by 2050**	**1.9%** (of which 5% physical, 95% transition)
2°C MEDIUM EMISSIONS 2°C MEDIUM — **Delayed policy action results in long-term shock due to a rapidly increasing carbon price.**	Emissions projected to rise by **84%** in 2030 and then reduce by **58% by 2050**	**2.6%** (of which 5% physical, 95% transition)	Emissions projected to rise by **30% in 2030** and then reduce **72% by 2050**	**1.1%** (of which 10% physical, 90% transition)
3° – 4°C HIGH EMISSIONS 4°C HIGH — **Policy aligned to current Nationally Determined Contributions (NDCs).**	Emissions projected to rise by **90% in 2030** and **134% by 2050**	**<1%** (of which 67% physical, 33% transition)	Emissions projected to rise by **33% in 2030** and **61% by 2050**	**<1%** (of which 83% physical, 17% transition)

Note: In these scenarios, efficiency gains, reduction in emissions intensity of the electricity grid, hydrogen substitution, reduced embodied emissions of raw materials, renewable energy sourcing and uptake of EVs will contribute to future emissions reductions. Raw materials account for the greatest absolute emissions in short-medium term. All increases or decreases in emissions are compared with 2022 levels.

TRANSITION TO NET ZERO

Pathway to 2030 and beyond

CSR is now in its third year on the pathway to achieving its targets to 2030.

This work is governed by the Sustainability Steering Committee which ensures that sustainability is at the forefront of all decision making and actions. The team is also monitoring and adjusting activities to ensure sustainability projects are on track and being delivered as we move toward our 2030 targets.

All key metrics for energy, GHG emissions, water and waste have project plans and are included on dashboards, with actual performance integrated into the monitoring systems.

2030 Targets – Performance to date

At this stage in the pathway to 2030, CSR has made good progress across a number of major projects to help meet the targets.

Potable water use is down 7% since 2020 with a number of new water saving projects under review. Unlike the 2030 targets for energy, emissions and potable water which are intensity targets (per tonne of saleable product), the solid waste to landfill target is an absolute target.

Significant work is underway to meet this target with a variety of projects including separation of various types of plastic waste to enable recycling; reducing the gauge (i.e. making it thinner) of stretch wrap which reduces the amount of material used; continued reuse of timber pallets; the substitution of timber gluts with 100% recycled plastic gluts; and examining the use of returnable bulk bags.

Opportunities to meet 2030 targets

CSR is in a good position to meet the 2030 emissions target with many actions in the near term to drive success. CSR engaged an external expert to review the work that was being done to meet the energy and emissions targets, including reviewing the wide range of internal projects either planned or being undertaken. The review found that whilst CSR was well on their way to the target, there were further opportunities including:

- Ensuring the opportunities identified by business units are resourced effectively to deliver anticipated emissions reductions
- Supporting business units to turn identified efficiency 'ideas' into quantified and decision ready opportunities
- Reviewing opportunities for additional solar PV arrays and feasibility of renewable energy procurement

Performance of Joint Ventures

This report covers all activities in which CSR has a majority equity interest. For these activities, CSR has reported 100% of all data regarding the environment including emissions, energy and water use and waste production.

Energy

2022
2.52
GJ/tonne of saleable product

Energy reduction target from 2020 baseline (%)

Emissions

2022
205.5
kg/tonne of saleable product

Emissions reduction target from 2020 baseline (%)

Water

2022
381.4
ltr/tonne of saleable product

Water reduction target from 2020 baseline (%)

Waste

2022
12,127
tonnes

Waste reduction target from 2020 baseline (%)

TRANSITION TO NET ZERO

Reducing emissions

CSR has an active program to reduce its impact on the environment which is overseen by the board and the board Safety & Sustainability Committee and CSR's Sustainability Steering Committee.

Each business in CSR commits site management to:

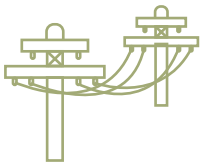
- Comply with government environmental regulations
- Identify and address key environmental risks
- Improve environmental awareness of employees and contractors
- Implement plans to reduce our environmental footprint in line with 2030 targets

We remain committed to providing transparent and accurate reporting on how our operating activities impact the environment. We provide information through a number of channels in addition to the CSR Sustainability Report:

- Annual reporting as part of site licensing or approval activities to relevant authorities
- Emissions data to the National Pollutant Inventory
- Annual reporting to the Australian Packaging Covenant Organisation (APCO)

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

SCOPE 1 OR DIRECT
Emissions emitted from sources within the plant or factory boundary.



SCOPE 2 OR INDIRECT
Emissions associated with the consumption of imported electricity, heat or steam.

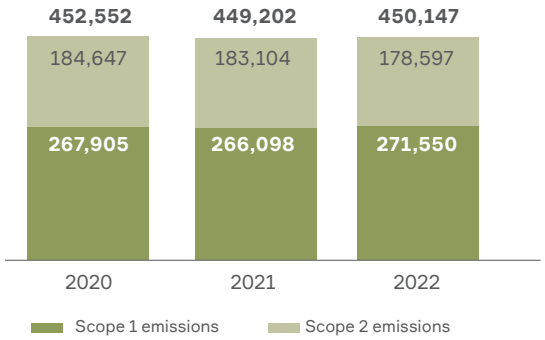
CSR emissions performance in 2022

CSR seeks to reduce greenhouse gas emissions through a number of ways including improving energy efficiency across its network of manufacturing facilities and through the roll-out of renewable energy solutions to its industrial sites.

For the period on 1 July 2021 to 30 June 2022 (YEJ), total greenhouse gas emissions from CSR's majority owned businesses were 450,147 tonnes of CO_2e. This excludes emissions from contractors of 3,938 and New Zealand totalling 237 tonnes of CO_2e

CSR engaged Deloitte Touche Tohmatsu to provide a reasonable assurance over CSR's total Scope 1 and 2 greenhouse gas emissions, total energy consumed and total energy produced for Australia prepared in accordance with the National Greenhouse and Energy Reporting (NGER) Act 2007. This data includes contractors over which CSR has operational control. A copy of the reasonable assurance report is found on page 40.

CSR EMISSIONS PERFORMANCE
Tonnes of CO_2e



Note: Excludes contractors and CSR's New Zealand operations.

Hebel Solar Project Reducing Emissions by 880 tonnes per year

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

This system covers a panel area of approximately 4,000 m², producing over 1 million kWh of electricity which equates to the reduction of carbon emissions by 880 tonnes per year. The system was designed and installed by CSR's Bradford Energy team which will cover approximately 17% of the total site's electricity load.

In the last six months, CSR has invested over $1 million in solar PV capacity at three sites. This gives CSR a total of 15 sites with a solar PV at a total capacity of 2,700kWs with a further three projects under review which will increase CSR's total solar capacity to 3,600kws.

1,900
solar panels installed on the Hebel factory in Somersby, NSW

TRANSITION TO NET ZERO

Environmental performance of Tomago aluminium

Through its 70% shareholding in Gove Aluminium Finance Limited (GAF), CSR holds an effective 25.2% interest in the Tomago aluminium smelter in New South Wales.

Tomago produces around 590,000 tonnes of aluminium annually, 25% of Australia's aluminium production.

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

Aluminium – lightweight and recyclable

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

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

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

Approach to climate change

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

Future transition of power requirements

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

Tomago emissions disclosure

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

Tomago industry collaboration to secure future renewable energy needs

In September 2022, Tomago announced a new industry initiative seeking new and innovative proposals for investment to work in collaboration with key industry and technology partners to develop opportunities for establishing renewable power generation and energy storage projects. As part of this process, Tomago is looking for expressions of interest to develop, invest in procure long-term traceable renewable energy and dispatchable firm power generation projects or contracts to supply its production assets and underpin its decarbonsation strategy and net-zero ambition.

Tomago signs agreement with Capral Aluminium to reuse scrap aluminium

In March 2022, Tomago signed an agreement with Capral Aluminium that will see approximately 550 tonnes annually of manufacturing production scrap returned for remelting and reuse.

Capral manufactures semi-fabricated aluminium products used in residential, commercial and industrial applications.

This industry leading arrangement is the first of its kind within Australia, paving the way for the production of low carbon aluminium for Australian manufacturers.

550
tonnes of aluminium recycled

1 Sustainability Overview
2 Empowering our people
3 Transition to Net Zero

4 Closing the Loop

5 Leading Through Innovation
6 Building Communities
7 Appendix

CLOSING THE LOOP

Reducing waste in our business

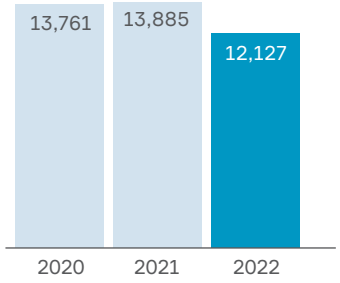
Waste

A key part of CSR's strategy in closing the loop is reducing waste.

Since 2009, CSR has reduced the amount of solid waste to landfill by over 50% per tonne of saleable product. This is a significant reduction created through numerous operational efficiency projects and investments in new technology. As noted earlier, we have changed our targets to 2030 to capture the total solid waste across our operations which includes our trade and distribution centres.

A number of operational issues impacted the business in the year to June 2021 with these issues resolved in the year to June 2022. This has seen an overall reduction in total waste of 12%. CSR has an ambitious target to reduce solid waste to landfill by 75% by 2030. Significant work is underway to increase the number of projects to help achieve this target over the next few years.

TOTAL SOLID WASTE TO LANDFILL
As at 30 June (Tonnes)



↓12%
waste reduction in 2022

Clean Up Business Day 2022

As part of CSR's commitment as a signatory to the Australian Packaging Covenant Organisation (APCO), various CSR sites across Australia participate in Business Clean-Up Day each year. The clean up in March 2022 was the ninth year CSR has participated with volunteers cleaning our sites and surrounding communities and is a great way to promote a clean and healthy work environment.

North Ryde, NSW

Coopers Plains, QLD

Coopers Plains, QLD

Vermont, VIC

AFS reducing waste to landfill by 90%

Over the last two years, AFS at Minto, NSW has led a significant reduction in waste sent to landfill from the site. The team targeted three key areas: reducing production waste, accessing unused panels from building sites and recycling packaging waste.

PVC panels require 25% of the material to be punched out to create the structure to hold reinforcement bars. This excess material along with any wastage in the production process is recycled back into the production material. The PVC production process enables virtually all production waste to be reused in the process with less than 1% of production waste sent to landfill.

AFS has also worked with customers to arrange collection of excess panels from sites which can also be recycled into production. A number of steps were taken to recycle packaging waste including raw material bags collected by the manufacturer for re-use in production.

In total, these efforts have helped to reduce monthly waste to landfill from 5 tonnes to just 500 kg – a reduction of 90%.

90%
reduction of monthly waste to landfill

CLOSING THE LOOP

Reducing waste in our supply chain

One of CSR's 2030 targets is aimed at having all CSR packaging to be closed loop (either 100% reusable, recyclable or compostable). This target is aligned to CSR's position as a signatory to the Australian Packaging Covenant Organisation (APCO). APCO sets out how governments and businesses share the responsibility for managing the environmental impacts of packaging in Australia.

APCO annual reports are a key membership obligation, providing member organisations with a transparent method to track their packaging sustainability performance. Annual reporting also supplies APCO with valuable data and information to identify industry trends and advancements. For the 2022 APCO annual report, CSR Building Products Limited has achieved Level 3 (Advanced) overall performance level which increased from the previous year when CSR achieved a Level 2 (Good Progress) score.

For the 2022 APCO annual report, CSR Building Products Limited has achieved Level 3 (Advanced) overall performance level which increased from the previous year when CSR achieved a Level 2 (Good Progress) score.

APCO

Level 3
Advanced performance in packaging sustainability

APCO has set the following 2025 targets which CSR is adopting ahead of its 2030 waste targets:

- All packaging is either 100% reusable, recyclable or compostable
- There is 50% average recycled content in packaging used
- A plan to phase out problematic/unnecessary plastic exists

Increasing use of recycled materials

Where possible, CSR uses recycled materials in production which significantly reduces the amount of new raw materials used in the production process. Examples include:

- **Recycled glass cullet:** Bradford glasswool insulation uses up to 80% recycled glass
- **Post-consumer (PET) packaging:** Martini manufacturers a range of insulation products with thermally-bonded polyester fibres, of which up to 80% is made from post-consumer (PET) packaging, such as empty drink bottles
- **Fly ash:** Fly ash is a waste by-product of coal combustion in power stations which can improve the performance and quality of concrete. Monier has transitioned its production process to incorporate 10-15% of its cement requirements with waste fly-ash
- **Gyprock**: Gyprock has introduced Gyprock Enviro Paper Tape manufactured in Australia from 100% Recycled Paper

Pallet and packaging recycling program

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

From an environmental perspective this also means significantly less timber is going to landfill. Parts of CSR's business currently have successful recycling programs underway with Monier roofing averaging a pallet recovery rate of over 90% which equates to over 150,000 pallets per year.

Since the program launched in 2021, CSR has saved approximately 600 tonnes/month of timber from entering landfill and reduces overall timber usage in the business.

We also progressed a number of timber alternatives for blocks used in packaging products for transport to customers including:

- Gyprock plasterboard off cuts sourced from CSR's operations
- Cardboard: 100% recyclable and lightweight
- Repurposed plastic waste recycled into 100% recycled PE (polyethylene) blocks

CLOSING THE LOOP

Protecting our resources

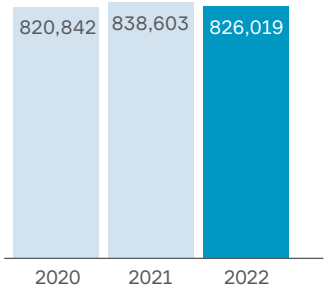
Water

CSR recognises the importance of using water efficiently.

Our stormwater and groundwater management, together with the treatment and disposal of water used at our manufacturing facilities is central to our on-site water reduction initiatives. CSR is targeting a number of investments to upgrade water recycling and to reduce or eliminate future water use.

Water management is also a key criteria for all new investments by the company. CSR consumed 826,019 kilolitres of potable water during the year ended 30 June 2022 – a 0.6% increase on the previous year. CSR continued to implement water saving measures across its manufacturing sites to reduce potable water usage.

TOTAL POTABLE WATER CONSUMED
As at 30 June (Kilolitres)



↑0.6%
water consumption since 2020

Biodiversity management

CSR maintains over 170 property assets across Australia and New Zealand. As these sites become surplus to requirements, the CSR Property team manages the rehabilitation and remediation of the sites.

One of CSR's largest assets is the 200 hectare site at Badgerys Creek, NSW. This site is adjacent to the new Western Sydney International Airport. CSR is working with other landowners to ensure that the future development of the Aerotropolis is connecting with country and local indigenous groups. A recent example is the day organised with the Darug Women in August 2022 who helped the team on how the site can be developed with country in mind, connecting with country and healing with country.

Other biodiversity outcomes have also been achieved at development sites at Horsley Park, NSW and Warner, QLD. At Warner, the team rehabilitated the former quarry and initiated biodiversity programs including planting over 5,700 trees at the site. There was also work led with a variety of local stakeholders in koala research. The advocacy of the Warner Working Group was included in the Queensland Government's South East Queensland Koala Conservation Strategy 2020-2025. CSR is also arranging for approximately 7.2 hectares of land to be dedicated as Conservation Land for koalas and other fauna which will then be transferred to the Morton Bay Regional Council.

Tree planting day at Warner quarry, Moreton Bay QLD

Bradford Brendale water treatment plant to reduce potable water consumption by 80%

Construction is underway at Bradford's site at Brendale, QLD to build a water treatment plant which treats recycled water from an adjacent plant next to the site. This water treatment process converts recycled water into treated water that can be utilised in Bradford's production process. This equates to a reduction in potable water required at the site by 80% or a saving of 35 million litres of water each year. Final commissioning of the new water treatment plant is expected to be completed in early 2023.

35 million litres
of potable water to be reduced each year at Brendale, QLD

CLOSING THE LOOP

Environmental compliance

For the year ended 30 June 2022, CSR reported 83 environmental incidents compared to 71 incidents in the previous year, an increase of 17%.

Level 3 serious incidents can vary in nature and while classed as serious in CSR's internal system, may not cause material harm to the environment. However this classification ensures that investigations and remedial actions are appropriately monitored by the management teams and the Safety & Sustainability board committee. CSR has not reported a Level 4 (Severe) or Level 5 (Extreme) incident in over 10 years. All reported incidents are investigated in line with CSR processes with remedial actions implemented as appropriate.

CSR reported the following Level 3 incidents during the year to 30 June 2022:

— **Cemintel Wetherill Park, NSW:** In February 2022, during a heavy rainfall event, a blockage in the effluent treatment plant created an overflow from the internal bund to the stormwater isolation pit. The sump pump in the stormwater isolation pit was unable to pump the volume of water back for treatment due to the heavy rain. This caused an offsite release of rainwater mixed with process water.

— **PGH Golden Grove, SA:** Routine testing of the stack exhaust gas in February 2022 resulted in an exceedance of the licensed hydrogen fluoride limit as defined in the EPA license. A subsequent test was still above license limits. These results were reported to the EPA. Scrubbers have been repaired and new raw material supplied. The site is back in compliance.

— **PGH Golden Grove, SA:** In August 2021, there was a hydrogen fluoride exceedance due to a limestone scrubber malfunction. A engineering review was completed with further testing in September 2021 reported results below licence limits.

— **Bradford Ingleburn, NSW:** On 18 November 2021, an anonymous complaint was received by the EPA from a resident in Minto Heights located 4km from the Bradford site. This complaint noted the presence of yellow droplets over the last two months. Control systems were checked to ensure there were no system failures which could be the cause of the issue. There was nothing to indicate the droplets were caused by the Bradford site. Following further discussions with EPA no further action was required by CSR.

There has been an increase in incidents over last year due to breaches of trade waste discharge (temperature and pH) to the local sewer system at CSR's Hebel Somersby, NSW plant. Whilst there is no indication of environmental harm, Hebel have not been in compliance with their Trade Waste Agreement with the local Council, and therefore they have been reported as incidents. The breaches are also reported to the local Council. Hebel has an improvement plan in place working in partnership with the local Council. Additional investment is targeting a closed loop system.

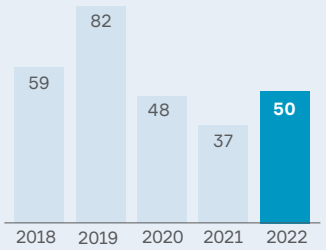
Also included in these incident numbers are eight complaints from local residents. All complaints are classed as incidents and are managed and investigated in line with CSR processes. There was also one level 0 incident. A level 0 incident is an administrative breach which does not cause environmental harm.

Environmental incidents

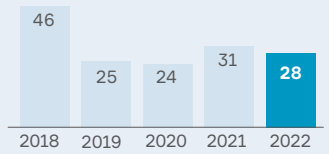
83
total environmental incidents at CSR (includes level 0 incidents)

↑17%
increase in total environmental incidents

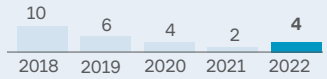
LEVEL 1 – MINOR
Incidents



LEVEL 2 – SIGNIFICANT
Incidents



LEVEL 3 – SERIOUS
Incidents



5 Leading Through Innovation

LEADING THROUGH INNOVATION

CSR delivering energy efficiency design

Australia's commitment to a more ambitious greenhouse gas reduction target to 43% below 2005 levels by 2030 has highlighted the important role that buildings play in reducing emissions, improving energy productivity, reducing household energy bills and helping to transition to greater use of renewable energy.

CSR is actively working to align to the scope of changes contained in the National Construction Code 2022 residential energy efficiency provisions due for implementation in October 2023 which include an increase in the thermal performance of homes to the equivalent of a 7-star energy rating (current level is equivalent to 6-stars).

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

CSR brings a whole-of-home approach providing cost effective design and performance. CSR's total home comfort resources are an example of how CSR is helping to educate customers and the end-consumer on building sustainability.

Collaboration with Western Sydney University

Western Sydney University (WSU) was awarded as a partner organisation under an ARC Funding Grant establishing an Industrial Transformation Hub.

CSR entered into a 5-year agreement in 2016 with WSU Centre for Infrastructure Engineering as part of the ARC Grant associated with AFS Logicwall and Rediwall permanent formwork systems. The work with WSU comprised 4 aspects associated with the optimisation of the AFS systems. These programs have progressed over the last few years including the award of PhD to Zahra Nouri Emamzadeh who has subsequently joined our Cemintel business as a Manufacturing Engineer.

The most recent project was undertaken as part of completing a Master's Degree by Omid Reza Baghchesaraei and has resulted in the quantification of pressures imposed on permanent formwork under differing conditions regarding the fill process and concrete specifications. This work involved physical testing at the WSU Centre for Infrastructure Engineering with data logging of pressures at various locations on the wall elements. These findings will inform a greater understanding of optimisation opportunities associated with the design of permanent formwork systems and construction practices.

LEADING THROUGH INNOVATION

High quality, safe products built to last

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

As part of their work, some of CSR's testing and research laboratories are also accredited with the National Association of Testing Authorities (NATA). CSR also conducts specific reviews of product standards as part of ongoing regulatory changes.

CSR reached a significant milestone in 2022 with Bradford reaching 50 continuous years of NATA accreditation. This highlights CSR's ongoing commitment to the development and compliance of our product solutions.

In preparation for the next version of the National Construction Code 2022 (NCC2022), CSR has audited all products and systems compliance status with respect to the NCC2022. This includes updated testing to comply with the NCC2022. Within each of CSR's brands and products, there is a range of additional certifications that are appropriate to the needs of their market. Some examples are shown on this page.

PRODUCT	CERTIFICATION	OVERVIEW
GYPROCK®	GECA CLAIM AUTHENTICATED	GECA (Good Environmental Choice Australia) manages a Type 1 Ecolabel program in accordance to ISO 14024 "Environmental Labels and Declarations" and is the owner of the Good Environmental Choice Australia Ecolabel. https://www.gyprock.com.au/resources/geca-certificates
hebel The better way to build afs smarter permanent formwork.™ CEMINTEL®	CODEMARK™ Australia 30107	The CodeMark Certification Scheme (CodeMark) is a voluntary third-party building product certification scheme, administered by the Australian Building Codes Board (ABCB). CodeMark is designed to provide confidence and certainty to regulatory authorities and the market, through the issue of a Certificate of Conformity. This is one of several options available for meeting the 'evidence of suitability' requirements of the National Construction Code (NCC). https://www.abcb.gov.au/about-codemark
afs rediwall	GECA CLAIM AUTHENTICATED PVC STEWARDSHIP	Vinyl Council of Australia has concluded its annual assessment of the PVC Stewardship Program. AFS Systems has attained Silver status. GECA (Good Environmental Choice Australia) Best Practice PVC in accordance with the GBCA PVC guidelines.
martini	AUSTRALASIA EPD® ENVIRONMENTAL PRODUCT DECLARATION	Recognised by the Green Building Council of Australia (GBCA) and Green Building Council of New Zealand (NZGBC), CSR Martini products can contribute to points available in the rating tools that assess the environmental sustainability of building projects at the design, construction and as built phases: Green Star® – Design and As Built, and the interior fit-out phase: Green Star® – Interiors. Martini products in this EPD achieves Global Green Tag Level A certification which provides credits towards Green Star rated buildings. https://epd-australasia.com/wp-content/uploads/2018/08/168-CSRMartini_EPD_R14.pdf
Bradford™	Global Mark	Global Mark certification for AS/NZS ISO 9001-2016: Quality management systems for the design, development, manufacture and supply of glasswool products. Including batts, rolls, boards and faced products for use in domestic, industrial and commercial applications.

LEADING THROUGH INNOVATION

Innovation in our products, systems and processes

A key pillar of CSR's strategy is based on customer centricity which involves working with our customers to better meet their needs.

We have the opportunity to better integrate the direct support provided by our teams with digital tools and services that make it easier for our customers to access CSR's expertise in how our systems work together from walls and floors to roofing and cladding. These systems are backed by CSR's comprehensive testing and research capabilities.

This work includes completion of a technical compliance review of all of CSR's products and systems of over 360 product lines and well over 20,000 compliant system solutions. This was completed prior to the adoption of the National Construction Code 2022 in September 2022 and incorporated into CSR's technical and compliance content.

System Selector brings 20,000 CSR systems in a new digital tool

In an increasingly complex building environment, CSR brings a unique proposition of systems and technical support for our customers. We see significant opportunities to integrate our digital systems to provide real-time and updated information.

System Selector provides over 20,000 compliant system solutions to support building design with downloadable documents, specification packages and system comparisons.

System Selector is a major digital innovation at CSR with further projects under development as we assess customer feedback, regulatory requirements and technical improvements.

CSR team at a trade expo in Melbourne, VIC

1 Sustainability Overview
2 Empowering our people
3 Transition to Net Zero
4 Closing the Loop
5 Leading Through Innovation

6 Building Communities

7 Appendix

BUILDING COMMUNITIES

Building relationships with our communities

Our community relations program covers four key areas:

- **Building Product donations:** CSR supports a number of charities to build new facilities with product donations as well as technical support and installation expertise
- **Site level Community Engagement:** Engagement with the local communities and neighbours surrounding our sites
- **Student Mentor Program:** CSR commenced working with the Australian Business and Community Network (ABCN) in 2011 to provide mentoring and coaching programs in schools in high need areas
- **Community Support Program:** Launched in 2003, CSR matches employee contributions dollar for dollar to three charitable organisations. Over $3.5 million has been donated by CSR and its employees over the last 19 years

Assistance Dogs Australia — Giving Freedom & Independence

Father Chris Riley's youth off the streets

The Salvation Army

$80k
donated to charity by CSR and its employees in the 12 months to 30 September 2022

Building Product donations to support charity and industry projects.

CSR continues to support a number of charity and industry projects. These projects bring together many suppliers in the building sector to contribute to construction projects that support charities in the community.

Some examples include:

- **Steve Waugh Foundation – AV Jennings "Renee 6" Home.** PGH was proud to support this project with the construction of the sixth home in the series in Queensland. All profits from the sale of the home were donated to help improve the quality of life for young people living with rare diseases
- **Australian Volunteer Coast Guard** – Gyprock supported this group which is comprised entirely of volunteers to upgrade their site in Werribee, VIC including the construction of a new boat housing shed and volunteer training facility
- **Habitat for Humanity** – CSR is donating a number of products to support the construction of a 9-bedroom Indigenous women's emergency accommodation in western Sydney
- **Apprentice training support** – CSR also supports industry training in initiatives with the donation of supplies including PGH Bricks which are used as part of the 2022 Bricklayer Challenge held on the Gold Coast, QLD

$3.5m
donated by CSR and its employees over the last 19 years.

Australian Volunteer Coast Guard in Werribee, VIC

BUILDING COMMUNITIES

Supporting our communities

6k hours
CSR volunteers with ABCN Student Mentor Program since 2011

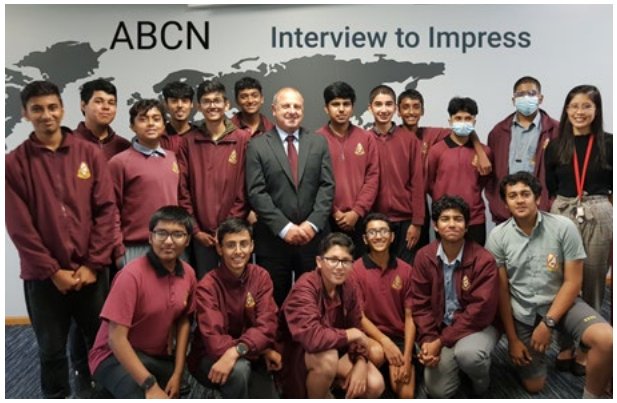
CSR commenced working with the Australian Business and Community Network (ABCN) in 2011.

ABCN is a partnership of highly committed national business leaders and companies working on mentoring and coaching programs in schools in high need areas.

Since 2011, CSR volunteers have donated over 6,000 hours to the program. ABCN's impact framework measures the short and medium term impact of our programs. The COVID-19 pandemic has required a number of changes to enable CSR mentors to continue working with students.

In 2022, CSR was pleased to be part of several digital programs including ABCN's 'Interview to Impress' and 'Empower' programs, interacting virtually with high school students.

The mentors shared their interviewing experiences with the students, to help prepare them for their own interviews in the coming years.



ABCN Students at Blacktown Boys High School

CSR mentors working with students in online mentoring sessions.

Support for communities impacted by 2022 floods

The floods of 2022 have had a devastating impact on many communities during the year.

CSR provided support in a number of areas including:

- Over $16,000 donated to the Salvation Army Flood Appeal by CSR and its employees in March and April.
- Gyprock Trade Centre program at all sites in the Northern Rivers and Southeast Queensland provided discounted pricing to homeowners who needed immediate access to Gyprock products to start their repairs.
- CSR provided product donations to one of its transport partners – Rogers Transport based in Rocklea, QLD which supports Monier and PGH in the Brisbane area. CSR was able to respond quickly to a request for Gyprock and Bradford supplies to repair their buildings and get the business back up and running.
- Technical expertise provided through CSR's DesignLink and Gyprock Customer Service teams with specialist resources provided on CSR websites for assessing flood damage.

(Left) Rogers Transport trucks flooding in Rocklea QLD
(Above) CSR products donated to support the re-build.

BUILDING COMMUNITIES

Supply chain sustainability

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

5% of indirect spend by Procurement to be spent with social enterprises by 2030.

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

We have developed a target to 2030 to have 5% of our indirect procurement spend to be spent with social enterprises to align with this goal. The indirect categories were chosen as they provide a wider scope for selecting suppliers than some of CSR's other suppliers such as raw materials. Indirect spend includes maintenance repairs and consumables, HR resources/labour hire, packaging, facilities management, professional services and safety/PPE equipment.

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

— **Disability enterprises:** mostly packaging services and packaging materials (eg pallets)

— **Indigenous owned businesses:** largest spend with bulk materials haulage, but also other varied service providers.

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

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

In the year to 30 June 2022, social spend is up 10% with CSR now tracking at 76% of its social spend target with current spend of $5 million.

CSR has also started tracking Diversity Equity Inclusion credentials with $39 million spent with over 90 suppliers with diversity equity credentials in the year to 30 June 2022.

CSR as part of the Champions of Change Coalition is reviewing current practices and future opportunities to extend gender equality across the supply chain. Including partnership with Femeconomy to identify women-owned businesses, the development of an evaluation criteria for diversity as part of our 'requests for tender' to identify suppliers with focuses on diversity, overlaying WGEA data of our suppliers to further understand their diversity makeup, identifying Tier 1 Suppliers to commence discussions around influencing diversity and sharing learnings and finally, engaging with internal and external female employees within procurement to ensure diverse teams and learn from their experiences.

Sustainable Procurement Strategy

CSR uses over 6,000 suppliers across a range of procurement categories. We have developed our overall procurement capabilities across CSR while addressing supply chain sustainability risks including modern slavery. CSR continues to build on work launched in 2019 to integrate sustainability within CSR's procurement activities in line with ISO 20400 Sustainable Procurement Guidance and to ensure CSR has access to best practice in this area.

Supplier Code of Conduct

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

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

CSR is committed to upholding human rights and understands that operations and supply chains are complex. CSR expects its suppliers to identify any potential or actual adverse impacts their operations may have on human rights and to implement prevention, mitigation, and remediation processes. Suppliers should maintain a complete set of records to trace the supply chain of all goods and services provided to CSR.

In addition, CSR values suppliers that seek to contribute to the social, economic, and environmental improvement of communities around CSR sites.

Modern Slavery Update

In September 2022, CSR submitted an updated Modern Slavery Statement in accordance with the Commonwealth Modern Slavery Act 2018. The Statement addresses the company's key modern slavery risks and how these risks have been identified and assessed, as well as information on the actions being taken to mitigate those risks and how the effectiveness of these mitigating actions is assessed.

Over the past year, CSR has progressed a number of initiatives to assess and address modern slavery risks, including:

— Continued external review of vendors to provide a detailed analysis of crimes, infringements and sanctions across 95% of CSR's suppliers (based on spend)

— All suppliers complete a comprehensive vendor on-boarding process with a review of historic Modern Slavery risks prior to contracting with CSR

— Continued reporting on key statistics regarding the number of screened suppliers risk assessed during the year.

7 Appendix

DELOITTE REASONABLE ASSURANCE REPORT

Deloitte.

Part A

Independent Assurance Practitioner's Reasonable Assurance Report to CSR Limited

Opinion

We have undertaken a reasonable assurance engagement in relation to the accompanying NGER Report of CSR Limited ("CSR") for the period July 2021 to 30 June 2022 comprising the following:

- scope 1 greenhouse gas emissions of 275,488 tonnes of CO2-e
- scope 2 greenhouse gas emissions of 178,597 tonnes of CO2-e
- energy production of 7,046 GJ
- energy consumption of 5,606,125 GJ

In our opinion the NGER Report for the period 1 July 2021 to 30 June 2022 is prepared, in all material respects, in accordance with Section 19 of the NGER Act as explained in the Basis of Preparation.

Basis for Opinion

We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3410 Assurance Engagements on *Greenhouse Gas Statements* ("ASAE 3410"), issued by the Auditing and Assurance Standards Board and the NGER Audit Determination. ASAE 3410 and the NGER Audit Determination require that we plan and perform the engagement to obtain reasonable assurance about whether the NGER Report is free from material misstatement.

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

Management's Responsibilities

Management is responsible for:

- the preparation of CSR's NGER Report in accordance with Section 19 of the NGER Act including the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the NGER Report that is free from material misstatement, whether due to fraud or error.

- the selection interpretation and application of the requirements of the NGER Act in determining operational control and quantifying emissions and energy, which are reflected in the Basis of Preparation which was provided to us.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements and apply Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking these assurance engagements. This includes all the requirements as defined in the NGER Regulations 2008 regarding the Code of Conduct, independence and quality control.

Deloitte.

Assurance Practitioner's Responsibilities

Our responsibility is to express an opinion on CSR's NGER Report based on the evidence we have obtained. A reasonable assurance engagement in accordance with ASAE 3410 and the NGER Audit Determination involves performing procedures to obtain evidence about the greenhouse gas emissions, energy production and energy consumption in the CSR's NGER Report. The nature, timing and extent of procedures selected depend on the assurance practitioner's judgement, including the assessment of the risks of material misstatement whether due to fraud or error, in the NGER Report. In making those risk assessments, we consider internal control relevant to CSR's preparation of the NGER Report, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CSR's internal control as it relates to the CSR NGER Report.

Our procedures included, but were not limited to:

- Evaluating the appropriateness of the quantification methods and reporting policies used, and the reasonableness of emissions estimates made by Management of CSR;
- Assessing the suitability in the circumstances of CSR's selection of measurement methods and criterion provided in the NGER (Measurement) Determination 2008 as the basis for the preparation of the NGER Report;
- Evaluating the application of the activity definitions in determining facility boundaries and operational control in determining controlling corporation boundaries; and
- Evaluating the overall presentation of the NGER Report.

Inherent Limitations

There are inherent limitations in performing an assurance engagement - for example, assurance engagements are based on selective testing of the information being examined - and it is possible that fraud, error or non-compliance may occur and not be detected. An assurance engagement is not designed to detect all instances of non-compliance with section 19 of the NGER Act and NGER Regulations, as an assurance engagement is not performed continuously throughout the year and the procedures performed in respect of compliance with section 19 of the NGER Act and NGER Regulations are undertaken on a test basis. The conclusion expressed in this report has been formed on the above basis.

Emissions quantification is subject to inherent uncertainty because incomplete scientific knowledge has been used to determine emissions factors and the values needed to combine emissions due to different gases. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data. We specifically note that CSR has used estimates or extrapolated underlying information to calculate certain amounts included within the greenhouse and energy information.

Other information

We read other information included within the CSR NGER Report and considered whether it was consistent with the knowledge obtained through our procedures. We considered the implications for our report if we became aware of any apparent material inconsistencies with the NGER Report. Our responsibilities did not extend to any other information.

Restricted Use

This report has been prepared for the *Management* of CSR for the purpose of fulfilling its reporting requirements to the CER. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than CSR, or for any purpose other than that for which it was prepared.

DELOITTE REASONABLE ASSURANCE REPORT

Deloitte.

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

Details of audited body

Name of audited body	CSR Limited
Address	Triniti 3, 39 Delhi Road North Ryde, NSW 2113
ABN	90000001276

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

PR Dobson
Partner

Registered Greenhouse and Energy Auditor
Sydney, Australia
17 October 2022

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

CSR Limited
ABN 90 000 001 276

Triniti 3
39 Delhi Road
North Ryde NSW 2113 Australia

Locked Bag 1345, North Ryde BC
NSW 1670

Telephone (02) 9235 8000
International +61 2 9235 8000
E-mail investorrelations@csr.com.au

csr.com.au