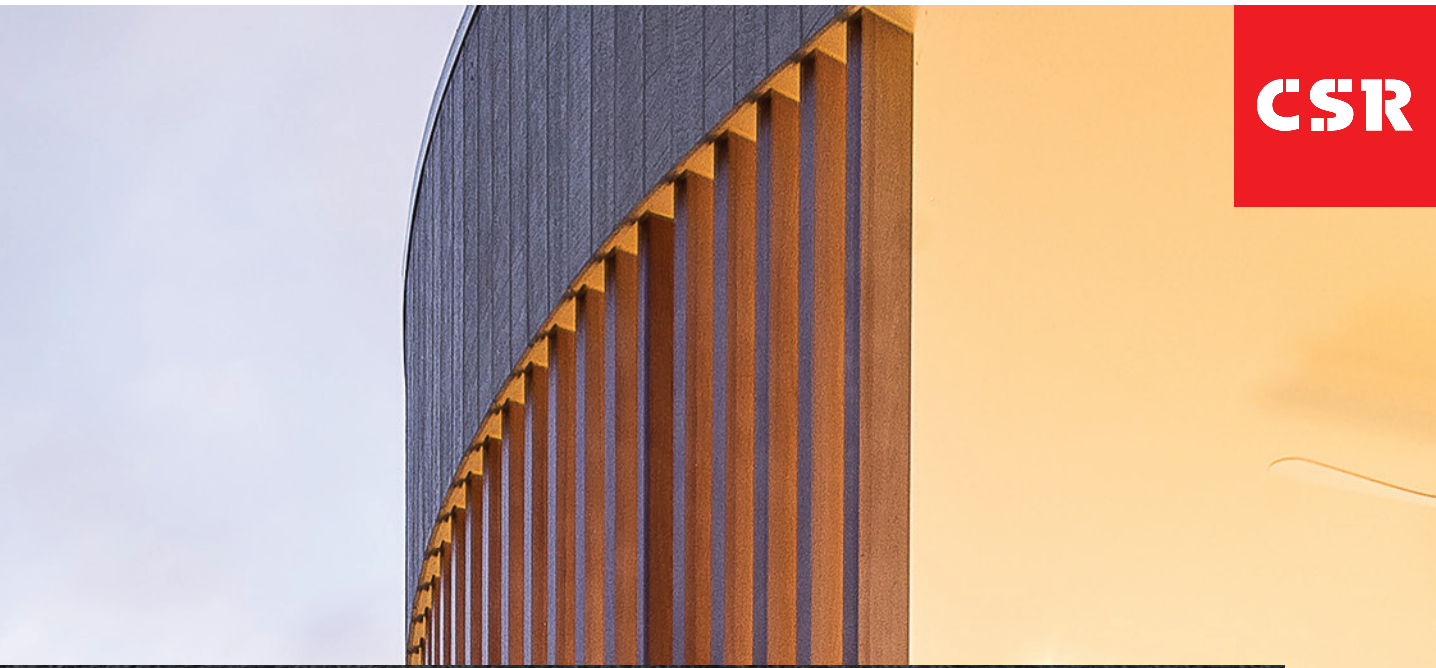
Scheme Booklet



For a scheme of arrangement between CSR Limited ABN 90 000 001 276 (CSR) and its shareholders in relation to the proposed acquisition by Saint Gobain BidCo Pty Ltd ACN 676 507 841 (Saint-Gobain Sub), an indirect wholly-owned Subsidiary of Compagnie de Saint-Gobain (Saint-Gobain).

VOTE IN FAVOUR

The CSR Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, in the absence of a superior proposal.

This is an important document and requires your immediate attention.

You should read it entirely before deciding whether or not to vote in favour of the Scheme.

If you are in any doubt about how to deal with this document, you should contact your broker or financial, taxation, legal or other professional adviser immediately.

If, after reading this Scheme Booklet, you have any questions in relation to this Scheme Booklet or the Scheme, please contact the CSR Shareholder Information Line on 1300 237 569 (for callers within Australia) or +61 2 9066 4055 (for callers outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays), or visit www.csr.com.au/investors-and-news/scheme-information.

This Scheme Booklet has been provided to you because you are shown in the CSR Share Register as holding CSR Shares. If you have recently sold all of your CSR Shares, please disregard this Scheme Booklet.

Financial Adviser UBS Legal Adviser HERBERT SMITH FREEHILLS

Cover image: Reece Keil Design; utilising Hebel and Cemintel

Important Notices

General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting.

Nature of this Scheme Booklet

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to CSR Shareholders, or a solicitation of an offer from CSR Shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1) of the Corporations Act. Instead, CSR Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet. ASIC has been requested to provide a statement, in accordance with paragraph 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearings to approve the Scheme.

A copy of this Scheme Booklet has been provided to the ASX. Neither the ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

Defined terms and interpretation

Capitalised terms used in this Scheme Booklet are defined in section 10 of this Scheme Booklet, which also sets out some rules of interpretation which apply to this Scheme Booklet. If a word or phrase is defined, its other grammatical forms have a corresponding meaning. The documents reproduced in the annexures to this Scheme Booklet may have their own defined terms, which sometimes differ from those set out in section 10.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how CSR Shareholders should vote (on this matter CSR Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure 4.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting.

Any CSR Shareholder may appear at the Second Court Hearing, currently expected to be held at 9.30am (Sydney time) on 18 June 2024 at Law Courts Building, 184 Phillip Street, Sydney, NSW 2000, Australia. Any CSR Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on CSR a notice of appearance in the prescribed form together with any affidavit that the CSR Shareholder proposes to rely on.

No investment advice

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any CSR Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. The CSR Directors encourage you to seek independent financial and tax advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme. This Scheme Booklet should be read in its entirety before making any decision as to whether or not to vote in favour of the Scheme. In particular, it is important that you consider the risk factors, as set out in section 7 of this Scheme Booklet, and the views of the Independent Expert set out in the Independent Expert's Report set out in Annexure 1. If you are in doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser immediately.

Forward looking statements

Some of the statements appearing in this Scheme Booklet (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of CSR, Saint-Gobain or their related entities are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to known and unknown risks, inherent risks and uncertainties, assumptions and other factors that may impact CSR's, Saint-Gobain's or their related entities' actual results, performance or achievements expressed, projected or implied by these forward looking statements. Those risks and uncertainties include factors and risks specific to CSR, Saint-Gobain or their related entities and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of CSR, Saint-Gobain, their respective entities, or their respective officers, directors, employees or advisers or any person named in this Scheme Booklet or any person involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, CSR and Saint-Gobain and their respective officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based. All subsequent written statements attributable to CSR, Saint-Gobain, their respective entities, or any person acting on their respective behalf are qualified by this cautionary statement.

Responsibility statement

CSR has prepared, and is responsible for, the CSR Information. Neither Saint-Gobain nor any of its subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

Saint-Gobain has prepared, and is responsible for, the Saint-Gobain Information. Neither CSR nor any of its subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of such information.

The Independent Expert has prepared the Independent Expert's Report (as set out in Annexure 1) and takes responsibility for that report. None of CSR or Saint-Gobain or any of their respective subsidiaries, directors, officers, employees or advisers (other than the Independent Expert in respect of the Independent Expert's Report) assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of CSR, in relation to the information which it has provided to the Independent Expert.

Herbert Smith Freehills has prepared, and is responsible for, the Taxation Information. None of CSR or Saint-Gobain or any of their respective subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the Taxation Information, except, in the case of CSR, in relation to the information which it has provided to Herbert Smith Freehills.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

CSR Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

Financial amounts and effects of rounding

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in the Scheme Booklet are subject to the effect of rounding. Accordingly, any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding. All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

Timetable and dates

All times and dates referred to in this Scheme Booklet are times and dates in Sydney, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to FIRB Approval and approval from CSR Shareholders and the Court together with other customary conditions.

External websites

Unless expressly stated otherwise, the content of the websites of CSR and Saint-Gobain do not form part of this Scheme Booklet and CSR Shareholders should not rely on any such content.

Privacy

CSR may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in CSR and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist CSR to conduct the Scheme Meeting and implement the Scheme. Without this information, CSR may be hindered in its ability to issue this Scheme Booklet and implement the Scheme. Personal information of the type described above may be disclosed to the CSR Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, related bodies corporate of CSR, Government Agencies, and also where disclosure is otherwise required or allowed by law. CSR Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the CSR Share Registry in connection with CSR Shares, please contact the CSR Share Registry. CSR Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above. Further information about how CSR collects, uses and discloses personal information is contained in CSR's privacy policy located at www.csr.com.au/Privacy-Policy.

Date of Scheme Booklet

This Scheme Booklet is dated 26 April 2024.

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Contents

Letter from the Chair of the CSR Board

26 April 2024

Dear CSR Shareholder

On behalf of the CSR Board, I am pleased to present you with this Scheme Booklet containing important information in relation to the proposed acquisition of CSR by Saint-Gobain Sub, an indirect wholly-owned Subsidiary of Compagnie de Saint-Gobain, by way of scheme of arrangement under Part 5.1 of the Corporations Act (**Scheme**).

This Scheme Booklet contains important information about the Scheme, including:

- how to vote at the Scheme Meeting;
- the reasons why the CSR Directors have unanimously recommended that CSR Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders; and
- the Independent Expert's Report, in which the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, in the absence of a superior proposal.

The Scheme Booklet also sets out some of the reasons why you may wish to vote against the Scheme.

Background to Saint-Gobain's proposal

On 26 February 2024, CSR announced it had entered into a Scheme Implementation Deed with Saint-Gobain under which Saint-Gobain has agreed to, through Saint-Gobain Sub (an indirect wholly-owned Subsidiary of Saint-Gobain), acquire all of the issued shares in CSR at a cash price of $9.00 per CSR Share.

This followed an earlier announcement released to the ASX on 22 February 2024 that CSR had received a conditional, non-binding, indicative proposal from Saint-Gobain to acquire 100% of the shares in CSR for a cash price of $9.00 per CSR Share (**Proposal**).

The Proposal followed an earlier indicative offer and a period of negotiation, which included the provision of value impacting due diligence.

The Scheme is subject to customary conditions, including approval by the Court, CSR Shareholders and the Foreign Investment Review Board (**FIRB**).

Details of the Transaction Consideration and Additional Consideration Amount

If the Scheme is implemented, and provided you hold CSR Shares on both the Scheme Record Date and the CSR Permitted Dividend Record Date, in total, you will receive the Transaction Consideration of $9.00 cash per CSR Share.

The Transaction Consideration consists of the Scheme Consideration[1] plus any CSR Permitted Dividend.

1 The Scheme Consideration is equal to an amount of $9.00 cash per CSR Share for each CSR Share held as at the Scheme Record Date, reduced by the amount of any CSR Permitted Dividend.

As set out in further detail below, the CSR Board currently intends to determine to pay a fully franked CSR Permitted Dividend of $0.12 cash per CSR Share before the implementation of the Scheme conditional on the Scheme becoming Effective. If this occurs, the Transaction Consideration will consist of the Scheme Consideration of $8.88 cash per CSR Share plus the CSR Permitted Dividend of $0.12 cash per CSR Share.

Scheme Consideration and CSR Permitted Dividend

The CSR Board, having regard to the franking credits available to CSR, currently intends to determine to pay a fully franked CSR Permitted Dividend of $0.12 cash per CSR Share before implementation of the Scheme conditional on the Scheme becoming Effective.[2] If the intended CSR Permitted Dividend is paid, the Transaction Consideration of $9.00 cash per CSR Share will comprise the Scheme Consideration of $8.88 cash per CSR Share plus the CSR Permitted Dividend of $0.12 cash per CSR Share.

Any CSR Permitted Dividend will be fully franked and the franking credits will represent additional value to those CSR Shareholders who are able to realise a tax benefit from those franking credits and who are CSR Shareholders on the CSR Permitted Dividend Record Date. CSR Shareholders should seek independent professional taxation advice in relation to their particular tax circumstances and the value of any franking credits.[3]

Any CSR Permitted Dividend will be communicated to CSR Shareholders by way of an ASX announcement before the Scheme Meeting. If the Scheme becomes Effective, the CSR Permitted Dividend would be paid on the CSR Permitted Dividend Payment Date (currently intended to be 1 July 2024) prior to implementation of the Scheme in respect of each CSR Share held by CSR Shareholders as at the CSR Permitted Dividend Record Date (currently intended to be 7.00pm (Sydney time) on 24 June 2024).

Please note that if the CSR Board determines to pay the CSR Permitted Dividend and you acquire CSR Shares on or after the CSR Permitted Dividend Ex Date (currently intended to be 21 June 2024), you will not be entitled to any CSR Permitted Dividend in respect of those CSR Shares.

Additional Consideration Amount

If the Effective Date for the Scheme occurs after 26 June 2024, on implementation of the Scheme, CSR Shareholders will also be entitled to receive the Additional Consideration Amount per CSR Share held as at the Scheme Record Date. The Additional Consideration Amount would be in addition to the Transaction Consideration described above.

Please note that under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

Transaction Consideration

The Transaction Consideration of $9.00 cash per CSR Share values CSR's equity on a fully diluted basis at approximately $4,319[4] million, and implies an enterprise value (**EV**) of approximately $4,575[5] million, and represents premia of:

- 33% to the closing share price on 20 February 2024;[6]
- 39% to the 3-month volume weighted average price (**VWAP**) to 20 February 2024;
- 48% to the 6-month VWAP to 20 February 2024; and
- 61% to the 12-month VWAP to 20 February 2024.

The Transaction Consideration of $9.00 cash per CSR Share represents an attractive premium to the highest closing price of a CSR Share since the sale of Sucrogen in 2010[7] and the last undisturbed trading date prior to the announcement of the Proposal (being 20 February 2024) of $6.96[8] (which occurred on 25 January 2024).

2 As at the date of this Scheme Booklet, the CSR Board has not determined to pay any CSR Permitted Dividend.

3 Please refer to section 8 of this Scheme Booklet for a general summary of the Australian taxation consequences of the Scheme for CSR Shareholders. However, section 8 of this Scheme Booklet is general in nature and CSR Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

4 Assumes 479,924,432 CSR Shares. This assumes 477,383,587 CSR Shares and the vesting of 2,923,022 CSR Performance Rights by the issue of new CSR Shares after allowing for 382,177 CSR Shares held by CSR Share Plan Pty Limited to be utilised to satisfy the vesting of 382,177 CSR Performance Rights.

5 EV assumes balance sheet items as at 30 September 2023, including cash of $19 million, financial debt of $20 million, minority interests of $12 million, associates of $42 million, tax effected product liability of $131 million and lease liabilities of $154 million.

6 Closing share price of $6.77 as at 20 February 2024, which is the last trading day prior to media speculation regarding a possible change of control proposal for CSR..

7 Based on the completion date of the sale of CSR's sugar and renewable energy business, Sucrogen, to Wilmar International Limited, of 22 December 2010.

8 Based on IRESS market data. IRESS share price data is adjusted for capital changes. IRESS has not consented to the use of this information in this Scheme Booklet.

Letter from the Chair of the CSR Board continued

The Transaction Consideration represents an EV / EBITDA[9] multiple of 12.4x[10] to CSR EBITDA to 30 September 2023 and an EV / EBIT[11] multiple of 16.1x[12] to CSR EBIT to 30 September 2023.

Further details on the Transaction Consideration, the Scheme Consideration, the CSR Permitted Dividend and the Additional Consideration Amount are outlined in section 4 of this Scheme Booklet.

CSR Directors' recommendation

The CSR Directors consider that the Scheme is in the best interest of CSR Shareholders and unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders.

Each CSR Director who holds CSR Shares intends to vote in favour of the Scheme in relation to all CSR Shares held or controlled by them, subject to these same qualifications.

The interests of the CSR Directors in CSR Shares, including the interests of Julie Coates, Managing Director and CEO of CSR, are set out in section 9.1 of this Scheme Booklet. CSR Shareholders should have regard to these interests when considering how to vote on the Transaction.[13]

Independent Expert's opinion

The CSR Directors appointed Kroll as the Independent Expert to assess the merits of the Scheme. The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, in the absence of a superior proposal. The Independent Expert has assessed the value of a CSR Share on a controlling interest basis to be in the range of $8.25 to $9.26, and the Transaction Consideration of $9.00 cash per CSR Share is within the top third of the Independent Expert's value range.

A complete copy of the Independent Expert Report's is set out in Annexure 1.

Reasons why you may consider voting in favour of the Scheme

The key reasons for the CSR Directors' unanimous recommendation in relation to the Scheme are set out in section 1.2 of this Scheme Booklet. These include that:

- The Transaction Consideration represents an attractive premium relative to recent and long-term historical trading prices of CSR Shares prior to (and including) 20 February 2024 and an attractive acquisition multiple.
- The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, in the absence of a superior proposal.
- Implementation of the Scheme would mean that CSR Shareholders receive a certain cash price for their investment in CSR and will avoid the ongoing risks and uncertainties associated with their investment in CSR.
- The CSR Share price will continue to be subject to market volatility and may fall in the near-term if the Scheme is not implemented and in the absence of a Superior Proposal.
- Since announcement of the Scheme, no Superior Proposal has emerged.
- Brokerage charges will not apply to the transfer of your CSR Shares.

Reasons why you may consider voting against the Scheme

Despite the unanimous recommendation of the CSR Directors, there are also reasons why you may consider voting against the Scheme.

These include because CSR Shareholders may wish to participate in the future financial performance of the CSR business, you may believe it is in your best interests to maintain your current investment and risk profile or you may believe that there is potential for a Superior Proposal to emerge.

Please refer to section 1.3 of this Scheme Booklet for further details.

9 Earnings before interest, tax, depreciation, amortisation and significant items.

10 Based on EBITDA before significant items of $370 million and EBIT before significant items of $284 million for the 12 months to 30 September 2023.

11 Earnings before interest, tax and significant items.

12 Based on EBITDA before significant items of $370 million and EBIT before significant items of $284 million for the 12 months to 30 September 2023.

13 The CSR Board (excluding Julie Coates) currently intends, subject to the Scheme becoming Effective and the exercise of the CSR Board's discretion, to treat the CSR Equity Incentives held by Julie Coates, the Managing Director and CEO of CSR as follows (as set out in section 9.2 of this Scheme Booklet): determine the early vesting of 905,155 unvested CSR Performance Rights and release of restrictions on 43,440 CSR Restricted Shares. Ms Coates will receive approximately $8,537,355 in connection with the early vesting of her unvested CSR Performance Rights and the early release of restrictions on her CSR Restricted Shares if the Scheme is implemented. Additionally, as set out in section 9.1, as at the Last Practicable Date, Ms Coates also holds 805,928 CSR Shares without restriction for which Ms Coates will receive $7,253,352 based on the Transaction Consideration of $9.00 per CSR Share if the Scheme is implemented.

Despite this interest in the outcome of the Scheme, Ms Coates considers that, given the importance of the Scheme and her role as Managing Director and CEO, it is important for her to provide a recommendation to CSR Shareholders in relation to the Scheme. Additionally, the CSR Board (excluding Ms Coates) also considered that it is appropriate for Ms Coates to make a recommendation on the Scheme given her role.

Risk factors

In considering the Scheme, the CSR Directors considered a number of risk factors which may result in potential future benefits to CSR Shareholders of holding CSR Shares, but which may also adversely affect the future operating and financial performance of CSR, the potential for CSR to make future distributions to CSR Shareholders, and the price and/or value of CSR Shares, as well as risks which relate to the Scheme itself. Those risks are set out in detail in section 7 of this Scheme Booklet.

How to vote

For the Scheme to proceed, it must be approved by the Requisite Majorities of CSR Shareholders (the requirements of which are set out in section 4.8 of this Scheme Booklet) and by the Court.

Your vote as a CSR Shareholder is important and I strongly encourage you to vote. You can vote by attending the Scheme Meeting in person or online, by lodging a proxy form, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf or in the case of a body corporate which is a CSR Shareholder, by appointing a corporate representative to attend and vote at the Scheme Meeting on behalf of that CSR Shareholder. Further details on how to vote is included in section 3.2(d) of this Scheme Booklet.

The Scheme Meeting to approve the Scheme is scheduled to be held in person at Herbert Smith Freehills, Level 34, 161 Castlereagh Street, Sydney NSW 2000 and through an online platform at https://meetnow.global/M64W5LG on 13 June 2024, commencing at 9.00am (Sydney time).

If you wish the Scheme to proceed, it is important that you vote in favour of the Scheme so that it is approved.

Timing of the Scheme

If the Scheme is approved by CSR Shareholders and the Court, the Scheme will become Effective and therefore binding on CSR Shareholders on the Effective Date (currently expected to occur on 19 June 2024). If the Scheme becomes Effective, CSR Shareholders will be paid the Scheme Consideration on the Implementation Date (currently expected to occur on 9 July 2024).

Further information

I encourage you to carefully read this Scheme Booklet (including the Independent Expert's Report) in full and seek your own legal, financial or other professional advice as to what action you should take.

CSR Shareholders who have any questions relating to the Scheme should contact the CSR Shareholder Information Line on 1300 237 569 (for callers within Australia) or +61 2 9066 4055 (for callers outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays), or visit www.csr.com.au/investors-and-news/scheme-information.

On behalf of the CSR Board, I would like to take this opportunity to thank you for your continued support of CSR.

Yours sincerely

John Gillam

Chair, CSR Limited

Key dates

Event	Time and date
First Court Date	**9.30am (Sydney time) on Friday, 26 April 2024**
Date of this Scheme Booklet	**Friday, 26 April 2024**
CSR's YEM24 Results announcement to the ASX[1]	**Wednesday, 15 May 2024**
Latest time and date for receipt of proxy forms or powers of attorney by the CSR Share Registry for the Scheme Meeting	**9.00am (Sydney time) on Tuesday, 11 June 2024**
Time and date for determining eligibility to vote at the Scheme Meeting	**7.00pm (Sydney time) on Tuesday, 11 June 2024**
Scheme Meeting	**9.00am (Sydney time) on Thursday, 13 June 2024**
IF THE SCHEME IS APPROVED BY CSR SHAREHOLDERS	
Court hearing to approve the Scheme (Second Court Date)	**9.30am (Sydney time) on Tuesday, 18 June 2024**
Effective Date Court order lodged with ASIC and announcement to the ASX Last day of trading in CSR Shares – CSR Shares will be suspended from trading on the ASX from close of trading	**Wednesday, 19 June 2024**

1 CSR Shareholders are strongly encouraged to read CSR's YEM24 Results when they are released to the ASX on this date before deciding how to vote.

Event	Time and date
CSR Permitted Dividend Ex Date (if the CSR Board determines to pay the CSR Permitted Dividend) If you acquire CSR Shares on or after this date, you will not be entitled to any CSR Permitted Dividend in respect of those CSR Shares	**Friday, 21 June 2024**
CSR Permitted Dividend Record Date (if the CSR Board determines to pay the CSR Permitted Dividend) For determining entitlements to the CSR Permitted Dividend (if the CSR Board decides to pay any CSR Permitted Dividend)	**7.00pm (Sydney time) on Monday, 24 June 2024**
CSR Permitted Dividend Payment Date (if the CSR Board determines to pay the CSR Permitted Dividend) Provision of the CSR Permitted Dividend to CSR Shareholders (if the CSR Board decides to pay any CSR Permitted Dividend)	**Monday, 1 July 2024**
Scheme Record Date For determining entitlements to Scheme Consideration	**7.00pm (Sydney time) on Tuesday, 2 July 2024**
Implementation Date Provision of Scheme Consideration to CSR Shareholders	**Tuesday, 9 July 2024**

All times and dates in the above timetable are references to the time and date in Sydney, Australia and all such times and dates are subject to change. In particular, the date of the Scheme Meeting may be postponed or adjourned, including if satisfaction of a Condition Precedent (including FIRB Approval) is delayed, pursuant to the terms of the Scheme Implementation Deed. Certain times and dates are conditional on the approval of the Scheme by CSR Shareholders and by the Court. Any changes will be announced by CSR to the ASX.

As at the date of this Scheme Booklet, the CSR Board has not determined to pay any CSR Permitted Dividend. As such, any CSR Permitted Dividend Ex Date, CSR Permitted Dividend Record Date and CSR Permitted Dividend Payment Date may not occur and these dates are subject to change.

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Section 1

Key considerations relevant to your vote

Images throughout this document are from CSR's Hebel and Cemintel ranges

1 Key considerations relevant to your vote

Section 1.1 provides a summary of some of the reasons why the CSR Board unanimously recommends CSR Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders. The reasons why CSR Shareholders might vote for the Scheme outlined in section 1.2 should be read in conjunction with section 1.3, which sets out reasons why CSR Shareholders may consider voting against the Scheme.[1]

You should read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting.

1.1 Summary of reasons why you might vote for and against the Scheme

REASONS TO VOTE IN FAVOUR OF THE SCHEME

- ✓ The Transaction Consideration represents an attractive premium relative to recent and long-term historical trading prices of CSR Shares prior to (and including) 20 February 2024 and an attractive acquisition multiple
- ✓ The CSR Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders
- ✓ The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, in the absence of a superior proposal
- ✓ Implementation of the Scheme would mean that CSR Shareholders receive a certain cash price for their investment in CSR and will avoid the ongoing risks and uncertainties associated with their investment in CSR
- ✓ The CSR Share price will continue to be subject to market volatility and may fall in the near-term if the Scheme is not implemented and in the absence of a Superior Proposal
- ✓ Since announcement of the Scheme, no Superior Proposal has emerged
- ✓ Brokerage charges will not apply to the transfer of your CSR Shares

POTENTIAL REASONS TO VOTE AGAINST THE SCHEME

- ✗ You may disagree with the CSR Directors' unanimous recommendation and the Independent Expert's conclusion
- ✗ You may prefer to participate in the future financial performance of the CSR business
- ✗ You may believe it is in your best interests to maintain your current investment and risk profile
- ✗ You may believe that there is potential for a Superior Proposal to emerge
- ✗ The tax consequences of transferring your CSR Shares pursuant to the Scheme may not be attractive to you[2]

1 The CSR Board (excluding Julie Coates) currently intends, subject to the Scheme becoming Effective and the exercise of the CSR Board's discretion, to treat the CSR Equity Incentives held by Julie Coates, the Managing Director and CEO of CSR as follows (as set out in section 9.2 of this Scheme Booklet): determine the early vesting of 905,155 unvested CSR Performance Rights and release of restrictions on 43,440 CSR Restricted Shares. Ms Coates will receive approximately $8,537,355 in connection with the early vesting of her unvested CSR Performance Rights and the early release of restrictions on her CSR Restricted Shares if the Scheme is implemented. Additionally, as set out in section 9.1, as at the Last Practicable Date, Ms Coates also holds 805,928 CSR Shares without restriction for which Ms Coates will receive $7,253,352 based on the Transaction Consideration of $9.00 per CSR Share if the Scheme is implemented.

Despite this interest in the outcome of the Scheme, Ms Coates considers that, given the importance of the Scheme and her role as Managing Director and CEO, it is important for her to provide a recommendation to CSR Shareholders in relation to the Scheme. Additionally, the CSR Board (excluding Ms Coates) also considered that it is appropriate for Ms Coates to make a recommendation on the Scheme given her role.

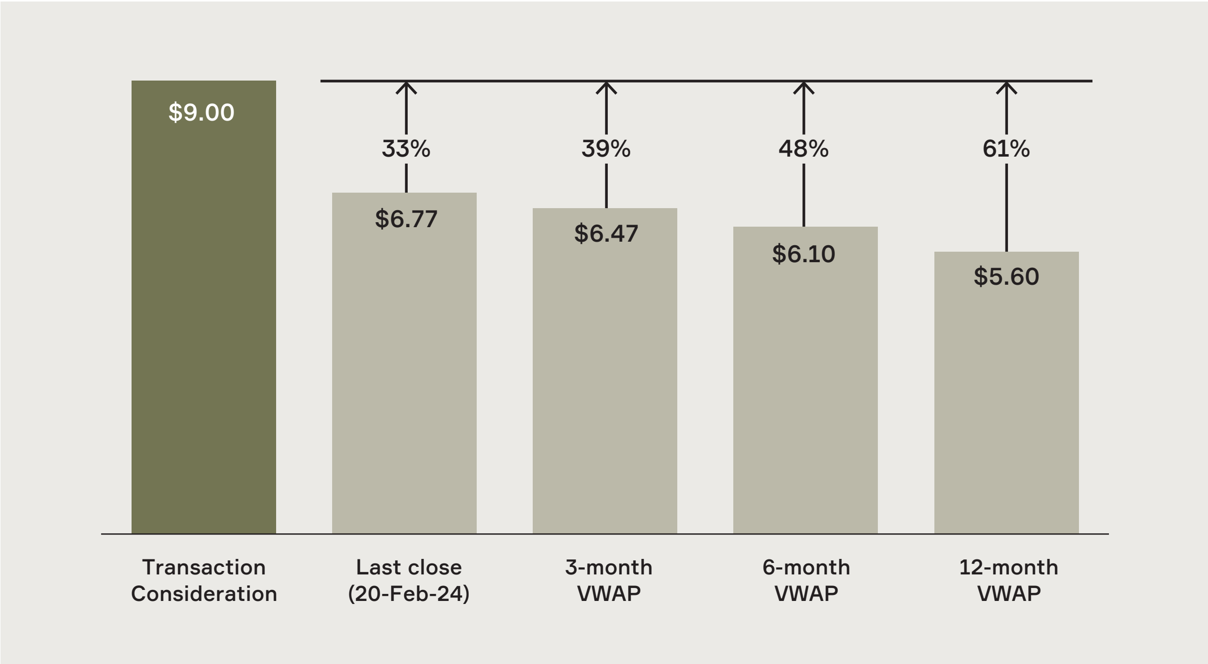
2 CSR Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

1.2 Why you should vote in favour of the Scheme

(a) The Transaction Consideration represents an attractive premium relative to recent and long-term historical trading prices of CSR Shares prior to (and including) 20 February 2024 and an attractive acquisition multiple

As set out in the chart below, the Transaction Consideration of $9.00 cash per CSR Share, represents a premium of:[3]

- 33% to the closing price of a CSR Share on 20 February 2024;[4]
- 39% to the three-month VWAP of a CSR Share to 20 February 2024;
- 48% to the six-month VWAP of a CSR Share to 20 February 2024; and
- 61% to the 12-month VWAP of a CSR Share to 20 February 2024.



Source: IRESS market data

3 Based on a closing share price of $6.77 as at 20 February 2024, which was the last trading day prior to media speculation regarding a possible change of control proposal for CSR.

4 Closing share price of $6.77 as at 20 February 2024, which is the last trading day prior to media speculation regarding a possible change of control proposal for CSR.

1.2 Why you should vote in favour of the Scheme continued

The Transaction Consideration of $9.00 cash per CSR Share also represents an attractive premium to the prices at which CSR Shares have traded since the sale of Sucrogen in 2010[6] up to (and including) 20 February 2024, being the last undisturbed trading date prior to the announcement of the Proposal, as shown on the chart below.[7] Over this same time period, the lowest and highest closing trading prices were $1.17 (being on 18 July 2012) and $6.96 (being on 25 January 2024) per CSR Share respectively. Over the past 5 years and 10 years to 20 February 2024, the VWAPs of a CSR Share were $4.66 and $4.17 respectively.

Source: IRESS market data

The Transaction Consideration of $9.00 cash per CSR Share implies an equity value on a fully diluted basis of approximately $4,319[8] million and an enterprise value of approximately $4,575[9] million, and represents:

- an EV / EBITDA multiple of 12.4x to CSR EBITDA[10] to 30 September 2023; and
- an EV / EBIT multiple of 16.1x to CSR EBIT[11] to 30 September 2023.

6 Based on the completion date of the sale of CSR's sugar and renewable energy business, Sucrogen, to Wilmar International Limited, of 22 December 2010.

7 Based on IRESS market data. IRESS share price data is adjusted for capital changes. IRESS has not consented to the use of this information in this Scheme Booklet.

8 Assumes 479,924,432 CSR Shares. This assumes 477,383,587 CSR Shares and the vesting of 2,923,022 CSR Performance Rights by the issue of new CSR Shares after allowing for 382,177 CSR Shares held by CSR Share Plan Pty Limited to be utilised to satisfy the vesting of 382,177 CSR Performance Rights.

9 Assumes balance sheet items as at 30 September 2023, including cash of $19 million, financial debt of $20 million, minority interests of $12 million, associates of $42 million, tax effected product liability of $131 million and lease liabilities of $154 million.

10 Based on EBITDA of $370 million and EBIT of $284 million for the 12 months to 30 September 2023.

11 Based on EBITDA of $370 million and EBIT of $284 million for the 12 months to 30 September 2023.

(b) The CSR Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders

The CSR Directors unanimously recommend that CSR Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders.

Subject to those same qualifications, each CSR Director intends to vote all their CSR Shares in favour of the Scheme.

The interests of the CSR Directors in CSR Shares, including the interests of Julie Coates, Managing Director and CEO of CSR, are set out in section 9.1 of this Scheme Booklet. CSR Shareholders should have regard to these interests when considering how to vote on the Transaction.[12]

(c) The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, in the absence of a superior proposal

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, in the absence of a superior proposal.

The Independent Expert has assessed the full underlying value of CSR at between $8.25 and $9.26 per CSR Share. The Transaction Consideration of $9.00 cash per CSR Share is within the top third of this range.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure 1. The CSR Directors encourage you to read this report in its entirety.

(d) Implementation of the Scheme would mean that CSR Shareholders receive a certain cash price for their investment in CSR and will avoid the ongoing risks and uncertainties associated with their investment in CSR

The Transaction Consideration is 100% cash consideration. This provides certainty of value for CSR Shareholders and the opportunity to realise their investment in CSR.

If the Scheme does not proceed, the amount which CSR Shareholders will be able to realise in terms of price and future dividends will necessarily be uncertain and subject to a number of risks, including those outlined in section 7 of this Scheme Booklet. That includes ongoing volatility in the building products, aluminium and property markets in which CSR operates.

The Scheme removes these risks and uncertainties for CSR Shareholders and allows CSR Shareholders to exit their investment in CSR at a price that CSR Directors consider attractive.

In particular, the Transaction Consideration, with its significant premium, provides certainty against the risks associated with the CSR business. See also section 7 of this Scheme Booklet for risk factors.

12 The CSR Board (excluding Julie Coates) currently intends, subject to the Scheme becoming Effective and the exercise of the CSR Board's discretion, to treat the CSR Equity Incentives held by Julie Coates, the Managing Director and CEO of CSR as follows (as set out in section 9.2 of this Scheme Booklet): determine the early vesting of 905,155 unvested CSR Performance Rights and release of restrictions on 43,440 CSR Restricted Shares. Ms Coates will receive approximately $8,537,355 in connection with the early vesting of her unvested CSR Performance Rights and the early release of restrictions on her CSR Restricted Shares if the Scheme is implemented. Additionally, as set out in section 9.1, as at the Last Practicable Date, Ms Coates also holds 805,928 CSR Shares without restriction for which Ms Coates will receive $7,253,352 based on the Transaction Consideration of $9.00 per CSR Share if the Scheme is implemented.

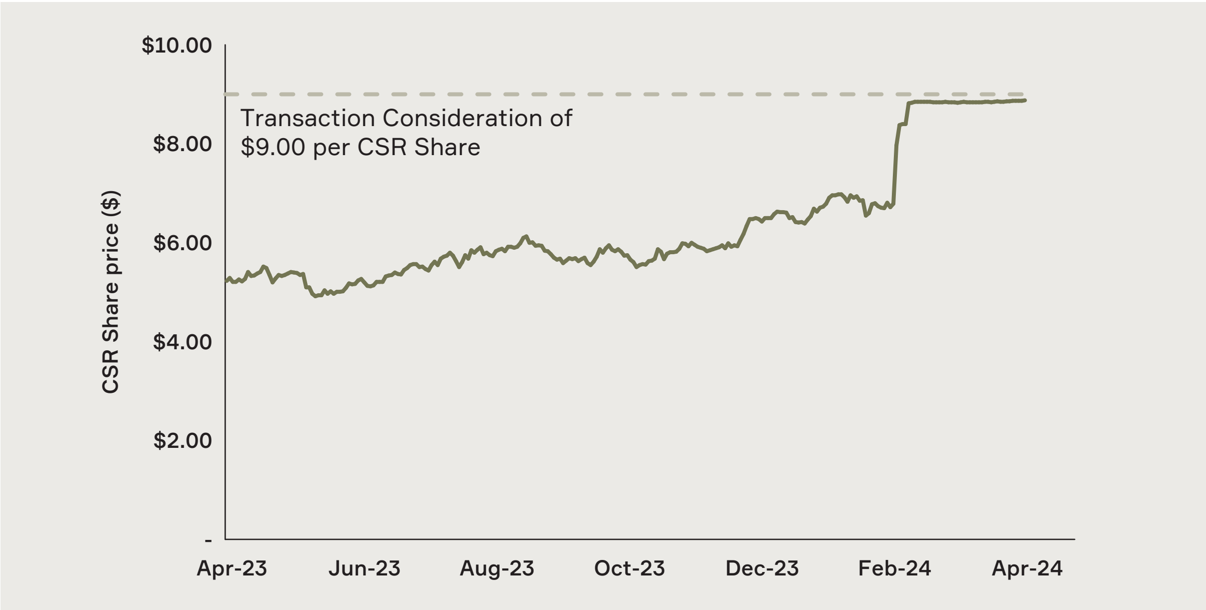
Despite this interest in the outcome of the Scheme, Ms Coates considers that, given the importance of the Scheme and her role as Managing Director and CEO, it is important for her to provide a recommendation to CSR Shareholders in relation to the Scheme. Additionally, the CSR Board (excluding Ms Coates) also considered that it is appropriate for Ms Coates to make a recommendation on the Scheme given her role.

1.2 Why you should vote in favour of the Scheme continued

(e) The CSR Share price will continue to be subject to market volatility and may fall in the near-term if the Scheme is not implemented and in the absence of a Superior Proposal

On 20 February 2024, being the last trading day prior to media speculation regarding a possible change of control proposal for CSR, CSR's closing share price was $6.77.

Since the closing price on 20 February 2024, the CSR Share price has increased by 30.9% to $8.86 per CSR Share on the Last Practicable Date. The CSR Directors are unable to predict the price at which CSR Shares will trade in the future but consider that, if the Scheme is not implemented and a Superior Proposal is not forthcoming, the price of CSR Shares may fall.



Source: IRESS market data

(f) Since announcement of the Scheme, no Superior Proposal has emerged

Since the proposed Scheme was announced up until the date of this Scheme Booklet, no Superior Proposal has emerged.

The CSR Board is not aware, as at the date of this Scheme Booklet, of any Superior Proposal that is likely to emerge.

The Scheme Implementation Deed contains customary provisions that regulate the way in which CSR can respond to Competing Proposals, details of which are summarised in section 9.4(f) of this Scheme Booklet.

(g) Brokerage charges will not apply to the transfer of your CSR Shares

You will not incur any brokerage charges on the transfer of your CSR Shares to Saint-Gobain Sub under the Scheme.

It is possible that such brokerage charges (and, potentially GST on those charges) would be incurred if you dispose of your CSR Shares other than under the Scheme.

1.3 Why you may consider voting against the Scheme

(a) You may disagree with the CSR Directors' unanimous recommendation and the Independent Expert's conclusion

Despite the unanimous recommendation of the CSR Directors to vote in favour of the Scheme and the conclusion of the Independent Expert that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, you may believe that the Scheme is not in your best interest.

(b) You may prefer to participate in the future financial performance of the CSR business

If the Scheme is implemented, you will no longer be a CSR Shareholder and will forgo any benefits that may result from being a CSR Shareholder.

This will mean that you will not participate in the future performance of CSR or retain any exposure to CSR's business or assets or have the potential to share in the value that could be generated by CSR in the future. However, there is no guarantee as to CSR's future performance, as is the case with all equity investments. An overview of the CSR business as well as historical financial information about CSR and current trading commentary and outlook of CSR is set out in section 5 of this Scheme Booklet.

(c) You may believe it is in your best interests to maintain your current investment and risk profile

You may prefer to keep your CSR Shares to preserve your investment in a listed company with the specific characteristics of CSR.

In particular, you may consider that, despite the risk factors relevant to CSR's potential future operations (including those set out in section 7 of this Scheme Booklet), CSR may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

You may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of CSR or may incur transaction costs in undertaking any new investment.

(d) You may believe that there is potential for a Superior Proposal to emerge

You may consider that a Superior Proposal could emerge in the future. The CSR Directors are, as at the date of this Scheme Booklet, not aware of, and have not received, any Superior Proposal.

(e) The tax consequences of transferring your CSR Shares pursuant to the Scheme may not be attractive to you

The tax consequences of the Scheme will depend on your personal situation. You may consider that the tax consequences of transferring your CSR Shares to Saint-Gobain Sub pursuant to the Scheme are not attractive to you.

CSR Shareholders should read the Australian tax implications of the Scheme outlined in section 8 of this Scheme Booklet. However, section 8 of this Scheme Booklet is general in nature, and CSR Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

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Section 2

Frequently asked questions

2 Frequently asked questions

This section 2 answers some frequently asked questions relating to the Scheme. It is not intended to address all relevant issues for CSR Shareholders. This section 2 should be read together with all other parts of this Scheme Booklet.

Question	Answer	More information
Overview of the Scheme		
Why have I received this Scheme Booklet?	This Scheme Booklet has been provided to you because you are a CSR Shareholder and you are being asked to vote on the Scheme. This Scheme Booklet is intended to help you to consider and decide on how to vote on the Scheme at the Scheme Meeting.	Section 4
What is the Scheme?	The Scheme is a scheme of arrangement between CSR and the Scheme Shareholders. A "scheme of arrangement" is a statutory procedure in the Corporations Act that is commonly used in transactions in Australia that may result in a change of ownership or control of a company. In addition to requiring Court approval, schemes of arrangement require a shareholder vote in favour of a resolution to implement the scheme of arrangement by the Requisite Majorities. If the Scheme becomes Effective, Saint-Gobain Sub will acquire all of the Scheme Shares for the Scheme Consideration. CSR will be delisted from the ASX and become an indirect wholly-owned subsidiary of Saint-Gobain.	Section 4 and Annexure 2
Who is Saint-Gobain?	Saint-Gobain is a worldwide supplier of light and sustainable construction materials and services. Saint-Gobain designs, manufactures and distributes materials and services for the construction and industrial sectors. Its integrated solutions for the renovation of public and private buildings, light construction, and the decarbonisation of construction and industry are developed through a continuous innovation process and provide sustainability and performance, in line with its purpose "Making the world a better home". Headquartered in Paris, Saint-Gobain is listed on Euronext Paris (EPA: SGO) and as at the Last Practicable Date has a market capitalisation of approximately EUR 35.27 billion.	Section 6
Who is Saint-Gobain Sub?	Saint-Gobain Sub is an Australian proprietary company incorporated on 11 April 2024 for the purpose of acquiring the CSR Shares pursuant to the terms of the Scheme. Saint-Gobain Sub is a direct wholly-owned subsidiary of Saint Gobain HoldCo Pty Ltd which is in turn an indirect wholly-owned subsidiary of Saint-Gobain.	Section 6
Does Saint-Gobain currently hold any CSR Shares?	As at the date of this Scheme Booklet, no Saint-Gobain Group Member is the registered holder of any CSR Shares. Saint-Gobain and/or its associates do not currently have a Relevant Interest or voting power in any CSR Shares.	Section 6

Question	Answer	More information
Recommendations and intentions		
What do the CSR Directors recommend?	The CSR Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders. The reasons for this recommendation and other relevant considerations are set out in section 1 of this Scheme Booklet. The interests of the CSR Directors in CSR Shares, including the interests of Julie Coates, Managing Director and CEO of CSR, are set out in section 9.1 of this Scheme Booklet. You should have regard to these interests when considering how to vote on the Transaction.[1] The CSR Directors encourage that you seek independent legal, financial, taxation or other appropriate professional advice.	Letter from the Chair of the CSR Board
What are the intentions of the CSR Directors?	Each CSR Director intends to vote, or procure the voting of, any CSR Shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders.	Letter from the Chair of the CSR Board and section 1.2(b)
What is the conclusion of the Independent Expert?	The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, in the absence of a superior proposal. You should also read the Independent Expert's Report which is contained in Annexure 1, carefully and in its entirety. The Independent Expert has assessed the full underlying value of CSR at between $8.25 and $9.26 per CSR Share. The Transaction Consideration of $9.00 cash per CSR Share is within the top third of this range.	Annexure 1

1 The CSR Board (excluding Julie Coates) currently intends, subject to the Scheme becoming Effective and the exercise of the CSR Board's discretion, to treat the CSR Equity Incentives held by Julie Coates, the Managing Director and CEO of CSR as follows (as set out in section 9.2 of this Scheme Booklet): determine the early vesting of 905,155 unvested CSR Performance Rights and release of restrictions on 43,440 CSR Restricted Shares. Ms Coates will receive approximately $8,537,355 in connection with the early vesting of her unvested CSR Performance Rights and the early release of restrictions on her CSR Restricted Shares if the Scheme is implemented. Additionally, as set out in section 9.1, as at the Last Practicable Date, Ms Coates also holds 805,928 CSR Shares without restriction for which Ms Coates will receive $7,253,352 based on the Transaction Consideration of $9.00 per CSR Share if the Scheme is implemented.

Despite this interest in the outcome of the Scheme, Ms Coates considers that, given the importance of the Scheme and her role as Managing Director and CEO, it is important for her to provide a recommendation to CSR Shareholders in relation to the Scheme. Additionally, the CSR Board (excluding Ms Coates) also considered that it is appropriate for Ms Coates to make a recommendation on the Scheme given her role.

2 Frequently asked questions continued

Question	Answer	More information
Overview of the Transaction Consideration		
What is the Transaction Consideration?	**Transaction Consideration** The Transaction Consideration is $9.00 cash per CSR Share. If the Scheme is implemented, and provided you hold CSR Shares on both the Scheme Record Date and the CSR Permitted Dividend Record Date, in total, you will receive the Transaction Consideration of $9.00 cash per CSR Share. **Scheme Consideration and CSR Permitted Dividend** The Scheme Consideration is equal to an amount of $9.00 cash per CSR Share for each CSR Share held as at the Scheme Record Date, reduced by the amount of any CSR Permitted Dividend. The CSR Board, having regard to the franking credits available to CSR, currently intends to determine to pay a fully franked CSR Permitted Dividend of $0.12 cash per CSR Share prior to implementation of the Scheme, conditional on the Scheme becoming Effective.[2] If the intended CSR Permitted Dividend of $0.12 cash per CSR Share is paid, the Transaction Consideration of $9.00 cash per CSR Share would comprise: • the Scheme Consideration of $8.88 cash per CSR Share; and • the CSR Permitted Dividend of $0.12 cash per CSR Share. If the CSR Board determines to pay any CSR Permitted Dividend, this will be communicated to CSR Shareholders by way of an ASX announcement before the Scheme Meeting. The CSR Permitted Dividend will be fully franked and the franking credits will represent additional value to those CSR Shareholders who are able to realise a tax benefit from those franking credits and who are CSR Shareholders on the CSR Permitted Dividend Record Date. CSR Shareholders should seek independent professional taxation advice in relation to their particular tax circumstances and the value of any franking credits.[3] **Additional Consideration Amount** If the Effective Date for the Scheme occurs after 26 June 2024, on implementation of the Scheme, CSR Shareholders will also be entitled to receive the Additional Consideration Amount per CSR Share held as at the Scheme Record Date.[4] The Additional Consideration Amount would be in addition to the Transaction Consideration described above. Please note that under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024. See below for more details about the CSR Permitted Dividend and Additional Consideration Amount.	Sections 4.2, 4.3 and 4.4

2 As at the date of this Scheme Booklet, the CSR Board has not determined to pay any CSR Permitted Dividend.

3 Please refer to section 8 of this Scheme Booklet for a general summary of the Australian taxation consequences of the Scheme for CSR Shareholders. However, section 8 of this Scheme Booklet is general in nature and CSR Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

4 Under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

Question	Answer	More information

Overview of the Transaction Consideration continued

When and how will I receive my Transaction Consideration?	**Transaction Consideration** If the Scheme becomes Effective (and the Effective Date for the Scheme occurs before 26 June 2024):[5] • Scheme Shareholders will be sent the Scheme Consideration on the Implementation Date (currently expected to be 9 July 2024); and • if the CSR Board determines to pay any CSR Permitted Dividend, CSR Shareholders on the CSR Share Register as at the CSR Permitted Dividend Record Date will be paid the CSR Permitted Dividend on the CSR Permitted Dividend Payment Date (currently intended to be 1 July 2024). As such, if the CSR Board determines to pay any CSR Permitted Dividend, in order to receive the full amount of the Transaction Consideration of $9.00 cash per CSR Share, you must hold such CSR Shares on both the Scheme Record Date and the CSR Permitted Dividend Record Date. **Scheme Consideration** Cheques will not be issued to Scheme Shareholders in Australia, New Zealand, or the United Kingdom. Scheme Shareholders with a registered address in Australia, New Zealand, or the United Kingdom must nominate a valid bank account before the Scheme Record Date to receive the Scheme Consideration directly into their bank account. The Scheme Consideration will be paid in the local currency of the nominated bank account. Scheme Shareholders in other jurisdictions who have not nominated a valid bank account, will have their Scheme Consideration sent by cheque in Australian dollars to their address shown on the CSR Share Register. **CSR Permitted Dividend** Cheques will not be issued to CSR Shareholders in Australia, New Zealand, or the United Kingdom. CSR Shareholders with a registered address in Australia, New Zealand, or the United Kingdom must nominate a valid bank account before the CSR Permitted Dividend Record Date to receive the CSR Permitted Dividend directly into their bank account. The CSR Permitted Dividend will be paid in the local currency of the nominated bank account. CSR Shareholders in other jurisdictions who have not nominated a valid bank account, will have their CSR Permitted Dividend sent by cheque in Australian dollars to their address shown on the CSR Share Register. The Dividend Reinvestment Plan (DRP) will not operate for payment of the Scheme Consideration or CSR Permitted Dividend.	Section 4.5

5 If the Effective Date for the Scheme occurs after 26 June 2024, on implementation of the Scheme, CSR Shareholders will also be entitled to receive the Additional Consideration Amount per CSR Share held as at the Scheme Record Date. However, under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

2 Frequently asked questions continued

Question	Answer	More information
Overview of the Transaction Consideration continued		
How do I nominate a bank account or change my bank account details?	You can nominate a bank account or update your bank account details on the website of the CSR Share Registry at www.investorcentre.com/au. If you have already registered, log in using your User ID and password. If you have not previously registered, you will need your HIN/SRN to register. The new user registration process requires an account verification code to be mailed to your registered address as an additional layer of security to protect your holding. Please allow sufficient time for delivery of the verification code so that you can update your details before the relevant record date (the Scheme Record Date or the CSR Permitted Dividend Record Date (if the CSR Board determines to pay any CSR Permitted Dividend)).	Section 4.5
Will I have to pay brokerage?	You will not have to pay brokerage on the transfer of your CSR Shares to Saint-Gobain Sub under the Scheme.	Section 1.2(g)
What are the Australian taxation implications of the Scheme?	The Australian taxation implications of the Scheme will depend on your particular circumstances. Section 8 of this Scheme Booklet provides a general description of the Australian taxation consequences for Scheme Shareholders. You should seek independent professional taxation advice with respect to your particular circumstances.	Section 8
CSR Permitted Dividend		
What is the CSR Permitted Dividend?	Under the terms of the Scheme Implementation Deed, the CSR Board is permitted to declare or determine to pay a fully franked CSR Permitted Dividend up to $0.25 per CSR Share prior to implementation of the Scheme. The CSR Board, having regard to the franking credits available to CSR, currently intends to determine to pay a fully franked CSR Permitted Dividend of $0.12 cash per CSR Share prior to implementation of the Scheme conditional on the Scheme becoming Effective.[6] If the Scheme becomes Effective, the CSR Permitted Dividend would be paid on the CSR Permitted Dividend Payment Date in relation to each CSR Share held as at the CSR Permitted Dividend Record Date. Under the terms of the Scheme Implementation Deed, the CSR Permitted Dividend Payment Date (currently intended to be 1 July 2024) may be before the Scheme Record Date.	Letter from the Chair of the CSR Board and section 4.3

6 As at the date of this Scheme Booklet, the CSR Board has not determined to pay any CSR Permitted Dividend.

Question	Answer	More information

CSR Permitted Dividend continued

If the CSR Permitted Dividend is paid, how is the Transaction Consideration affected?	The CSR Board, having regard to the franking credits available to CSR, currently intends to determine to pay a fully franked CSR Permitted Dividend of $0.12 cash per CSR Share prior to implementation of the Scheme conditional on the Scheme becoming Effective. However, as at the date of this Scheme Booklet, the CSR Board has not yet determined to pay any CSR Permitted Dividend. If the intended CSR Permitted Dividend of $0.12 per CSR Share is paid, the Transaction Consideration of $9.00 cash per CSR Share would comprise: • the Scheme Consideration of $8.88 cash per CSR Share; and • the CSR Permitted Dividend of $0.12 cash per CSR Share. Please note that, if the Effective Date for the Scheme occurs after 26 June 2024, on implementation of the Scheme, CSR Shareholders will also be entitled to receive the Additional Consideration Amount per CSR Share held as at the Scheme Record Date.[7] The Additional Consideration Amount would be in addition to the Transaction Consideration described above.	Section 4.3
When will the CSR Permitted Dividend be paid?	If the CSR Board determines to pay a CSR Permitted Dividend and the Scheme becomes Effective, the CSR Permitted Dividend will be paid on the CSR Permitted Dividend Payment Date (currently intended to be 1 July 2024) in relation to each CSR Share held by a CSR Shareholder as at the CSR Permitted Dividend Record Date (currently intended to be at 7.00pm (Sydney time) on 24 June 2024). It is important to note that, if any CSR Permitted Dividend is determined by the CSR Board, you will only receive the CSR Permitted Dividend if you hold CSR Shares at the CSR Permitted Record Date and if the Scheme becomes Effective. Please note that you will not be paid any CSR Permitted Dividend in respect of any CSR Shares you acquire after the CSR Permitted Dividend Ex Date (which is currently intended to be 21 June 2024).	Sections 4.3 and 4.5
If the CSR Permitted Dividend is paid, will the CSR Permitted Dividend be franked?	If the CSR Board determines to pay any CSR Permitted Dividend it must be fully franked under the terms of the Scheme Implementation Deed. If determined to be paid, the CSR Permitted Dividend will be fully franked and the franking credits will represent additional value to those CSR Shareholders who are able to realise a tax benefit from those franking credits and who are CSR Shareholders on the CSR Permitted Dividend Record Date. CSR Shareholders should seek independent professional taxation advice in relation to their particular tax circumstances and the value of any franking credits.[8]	Sections 4.3 and 8

7 Under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

8 Please refer to section 8 of this Scheme Booklet for a general summary of the Australian taxation consequences of the Scheme for CSR Shareholders. However, section 8 of this Scheme Booklet is general in nature and CSR Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

Question	Answer	More information
CSR Permitted Dividend continued		
When will I know if the CSR Board has determined to pay the CSR Permitted Dividend?	The decision on whether or not to determine to pay a CSR Permitted Dividend will be made by the CSR Board and depends upon a number of factors, including liquidity requirements, the availability of franking credits and the requirements of the Corporations Act. If the CSR Board determines to pay any CSR Permitted Dividend, this will be communicated to CSR Shareholders by way of an ASX announcement before the Scheme Meeting.	Section 4.3
Will I receive the CSR Permitted Dividend if the Scheme is not successful?	While the CSR Board has not determined to pay any CSR Permitted Dividend as at the date of this Scheme Booklet, the CSR Board, having regard to the franking credits available to CSR, currently intends to determine to pay a fully franked CSR Permitted Dividend of $0.12 cash per CSR Share prior to implementation of the Scheme, conditional on the Scheme becoming Effective. Given any CSR Permitted Dividend is intended to be conditional on the Scheme becoming Effective, if the Scheme is not approved by the Requisite Majorities of CSR Shareholders or the Court, CSR Shareholders will not receive any CSR Permitted Dividend in respect of their CSR Shares. If the Scheme is not implemented and does not proceed, the CSR Board may determine to pay or declare and pay further dividends in the future. However, there is no certainty that the CSR Board will do so.	Section 4.7
Additional Consideration Amount		
What is the Additional Consideration Amount?	If the Effective Date for the Scheme is delayed beyond 26 June 2024, CSR Shareholders will receive the Additional Consideration Amount of $0.0006575, accruing daily up until (and including) the Effective Date, per CSR Share held as at the Scheme Record Date. The Additional Consideration Amount would be in addition to the Transaction Consideration described above.	Section 4.4
Will the Additional Consideration Amount be payable under the proposed timetable?	Under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable to CSR Shareholders in respect of their CSR Shares under the Scheme as it is proposed that the Effective Date will be before 26 June 2024.	Section 4.4

Question	Answer	More information
Additional Consideration Amount continued		
What if the Effective Date is delayed?	If the Scheme becomes Effective after the date that is four months from the date of the Scheme Implementation Deed (that is, after 26 June 2024), CSR Shareholders will receive the Additional Consideration Amount in respect of their CSR Shares held as at the Scheme Record Date in addition to the Transaction Consideration. The amount of the Additional Consideration Amount will be calculated in accordance with the formula above and will accrue daily up to the date that the Scheme becomes Effective. By way of example, if the Effective Date does not occur until 26 July 2024, the Additional Consideration Amount per CSR Share would be an amount equal to $0.0006575 multiplied by 30 days after 26 June 2024 (that is, approximately $0.02 per CSR Share in addition to the Transaction Consideration).	Section 4.4
Conditions to the Scheme		
Are there any conditions to the Scheme?	Yes. The outstanding conditions precedent to the Scheme are summarised in section 9.4(b) of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed. As at the date of this Scheme Booklet, the CSR Directors are not aware of any reason why any condition to the Scheme will not be satisfied.	Section 9.4(b)
What is required for the Scheme to become Effective?	The Scheme will become Effective if: • the Scheme is approved by the Requisite Majorities of CSR Shareholders at the Scheme Meeting to be held on 13 June 2024; • the Court approves the Scheme at the Second Court Hearing; and • all of the other Conditions Precedent to the Scheme are satisfied or waived (as applicable) (and the Conditions Precedent are summarised in section 9.4(b) of this Scheme Booklet).	N/A
When and where will the Scheme Meeting be held?	The Scheme Meeting will be held at 9.00am (Sydney time) on 13 June 2024 at Herbert Smith Freehills, Level 34, 161 Castlereagh Street, Sydney NSW 2000 and through an online platform at https://meetnow.global/M64W5LG. CSR Shareholders and their authorised proxies, attorneys and corporate representatives may attend and participate in the Scheme Meeting in person at Herbert Smith Freehills, Level 34, 161 Castlereagh Street, Sydney NSW 2000 or online via https://meetnow.global/M64W5LG. CSR Shareholders who participate in the Scheme Meeting online via https://meetnow.global/M64W5LG will be able to attend the Scheme Meeting, cast an online vote and ask questions online in real time. The Scheme Meeting may be postponed or adjourned, including if satisfaction of a Condition Precedent is delayed, pursuant to the terms of the Scheme Implementation Deed. Any such postponement or adjournment will be announced by CSR to the ASX (www.asx.com.au).	Annexure 4

2 Frequently asked questions continued

Question	Answer	More information
Conditions to the Scheme continued		
What will CSR Shareholders be asked to vote on at the Scheme Meeting?	At the Scheme Meeting, CSR Shareholders will be asked to vote on whether to approve the Scheme.	Annexure 4
What is the CSR Shareholder approval threshold for the Scheme?	In order to become Effective, the Scheme must be approved by the Requisite Majorities, being: • unless the Court orders otherwise, a majority in number (more than 50%) of CSR Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate CSR Shareholders, body corporate representative); and • at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by CSR Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate CSR Shareholders, body corporate representative). Even if the Scheme is approved by the Requisite Majorities of CSR Shareholders at the Scheme Meeting, the Scheme is still subject to the approval of the Court.	Section 4.8
Am I entitled to vote at the Scheme Meeting?	If you are registered as a CSR Shareholder on the CSR Share Register as at 7.00pm (Sydney time) on 11 June 2024 you will be entitled to attend and vote at the Scheme Meeting.	Annexure 4
How can I vote if I can't attend the Scheme Meeting?	If you would like to vote but cannot attend the Scheme Meeting in person, you can vote by appointing a proxy (including by lodging your proxy online at www.investorvote.com.au) or attorney to attend and vote on your behalf. You may also vote by corporate representative if that option is applicable to you.	Annexure 4
When will the results of the Scheme Meeting be known?	The results of the Scheme Meeting are expected to be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.	N/A
What happens to my CSR Shares if I do not vote, or if I vote against the Scheme, and the Scheme becomes Effective and is implemented?	If you do not vote, or vote against the Scheme, and the Scheme becomes Effective and is implemented, any Scheme Shares held by you on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 2 July 2024) will be transferred to Saint-Gobain Sub and you will receive the Scheme Consideration, despite not having voted or having voted against the Scheme.	Section 4.8(a)

Question	Answer	More information
Other questions		
What happens if a Competing Proposal is received?	If a Competing Proposal is received, the CSR Directors will carefully consider it. CSR must notify Saint-Gobain of that Competing Proposal in accordance with the Scheme Implementation Deed. CSR Shareholders should note that CSR has agreed to certain exclusivity provisions in favour of Saint-Gobain under the Scheme Implementation Deed, which are the following provisions: a no shop, no talk and no due diligence (the no talk and no due diligence being subject to a fiduciary out), notification right and matching rights (as set out in section 9.4(f) of this Scheme Booklet).	Section 9.4(f)
Is there a break fee or a reverse break fee?	The Scheme Implementation Deed contains a break fee and reverse break fee both equal to $42 million (which is approximately 1% of the equity value of CSR) payable by CSR (in the case of the break fee) or payable by Saint-Gobain (in the case of the reverse break fee). The triggers for each of the break fee and reverse break fee are set out in sections 9.4(g) and 9.4(h) of this Scheme Booklet respectively.	Sections 9.4(g) and 9.4(h)
Can I sell my CSR Shares now?	You can sell your CSR Shares on market at any time before the close of trading on the ASX on the Effective Date (currently expected to be 19 June 2024) at the then prevailing market price (which may vary from the Scheme Consideration). CSR intends to apply to the ASX for CSR Shares to be suspended from trading on the ASX from close of trading on the Effective Date. You will not be able to sell your CSR Shares on market after this date. If you sell your CSR Shares on market, you may pay brokerage on the sale, you will not receive the Scheme Consideration and there may be different tax consequences compared to those that would arise if you retain those shares until the Scheme is implemented.	N/A
What if I have further questions about the Scheme?	For further information, please contact the CSR Shareholder Information Line on 1300 237 569 (for callers within Australia) or +61 2 9066 4055 (for callers outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays), or visit www.csr.com.au/investors-and-news/scheme-information. If you are in doubt about anything in this Scheme Booklet, please contact your financial, legal, taxation or other professional adviser.	N/A
When will CSR release the YEM24 Results?	As at the date of this Scheme Booklet, CSR's YEM24 Results (for the financial year ended 31 March 2024) are currently expected to be released to the ASX on 15 May 2024. Following the release of the YEM24 Results, the CSR Board will confirm with the Independent Expert that the YEM24 Results do not change the Independent Expert's opinion that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, in the absence of a superior proposal.	Section 5.11

2 Frequently asked questions continued

Question	Answer	More information
Other questions continued		
When will CSR's 2024 AGM be?	Section 250N of the Corporations Act requires CSR to hold its annual general meeting (**AGM**) for the financial year ended 31 March 2024 no later than 31 August 2024. CSR has applied to ASIC under section 250P of the Corporations Act to extend the period within which it would otherwise be required to hold its AGM for the financial year end 31 March 2024 (YEM24) by three months. As at the date of this Scheme Booklet, ASIC has advised CSR that it is open to granting an extension of time to CSR in relation to holding its 2024 AGM subject to the progress of the Scheme, should the need for an AGM become necessary. ASIC has advised CSR that it proposes to revisit this following the Scheme Meeting. CSR will announce to the ASX whether ASIC has granted the extension requested as soon as the decision is available. If the Scheme is delayed or is not implemented, the timing of the CSR 2024 AGM will be communicated to CSR Shareholders by way of an ASX announcement.	Section 9.6
When will CSR release its annual report?	CSR is required to lodge its financial report, directors' report and auditor's report with ASIC and ASX by 30 June 2024 (being three months after 31 March 2024, being the end of CSR's financial year). CSR is also required to dispatch these documents to its shareholders by the earlier of 21 days before the next AGM after the end of its financial year or 31 July 2024 (being four months after the end of CSR's financial year). As at the date of this Scheme Booklet, ASIC has advised CSR that it is open to granting an extension of time in relation to the dispatch of the documents above to members so that these documents may be sent to shareholders by the earlier of 21 days before the next AGM after the end of its financial year or 31 October 2024 (being a three month extension), subject to the progress of the Scheme. ASIC has advised CSR that it proposes to revisit this following the Scheme Meeting. CSR will announce to the ASX whether ASIC has granted the extension requested as soon as the decision is available.	Section 9.6

Section 3

What should you do?

3 What should you do?

3.1 Step 1: Read this Scheme Booklet

You should carefully read this Scheme Booklet in its entirety before deciding whether to vote in favour of the Scheme.

If you have any questions, please contact the CSR Shareholder Information Line on 1300 237 569 (for callers within Australia) or +61 2 9066 4055 (for callers outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays), or visit www.csr.com.au/investors-and-news/scheme-information.

If you are in any doubt as to what you should do, please consult your legal, financial, tax or other professional adviser without delay.

3.2 Step 2: Vote on the Scheme

(a) Your vote is important

For the Scheme to proceed, it is necessary that sufficient CSR Shareholders vote in favour of the Scheme.

(b) Who is entitled to vote?

If you are registered on the CSR Share Register at 7.00pm (Sydney time) on 11 June 2024, you will be entitled to vote on the Scheme.

(c) Details of the Scheme Meeting

The Scheme Meeting to approve the Scheme is scheduled to be held in person at Herbert Smith Freehills, Level 34, 161 Castlereagh Street, Sydney NSW 2000 and through an online platform at https://meetnow.global/M64W5LG at 9.00am (Sydney time) on 13 June 2024.

CSR Shareholders and their proxies, attorneys or corporate representatives will be able to participate in person or online from their computer or mobile devices via the online platform at: https://meetnow.global/M64W5LG.

Further information about attending the Scheme Meeting can be found in the Notice of Scheme Meeting in Annexure 4.

(d) How to vote?

You may vote:

- **in person,** by physically attending the Scheme Meeting in person held at Herbert Smith Freehills, Level 34, 161 Castlereagh Street, Sydney NSW 2000 and voting during the meeting;
- **online,** by participating and voting online at the Scheme Meeting at https://meetnow.global/M64W5LG. To vote online, you will need your SRN or HIN and your registered postcode or country of residence (if outside Australia);
- **by custodian voting,** for intermediary online subscribers only (Custodians), please submit your voting intentions at www.intermediaryonline.com;
- **by proxy,** by appointing one or two proxies to attend and vote on your behalf (either in person or online), using the proxy form that accompanies this Scheme Booklet or submitting a proxy online at www.investorvote.com.au. To submit a proxy vote online you will need a specific six digit Control Number (located on the front of your letter or proxy form). To be valid, your proxy form must be received by the CSR Share Registry by 9.00am (Sydney time) on 11 June 2024;
- **by attorney,** by appointing an attorney to attend and vote at the Scheme Meeting on your behalf (either in person or online), and providing a duly executed power of attorney to the CSR Share Registry by 9.00am (Sydney time) on 11 June 2024; or
- **by corporate representative,** in the case of a body corporate, appointing a corporate representative to attend the Scheme Meeting and vote on your behalf (either in person or online), and providing a duly executed certificate of appointment (in accordance with section 250D of the Corporations Act) prior to the Scheme Meeting.

Further details on how to vote are contained in the Notice of Scheme Meeting in Annexure 4.

Section 4

Overview of the Scheme

4 Overview of the Scheme

4.1 Background to the Scheme

On 26 February 2024, CSR announced that it had entered into a Scheme Implementation Deed with Saint-Gobain, under which it is proposed that Saint-Gobain Sub will acquire all of the issued share capital of CSR pursuant to the Scheme, subject to several conditions including FIRB Approval and approval from CSR Shareholders and the Court, together with other customary conditions.

A summary of the key terms of the Scheme Implementation Deed is set out in section 9.4 of this Scheme Booklet. A copy of the full Scheme Implementation Deed was attached to CSR's announcement to the ASX relating to the Scheme on 26 February 2024 and can be obtained from the ASX website (www.asx.com.au).

4.2 Overview of the Transaction Consideration

If the Scheme is implemented, and provided you hold CSR Shares on both the Scheme Record Date and the CSR Permitted Dividend Record Date, in total, you will receive the Transaction Consideration of $9.00 cash per CSR Share.

The Transaction Consideration consists of the Scheme Consideration[1] plus the CSR Permitted Dividend. As set out in further detail below, the CSR Board currently intends to determine to pay a fully franked CSR Permitted Dividend of $0.12 cash per CSR Share before the implementation of the Scheme conditional on the Scheme becoming Effective. If this occurs the Transaction Consideration will consist of the Scheme Consideration of $8.88 cash per CSR Share plus the CSR Permitted Dividend of $0.12 cash per CSR Share.

Please note, if the Effective Date for the Scheme occurs after 26 June 2024, on implementation of the Scheme, CSR Shareholders will also be entitled to receive the Additional Consideration Amount per CSR Share held as at the Scheme Record Date.[2]

The Additional Consideration Amount would be in addition to the Transaction Consideration and is described in more detail in section 4.4 below. However, under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

4.3 CSR Permitted Dividend

(a) Introduction

Under the terms of the Scheme Implementation Deed, the CSR Board is permitted to declare or determine to pay a fully franked dividend in cash up to $0.25 per CSR Share prior to implementation of the Scheme (**CSR Permitted Dividend**).

The CSR Board, having regard to the franking credits available to CSR, currently intends to determine to pay a fully franked CSR Permitted Dividend of $0.12 cash per CSR Share before the implementation of the Scheme conditional on the Scheme becoming Effective.[3] However, as at the date of this Scheme Booklet, the CSR Board has not determined to pay any CSR Permitted Dividend.

If the Scheme becomes Effective, the CSR Permitted Dividend would be paid on the CSR Permitted Dividend Payment Date in relation to each CSR Share held as at the CSR Permitted Dividend Record Date. The CSR Permitted Dividend Payment Date would be before the Scheme Record Date.

(b) Corporations Act requirements

Under section 254T of the Corporations Act, dividends may only be paid by a company if:

- the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

1 The Scheme Consideration is equal to an amount of $9.00 cash per CSR Share for each CSR Share held as at the Scheme Record Date, reduced by the amount of any CSR Permitted Dividend.

2 Under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

3 As at the date of this Scheme Booklet, the CSR Board has not determined to pay any CSR Permitted Dividend.

In addition, section 260A of the Corporations Act enables a company to financially assist a person to acquire shares in the company or a holding company only if certain conditions are satisfied. Financial assistance of this kind would be permitted if the giving of assistance does not materially prejudice:

- the interests of the company;
- the interests of its shareholders; or
- the company's ability to pay its creditors.

The Corporations Act specifically contemplates that financial assistance (of the kind that is regulated under section 260A of the Corporations Act) may take the form of paying a dividend which may be given before the acquisition of shares. The CSR Board would only determine to pay a CSR Permitted Dividend if CSR can do so in compliance with section 260A of the Corporations Act.

(c) Announcement regarding the CSR Permitted Dividend

If the CSR Board determines to pay any CSR Permitted Dividend, this will be communicated to CSR Shareholders by way of an ASX announcement before the Scheme Meeting.

(d) Impact of any CSR Permitted Dividend

If the intended CSR Permitted Dividend of $0.12 cash per CSR Share is paid, the Transaction Consideration of $9.00 cash per CSR Share would comprise:

- the Scheme Consideration of $8.88 cash per CSR Share (paid on the Implementation Date (currently expected to be 9 July 2024)); and
- the CSR Permitted Dividend of $0.12 cash per CSR Share (paid on the CSR Permitted Dividend Payment Date (currently intended to be 1 July 2024)).

If determined to be paid, the CSR Permitted Dividend will be fully franked and the franking credits will represent additional value to those CSR Shareholders who are able to realise a tax benefit from those franking credits and who are CSR Shareholders on the CSR Permitted Dividend Record Date.

If the intended CSR Permitted Dividend of $0.12 cash per CSR Share is paid, Australian CSR Shareholders who are entitled to the franking credits attached to the CSR Permitted Dividend may be entitled to an Australian tax offset of up to approximately $0.05 of additional value per CSR Share.

CSR Shareholders should seek independent professional taxation advice in relation to their particular tax circumstances and the value of any franking credits, including as to whether or not the receipt of the CSR Permitted Dividend and any entitlement to franking credits attached to it is beneficial to you based on your own particular circumstances.[4]

4.4 Additional Consideration Amount

If the Effective Date for the Scheme is delayed beyond 26 June 2024, CSR Shareholders will receive the Additional Consideration Amount of $0.0006575, accruing daily up until (and including) the Effective Date, per CSR Share held as at the Scheme Record Date.

This means that if the Scheme becomes Effective within four months from the date of the Scheme Implementation Deed (that is, by 26 June 2024), no Additional Consideration Amount will be payable to CSR Shareholders in respect of their CSR Shares under the Scheme. However, if the Scheme becomes Effective after the date that is four months from the date of the Scheme Implementation Deed (that is, after 26 June 2024), CSR Shareholders will receive the Additional Consideration Amount in respect of their CSR Shares held as at the Scheme Record Date. The amount of the Additional Consideration Amount will be calculated in accordance with the formula above and will accrue daily up to the date that the Scheme becomes Effective. The Additional Consideration Amount would be in addition to the Transaction Consideration described in section 4.2 above.

4 Please refer to section 8 of this Scheme Booklet for a general summary of the Australian taxation consequences of the Scheme for CSR Shareholders. However, section 8 of this Scheme Booklet is general in nature and CSR Shareholders should consult with their own independent taxation advisers regarding the tax implications of the Scheme.

By way of example, if the Effective Date does not occur until 26 July 2024, the Additional Consideration Amount per CSR Share would be an amount equal to $0.0006575 multiplied by 30 days after 26 June 2024 (that is, approximately $0.02 per CSR Share in addition to the Transaction Consideration).

Please note that under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

4.5 Provision of Transaction Consideration

If the Scheme becomes Effective (and the Effective Date for the Scheme occurs before 26 June 2024):[5]

- Scheme Shareholders will be sent the Scheme Consideration (being $9.00 cash less any CSR Permitted Dividend) on the Implementation Date (currently expected to be 9 July 2024); and
- if the CSR Board determines to pay any CSR Permitted Dividend (and the CSR Board currently intends to determine to pay a $0.12 CSR Permitted Dividend, conditional on the Scheme becoming Effective), CSR Shareholders on the CSR Share Register as at the CSR Permitted Dividend Record Date will be paid the CSR Permitted Dividend on the CSR Permitted Dividend Payment Date (currently intended to be 1 July 2024).

As such, if the CSR Board determines to pay any CSR Permitted Dividend, in order to receive the full amount of the Transaction Consideration of $9.00 cash per CSR Share, you must hold such CSR Shares on both the Scheme Record Date and the CSR Permitted Dividend Record Date.

(a) Scheme Consideration

Cheques will not be issued to Scheme Shareholders in Australia, New Zealand, or the United Kingdom. Scheme Shareholders with a registered address in Australia, New Zealand, or the United Kingdom must nominate a valid bank account before the Scheme Record Date to receive the Scheme Consideration directly into their bank account. The Scheme Consideration will be paid in the local currency of the nominated bank account.

Scheme Shareholders in other jurisdictions who have not nominated a valid bank account, will have their Scheme Consideration sent by cheque in Australian dollars to their address shown on the CSR Share Register.

You can nominate a bank account or update your bank account details on the website of the CSR Share Registry at www.investorcentre.com/au. If you have already registered, log in using your User ID and password. If you have not previously registered, you will need your HIN/SRN to register. The new user registration process requires an account verification code to be mailed to your registered address as an additional layer of security to protect your holding. Please allow sufficient time for delivery of the verification code so that you can update your details before the Scheme Record Date.

It is important to note that you will only receive the Scheme Consideration if you are a Scheme Shareholder. You will be a Scheme Shareholder if you hold CSR Shares at the Scheme Record Date (currently expected to be at 7.00pm (Sydney time) on 2 July 2024 or such other time and date as CSR and Saint-Gobain agree in writing).

(b) CSR Permitted Dividend

Cheques will not be issued to CSR Shareholders in Australia, New Zealand, or the United Kingdom. CSR Shareholders with a registered address in Australia, New Zealand, or the United Kingdom must nominate a valid bank account before the CSR Permitted Dividend Record Date to receive the CSR Permitted Dividend directly into their bank account. The CSR Permitted Dividend will be paid in the local currency of the nominated bank account.

CSR Shareholders in other jurisdictions who have not nominated a valid bank account, will have their CSR Permitted Dividend sent by cheque in Australian dollars to their address shown on the CSR Share Register.

5 If the Effective Date for the Scheme occurs after 26 June 2024, on implementation of the Scheme, CSR Shareholders will also be entitled to receive the Additional Consideration Amount per CSR Share held as at the Scheme Record Date. However, under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

The Dividend Reinvestment Plan (DRP) will not operate for payment of the Scheme Consideration or CSR Permitted Dividend.

You can nominate a bank account or update your bank account details on the website of the CSR Share Registry at www.investorcentre.com/au. If you have already registered, log in using your User ID and password. If you have not previously registered, you will need your HIN/SRN to register. The new user registration process requires an account verification code to be mailed to your registered address as an additional layer of security to protect your holding. Please allow sufficient time for delivery of the verification code so that you can update your details before the CSR Permitted Dividend Record Date (if the CSR Board determines to pay any CSR Permitted Dividend).

If any CSR Permitted Dividend is determined by the CSR Board, it is important to note that you will only receive the CSR Permitted Dividend if you hold CSR Shares at the CSR Permitted Dividend Record Date (currently intended to be at 7.00pm (Sydney time) on 24 June 2024).

4.6 Conditions to the Scheme

The Scheme will not become Effective and you will not receive the Scheme Consideration unless all of the conditions precedent to the Scheme are satisfied or waived (if capable of being waived) in accordance with the Scheme Implementation Deed.

The outstanding Conditions Precedent to the Scheme are summarised in 9.4(b) of this Scheme Booklet and are set out in full in clause 3.1 of the Scheme Implementation Deed.

These include FIRB Approval and approval by the Court and CSR Shareholders.

As at the date of this Scheme Booklet, none of the CSR Directors or Saint-Gobain's Directors are aware of any circumstances which would cause any Condition Precedent not to be satisfied.

4.7 Implications if the Scheme does not become Effective

If the Scheme is not implemented:

- unless CSR Shareholders choose to sell their CSR Shares, for example on the ASX, CSR Shareholders will continue to hold CSR Shares and will be exposed to general risks as well as risks specific to CSR, including those set out in section 7 of this Scheme Booklet as well as potential future benefits in retaining exposure to CSR's business and assets;
- CSR Shareholders will not receive the Transaction Consideration;
- given any CSR Permitted Dividend is expected to be conditional on the Scheme becoming Effective, if the Scheme is not approved by the Requisite Majorities of CSR Shareholders or the Court, CSR Shareholders will not receive any CSR Permitted Dividend in respect of their CSR Shares;
- the CSR Board may determine to pay or declare and pay further dividends in the future. However, there is no certainty that the CSR Board will do so;
- the Reimbursement Fee of $42 million (excluding GST) may be payable by CSR to Saint-Gobain under certain circumstances. Those circumstances do not include the failure by CSR Shareholders to approve the Scheme at the Scheme Meeting. Further information on the Reimbursement Fee is set out in section 9.4(g) of this Scheme Booklet;
- the timing of the CSR 2024 AGM will be communicated to CSR Shareholders by way of an ASX announcement;
- CSR will continue as an ASX-listed entity with management continuing to implement CSR's business plan and financial and operating strategies; and
- the price of a CSR Share on the ASX will continue to be subject to market volatility and may fall in the absence of a Superior Proposal.

4.8 Key steps in the Scheme

(a) Scheme Meeting and Scheme approval requirements

The Court has ordered CSR to convene the Scheme Meeting at which CSR Shareholders will be asked to approve the Scheme.

The terms of the Scheme Resolution to be considered at the Scheme Meeting are contained in the Notice of Scheme Meeting in Annexure 4.

The Scheme will only become Effective and be implemented if:

- it is approved by the Requisite Majorities of CSR Shareholders at the Scheme Meeting to be held on 13 June 2024;
- it is approved by the Court at the Second Court Hearing; and
- the other Conditions Precedent to the Scheme outlined in section 9.4(b) of this Scheme Booklet are satisfied or waived (as applicable).

The Requisite Majorities of CSR Shareholders to approve the Scheme are:

(1) unless the Court orders otherwise, a majority in number (more than 50%) of CSR Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate CSR Shareholders, body corporate representative); and

(2) at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by CSR Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate CSR Shareholders, body corporate representative).

The Court has the power to waive the first requirement.

The entitlement of CSR Shareholders to attend and vote at the Scheme Meeting is set out in the Notice of Scheme Meeting in Annexure 4.

Voting is not compulsory. However, the CSR Directors unanimously recommend that CSR Shareholders vote in favour of the Scheme in the absence of a Superior Proposal, and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders.

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of CSR Shareholders and the Court. If this occurs, your CSR Shares will be transferred to Saint-Gobain Sub and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and will be announced to the ASX (www.asx.com.au) once available.

Please note that the Scheme Meeting may be postponed or adjourned, including if satisfaction of a Condition Precedent (including FIRB Approval) is delayed, pursuant to the terms of the Scheme Implementation Deed. Any such postponement or adjournment will be announced by CSR to the ASX.

(b) Court approval of the Scheme

In the event that:

- the Scheme is approved by the Requisite Majorities of CSR Shareholders at the Scheme Meeting; and
- all other Conditions Precedent to the Scheme (except Court approval of the Scheme) have been satisfied or waived (as applicable),

then CSR will apply to the Court for orders approving the Scheme.

Each CSR Shareholder has the right to appear at the Second Court Hearing.

(c) Effective Date

If the Court approves the Scheme, the Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. CSR will, on the Scheme becoming Effective, give notice of that event to the ASX.

CSR intends to apply to the ASX for CSR Shares to be suspended from trading on the ASX from close of trading on the Effective Date.

(d) CSR Permitted Dividend Record Date and entitlement to the CSR Permitted Dividend (if applicable)

If the CSR Board determines to pay any CSR Permitted Dividend, those CSR Shareholders who are recorded on the CSR Share Register on the CSR Permitted Dividend Record Date (currently intended to be 7.00pm (Sydney time) on 24 June 2024) will be entitled to receive the CSR Permitted Dividend, in respect of the CSR Shares they hold at that time, on the CSR Permitted Dividend Payment Date (currently intended to be 1 July 2024).

The CSR Board, having regard to the franking credits available to CSR, currently intends to determine to pay a fully franked CSR Permitted Dividend of $0.12 cash per CSR Share before the implementation of the Scheme conditional on the Scheme becoming Effective.[6]

(e) Scheme Record Date and entitlement to Scheme Consideration

Those CSR Shareholders who are recorded on the CSR Share Register on the Scheme Record Date (currently expected to be 7.00pm (Sydney time) on 2 July 2024 or such other time and date as CSR and Saint-Gobain agree in writing) will be entitled to receive the Scheme Consideration, in respect of the CSR Shares they hold at that time, on the Implementation Date (currently expected to be 9 July 2024).

(f) Dealings on or prior to the Scheme Record Date

For the purposes of determining which CSR Shareholders are eligible to participate in the Scheme, dealings in CSR Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the CSR Share Register as the holder of the relevant CSR Shares before the Scheme Record Date; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the CSR Share Registry before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date).

For the purposes of determining entitlements under the Scheme, CSR will not accept for registration or recognise for any purpose (except a transfer to Saint-Gobain Sub pursuant to the Scheme and any subsequent transfer by Saint-Gobain Sub) any transfer or transmission applications, or other request received, in respect of CSR Shares received after the Scheme Record Date or received before the Scheme Record Date but is not in registrable or actionable form.

(g) Dealings after the Scheme Record Date

For the purpose of determining entitlements to the Scheme Consideration, CSR must maintain the CSR Share Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The CSR Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for CSR Shares will cease to have effect as documents relating to title in respect of such CSR Shares; and
- each entry on the CSR Share Register will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the CSR Shares relating to that entry.

6 As at the date of this Scheme Booklet, the CSR Board has not determined to pay any CSR Permitted Dividend.

4 Overview of the Scheme continued

(h) Implementation Date

By no later than the fourth Business Day before the Implementation Date (the Implementation Date which is currently expected to be 9 July 2024), Saint-Gobain Sub will deposit (or will procure the deposit) into a CSR operated Australian dollar denominated trust account with an authorised deposit taking institution in Australia as trustee for the Scheme Shareholders, an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders (less any Withholding Amount).

Scheme Shareholders will be sent or issued (as relevant) the Scheme Consideration (less any Withholding Amount) on the Implementation Date. Immediately after the Scheme Consideration is sent to Scheme Shareholders, the Scheme Shares will be transferred to Saint-Gobain Sub and CSR will enter the name of Saint-Gobain Sub in the CSR Share Register in respect of the Scheme Shares.

(i) Deed Poll

As at the date of this Scheme Booklet, a Deed Poll has been entered into by Saint-Gobain and Saint-Gobain Sub in favour of the Scheme Shareholders, where:

- Saint-Gobain Sub undertakes to provide, or procure, the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme, subject to the Scheme becoming Effective; and
- Saint-Gobain undertakes that, in the event Saint-Gobain Sub, will not or does not fulfil its obligations described above, Saint-Gobain will perform those obligations; and
- Saint-Gobain and Saint-Gobain Sub each undertake all other actions attributed to each of them, and give each acknowledgement, representation and warranty (if any), attributed to each of them under the Scheme.

A copy of the Deed Poll is contained in Annexure 3.

4.9 Warranties by Scheme Shareholders

Under the terms of the Scheme, each Scheme Shareholder is taken to have warranted to CSR and Saint-Gobain Sub, and appointed and authorised CSR as its attorney and agent to warrant to Saint-Gobain Sub, on the Implementation Date, that:

- all their CSR Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the PPS Act) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind;
- they have full power and capacity to transfer their Scheme Shares to Saint-Gobain Sub together with any rights and entitlements attaching to those shares; and
- they have no existing right to be issued any CSR Shares, CSR Equity Incentives or any other CSR securities.

4.10 Delisting of CSR

CSR will apply for the termination of the official quotation of CSR Shares on the ASX and for CSR to be removed from the official list of the ASX, each to occur on a date after the Implementation Date.

Section 5

Information about CSR

5 Information about CSR

5.1 Introduction

CSR is a building products company operating in Australia and New Zealand and is the company behind some of Australia's most trusted and well-known building products brands.

CSR was founded in 1855, and now has a distribution network across Australia and New Zealand. CSR also generates additional earnings from its property division typically from the sale of former operating sites, and through its 70% ownership of Gove Aluminium Finance, CSR holds an effective 25.2% interest in the Tomago aluminium smelter.

As at the date of this Scheme Booklet, CSR services more than 17,000 customers through 29 manufacturing sites and over 100 branded outlets and distribution centres across Australia and New Zealand with a team of approximately 2,800 employees.

5.2 History of CSR

CSR has a long history, being founded in 1855 as a sugar refinery and becoming a public company in 1887.

In December 2010, CSR divested the sugar business and became a focused building products business with a property division and joint venture participation in the Tomago aluminium smelter.

Since 2011 CSR has:

- Completed several strategic 'bolt on' acquisitions, including the acquisition of:
  - a controlling interest in Martini in November 2013, followed by the full acquisition of the business in December 2019;
  - Architectural Framing Systems (**AFS**) in April 2014; and
  - Woven Image in September 2023.
- Formed the joint venture Boral CSR Bricks (owned 60% by CSR and 40% by Boral) in May 2015, and then acquired full ownership following the acquisition of Boral's 40% minority interest in November 2016.
- Divested the Viridian glass business in January 2019.
- Expanded the Hebel manufacturing operations, with construction of a new Hebel production line at the site located at Somersby, NSW which was commissioned in April 2019.
- Completed several property sale transactions, including the sale of:
  - Chirnside Park, VIC with proceeds of $221 million realised between 2014 and 2023; and
  - Horsley Park, NSW with proceeds of $365 million realised between 2019 and 2024.

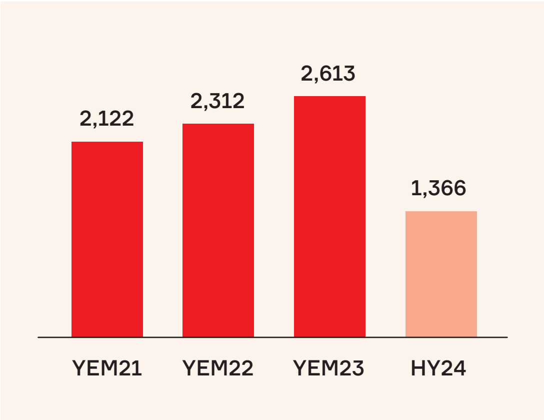
5.3 Overview of CSR operations

(a) Overview

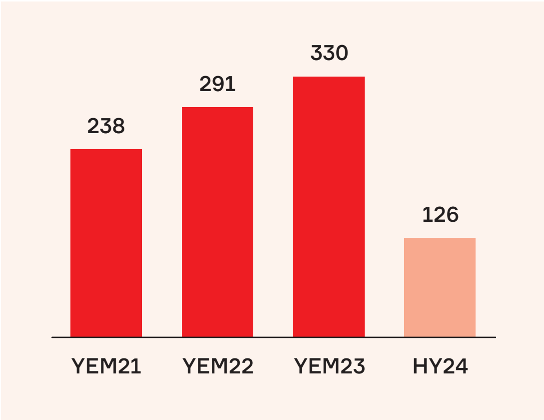
For the year ended 31 March 2023 (YEM23), CSR Group revenue was $2,613 million and CSR Group EBIT was $330 million.

For the financial half year ended 30 September 2023 (HY24), CSR Group revenue was $1,366 million and CSR Group EBIT was $126 million.

Historical CSR Group revenue ($m)



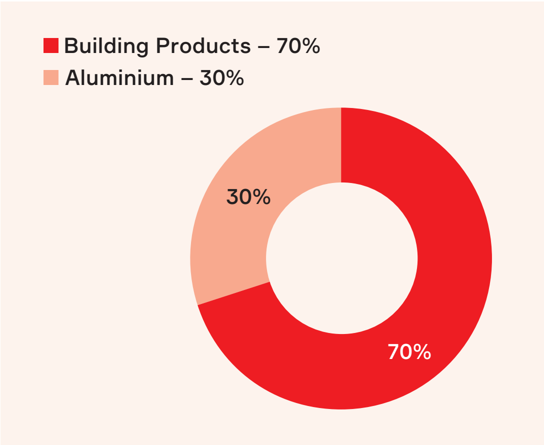
Historical CSR Group EBIT ($m)



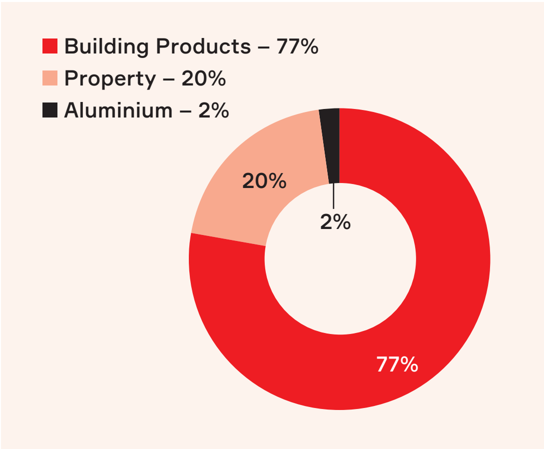
CSR reports three operating segments, being Building Products, Property and Aluminium. In addition, Corporate and Restructuring and Provisions operating costs are separately reported.

CSR generates most of its earnings through its Building Products business, with the division contributing 70% of CSR Group revenue and 77% of EBIT in YEM23.

CSR Group revenue contribution by segment in YEM23 (%)



CSR Group EBIT contribution by segment in YEM23[1] (%)



1 Excludes Corporate and Restructuring and Provisions operating costs. Figures do not add up to 100% due to rounding.

Further detail on CSR's Building Products, Property and Aluminium segments are set out in sections 5.3(b), 5.3(c) and 5.3(d) of this Scheme Booklet respectively.

CSR's Corporate segment includes unallocated corporate functions and the Restructuring and Provisions segment includes legal and managerial costs associated with managing long term product liabilities, certain defined benefit superannuation liabilities and expenses and non-operating revenue and other costs.

5.3 Overview of CSR operations continued

A summary of the EBIT by segment and reconciliation to statutory net profit after tax for the financial years ended 31 March 2023 (YEM23) and 31 March 2022 (YEM22) and the financial half year ended 30 September 2023 (HY24) is set out in the table below.

$m unless stated[1]	HY24	YEM23	YEM22
Trading revenue	**1,366.1**	**2,613.3**	2,311.6
EBIT			
Building Products	164.7	273.4	228.2
Property	(1.5)	71.7	46.9
Aluminium	(24.3)	8.0	39.7
Corporate (including restructuring and provisions)	(13.4)	(23.4)	(23.4)
Group EBIT[1]	**125.5**	**329.7**	291.4
Net finance costs	(3.7)	(14.7)	(9.5)
Tax expense	(33.3)	(90.3)	(81.2)
Non-controlling interests	5.4	0.3	(8.1)
Net profit after tax before significant items[1]	**93.9**	**225.0**	192.6
Significant items after tax[2]	(2.4)	(6.5)	78.0
Statutory net profit after tax	**91.5**	**218.5**	270.6

1 All references are before significant items unless stated. These are non-IFRS measures and are used internally by CSR to assess the performance of the business and have been extracted or derived from CSR's financial statements for the financial years ended 31 March 2023 (YEM23), 31 March 2022 (YEM22) and the financial half year ended 30 September 2023 (HY24).

2 Significant items are those which by their size and nature or incidence are relevant in explaining the financial performance of the CSR Group, and as such are disclosed separately. In YEM22 significant items of $78.0 million included recognition of carry forward capital and revenue tax losses of $86.3 million. Further information on significant items for YEM23, YEM22 and HY24 is included in Note 3 Significant Items in CSR's financial statements for the financial years ended 31 March 2023 (YEM23), 31 March 2022 (YEM22) and the financial half year ended 30 September 2023 (HY24).

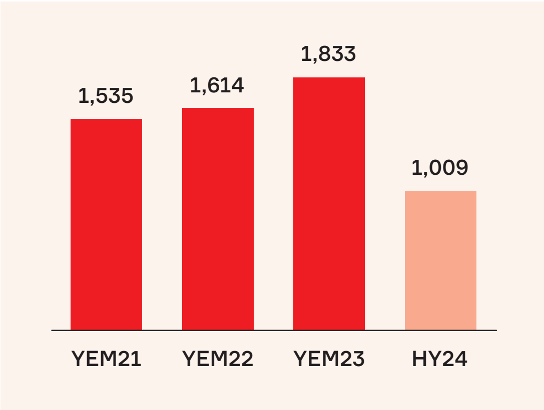
Each operating business segment is described in further detail below.

(b) Building Products

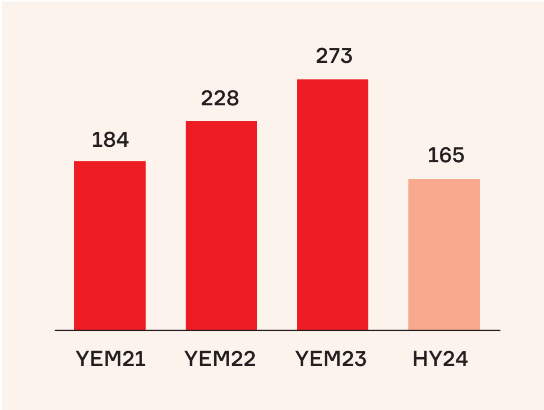
CSR's range of building products and systems serve a range of building and construction segments backed by technical expertise across building technology, compliance, energy efficiency and architectural design.

In YEM23, CSR's Building Products revenue was $1,833 million and EBIT was $273 million. In HY24 Building Products revenue was $1,009 million and EBIT was $165 million.

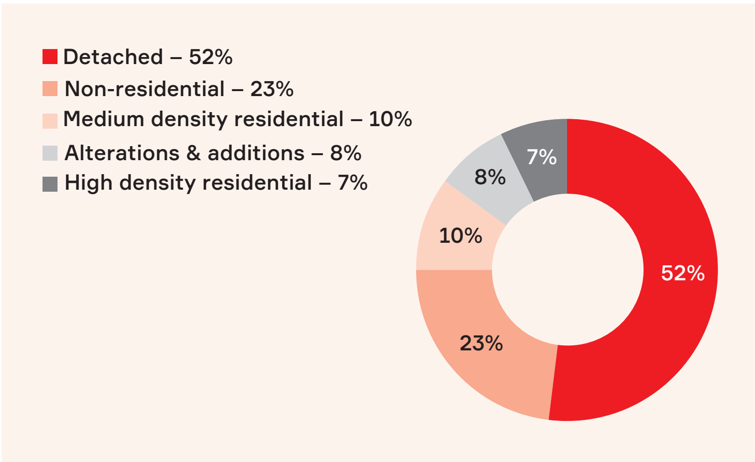
Historical Building Products revenue ($m)



Historical Building Products EBIT ($m)



CSR's Building Products end market exposure is summarised below as at 30 September 2023 (HY24):



Within CSR's Building Products segment, there are three business units, being Interior Systems, Masonry & Insulation and Construction Systems.

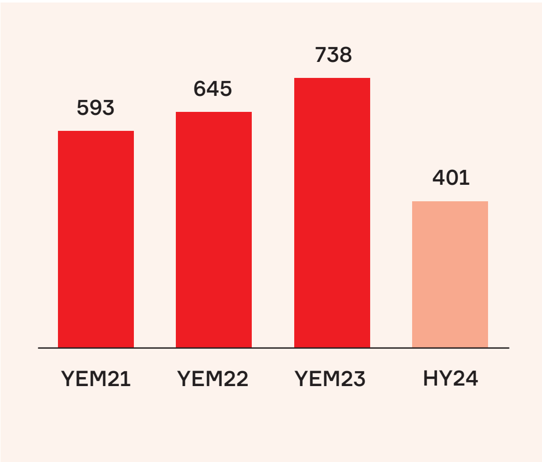
5 Information about CSR continued

5.3 Overview of CSR operations continued

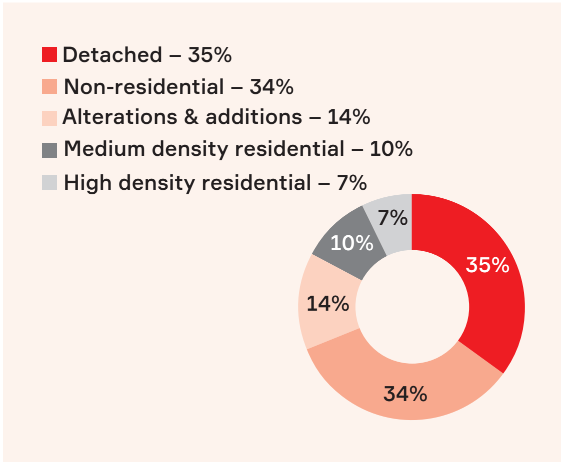
(1) Interior Systems

Interior Systems comprises Gyprock, Martini, Woven Image, Himmel and Potter.

Historical Interior Systems revenue ($m)



Interior Systems end-market exposure (%) – HY24



Interior Systems brands

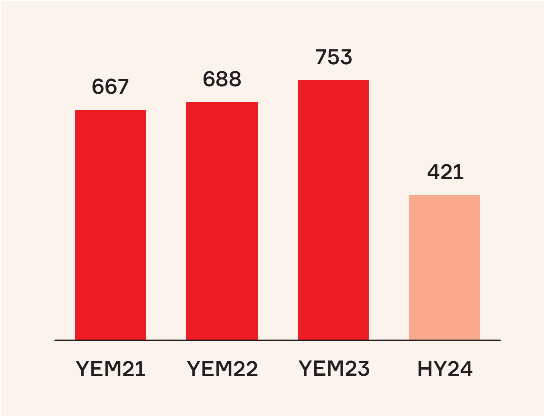
GYPROCK	Gyprock has been a provider of plasterboard, compounds, cornices and associated finishing products in the Australian market for 75 years. The business has four manufacturing sites in Brisbane, Sydney, Melbourne and Perth. A key channel to market is the 59 Gyprock Trade Centres and 29 Gyprock Specialist Distributors across Australia.[1]
martini	Martini manufactures high performance acoustic products that range from decorative through to bulk insulation.
WI WOVEN IMAGE	CSR acquired Woven Image in September 2023 to broaden its commercial offering. Woven Image supplies sustainable, design-led acoustic finishes and textiles for use in global commercial projects across workplace, hospitality, education and healthcare sectors.
HIMMEL POTTER INTERIOR SYSTEMS	Himmel in Australia and Potter in New Zealand are systems businesses supplying ceiling tiles, grid systems, decorative acoustics, and aluminium partitions across social, infrastructure and commercial projects.

1 As at 8 April 2024.

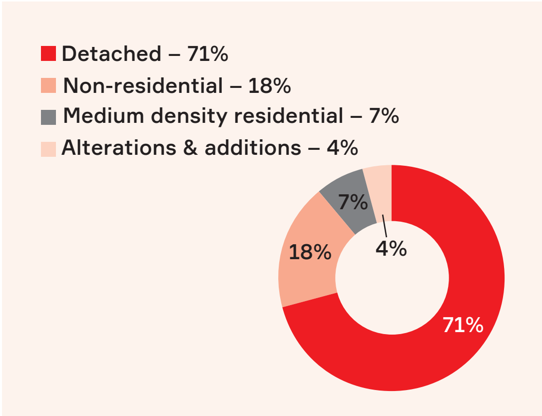
(2) Masonry & Insulation

Masonry & Insulation comprises PGH Bricks & Pavers, Monier Roofing and Bradford Insulation.

Historical Masonry & Insulation revenue ($m)



Masonry & Insulation end-market exposure (%) – HY24



Masonry & Insulation brands

Bradford	Bradford Insulation has manufactured and supplied insulation materials for over 80 years. It supplies thermal and acoustic insulation, ventilation and energy saving products in Australia and New Zealand.
Monier Roofing	Monier Roofing manufactures roofing products including concrete and terracotta roof tiles and accessories.
PGH Bricks & Pavers	PGH Bricks manufactures and distributes a broad range of bricks and pavers for residential, architectural and commercial applications.

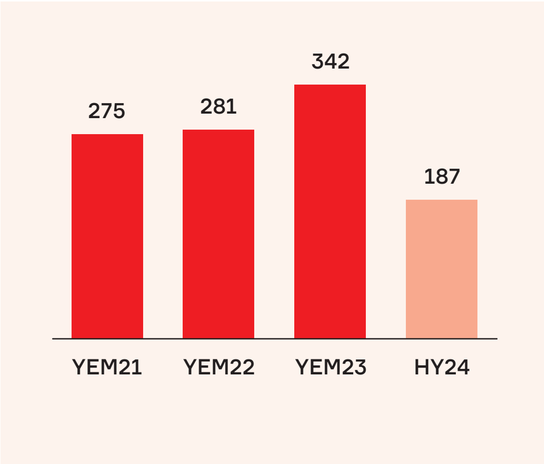
5 Information about CSR continued

5.3 Overview of CSR operations continued

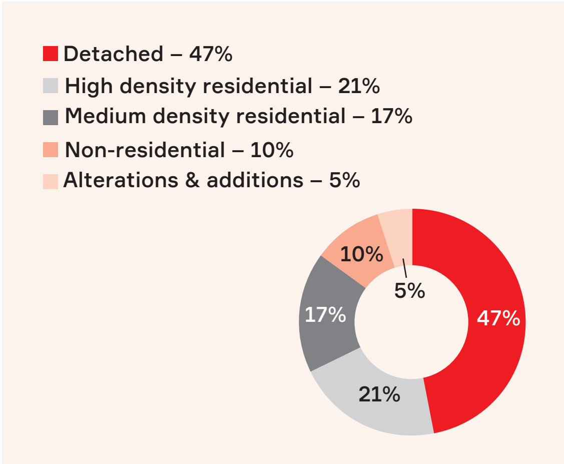
(3) Constructions Systems

Construction Systems comprises Hebel, AFS and Cemintel.

Historical Construction Systems revenue ($m)



Construction Systems end-market exposure (%) – HY24



Construction Systems brands

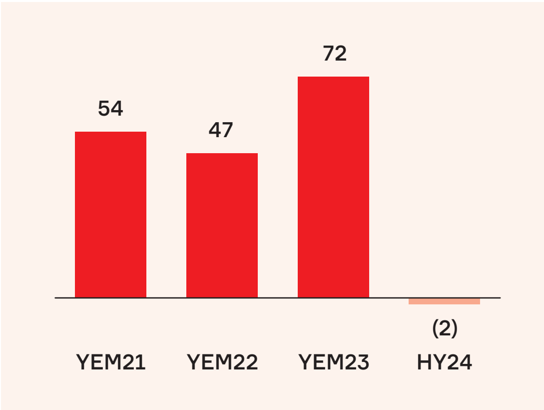
hebel The better way to build	Hebel is a manufacturer of Aerated Autoclaved Concrete (AAC) products commonly used in intertenancy, boundary wall and cladding solutions. Hebel systems are non-combustible, thermally efficient and produce inherent acoustic performance properties.
afs smarter permanent formwork.	AFS provides load-bearing permanent formwork walling solutions incorporating fibre cement and PVC permanent formwork systems.
CEMINTEL	Cemintel services the Australian market with a range of traditional and prefinished fibre cement solutions for facades and cladding, internal linings, ceilings and flooring.

(c) Property

CSR generates earnings from its Property segment by maximising the financial returns from surplus former manufacturing sites and industrial land. As part of this, CSR manages numerous large scale property projects through various stages of development including site rezoning, remediation, biodiversity management, civil earth works and construction of road and property infrastructure.

In YEM23, CSR's Property EBIT was $72 million and in HY24 Property EBIT loss was ($2) million.

Historical Property EBIT ($m)



CSR currently owns over 50 property sites across Australia, comprising approximately 1,300 hectares of freehold land. CSR's Property segment also manages a significant network of leased sites to support the operational businesses.

CSR's in-house team is responsible for deploying its strategy of expansion, management, and advancements of the property sites through the various stages of the property cycle.

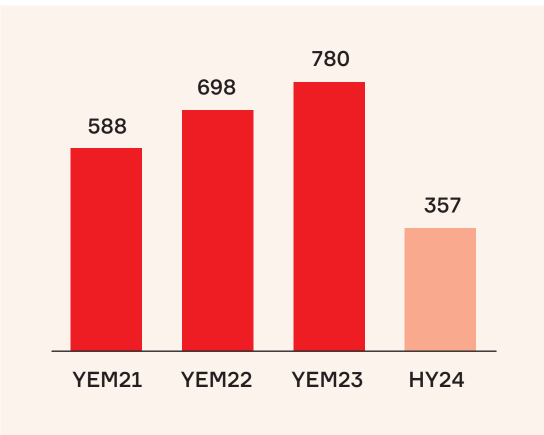
(d) Aluminium

CSR is a joint venture participant to the Tomago aluminium smelter, Australia's largest aluminium smelter which has been operating since 1983.

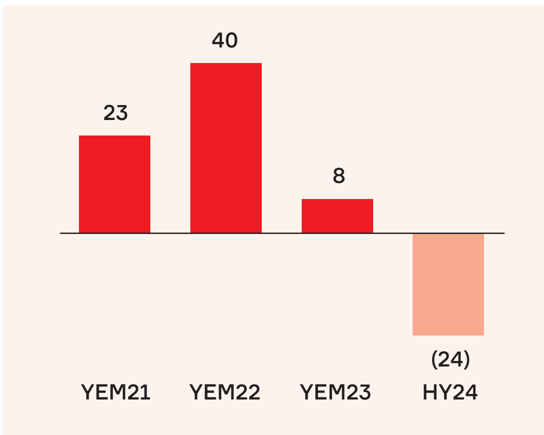
Through its 70% shareholding in Gove Aluminium Finance, CSR holds an effective 25.2% interest in the smelter located near Newcastle, NSW. Tomago is managed independently with Gove Aluminium Finance's joint venture partners Rio Tinto and Hydro Aluminium.

In YEM23, CSR's Aluminium revenue was $780 million and EBIT was $8 million. In HY24 Aluminium revenue was $357 million and EBIT loss was ($24) million.

Historical Aluminium revenue ($m)



Historical Aluminium EBIT ($m)



5 Information about CSR continued

5.4 CSR strategy

Building solutions for a better future.

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

CSR's strategy is focused on providing a platform for growth and resilience to deliver improved performance through-the-cycle. In 2020 the organisational structure was streamlined and aligned to the strategy, with the central customer solutions and logistics teams formed, together with the establishment of CSR's transformation function to govern delivery of the strategy. This has been a key enabler to drive two of the key focus areas of CSR's strategy.

Providing **complete customer solutions** through:

- provision of technical support through digital tools (e.g. Thermal Calculator, Gyprock's Red Book, System Selector) and centralisation of CSR technical expertise including CSR's Design-Link team;
- streamlined interactions that deliver value for customers and CSR through investment in customer relationship management systems across the sales function and alignment of marketing strategies across key end market segments (e.g. detached residential, alterations and additions, social and infrastructure);
- identification of more large and complex project opportunities and driving a consistent CSR customer experience through CSR's digital Project Tracking system; and
- providing complete solutions to customers leveraging CSR's product suite.

Building an **optimised supply chain network and centralised logistics** capability that provides scale benefits and improves efficiency and customer service, including:

- delivery of an Integrated Business Planning platform and centralised team;
- roll-out of the Transport Management System supported by a centralised transport capability;
- delivery of transport optimisation projects to leverage group scale to procure, plan and execute transport;
- development of network strategies to incorporate long term planning across the network for manufacturing and distribution efficiency; and
- completion of master planning for plants and distribution sites and implementing leading warehouse optimisation practices.

5.5 Safety at CSR

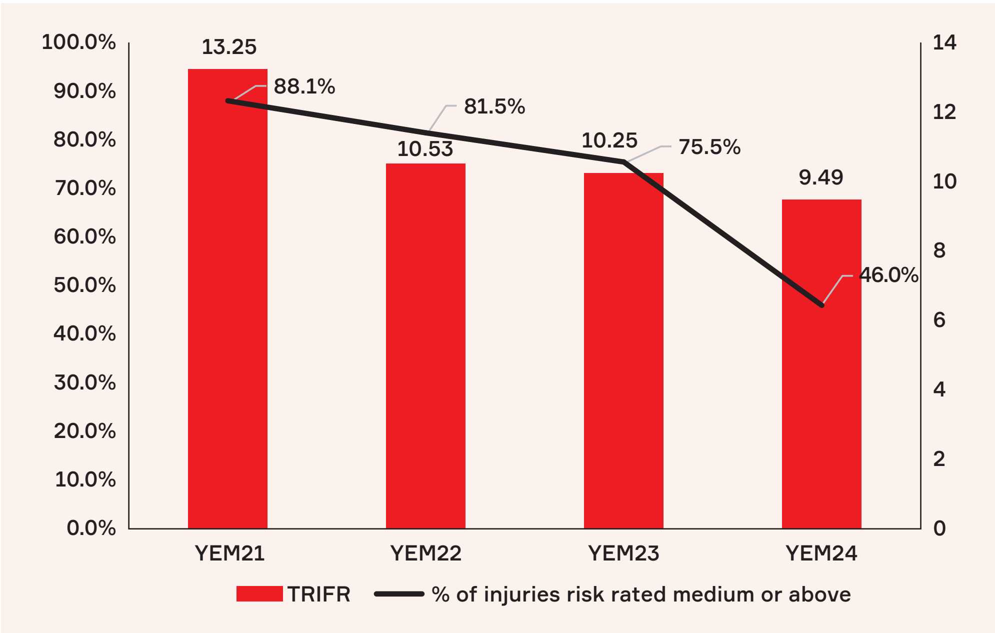
(a) Recordable injuries

Safety at CSR is a priority, with a number of systems and processes in place to improve and track the safety performance across the organisation.

Safety risks are measured using a 5x5 risk matrix which classifies and rates events based on the potential severity combined with the potential likelihood.

The Total Recordable Injury Frequency Rate per million work hours (**TRIFR**) performance and severity rate of injuries is set out in the table below.

Total Recordable Injury Frequency Rate (per million work hours)



5 Information about CSR continued

5.5 Safety at CSR continued

(b) Progress in YEM24

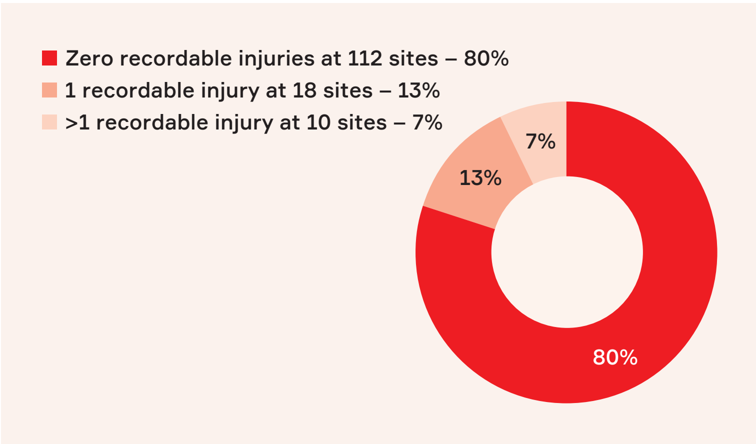
CSR continues to work on addressing high potential consequence risk to reduce the risk of serious injuries to its employees.

This includes specific risk mitigation plans for each top safety risk at CSR and the continued rollout of CSR's "Never Walk Past" program to build a mindset to never walk past an unsafe act or condition. Response plans are also in place to reduce low potential consequence risk to bring down the overall TRIFR.

CSR's goal is zero injuries and as at 31 March 2024, 80% of CSR sites have achieved this.

Recordable injuries year ending 31 March 2024 (YEM24)

YEM24: 80% of CSR sites with no recordable injuries



5.6 Product liability

CSR was involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia and exporting asbestos to the United States. CSR's involvement in asbestos mining, and the manufacture of products containing asbestos, began in the early 1940s and ceased with the divestment of the Wunderlich asbestos cement business in 1977. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States.

CSR has been settling claims in relation to these matters since 1989.

Default judgments have been sought and obtained against CSR in the United States, without CSR being present or represented. CSR has not been subject to enforcement of any such United States judgment, and so far as CSR is aware, Australian law does not recognise the jurisdiction of US courts in such matters.

CSR includes in its financial statements a product liability provision covering all known claims and reasonably foreseeable future asbestos related claims. This provision is reviewed every six months. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. In determining the product liability provision, at each financial year end CSR has obtained independent expert advice in relation to the future incidents and value of asbestos related claims.

A summary of the provision balances as at 30 September 2023 (HY24), 31 March 2023 (YEM23) and 31 March 2022 (YEM22) are set out below, with further information included in the product liability note contained within CSR's Financial Report for each reporting period. Details in relation to the provision balances as at 31 March 2024 will be included in CSR's YEM24 results which are expected to be released to ASX on 15 May 2024.

$million	HY24	YEM23	YEM22
Base case estimate	151.0	156.8	174.8
Prudential margin	36.1	36.6	38.5
Prudential margin %	*23.9%*	*23.3%*	*22.0%*
Total product liability provision	**187.1**	**193.4**	**213.3**

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provisions above (or which will be included in CSR's YEM24 results expected to be released on 15 May 2024 and CSR's 2024 financial report to be released to ASX by 30 June 2024) will definitively estimate CSR's future asbestos liabilities. If certain assumptions adopted prove to be incorrect, such provisions may be shown to materially understate or overstate CSR's asbestos liability.

However, taking into account the provisions already included in CSR's financial statements and current claims management experience, as at the date of this Scheme Booklet, CSR does not expect that asbestos litigation in Australia and the United States will have a material adverse impact on the CSR group's financial condition.

5.7 CSR Board and senior executives

(a) CSR Board

As at the date of this Scheme Booklet, the CSR Board comprises the following directors:

Name	Position
John Gillam	Chair and Independent Non-Executive Director
Julie Coates	Managing Director and CEO
Christina Boyce	Independent Non-Executive Director
Nigel Garrard	Independent Non-Executive Director
Adam Tindall	Independent Non-Executive Director
Penny Winn	Independent Non-Executive Director

(b) CSR executive leadership team

As at the date of this Scheme Booklet, CSR's executive leadership team comprises the following members:

Name	Position
Julie Coates	Managing Director and CEO
Amy Bentley	Executive General Manager, Logistics
Paul Dalton	Executive General Manager, Interior Systems
Catherine Flynn	Executive General Manager, Human Resources
Heath Hopwood	Executive General Manager, Masonry & Insulation
Chris Karakatsanis	Executive General Manager, Safety, Sustainability & Risk
Sara Lom	Chief Financial Officer
Gary May	Executive General Manager, Customer Solutions
Wayne Studdon	Executive General Manager, Construction Systems
Cameron Webb	Executive General Manager, Transformation, Technology & Digital

5.8 Historical financial information

(a) Basis of preparation

This section sets out a summary of historical financial information in relation to CSR for the purpose of this Scheme Booklet. The financial information has been derived from CSR's financial statements for the financial years ended 31 March 2022 (YEM22) and 31 March 2023 (YEM23) which were audited, and the financial half-year ended 30 September 2023 (HY24) which was reviewed, by CSR's external auditor.

The historical financial information of CSR is presented in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. CSR considers that for the purposes of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to CSR Shareholders.

Further detail on CSR's financial performance can be found in:

- the financial statements for the year ended 31 March 2022 (included in the Annual Report released to the ASX on 11 May 2022);
- the financial statements for the year ended 31 March 2023 (included in the Annual Report released to the ASX on 10 May 2023); and
- the financial statements for the half-year ended 30 September 2023 (included in the Half Year Results released to the ASX on 2 November 2023),

each of which can be found on CSR's website (www.csr.com.au) and the ASX website (www.asx.com.au).

5 Information about CSR continued

5.8 Historical financial information continued

(b) Historical consolidated statement of financial performance

$million	HY24	YEM23	YEM22
Trading revenue – sale of goods	**1,366.1**	**2,613.3**	**2,311.6**
Cost of sales	(958.7)	(1,855.2)	(1,610.2)
Gross profit	**407.4**	**758.1**	**701.4**
Other income	1.0	89.6	64.5
Warehouse and distribution costs	(133.4)	(263.1)	(216.5)
Selling, administration and other operating costs	(155.4)	(274.2)	(266.6)
Share of net profit of joint venture entities	12.0	19.3	15.6
Impairment expense	–	–	(7.0)
Other expenses	(6.1)	(15.1)	(6.9)
Profit before finance costs and income tax	**125.5**	**314.6**	**284.5**
Interest income	1.7	2.5	0.5
Finance costs	(8.9)	(22.5)	(15.0)
Profit before income tax	**118.3**	**294.6**	**270.0**
Income tax (expense) benefit	(32.2)	(76.4)	8.7
Profit after tax	**86.1**	**218.2**	**278.7**
Profit after tax attributable to:			
Non-controlling interests	(5.4)	(0.3)	8.1
Shareholders of CSR Limited	91.5	218.5	270.6
Profit after tax	**86.1**	**218.2**	**278.7**
Earnings per share attributable to shareholders of CSR Limited			
Basic (cents per share)	19.2	45.5	55.8
Diluted (cents per share)	19.1	45.3	55.5

(c) Historical consolidated statement of financial position

$million	HY24	YEM23	YEM22
Current assets			
Cash and cash equivalents	19.1	131.6	177.7
Receivables	308.9	285.9	228.4
Inventories	420.1	425.2	374.1
Property holdings	70.3	36.0	53.0
Other financial assets	21.2	29.2	98.3
Income tax receivable	18.4	16.8	8.9
Prepayments and other current assets	14.9	13.4	8.5
Total current assets	**872.9**	**938.1**	**948.9**
Non-current assets			
Receivables	8.2	12.3	22.7
Property holdings	87.0	109.4	113.9
Investments accounted for using the equity method	42.4	45.0	40.1
Other financial assets	22.9	20.9	114.8
Property, plant and equipment	727.4	692.2	666.1
Right-of-use lease assets	122.7	128.8	126.0
Goodwill	90.9	59.9	59.9
Other intangible assets	12.7	9.3	10.1
Deferred income tax assets	201.7	206.7	332.8
Other non-current assets	7.8	8.5	11.7
Total non-current assets	**1,323.7**	**1,293.0**	**1,498.1**
Total assets	**2,196.6**	**2,231.1**	**2,447.0**
Current liabilities			
Payables	274.2	293.5	314.4
Lease liabilities	33.2	32.5	30.0
Other financial liabilities	67.2	69.7	251.5
Tax payable	21.1	14.5	13.1
Provisions	136.5	134.3	138.8
Total current liabilities	**532.2**	**544.5**	**747.8**

5 Information about CSR continued

5.8 Historical financial information continued

(c) Historical consolidated statement of financial position continued

$million	HY24	YEM23	YEM22
Non-current liabilities			
Lease liabilities	120.6	131.1	135.5
Borrowings	20.0	–	–
Other financial liabilities	134.3	165.0	379.4
Provisions	207.3	213.2	232.8
Other non-current liabilities	0.7	0.7	2.1
Total non-current liabilities	**482.9**	**510.0**	**749.8**
Total liabilities	**1,015.1**	**1,054.5**	**1,497.6**
Net assets	**1,181.5**	**1,176.6**	**949.4**
Equity			
Issued capital	930.3	930.3	966.7
Reserves	(141.5)	(147.9)	(293.7)
Retained profits	380.7	384.7	334.0
Equity attributable to shareholders of CSR Limited	**1,169.5**	**1,167.1**	**1,007.0**
Non-controlling interests	12.0	9.5	(57.6)
Total equity	**1,181.5**	**1,176.6**	**949.4**

(d) **Historical consolidated statement of cash flows**

$million	HY24	YEM23	YEM22
Cash flows from operating activities			
Receipts from customers	1,490.3	2,840.5	2,546.9
Payments to suppliers and employees	(1,368.3)	(2,694.9)	(2,261.9)
Dividends and distributions received	14.3	15.0	10.9
Interest received	1.6	2.2	0.9
Income tax paid	(31.7)	(49.0)	(81.5)
Net cash inflow from operating activities	**106.2**	**113.8**	**215.3**
Cash flows from investing activities			
Proceeds from sale of property holdings and other assets	3.4	140.3	100.1
Purchase relating to property holdings	(14.0)	(47.4)	(59.7)
Purchase of property, plant and equipment and other intangible assets	(64.6)	(84.5)	(40.0)
Purchase of business, net of cash acquired	(41.8)	–	(2.0)
(Payments) receipts for financial assets	(2.4)	74.3	(54.4)
Loans and receivables repaid (advanced)	3.0	7.5	(2.3)
Net cash (outflow) inflow from investing activities	**(116.4)**	**90.2**	**(58.3)**
Cash flows from financing activities			
On-market share buy-back	–	(36.4)	–
Drawdown of borrowings	20.0	–	–
Dividends paid	(95.5)	(166.6)	(182.0)
Acquisition of shares by CSR employee share trust	(4.4)	(5.0)	(6.0)
Lease payments	(17.4)	(32.7)	(31.9)
Interest and other finance costs paid	(4.8)	(9.5)	(10.1)
Net cash outflow from financing activities	**(102.1)**	**(250.2)**	**(230.0)**
Net decrease in cash held	(112.3)	(46.2)	(73.0)
Cash at the beginning of the financial year	131.6	177.7	250.8
Effects of exchange rate changes	(0.2)	0.1	(0.1)
Cash at the end of the period	**19.1**	**131.6**	**177.7**

5 Information about CSR continued

5.9 Material changes in financial position (since 30 September 2023)

To the knowledge of the CSR Directors, there have been no material changes to the financial position of CSR and the CSR Group since 30 September 2023.

5.10 Current trading commentary and outlook

In an announcement to the ASX on 2 November 2023, CSR released its interim results for the financial half year ended 30 September 2023 (HY24) to the ASX.

In the HY24 results, CSR provided the following view on CSR's projected outlook for YEM24 for Building Products and Aluminium:

- **Building Products:** The pipeline of detached housing projects under construction is sustained at approximately 50% above historical averages, the multi-residential pipeline represents two to three years' work, and non-residential activity is supported by a large pipeline of approvals. CSR is closely monitoring the factors influencing market dynamics and will manage the business accordingly. The business is well diversified across brands, market segments and the build process with a product portfolio that is adaptable to end market demand.
- **Aluminium:** Energy and raw materials cost volatility has necessitated a revision to CSR's forecasts. While this volatility continues to make forecasting challenging, the best estimate for YEM24 is a loss in the range of ($15) million to ($30) million (excluding net Reliability and Energy Reserve Trader income, which was $13 million in YEM23). The implied improvement in the second half reflects the expected realisation of lower coke raw material costs. Aluminium is still expected to return to profit in YEM25, with earnings increasing further in the following years due to higher hedged aluminium pricing and lower raw material costs.

In relation to the **Property** outlook for YEM24, CSR announced on 6 February 2024 the settlement of Stages 3A and 3B of its former brick plant in Horsley Park, NSW representing $167 million in total proceeds generating total Property EBIT of $91 million (after Property operating costs) for YEM24.

5.11 YEM24 Results

As at the date of this Scheme Booklet, CSR's YEM24 Results are currently expected to be released on the ASX on 15 May 2024 which is after the date of this Scheme Booklet but approximately one month prior to the Scheme Meeting.

Following the release of the YEM24 Results, the CSR Board will confirm with the Independent Expert that the YEM24 Results do not change the Independent Expert's opinion that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, in the absence of a superior proposal.

This confirmation will be announced to the ASX in advance of the CSR Scheme Meeting. CSR Shareholders are strongly encouraged to read the YEM24 Results before deciding how to vote on the Scheme at the Scheme Meeting.

5.12 Capital structure

As at the Last Practicable Date, the capital structure of CSR was:

Type of security	Number on issue
CSR Shares	477,383,587
CSR Performance Rights	2,923,022

Additional details about CSR's equity incentive plans are set out in section 9.2 of this Scheme Booklet.

5.13 Substantial holders in CSR Shares

As extracted from filings released on the ASX on or before the Last Practicable Date, the following persons were substantial holders of CSR Shares:

Substantial holder	Number of CSR Shares	Voting power in CSR
Mitsubishi UFJ Financial Group, Inc (as indirect 100% owner of First Sentier Investors Holdings Pty Limited and through its relevant interest of more than 20% of voting power in Morgan Stanley), in the Form 604 as released to the ASX on 17 April 2024	42,469,400	8.90%
State Street Corporation and subsidiaries named in Annexures to the Form 604, as released to the ASX on 18 April 2024	39,625,155	8.30%
First Sentier Investors Holdings Pty Limited and its related bodies corporate or associates listed in Annexure A to the Form 604, as released to the ASX on 4 April 2024	37,488,166	7.85%
BlackRock Group and its subsidiaries named in Annexures to the Form 603, as released to the ASX on 19 April 2024	31,943,593	6.69%
Vanguard Group, Inc. and its controlled entities including those listed in Annexure A to the Form 603, as released to the ASX on 10 January 2022	24,280,701	5.002%

5 Information about CSR continued

5.14 CSR Share price history

On 20 February 2024, being the last trading day prior to media speculation regarding a possible change of control proposal for CSR:

(a) the closing price of CSR Shares on the ASX was $6.77 per CSR Share;

(b) the highest recorded daily closing price for CSR Shares on the ASX in the previous three months was $6.96 per CSR Share on 25 January 2024; and

(c) the lowest recorded daily closing price for CSR Shares on the ASX in the previous three months was $5.81 per CSR Share on 27 November 2023.

As at the Last Practicable Date:

(a) the closing price of CSR Shares on the ASX was $8.86;

(b) the highest recorded daily closing price for CSR Shares on the ASX in the previous three months was $8.86 on 19 April 2024; and

(c) the lowest recorded daily closing price for CSR Shares on the ASX in the previous three months was $6.53 on 7 February 2024.

5.15 Publicly available information about CSR

CSR is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on the ASX, CSR is subject to Listing Rules which require (subject to some exceptions) continuous disclosure of any information that CSR has that a reasonable person would expect to have a material effect on the price or value of CSR Shares.

ASX maintains files containing publicly disclosed information about all entities listed on the ASX. Information disclosed to the ASX by CSR is available on the ASX website (www.asx.com.au) and also available on the CSR website (www.csr.com.au).

In addition, CSR is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by CSR may be obtained from an ASIC office.

CSR Shareholders may obtain a copy of CSR's 2023 Annual Financial Report from the ASX website (www.asx.com.au), from the CSR website (www.csr.com.au) or by calling the CSR Shareholder Information Line on 1300 237 569 (for callers within Australia) or +61 2 9066 4055 (for callers outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays).

Section 6

Information about Saint-Gobain

6 Information about Saint-Gobain

This section 6 has been prepared by Saint-Gobain. The information concerning Saint-Gobain and the intentions, views and opinions contained in this section 6 are the responsibility of Saint-Gobain. CSR and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

6.1 Overview of Saint-Gobain

(a) Principal activities of Saint-Gobain

Saint-Gobain is a worldwide supplier of light and sustainable construction materials and services. Saint-Gobain designs, manufactures and distributes materials and services for the construction and industrial sectors. Its integrated solutions for the renovation of public and private buildings, light construction, and the decarbonisation of construction and industry are developed through a continuous innovation process and provide sustainability and performance, in line with its purpose "Making the world a better home". Headquartered in Paris, Saint-Gobain is listed on Euronext Paris (EPA: SGO) and as at the Last Practicable Date has a market capitalisation of approximately EUR 35.27 billion.

(b) Saint-Gobain Board

As at the date of this Scheme Booklet, the Saint-Gobain Board comprises the following Saint-Gobain Directors:

Name	Position	Profile
Pierre-André de Chalendar	Chairman of the Board	Mr. de Chalendar joined Saint-Gobain in 1989 as Vice-President, Corporate Planning. He was subsequently Vice-President of the Abrasives business in Europe (1992-1996), President of the Abrasives business worldwide (1996-2000) and General Delegate for the United Kingdom and the Republic of Ireland (2000-2002) before being appointed Senior Vice-President of Saint-Gobain in charge of the Building Distribution Sector in 2003. Appointed Chief Operating Officer of Saint-Gobain in 2005 and elected to the Board in 2006, he was appointed Chief Executive Officer in 2007 and Chairman and Chief Executive Officer from June 2010 to June 2021. Since July 2021, Pierre-André de Chalendar is Chairman of the Board of Directors of Saint-Gobain. Pierre-André de Chalendar is also Director, Chairman of the Compensation Committee and member of the Governance, Ethics, Nomination and Corporate Social Responsibility Committee at BNP Paribas, director, Chairman and member of the Nomination Committee and member of the Purpose ("*raison d'être*") Committee of *Veolia Environnement* and Director and Chairman of the Remuneration Committee and the Climate Committee of Bpifrance. He has been appointed since July 2017 as co-president of *La Fabrique de l'Industrie* and Chairman of ESSEC Business School's Supervisory Board since February 2019. Since January 1, 2023, he has been Chairman of the *Institut de l'Entreprise*.

Name	Position	Profile
Benoit Bazin	Chief Executive Officer	Benoit Bazin joined Saint-Gobain in 1999. He held various positions in France, including Corporate Planning Director from 2000 to 2002 and, starting in 2002, in the United States – in a general management role within High-Performance Materials, before taking the Chief Financial Officer role of Saint-Gobain in 2005. From 2009 to the end of 2015, Benoit Bazin headed the Building Distribution Sector. In 2010, he was named Senior Vice President of Saint-Gobain. From 2016 to the end of 2018, Benoit Bazin headed the Construction Products Sector. During 2017, he was President and CEO of CertainTeed Corporation in the United States. He was appointed Chief Operating Officer of Saint-Gobain on 1 January 2019 and elected to the Board on 3 June 2021. He was appointed Chief Executive Officer as from 1 July 2021. On 23 November 2023 he was appointed Chairman and Chief Executive Officer of Saint-Gobain with effect from the General Meeting of 6 June 2024. In addition, Benoit Bazin was appointed as Director of Vinci on 18 June 2020; and is Chairman of the Strategy and Corporate Social Responsibility Committee and member of the Nomination and Governance Committee. He is also Director of the *Cité de l'Architecture et du Patrimoine*.
Jean-François Cirelli	Independent Director and Chairman of the Nomination and Remuneration Committee	Jean-François Cirelli is Chairman of BlackRock France, Belgium and Luxembourg. Jean-François Cirelli is also Senior Advisor at Advent International, Director of Idemia and a Director of MET Holding AG (Switzerland), Member of the Supervisory Committee, Advisory Committee and Nomination and Remuneration Committee of Saur. Subject to the vote of the Shareholders' meeting to be held on 6 June 2024, he will be appointed Lead Independent Director and Vice-Chairman of the Board of Saint-Gobain. Mr. Jean-François Cirelli does not represent BlackRock on the Board of Directors.
Lydie Cortes	Employee Director and member of the Nomination and Remuneration Committee	Lydie Cortes was titular member of the Works Council, Personnel Representative, member of the Hygiene, Health and Safety Committee of Weber and Central Union Delegate for the CFDT Union. She was titular member of the Group Committee, and Secretary and member of the Select Committee of the European Convention of Saint-Gobain. Since 2012, she is Product Safety Coordinator at Saint-Gobain Weber France.
Sibylle Daunis Opfermann	Director Representing Employee Shareholders	Ms. Sibylle Daunis Opfermann is currently Chief Executive Officer of *La Plateforme du Bâtiment*, one of Saint-Gobain's Distribution trading brands in France.

6 Information about Saint-Gobain continued

6.1 Overview of Saint-Gobain continued

Name	Position	Profile
Thierry Delaporte	Independent Director	Thierry Delaporte is the former Chief Executive Officer of Wipro Limited, a Bangalore-based information technology company listed on the NYSE (New York Stock Exchange), BSE (Bombay Stock Exchange) and NSE (National Stock Exchange of India). Previously, he served in a variety of roles at Capgemini Group, including as regional Chief Financial Officer for Southern Europe and the Asia-Pacific, Chief Financial Officer of North America, Chief Executive Officer of the global strategic international financial services unit, and then Chief Executive Officer of the Latin America region.
Iêda Gomes Yell	Independent Director and member of the Audit and Risk Committee	Iêda Gomes Yell is notably Director and member of the transformation Committee and the Corporate Social Responsibility Committee of Seatrium Ltd (Singapore), and a Director and Chairwoman of the Strategic Committee and member of the Human Resources, Compliance and Sustainable Development Committee of Prumo Logistica S.A (Brazil), director and member of the Nomination Committee of the Institute of Directors (United Kingdom).
Pamela Knapp	Independent Director and Chairwoman of the Audit and Risk Committee	Pamela Knapp is a member of the Supervisory Board and Chairwoman of the Audit Committee and member of the Nomination Committee of Signify N.V. (the Netherlands) and member of the Supervisory Board and Chairwoman of the Audit Committee of Lanxess AG (Germany).
Agnès Lemarchand	Independent Director, Chairwoman of the Corporate Social Responsibility Committee, member of the Audit and Risk Committee	Agnès Lemarchand has spent most of her career with industrial groups, particularly in the building materials sector, where she has held a number of operational and managerial positions.
Dominique Leroy	Independent Director and member of the Nomination and Remuneration Committee	Dominique Leroy is a member of the Management Board of Deutsche Telekom AG and CEO for Europe (outside Germany). Dominique Leroy is also a member of the Board of Directors and the Nomination and Governance Committee of T-Mobile USA (United-States), member of the board of directors of OTE (Greece), both companies being controlled by Deutsche Telekom AG and Senior advisor of Apheon Capital.
Jana Revedin	Independent Director	Jana Revedin is an architect with a PhD in architectural and urban sciences, and full professor of architecture and urbanism at ESA (École Spéciale d'Architecture) in Paris. She is an expert in sustainable architecture and urbanism. She is a member of the ENSAL-LAURE research laboratory "Environment, City, Society" of the Centre National de la Recherche Scientifique (CNRS), and the author of reference works on sustainable architecture and cities.

Name	Position	Profile
Gilles Schnepp	Director and member of the Audit and Risk Committee	Gilles Schnepp is Chairman of the Board of Directors of Danone. He is also Director, Chairman of the Nomination, Governance and Corporate Social Responsibility Committee and member of the Strategic Thinking Committee of Sanofi and Director of Socotec.
Jean-Dominique Senard	Lead Independent Director and member of the Corporate Social Responsibility Committee	Jean-Dominique Senard is Chairman of the Board of Directors of Renault. He is also a Director of Nissan Motor Co., Ltd. (Japan), member of the supervisory board of Groupe Fives and Director of the Groupe Centre France – La Montagne SA.
Philippe Thibaudet	Employee Director and member of the Corporate Social Responsibility Committee	Philippe Thibaudet was Secretary of the Hygiene, Health and Safety Committee, Vice-Secretary of the Works Council and Union Delegate for the CGT Union. In addition, he was titular member and Vice-Secretary of the Central Enterprise Committee, Central Union Delegate of SG Isover, and titular member of the Group Committee. He has also held coordination and animation missions for the Glass Division at the Glass Federation. He is EHS Operation manager at ISOVER Châlon-sur-Saône.

(c) History, structure and ownership of Saint-Gobain

Saint-Gobain was founded in 1665. To mark its 350th anniversary in 2015, Saint-Gobain launched an online exhibition, which recounts its history through more than 700 archival documents, available here: https://www.saint-gobain.com/en/group/our-history.

As at the Last Practicable Date, Saint-Gobain is present in approximately 76 countries with close to 160,000 employees, generating EUR 47.9 billion of sales and EUR 7 billion of earnings before interest, taxes, depreciation and amortisation (EBITDA) in 2023. In the Asia-Pacific region, Saint-Gobain generated over EUR 2.1 billion in revenue in 2023 (excluding High Performance Solutions) and over EUR 4 billion in revenue in 2023 (including High Performance Solutions), and has more than 20,000 employees and approximately 150 manufacturing plants in the region.

Saint-Gobain is the listed parent company of the Saint-Gobain Group, which includes subsidiary companies and businesses operating in the following geographic zones: Northern Europe, Southern Europe, Middle East, Africa, Americas and Asia-Pacific. The businesses within the Saint-Gobain Group are managed by country. Saint-Gobain's intention is that CSR will represent the Saint-Gobain Group's regional businesses in Australia and New Zealand.

Saint-Gobain is a widely-held publicly listed company on Euronext Paris (EPA: SGO).

6.2 Overview of Saint-Gobain Sub

(a) Ownership structure, principal activities and operations

Saint Gobain BidCo Pty Ltd ACN 676 507 841 (Saint-Gobain Sub) is an Australian proprietary company incorporated on 11 April 2024 for the purpose of acquiring the CSR Shares pursuant to the terms of the Scheme. Saint-Gobain Sub is a direct wholly-owned subsidiary of Saint Gobain HoldCo Pty Ltd ACN 676 506 040 which is in turn an indirect wholly-owned subsidiary of Saint-Gobain.

6.2 Overview of Saint-Gobain Sub continued

Saint-Gobain Sub has not conducted any business and does not own any assets or have any liabilities other than in connection with its incorporation and the taking of such other actions as necessary to facilitate the implementation of the Scheme. The following structure chart depicts the ownership structure of Saint-Gobain Sub:

(b) Directors

As at the date of this Scheme Booklet, the directors of Saint-Gobain Sub are:

- **Sreedhar Natarajan** – Mr Natarajan has been the CFO of Saint-Gobain since 1 January 2019; and
- **Igor Giglio** – Mr Giglio also acts as head of the Saint-Gobain Abrasives business in Australia.

6.3 Rationale for proposed acquisition of CSR

The Transaction represents a unique opportunity for Saint-Gobain to establish a presence in the Australian construction market. CSR is well known to Saint-Gobain, as a result of a long-standing partnership between CSR and Saint-Gobain, initially based on its insulation glass wool technology license.

The Transaction is within the context and framework of Saint-Gobain's "Grow & Impact" strategic plan which provides for value-creating acquisitions. Saint-Gobain believes that the CSR Group will be a very important addition to Saint-Gobain's global supply of light & sustainable construction materials and services, and that there is a strong cultural fit with CSR's management team.

6.4 Funding arrangements for the Scheme Consideration

The maximum amount expected to be required to fund the Aggregate Scheme Consideration is $4,319,319,888.[1]

The Aggregate Scheme Consideration has been calculated based on:

- a Scheme Consideration of $9.00 payable by Saint-Gobain Sub for each Scheme Share (without any adjustment for payment of any CSR Permitted Dividend); and
- information provided by CSR to Saint-Gobain that CSR's fully diluted share capital is 479,924,432 as at the Last Practicable Date (which assumes 477,383,587 CSR Shares and the vesting of 2,923,022 CSR Performance Rights by the issue of new CSR Shares after allowing for 382,177 CSR Shares held by CSR Share Plan Pty Limited to be utilised to satisfy the vesting of 382,177 CSR Performance Rights, as set out in section 9.2 of this Scheme Booklet).

The Scheme Consideration will be paid wholly in cash. Subject to the Scheme becoming Effective, under the terms of the Deed Poll, Saint-Gobain Sub undertakes in favour of each Scheme Shareholder to deposit, or procure the deposit of, in cleared funds, by no later than the fourth Business Day before the

1 If the Effective Date for the Scheme occurs after 26 June 2024, on implementation of the Scheme, CSR Shareholders will also be entitled to receive the Additional Consideration Amount per CSR Share held as at the Scheme Record Date. The Additional Consideration Amount would be in addition to the figure described above. Please note that under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

Implementation Date an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders into a trust account operated by CSR as trustee for the Scheme Shareholders.

Saint-Gobain has undertaken in favour of each Scheme Shareholder that, in the event Saint-Gobain Sub will not or does not fulfil its obligations to pay the Scheme Consideration into the trust account in accordance with the terms of the Deed Poll, Saint-Gobain will perform that obligation. Saint-Gobain will provide Saint-Gobain Sub with sufficient funds equal to the Aggregate Scheme Consideration payable to all Scheme Shareholders to enable Saint-Gobain Sub to purchase all of the Scheme Shares on the Implementation Date pursuant to the terms of the Scheme.

Saint-Gobain has sufficient cash reserves to acquire the required Australian dollars to pay the Aggregate Scheme Consideration. As at 31 December 2023, Saint-Gobain had approximately EUR 8.602 billion ($13,989,432,600[2]) cash on deposit and cash reserves. An amount of these funds which is at least equal to the balance of the Aggregate Scheme Consideration, which is not subject to security interests, rights of set off or required for other arrangements, has been allocated solely to pay the Aggerate Scheme Consideration for the purpose of satisfying Saint-Gobain Sub's obligations under the Scheme.

The Aggregate Scheme Consideration for the Transaction will be provided by the Saint-Gobain Group to Saint-Gobain Sub by a mixture of equity subscriptions and shareholder debt.

On the basis of arrangements described in this section 6.4, Saint-Gobain Sub is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will have sufficient funds available to fund the payment of the Aggregate Scheme Consideration and related transaction costs.

6.5 Intentions if the Scheme is implemented

This section 6.5 sets out the current intentions of Saint-Gobain in relation to:

- the continuation of the operations and business of CSR, including any redeployment of significant assets of CSR;
- changes to the CSR Board and the CSR management team;
- the future employment of the present employees of CSR; and
- the delisting of CSR from the ASX,

assuming Saint-Gobain acquires the Scheme Shares as a result of implementation of the Scheme.

The statements in this section 6 regarding Saint-Gobain's intentions are based on information concerning the CSR Group and the general business environment which are known to Saint-Gobain at the time of the preparation of this Scheme Booklet. Following the Transaction, Saint-Gobain may conduct a review of CSR and its operations, assets, liabilities, structure and employees, following which it may, as required, review its intentions as set out in this section. Final decisions regarding these matters will be made in light of all material information, facts and circumstances at the relevant time if the Scheme is implemented. Accordingly, it is important to recognise that the statements set out in this section 6 are statements of current intention only and may change as new information becomes available or circumstances change.

(a) Business continuity and operations

If the Scheme is implemented, Saint-Gobain's current intention is to continue the business and operations of CSR largely in the same manner as it is currently operated and to investigate opportunities to grow CSR's business (which may include further investment flowing to CSR).

It also intends to assess CSR's options in respect of its interests in the Tomago aluminium smelter (noting that CSR has an indirect minority interest in Tomago and does not have the ability to make unilateral decisions regarding Tomago's operations) and to assess CSR's property portfolio and its potential monetisation benefits in the short to medium term.

(b) Board of directors

Saint-Gobain intends to appoint its nominees to the CSR Board from implementation of the Scheme. The identity of the Saint-Gobain nominees has not yet been determined by Saint-Gobain, but will be selected to bring technical and managerial expertise to the CSR Board. The identity of the proposed Saint-Gobain nominees will depend on the circumstances at the relevant time.

2 Conversion based on an AUD / EUR exchange rate of 1.6263, being the reference exchange rate for 29 December 2023 issued by the European Central Bank.

6.5 Intentions if the Scheme is implemented continued

(c) Management team

Saint-Gobain will make a final determination on how CSR will be integrated into the Saint-Gobain operating model after implementation of the Scheme. However, it currently intends that CSR will represent the Saint-Gobain Group's regional businesses in Australia and New Zealand.

Saint-Gobain intends to support CSR's existing management team and has no current intention of replacing any of them. It is therefore Saint-Gobain's intention that CSR's current management will be principally responsible for the day-to-day management of CSR Group following the Transaction, particularly as Saint-Gobain has very limited operations in Australia.

(d) Employees

Saint-Gobain recognises that the CSR employees are an integral part, and key to the success, of CSR's business. Saint-Gobain believes that the acquisition of CSR will offer opportunities for CSR's employees as part of a larger global enterprise and leader in light and sustainable construction.

Saint-Gobain's current intention is that CSR will retain its existing employees subject only to the potential redundancy of some roles arising from CSR no longer being a listed entity..

(e) Delisting

If the Scheme is implemented, Saint-Gobain will procure that CSR applies to the ASX to be removed from the official list of the ASX, on or shortly after implementation of the Scheme.

6.6 Saint-Gobain's interests in CSR Shares

(a) Interests in CSR Shares

As at the Last Practicable Date, none of Saint-Gobain or any of its associates had any Relevant Interest or voting power in any CSR Shares.

(b) No dealings in CSR Shares in previous four months

None of Saint-Gobain or any of its associates has provided, or agreed to provide, consideration for CSR Shares under any purchase or agreement during the four months before the date of this Scheme Booklet.

(c) No inducing benefits given during previous four months

During the period of four months before the date of this Scheme Booklet, none of Saint-Gobain or any of its associates gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- vote in favour of the Scheme; or
- dispose of CSR Shares,

where the benefit was not offered to all CSR Shareholders.

(d) Benefits to current CSR officers

None of Saint-Gobain or any of its associates will be making any payment or giving any benefit to any current director, secretary or executive officer of CSR or any of its related bodies corporate as compensation or consideration for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

6.7 No other material information

Other than as disclosed in this section 6, there is no information regarding Saint-Gobain, or its intentions regarding CSR, that is material to the making of a decision by a CSR Shareholder on whether or not to vote in favour of the Scheme that is within the knowledge of any director of Saint-Gobain as at the date of this Scheme Booklet that has not been previously disclosed to CSR Shareholders.

Section 7

Risks

7 Risks

7.1 Introduction

In considering the Scheme, CSR Shareholders should be aware that there are a number of risk factors, both general and specifically relating to CSR, which may affect the future operating and financial performance of CSR and the price and/or value of CSR Shares.

If the Scheme proceeds, CSR Shareholders who hold their CSR Shares on both the Scheme Record Date and the CSR Permitted Dividend Record Date (if any CSR Permitted Dividend is paid) will receive the Transaction Consideration, will cease to hold CSR Shares and will also no longer be exposed to the risks set out in sections 7.2, 7.3 and 7.4 (and other risks to which CSR may be exposed).

If the Scheme does not proceed, CSR Shareholders will continue to hold CSR Shares and continue to be exposed to risks associated with an investment in CSR.

In deciding whether to vote in favour of the Scheme, CSR Shareholders should read this Scheme Booklet carefully and consider the following risk factors. These risk factors do not take into account the individual investment objectives, financial situation, position or particular needs of CSR Shareholders. In addition, this section is a summary only and does not purport to list every risk that may be associated with an investment in CSR now or in the future. There also may be additional risks and uncertainties not currently known to CSR which may have a material adverse effect on CSR's operating and financial performance and the value of CSR Shares.

Whilst the CSR Directors unanimously recommend that CSR Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, CSR Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.

7.2 General risks

CSR is exposed to a number of general risks that could materially adversely affect its assets and liabilities, financial position, profits, prospects and potential to make further distributions to CSR Shareholders, and the price and/or value of CSR Shares. General risks that may impact on CSR or the market for CSR Shares include:

- changes in general business, industry (including the building and building products, aluminium and property industries) and economic conditions and cycles including inflation, interest rates, exchange rates, commodity prices and consumer demand (see also section 7.3(g) for how some of these factors could specifically impact CSR);
- changes to government policy, legislation or regulation (see also section 7.3(b) for how some of these factors could specifically impact CSR);
- the nature of, and laws affecting, competition in markets in which CSR operates;
- inclusion or removal from major market indices;
- natural disasters or catastrophes and other general operational and business risks;
- acts of war and hostilities, civil disturbance and other force majeure risks;
- variations in CSR's operating results;
- recommendations by broker research analysis;
- changes in investor sentiment and overall performance of the Australian and international stock markets;
- the operating and trading price performance of other comparable listed entities; and
- changes to accounting standards and reporting standards.

Some of these factors could affect the price of CSR Shares regardless of CSR's underlying operating performance.

7.3 Risks relating to the business and operations of CSR

Some of the specific risks relating to the business and operations of CSR faced by the CSR Group are set out below. This section also outlines some of the actions taken by CSR to mitigate such risks. However, CSR Shareholders should be aware such actions will not necessarily prevent such risks from occurring and such risks may materially affect the future operating and financial performance of CSR and the price and/or value of CSR Shares.

(a) Aluminium investment

Risk description	Risk mitigation
• CSR's financial results may be impacted by movements in the global US dollar price for aluminium and currency fluctuations. • Some risks related to CSR's Aluminium investment cannot be hedged including, but not limited to, regional price premiums, global relativity of the price of electricity and inputs into aluminium production such as petroleum coke and pitch. • CSR's aluminium investment is also subject to changes to the Tomago joint venture structure or potential operational issues at the Tomago aluminium smelter, including electricity curtailments.	• CSR has a policy of hedging its aluminium sales (net of any linked exposure inputs such as alumina), where acceptable pricing is available, to reduce the volatility of its Aluminium earnings when exchanged into Australian dollars. This policy is overseen by CSR's Finance Committee which includes CSR's Managing Director and CEO, Chief Financial Officer, Group Treasurer and the General Manager Aluminium.

(b) Climate change

Risk description	Risk mitigation
• CSR's business may be affected by the transition to a low carbon economy and mitigating the potential impacts of climate change, as well as government policy and regulations, which may also impact the availability and nature of energy supply that CSR uses. This may also impact how CSR manages its property and land assets and business processes. • CSR, if unable to understand and respond effectively to climate change, may see reduced revenues, increased costs, asset impairment and/or business supply disruption as a result.	• CSR's Sustainability Steering Committee was formed to provide focused oversight, with external advisors engaged as necessary to provide specialist sustainability advice. • CSR's Safety & Sustainability Committee is a sub-committee of the CSR Board, and oversees, and reports to the CSR Board on CSR's sustainability objectives.

(c) Energy and security of supply

Risk description	Risk mitigation
• CSR's manufacturing operations use significant amounts of energy including electricity and gas. • CSR is subject to the risk that an inability to anticipate, and manage fluctuations in, its use of energy may have a negative impact on CSR's earnings and therefore, potentially its shareholder value.	• Where possible, CSR enters into long-term contracts with the aim to provide greater security of energy supply for its factories. • CSR's Finance Committee oversees risks related to electricity and gas pricing and management. • To reduce CSR's exposure to this risk, alternative energy sources including solar power systems are installed at some CSR sites in addition to certain site-specific energy reduction initiatives.

7 Risks continued

7.3 Risks relating to the business and operations of CSR continued

(d) Financial and capital management

Risk description	Risk mitigation
• There is a risk that CSR's inability to effectively and efficiently manage short and long term capital may lead to excessive leverage, an increase in costs, a limit in competitiveness and/or a reduction in financial capacity.	• CSR has financial planning processes which set out key requirements relating to operational and capital investments. • As at the Last Practicable Date, CSR has secured credit facilities sized and tenured with the aim to ensure availability to an appropriate level of liquidity. • CSR's capital allocation framework provides a prioritised approach to capital allocation, including financial return metrics and aims to maintain an investment grade credit rating.

(e) Information and cyber security

Risk description	Risk mitigation
• Digital services are increasingly used by the construction sector in which CSR operates. CSR has a digital development program which is critical to helping CSR to achieve growth in its key markets. • CSR is subject to the risk that a failure to protect information systems and data from unauthorised access, use, and disclosure, or otherwise prevent a disruption, may compromise the confidentiality, integrity or availability of information systems, may result in business interruption, regulatory or financial impacts on CSR or may have a negative impact on CSR's reputation.	• CSR has regular security awareness training, and such training includes simulated phishing campaigns as well as implementation of advanced threat protection. • CSR conducts periodic penetration testing and patching across its information systems. • System redundancy is implemented by CSR where considered appropriate.

(f) Legacy product obligations

Risk description	Risk mitigation
• From the early 1940s, CSR was involved in asbestos mining and the manufacture and marketing of products containing asbestos in Australia and exporting asbestos to the United States. • CSR's involvement with asbestos ceased with the divestment of the Wunderlich asbestos cement business in 1977. • As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States.	• CSR has been settling asbestos related claims since 1989. • CSR includes in its financial statements a product liability provision covering all known claims and reasonably foreseeable future asbestos related claims and such provision is impacted by movements in claim numbers, settlement rates and values. • In determining the product liability provision, at each financial year end CSR obtains independent expert advice in relation to the future incidents and value of asbestos related claims. • See also section 5.6 of this Scheme Booklet.

(g) Market structure and volatility

Risk description	Risk mitigation
• Approximately 70% of CSR's total revenue is generated from products and services supplied into the construction sector of Australia and New Zealand. CSR's revenue may be impacted by several macro-economic factors within this sector and market including, for example, changes in construction activity may impact CSR's sales volumes and corresponding financial performance. • The release of future land supply for residential development, which can improve CSR's ability to generate revenue, relies on the coordination of government and regulatory bodies together with builders and developers to deliver infrastructure and services for new projects. • As a supplier to the construction market, CSR is subject to a number of competitive forces including other domestic and international suppliers entering the market and new technologies which could, in the future, replace existing building methods.	• Review of market activity in the construction sector is factored into CSR's regular reporting and included in CSR's weekly executive meetings, monthly reporting, quarterly forecasting and annual budget and planning cycles, which in turn informs CSR's capacity and capital planning. • CSR regularly monitors and engages with government and regulatory bodies to encourage release of residential land supply. • The nature of CSR's building products is that they are typically sold late in the construction process, giving CSR some visibility of changes in market conditions before specifically impacting demand for CSR's products. • CSR is actively developing and acquiring new products, services and distribution networks to improve its position in the market and with an aim of being able to provide its customers a comprehensive service offering. • CSR's strategy is focused on delivering improved performance through the cycle to mitigate market structure and volatility risks.

(h) Organisational behaviours

Risk description	Risk mitigation
• CSR is subject to the risk of not developing, maintaining or having access to the people which may be required to deliver CSR's strategy. • Should officers, employees or contractors at CSR not behave in accordance with the CSR behaviours and/or CSR's Code of Business Conduct this may result in a decline in workplace culture, an inability to attract and retain talent in the business or poor performance. • There is the risk that inappropriate behaviours in the business are not reported and managed appropriately.	• CSR's Code of Business Conduct and Ethics is communicated to CSR's officers, employees, and contractors periodically. • CSR has implemented a separate Respect at Work policy and communicated this to CSR's officers, employees and contractors. • CSR conducts culture and engagement surveys, the results of which help to inform CSR's reporting and review of workplace behaviours. • CSR behaviours, the CSR story and its communication plan are used with an aim of engaging the team and building culture to support CSR's purpose and strategy.

7.3 Risks relating to the business and operations of CSR continued

(i) Product quality

Risk description	Risk mitigation
• Changes in legislation and building codes requires ongoing assessment to ensure CSR's building products are fit for purpose and compliant with all relevant codes applicable to CSR's products. This also includes those risks associated with supply and install services offered by CSR. • CSR is subject to the risk that it is supplied defective or non-compliant raw materials impacting its own products and systems which may have a negative impact on CSR's reputation, may result in financial loss from potential product recalls and claims, may have regulatory impacts or otherwise may cause injury or harm to CSR's customers.	• CSR has a quality management system which aims to ensure that all products manufactured or supplied consistently meet the requirements and specifications of quality standards which apply to CSR's products. • CSR actively implements its sustainable procurement strategy, which includes raw material and product testing, as well as compliance and certification. This process also aims to align CSR with the requirements of applicable Australian modern slavery legislation (including the *Modern Slavery Act 2018* (Cth)). • CSR's Supplier Code of Conduct sets out CSR's expectations of its suppliers, and applies to all suppliers of the business, including, but not limited to, all organisations and sub-contractors providing goods and services to CSR, based in Australia, New Zealand and overseas.

(j) Reputation

Risk description	Risk mitigation
• CSR operates a number of factories across Australia and New Zealand and employs approximately 2,800 employees. • CSR's activities may impact the community and environment in which it operates. • CSR is subject to the risk that failure to comply with a legal or governance requirement, or a breach of CSR's social licence to operate, may result in damage to CSR's reputation, potentially impacting CSR's revenue and earnings, ability to access capital, or secure talent. As part of this, there is a risk that fraud or ethical misconduct may result in large fines, financial loss, damage to reputation, exposure to criminal sanctions, legal action or revocation of licences.	• CSR's Code of Business Conduct and Ethics sets out the behaviours expected of all officers, employees, suppliers, and contractors. Compliance with the Code is measured annually by CSR. • CSR has a dedicated, external and confidential hotline available 24/7 to employees and other stakeholders for reporting misconduct to the business. • CSR has a central technical team established to maintain product governance within the business. • CSR has governance processes in place to deal with workplace health, safety and environment matters. • CSR has systems in place to monitor media and online content about CSR to identify potential reputational threats.

(k) Site obligations

Risk description	Risk mitigation
• CSR's Property segment rehabilitates and develops former Building Products operating sites which have become surplus to operational requirements. • The cost and time required to complete the property rehabilitation and development may be higher than expected and impact the financial result.	• CSR dedicates experienced internal and external resources to assess and manage site remediation. • See also section 5.3(c) of this Scheme Booklet.

(l) Strategy and execution

Risk description	Risk mitigation
• There is a risk that CSR does not have access to the people or resources required to deliver on its strategy or otherwise fails to identify and successfully execute opportunities which may affect CSR's pursuit of its strategic objectives or its ability to deliver shareholder value in the long run.	• CSR has dedicated Steering Committees, comprising the executive leadership team and subject matter experts from within the business to regularly monitor progress. • Through the Steering Committees, CSR undertakes regular reviews of progress against business cases and project plans to mitigate this risk. • CSR has a human resources strategy and plan to ensure it has continued access to the right people to deliver CSR's strategy. • CSR also has a resource planning and recruitment program.

(m) Workplace Health, Safety and Environment (WHSE)

Risk description	Risk mitigation
• There is a risk of potential harm to the health, safety and wellbeing of CSR's employees, contractors or customers arising from exposure to hazards in CSR's workplace or sites which are under CSR's control. • There is also the risk that an uncontrolled release of product or contaminants to land, air or water during manufacturing may result in harm to the environment, create regulatory impacts, or may result in financial penalties or may have a negative impact on CSR's reputation.	• CSR's Safety & Sustainability Committee regularly reviews potential initiatives targeting improved safety and environmental performance across CSR. • CSR has an established WHSE risk management framework which aims to support CSR's WHSE commitments. • Regular and effective reporting of incidents and near misses. • CSR employs dedicated and experienced WHSE personnel which are embedded within each business segment. • CSR uses regular auditing of the business to test the effectiveness of key WHSE controls. • See also section 5.5 of this Scheme Booklet.

7.4 Unknown risks

Additional risks and uncertainties not currently known to CSR may also have a material adverse effect on CSR's financial and operating performance. The information set out in section 7.3 of this Scheme Booklet does not purport to be, nor should it be construed as representing an exhaustive list of all of the risks affecting CSR, its business or an investment in CSR Shares.

7.5 Risks relating to the Scheme

(a) Risk relating to implementing the Scheme

The Scheme is subject to various Conditions Precedent that must be satisfied or waived (if capable of being waived) in order for the Scheme to be implemented. These Conditions Precedent are outlined in section 9.4(b) of this Scheme Booklet and set out in full in clause 3.1 of the Scheme Implementation Deed. The failure of a Condition Precedent to be satisfied or waived (if capable of being waived) may also give rise to a right of either CSR or Saint-Gobain to terminate the Scheme Implementation Deed.

The Conditions Precedent include FIRB Approval and approval by the Court and CSR Shareholders. There is the risk that the Court may not approve the Scheme, or may only be willing to approve the Scheme subject to conditions that CSR and/or Saint-Gobain (as applicable) are not required to accept under the Scheme Implementation Deed. There is also a risk that some or all of the aspects of the CSR Shareholder and Court approvals required for the Scheme to proceed may be delayed.

(b) Implications for CSR and CSR Shareholders if Scheme is not implemented

If the Scheme does not become Effective and is not implemented, CSR Shareholders will not receive the Transaction Consideration and CSR will continue, in the absence of a Superior Proposal, to operate as a standalone entity and remain listed on the ASX.

Unless CSR Shareholders choose to sell their CSR Shares on the ASX, CSR Shareholders will continue to hold CSR Shares and be exposed to both the risks (including those set out in this section 7 of this Scheme Booklet) and potential future benefits in retaining exposure to CSR's business and assets.

The CSR Share price will also remain subject to market volatility and may fall in the absence of a Superior Proposal.

(c) Australian tax consequences for Scheme Shareholders

If the Scheme becomes Effective, there will be Australian tax consequences for the Scheme Shareholders which may include tax being payable. In addition, the value of any CSR Permitted Dividend (if paid) to each CSR Shareholder may be affected by the tax consequences applying to individual shareholders, given the ability to benefit from franking credits depends on their personal tax circumstances.

For further detail regarding general Australian tax consequences of the Scheme, please refer to section 8 of this Scheme Booklet. The tax consequences may vary depending on the nature and characteristics of Scheme Shareholders and their specific circumstances. Accordingly, you should seek professional tax advice in relation to your particular circumstances.

Section 8

Australian tax implications

8 Australian tax implications

8.1 Introduction

The following is a general summary of the Australian tax consequences of the Scheme (assuming it becomes Effective) and the CSR Permitted Dividend (if paid) for CSR Shareholders. It does not constitute tax advice and should not be relied upon as such. The comments set out below are relevant only to those CSR Shareholders who hold their CSR Shares on capital account.

The summary is based upon the Australian law and administrative practice in effect at the date of this Scheme Booklet, but is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a CSR Shareholder. CSR Shareholders should seek independent professional advice in relation to their own particular circumstances.

The summary does not address the Australian tax consequences for CSR Shareholders who:

- hold their CSR Shares for the purposes of speculation or in carrying on a business of dealing in securities (e.g. as trading stock or on revenue account for tax purposes);
- acquired their CSR Shares pursuant to an employee share, option or rights plan;
- are not Australian tax residents who hold their CSR Shares in carrying on a business at or through an Australian permanent establishment;
- acquired, or are taken to have acquired, their CSR Shares before 20 September 1985;
- may be subject to special tax rules, including insurance companies, partnerships, tax-exempt organisations or entities subject to the Investment Manager Regime under Subdivision 842-I of the ITAA 1997 in respect of their CSR Shares; or
- are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their CSR Shares.

CSR Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Scheme under the laws of their country of residence, as well as under Australian law.

8.2 CSR Shareholders that are Australian residents

(a) Capital gains tax (CGT) on disposal of CSR Shares

Under the Scheme, CSR Shareholders will dispose of their CSR Shares to Saint-Gobain Sub in exchange for the Scheme Consideration. This disposal will constitute a CGT event A1 for Australian CGT purposes for CSR Shareholders.

The time of the CGT event will be the Implementation Date (currently expected to be 9 July 2024).

(b) Calculation of capital gain or capital loss

CSR Shareholders may make a capital gain on the disposal of CSR Shares to the extent that the capital proceeds from the disposal of the CSR Shares are more than the cost base of those CSR Shares. Conversely, CSR Shareholders will make a capital loss to the extent that the capital proceeds are less than their reduced cost base of those CSR Shares.

(c) Cost base and reduced cost base

The cost base of the CSR Shares generally includes the cost of acquisition and certain non-deductible incidental costs of their acquisition and disposal. The reduced cost base of the CSR Shares is usually determined in a similar, but not identical, manner.

If the CSR Shares were acquired at or before 11.45am on 21 September 1999, a CSR Shareholder who is an individual, a complying superannuation entity or the trustee of a trust may choose to adjust the cost base of their CSR Shares to include indexation by reference to changes in the consumer price index from the calendar quarter in which their CSR Shares were acquired until the quarter ended 30 September 1999. CSR Shareholders that are companies will include that indexation adjustment if their CSR Shares were acquired at or before 11.45am on 21 September 1999. Indexation adjustments are taken into account only for the purposes of calculating capital gains; they are ignored when calculating capital losses.

(d) Capital proceeds

The capital proceeds received in respect of the disposal of each CSR Share should be the amount of the Scheme Consideration.

The capital proceeds for the disposal of the CSR Shares should not include the CSR Permitted Dividend. However, the ATO may reach a different conclusion and include the CSR Permitted Dividend (if paid) in the capital proceeds.

If the ATO concludes the CSR Permitted Dividend should be included in the capital proceeds, CSR Shareholders should take this into account in calculating any capital gain or capital loss. An 'anti-overlap' rule applies to reduce any capital gain made by a CSR Shareholder to the extent the CSR Permitted Dividend is otherwise included in assessable income.

However, if a CSR Shareholder makes a capital loss, the 'anti-overlap' rule does not restore the capital loss that would otherwise have been made if the CSR Permitted Dividend did not form part of the capital proceeds. Similarly, if a CSR Shareholder makes a capital gain because the CSR Permitted Dividend is included in the capital proceeds and that capital gain is less the amount of the CSR Permitted Dividend, the 'anti-overlap' rule will reduce the capital gain to zero but will not provide a capital loss for the difference between the capital proceeds and the CSR Permitted Dividend.

(e) Other issues

CSR Shareholders who are individuals, complying superannuation entities or trustees that have held (or are deemed to have held) CSR Shares for at least 12 months before the Implementation Date (not counting the day of acquisition or disposal) (but have not chosen to index the cost base of the CSR Shares — refer to section 8.2(c) above) may be entitled to reduce the amount of the capital gain (after application of carry forward and current year capital losses, if any) from the disposal of CSR Shares by the applicable CGT discount rate. The CGT discount rate for eligible individuals and trustees is 50%, and for complying superannuation trustees, it is 33⅓%. The ultimate availability of the CGT discount for beneficiaries of a trust will depend on the individual circumstances of the beneficiaries.

There is no CGT discount available for CSR Shareholders that are companies, or CSR Shareholders who have held their CSR Shares for less than 12 months.

Capital gains (prior to any CGT discount) and capital losses of a taxpayer in an income year are aggregated to determine whether there is a net capital gain. Any net capital gain (as reduced by the CGT discount, if applicable) is included in assessable income and is subject to income tax. Capital losses may not be deducted against other income for income tax purposes, but may be carried forward to offset against future capital gains (subject to satisfaction of loss recoupment tests for certain taxpayers).

(f) Taxation consequences of the CSR Permitted Dividend

If the CSR Board determines to pay any CSR Permitted Dividend, CSR Shareholders who are Australian tax residents and who receive the CSR Permitted Dividend should include the amount of the CSR Permitted Dividend in their assessable income. It is expected that any CSR Permitted Dividend will be fully franked. Saint-Gobain will not be funding the CSR Permitted Dividend, and the CSR Permitted Dividend will be funded by CSR from existing cash reserves of CSR, or by CSR drawing down on existing debt facilities. If debt is drawn by CSR to fund the CSR Permitted Dividend, the debt will be repaid from CSR trading profits such that the CSR Permitted Dividend will not be directly or indirectly funded from the proceeds of an equity raise.

If certain requirements are met, the CSR Shareholders who receive the CSR Permitted Dividend will be:

- required to include the amount of the attached franking credits in their assessable income; and
- entitled to a tax offset equal to amount of the franking credits attached to the CSR Permitted Dividend.

These requirements include:

- the CSR Shareholder being a 'qualified person' in relation to the CSR Permitted Dividend; and
- whether certain dividend franking integrity measures apply.

In order for a CSR Shareholder to be a 'qualified person' they must hold their CSR Shares 'at-risk' for a continuous period of not less than 45 days (not including the day of the share's acquisition or disposal) during a prescribed period in relation to the CSR Permitted Dividend.

8 Australian tax implications continued

8.2 CSR Shareholders that are Australian residents continued

CSR Shareholders will not be treated as holding their CSR Shares 'at-risk' on any days on which CSR Shareholders held positions that reduced their exposure to gains and losses below 30 per cent, although those days do not break the continuity of the 'at-risk' period.

CSR Shareholders will cease to be considered to hold their shares 'at-risk' from the Scheme Record Date.

As the CSR Permitted Dividend is taken into account in determining the amount of the Scheme Consideration, the 'related payments' rule will apply to CSR Shareholders. Accordingly, the prescribed period within which CSR Shareholders must hold their CSR Shares 'at risk' for a continuous period of 45 days are expected to be from 11 May 2024 to 1 July 2024 in respect of the CSR Permitted Dividend.

If you are an individual or complying superannuation entity and your tax liability for the income year is less than the amount of the franking credits attached to the CSR Permitted Dividend, you may be entitled to a refund for the excess franking credits. This does not extend to companies.

8.3 CSR Shareholders that are non-residents of Australia

(a) General

For a CSR Shareholder who:

- is not a resident of Australia for Australian tax purposes; and
- does not hold their CSR Shares in carrying on a business through a permanent establishment in Australia;

the disposal of CSR Shares will generally only result in Australian CGT implications if:

- the CSR Shareholder together with its associates held 10% or more of the CSR Shares (referred to as a 'non portfolio interest') at the time of the CGT event or for any continuous 12 month period within two years preceding the CGT event; and
- more than 50% of CSR's value is due to direct or indirect interests in 'taxable Australian real property' (as defined in the ITAA 1997). Taxable Australian real property generally refers to Australian land that is owned or leased.

Unless the above two conditions are satisfied, non-resident CSR Shareholders should disregard any Australian capital gain or loss from the disposal of their CSR Shares.

If you are a non-resident who holds a 'non-portfolio interest' in CSR, you should obtain independent advice as to the tax implications of sale, and whether any protection will be available under a relevant double tax treaty.

A non-resident CSR Shareholder who has previously been a resident of Australia and chose to disregard a capital gain or loss on ceasing to be a resident will be subject to Australian CGT consequences on disposal of the CSR Shares as set out in section 8.2 of this Scheme Booklet.

CSR Shareholders who are not residents of Australia should not be subject to income tax in Australia in respect of the CSR Permitted Dividend, provided they do not hold the CSR Shares through an Australian permanent establishment. As the CSR Permitted Dividend (if paid) will be fully franked, such shareholders should receive the full amount of the CSR Permitted Dividend free of any Australian dividend withholding tax.

(b) Foreign resident capital gains withholding tax

The capital gains withholding tax regime may apply to the CSR Shareholders whose CSR Shares are subject to Australian CGT because they satisfy the two conditions outlined above at section 8.3(a) of this Scheme Booklet.

Saint-Gobain, in cooperation with CSR, may seek to clarify the status of particular CSR Shareholders and require these CSR Shareholders to provide Saint-Gobain with either:

- a declaration that they are an Australian tax resident or that their CSR Shares are not an 'indirect Australian real property interest' (**Declaration Form**); or
- a notice of variation granted by the ATO varying the amount or rate of tax to be withheld (**Variation Notice**).

Unless a signed Declaration Form or Variation Notice is provided to Saint-Gobain for these particular CSR Shareholders, Saint-Gobain may withhold 12.5% of the Scheme Consideration payable to the CSR Shareholder and pay that amount to the Commissioner of Taxation.

Non-resident CSR Shareholders should consult with a professional tax adviser regarding their particular circumstances.

8.4 GST

CSR Shareholders should not be liable to GST in respect of a disposal of those CSR Shares.

CSR Shareholders may be charged GST on costs (such as advisor fees relating to their participation in the Scheme) that relate to the Scheme. CSR Shareholders may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent advice in relation to their individual circumstances.

8.5 Stamp Duty

CSR Shareholders should not be liable for any Stamp Duty on their disposal of the CSR Shares.

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Section 9

Additional information

9 Additional information

9.1 Interests of CSR Directors in CSR Shares

(a) Interests in CSR Shares

As at the Last Practicable Date, the CSR Directors have the following Relevant Interests in CSR Shares:

CSR Director	Number of CSR Shares
John Gillam	253,510 (held indirectly)
Julie Coates	805,928 (274,052 held directly and 531,876 held indirectly)
Christina Boyce	20,000 (held indirectly)
Nigel Garrard	75,000 (held indirectly)
Adam Tindall	40,000 (held directly)
Penny Winn	51,248 (held indirectly)

CSR Directors who hold CSR Shares will be entitled to vote at the Scheme Meeting and, if the Transaction is implemented, will receive the Transaction Consideration for their CSR Shares along with the other Scheme Shareholders.

Each CSR Director intends to vote or procure the voting of their CSR Shares in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of the CSR Shareholders.

No CSR Director acquired or disposed of a Relevant Interest in any CSR Shares during the four months before the date of this Scheme Booklet.

(b) Interests in CSR Equity Incentives

As at the Last Practicable Date, no CSR Directors have a Relevant Interest in any CSR Equity Incentives, other than Julie Coates:

CSR Director	Number of CSR Equity Incentives
Julie Coates	43,440 CSR Restricted Shares (held indirectly) 905,155 CSR Performance Rights (held directly)

If the Scheme becomes Effective, Julie Coates' CSR Equity Incentives will be dealt with on the basis described in section 9.2(b) below.

No CSR Director acquired or disposed of a Relevant Interest in any CSR Shares during the four months before the date of this Scheme Booklet.

9.2 CSR Equity Incentive arrangements

(a) Overview of arrangements

CSR operates incentive plans which are governed by the Plan Rules. The Plan Rules allow for CSR senior executives and employees to be granted CSR Performance Rights and CSR Restricted Shares which, subject to satisfaction of performance and/or service-based conditions will, if vested, allow participants to receive CSR Shares in respect of any vested CSR Performance Rights or for the dealing restrictions to be lifted in respect of CSR Restricted Shares.

The incentive plans governed by the Plan Rules include CSR's long-term and short-term incentive plans which entitle CSR senior executives and employees to receive CSR Restricted Shares and/or CSR Performance Rights.

As at the Last Practicable Date, CSR has:

- 2,923,022 unvested CSR Performance Rights on issue, which are subject to performance conditions (in respect to the long term incentive awards), service conditions and dealing restrictions; and
- 1,941,497 CSR Restricted Shares on issue, comprised of:
    - 170,525 CSR Restricted Shares on issue (YEM23 CSR Deferred Short Term Incentives), which are subject to dealing restrictions and service conditions, under the CSR Deferred Short Term Incentive Plan;
    - 813,588 CSR Restricted Shares on issue, which are subject to dealing restrictions, under the CSR Universal Share Ownership Plan and the CSR Employee Share Grant (which were allocated under the CSR Universal Share Ownership Plan);
    - 530,220 CSR Restricted Shares on issue, which are subject to dealing restrictions, under the CSR Employee Share Grant; and
    - 427,164 CSR Restricted Shares on issue, which are subject to dealing restrictions, under the CSR Employee Share Acquisition Plan.

(b) Implications of the Scheme for participants in the incentive arrangements

Under the Scheme Implementation Deed, CSR may deal with the CSR Equity Incentives at the CSR Board's discretion, but must ensure that no CSR Equity Incentives are in existence and all rights attached to any CSR Equity Incentives have been extinguished, and all applicable restrictions have been removed from CSR Restricted Shares to enable such CSR Restricted Shares to participate in the Scheme, prior to the Business Day before the Scheme Record Date or the Scheme being implemented.

In order to satisfy this requirement, and recognising the importance of the contribution of CSR employees and of retaining their services during the Scheme process, the CSR Board currently intends, subject to the Scheme becoming Effective and the exercise of the CSR Board's discretion, to treat outstanding CSR Equity Incentives in place with employees as follows:

- determine the early vesting of all CSR Performance Rights; and
- release all CSR Restricted Shares from restrictions,

and take all other actions incidental or required to effect this, in each case prior to the Business Day before the Scheme Record Date or the Scheme being implemented.

If the Scheme becomes Effective and the CSR Board exercises its discretion noted above, it is intended that the early vesting of 382,177 CSR Performance Rights will be satisfied by the grant of 382,177 CSR Shares currently held by CSR Share Plan Pty Limited to relevant employees, and that the remainder of vested CSR Performance Rights will be satisfied by the issue of new CSR Shares.

Under the terms for the Scheme agreed with Saint-Gobain:

- CSR and the CSR Board may, and are permitted to, pay short term incentives (**STIs**) for YEM24 in YEM25 in the ordinary course and in an aggregate expected value and on terms consistent with CSR's normal practices, provided these STIs are paid in cash only; and
- CSR and the CSR Board may, and are permitted to, grant STIs for YEM25, provided these are to be structured in accordance with CSR's normal STI policy consistent with past practice, CSR consults with Saint-Gobain in relation to such STIs, having regard to CSR's YEM25 budget, via the Integration Committee referred to in the Scheme Implementation Deed, and these STIs are paid in cash only and are up to a maximum aggregate value of $32 million.

(c) Implications for participants in the incentive arrangements if the Scheme does not become Effective

If the Scheme does not become Effective, CSR expects that its existing arrangements will remain in place subject to their existing terms and conditions (including the incentive arrangements in relation to Julie Coates).

If the Scheme does not become Effective, CSR also expects that CSR would put in place incentive arrangements for employees for future years similar to those in place prior to the announcement of the Scheme. In such circumstances, the CSR Board would also need to consider the CSR incentive arrangements for YEM25 and review whether they meet their intended purpose taking into account timing and what is reasonable in the circumstances.

9 Additional information continued

9.3 Other benefits and agreements

(a) Interests of CSR Directors in Saint-Gobain securities

No CSR Director has a Relevant Interest in any securities in Saint-Gobain.

No CSR Director has acquired or disposed of a Relevant Interest in any securities in Saint-Gobain during the four months before the date of this Scheme Booklet.

(b) Interests of CSR Directors in contracts with Saint-Gobain

No CSR Director has any interest in any contract entered into by Saint-Gobain, or any of its related bodies corporate.

(c) Benefits in connection with retirement from office

There is no payment or other benefit that is proposed to be made or given to any director, secretary or executive officer of CSR (or any of its related bodies corporate) as compensation for the loss of, or consideration for or in connection with his or her retirement from, office in CSR (or any of its related bodies corporate) in connection with the Scheme.

(d) CSR Directors' fees

In accordance with CSR's constitution and the Scheme Implementation Deed, CSR's Non-Executive Directors, Adam Tindall and Penny Winn, have each received a fee of approximately $8,000 (inclusive of applicable superannuation) for their preparation for, attendance and participation in the work of a subcommittee in relation to this Scheme Booklet. The relevant fees were payable on or around the draft of this Scheme Booklet being lodged with ASIC and regardless of whether the Transaction subsequently completes or not.

(e) Deeds of indemnity, insurance and access

CSR has entered into deeds of indemnity, insurance and access with the directors and various executive officers of CSR, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for CSR to indemnify each of its directors and executive officers against any liability incurred by such persons in their capacity as a director or executive officer of the company.

CSR also pays a premium in respect of a directors and officers insurance policy for the benefit of the directors and executive officers of CSR. If the Scheme is implemented, CSR may enter into an arrangement to provide insurance coverage for all current CSR Directors and officers for seven years from the Implementation Date. As at the Last Practicable Date, CSR currently expects that the premium for entry into such run-off arrangement will be approximately $3.5 million to $4 million (excluding any applicable GST or stamp duty). The entry into such arrangements by CSR is permitted by clause 8.3 of the Scheme Implementation Deed. In addition, under clause 8.3(b) of the Scheme Implementation Deed, Saint-Gobain must ensure that directors' and officers' run-off insurance cover for such directors and executive officers is maintained for a period of seven years from the retirement date of each director and executive officer.

(f) Benefits from Saint-Gobain

No CSR Director has agreed to receive, or is entitled to receive, any benefit from Saint-Gobain, or any of its related bodies corporate, which is conditional on, or is related to, the Scheme.

(g) Agreements connected with or conditional on the Scheme

Other than as disclosed in section 9.2 of this Scheme Booklet, there are no agreements or arrangements made between any CSR Director and any other person in connection with, or conditional on, the outcome of the Scheme.

9.4 Scheme Implementation Deed

(a) Introduction

On 26 February 2024, CSR and Saint-Gobain entered into the Scheme Implementation Deed, which governs the conduct of the Scheme.

A summary of the key terms of the Scheme Implementation Deed is set out below. A full copy of the Scheme Implementation Deed was released to the ASX on 26 February 2024 and can be obtained from www.asx.com.au.

(b) Conditions Precedent (clause 3.1 of the Scheme Implementation Deed)

Implementation of the Scheme is subject to the following outstanding Conditions Precedent:

- **FIRB Approval:** before 5.00pm on the Business Day before the Second Court Date, Saint-Gobain has received FIRB Approval;
- **Shareholder approval:** the Requisite Majorities of CSR Shareholders approve the Scheme at the Scheme Meeting;
- **Independent Expert:** the Independent Expert issues an Independent Expert Report which concludes that the Scheme is fair and reasonable and in the best interest of CSR Shareholders and does not change its conclusion or withdraw the Independent Expert's Report before 8.00am on the Second Court Date;
- **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act;
- **Restraints:** no restraining order, injunction or other order that would prevent or delay the Scheme made by a court of competent jurisdiction or Government Agency is in effect at 8.00am on the Second Court Date;
- **No CSR Prescribed Occurrence:** no CSR Prescribed Occurrence occurs between (and including) the date of the Scheme Implementation Deed and 8.00am on the Second Court Date; and
- **No CSR Material Adverse Change:** no CSR Material Adverse Change occurs between (and including) the date of the Scheme Implementation Deed and 8.00am on the Second Court Date.

The Conditions Precedent are set out in full in clause 3.1 of the Scheme Implementation Deed.

The Scheme will not proceed unless all of the conditions precedent to the Scheme are satisfied or waived (as applicable) in accordance with the Scheme Implementation Deed.

(c) CSR Board recommendation (clause 5.7 of the Scheme Implementation Deed)

The Scheme Implementation Deed requires CSR to use its best endeavours to procure that:

- subject to the below, the CSR Directors unanimously recommend that CSR Shareholders vote in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and in the best interest of CSR Shareholders, and that this Scheme Booklet includes a statement by the CSR Directors to that effect; and
- the CSR Directors collectively and individually do not adversely change, withdraw, adversely modify or adversely qualify their, his or her recommendation or intention to vote in favour of the Scheme unless:
    - the Independent Expert concludes that the Scheme is not fair, not reasonable or not in the best interest of CSR Shareholders;
    - there is a Superior Proposal; or
    - the change, withdrawal, modification or qualification of recommendation occurs because of a requirement by a court or a Government Agency that the relevant CSR Director abstain or withdraw from making a recommendation to vote in favour of the Scheme.

9 Additional information continued

9.4 Scheme Implementation Deed continued

(d) Conduct of business (clause 5.4 of the Scheme Implementation Deed)

The Scheme Implementation Deed requires that, from the date of the Scheme Implementation Deed up to and including the Implementation Date, CSR carry on its business and operations in the ordinary and usual course substantially consistent with how such businesses and operations were conducted in the 12-month period before the date of the Scheme Implementation Deed.

In addition, CSR must also:

- comply in all material respects with all applicable material authorisations, laws and regulations;
- not enter into new lines of business or other material business activity;
- use best endeavours to ensure no CSR Prescribed Occurrence or CSR Regulated Event occurs; and
- use best endeavours to:
    - keep available the services of officers and employees of CSR; and
    - preserve its relationships with Government Agencies and material customers, suppliers and others having business dealings with the CSR Group; and
- provide to Saint-Gobain a beneficial interests register when it is received by CSR and, in any event, on a monthly basis.

However, CSR will be able to take any actions:

- expressly permitted by the Scheme Implementation Deed, Disclosure Letter, Deed Poll or Scheme;
- in connection with the CSR Permitted Dividend or otherwise in accordance with clause 4.6 of the Scheme Implementation Deed;
- in connection with any action in accordance with clause 4.5 of the Scheme Implementation Deed relating to the treatment of CSR Equity Incentives;
- in connection with a Competing Proposal;
- agreed to in writing by Saint-Gobain (which must not be unreasonably withheld, conditioned or delayed);
- required or permitted by law or by a Government Agency;
- Fairly Disclosed in the Disclosure Materials (including required under a contract that was Fairly Disclosed or entered into after the date of the Scheme Implementation Deed without breaching the Scheme Implementation Deed) or Fairly Disclosed in the Public Register Information; or
- to reasonably and prudently to an emergency or disaster, change in market conditions or regulatory or legislative changes affecting the business of CSR or a CSR Group Member.

(e) Representations and warranties (clause 7 of the Scheme Implementation Deed)

The Scheme Implementation Deed contains customary representations and warranties given by each of CSR and Saint-Gobain to each other.

These representations and warranties are set out in Schedule 3 (in the case of Saint-Gobain) and Schedule 4 (in the case of CSR) of the Scheme Implementation Deed.

(f) Exclusivity (clause 11 of the Scheme Implementation Deed)

The Scheme Implementation Deed contains the following customary exclusivity provisions:

- no shop;
- no talk (subject to a fiduciary out);
- no due diligence (subject to a fiduciary out);
- notification right for Saint-Gobain if CSR is approached with a Competing Proposal; and
- matching rights.

(g) Reimbursement Fee (clause 12 of the Scheme Implementation Deed)

The Scheme Implementation Deed contains a customary break fee of $42 million (which is approximately 1% of the equity value of CSR)[1] which will be triggered if:

- during the Exclusivity Period, any CSR Director withdraws, adversely changes, adversely modifies or adversely qualifies his or her recommendation in relation to the Scheme or fails to recommend that CSR Shareholders vote in favour of the Scheme, except as a result of:
  - the Independent Expert concluding that the Scheme is not fair, not reasonable or not in the best interest of CSR Shareholders (except where that is due to a Competing Proposal);
  - a Court or Government Agency requiring a change to the recommendation; or
  - CSR being entitled to terminate the Scheme Implementation Deed for material breach;
- during the Exclusivity Period, one or more CSR Directors recommends that CSR Shareholders accept or vote in favour of, or otherwise supports or endorses, a Competing Proposal that is announced during the Exclusivity Period;
- a Competing Proposal is announced during the Exclusivity Period and completes within six months; or
- Saint-Gobain terminates the Scheme Implementation Deed following a material breach, including of CSR's representations and warranties and the Transaction does not complete.

(h) Reverse Reimbursement Fee (clause 13 of the Scheme Implementation Deed)

The Scheme Implementation Deed contains a reverse break fee of $42 million (which is approximately 1% of the equity value of CSR)[2] payable by Saint-Gobain to CSR, which will be triggered if:

- CSR terminates the Scheme Implementation Deed following a material breach by Saint-Gobain, including of Saint-Gobain's representations and warranties; or
- the Scheme becomes Effective but Saint-Gobain does not pay the Scheme Consideration in accordance with its obligations under Scheme Implementation Deed and the Deed Poll.

(i) Termination (clause 14 of the Scheme Implementation Deed)

Each of CSR and Saint-Gobain may terminate the Scheme Implementation Deed:

- for material breach of the Scheme Implementation Deed;
- for failure of a condition precedent to the Scheme (as outlined in section 9.4(b) of this Scheme Booklet);
- if the Scheme is not effective by 30 November 2024 or such other date as agreed in writing by CSR and Saint-Gobain; or
- if CSR Shareholders have not agreed to the Scheme at the Scheme Meeting by the requisite majorities.

Saint-Gobain may also terminate the Scheme Implementation Deed, if a CSR Director:

- fails to recommend the Scheme;
- withdraws, adversely changes, adversely modifies or adversely qualifies their support of the Scheme or their recommendation in relation to the Scheme for any reason except as a result of a court or Government Agency requiring a withdrawal of the recommendation; or
- makes a public statement indicating they no longer recommend the Transaction or recommend a Competing Proposal.

CSR may also terminate the Scheme Implementation Deed if the CSR Board or the majority of the CSR Board has changed, withdrawn or qualified their recommendation where permitted by the Scheme Implementation Deed.

1 Based on the Transaction Consideration of $9.00 cash per CSR Share.
2 Based on the Transaction Consideration of $9.00 cash per CSR Share.

9.5 Consents, disclosures and fees

(a) Consents

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- Saint-Gobain and Saint-Gobain Sub in respect of the Saint-Gobain Information only;
- Kroll as the Independent Expert; and
- Herbert Smith Freehills as tax adviser to CSR in respect of section 8 of this Scheme Booklet.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- UBS as financial adviser to CSR;
- Herbert Smith Freehills as legal adviser to CSR; and
- Computershare Investor Services Pty Limited as the CSR Share Registry.

(b) Disclosures and responsibility

Each person named in section 9.5(a) of this Scheme Booklet:

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
    - Saint-Gobain in respect of the Saint-Gobain Information only;
    - Herbert Smith Freehills in relation to the Taxation Information; and
    - Kroll in relation to its Independent Expert's Report; and

  to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 9.5(b) of this Scheme Booklet.

9.6 ASIC relief

(a) Section 315 of the Corporations Act

Section 315 requires CSR to dispatch its financial report, directors' report and auditor's report to its shareholders by the earlier of 21 days before the next AGM after the end of its financial year or 31 July 2024 (being four months after CSR's financial year end).

As at the date of this Scheme Booklet, ASIC has advised CSR that it is open to granting an extension of time in relation to the dispatch of the documents above to members so that these documents may be sent to shareholders by the earlier of 21 days before the next AGM after the end of its financial year or 31 October 2024 (being a three month extension), subject to the progress of the Scheme. ASIC has advised CSR that it proposes to revisit this following the Scheme Meeting. CSR will announce to the ASX whether ASIC has granted the extension requested as soon as the decision is available.

(b) Section 250N of the Corporations Act

Section 250N of the Corporations Act requires CSR to hold its AGM for the financial year ended 31 March 2024 no later than 31 August 2024 (being five months after the end of CSR's financial year).

CSR has applied to ASIC under section 250P of the Corporations Act to extend the period within which it would otherwise be required to hold its AGM for the financial year end 31 March 2024 (YEM24) by three months.

As at the date of this Scheme Booklet, ASIC has advised CSR that it is open to granting an extension of time to CSR in relation to holding its 2024 AGM subject to the progress of the Scheme, should the need for an AGM become necessary. ASIC has advised CSR that it proposes to revisit this following the Scheme Meeting. CSR will announce to the ASX whether ASIC has granted the extension requested as soon as the decision is available. If the Scheme is delayed or is not implemented, the timing of the CSR 2024 AGM will be communicated to CSR Shareholders by way of an ASX announcement.

(c) Paragraph 8302(h) of Part 3 of Schedule 8

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the CSR Directors, the financial position of CSR has materially changed since the date of the last balance sheet laid before CSR Shareholders in accordance with sections 314 or 317 of the Corporations Act, being 31 March 2023 (which were considered at CSR's AGM held on 27 June 2023).

ASIC has granted CSR relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the CSR Directors, the financial position of CSR has materially changed since 30 September 2023, and if so, full particulars of the change, and on the basis that CSR discloses in announcements to the market operated by ASX any material changes to its financial position that occur after the date of lodgement of this Scheme Booklet for registration with ASIC but prior to the Scheme being approved by the Court. CSR will ensure that a copy of its financial report for the financial half year ended 30 September 2023 is made available, free of charge, to any CSR Shareholder who requests a copy before the Scheme is approved by the order of the Court. CSR Shareholders can also access a copy of CSR's financial report for the financial half year ended 30 September 2023 from the ASX website (www.asx.com.au) and on the CSR website (www.csr.com.au).

9.7 No unacceptable circumstances

The CSR Directors believe that the Scheme does not involve any circumstances in relation to the affairs of CSR that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

9.8 Scheme Costs

In aggregate, if the Scheme is implemented, CSR expects that it will incur approximately $30 million (excluding GST and disbursements) in external transaction costs which relate to the Scheme. This includes advisory fees (including for CSR's financial, legal and tax advisers), the Independent Expert's fees, registry fees, printing and mailing costs and expenses associated with convening and holding the Scheme Meeting, but excludes the insurance premium CSR expects to pay for entry into the directors' and officers' run-off insurance cover as set out in section 9.3(e) of this Scheme Booklet. Of this, as at the Last Practicable Date, CSR expects that approximately $9 million (excluding GST and disbursements) will be incurred regardless of whether or not the Scheme is implemented, excluding any Reimbursement Fee that may be payable to Saint-Gobain.

9 Additional information continued

9.10 Supplementary disclosure

CSR will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, CSR may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to CSR Shareholders at their address shown on the CSR Share Register; and/or
- posting a statement on CSR's website at www.csr.com.au,

as CSR, in its absolute discretion, considers appropriate.

Section 10

Glossary

10 Glossary

10.1 Definitions

In this Scheme Booklet, unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
Additional Consideration Amount	where the Effective Date has not occurred by 26 June 2024, a cash amount per CSR Share equal to an additional $0.0006575 per CSR Share for each day that has elapsed from (and including) 27 June 2024 to (and including) the Effective Date of the Scheme.
AFS	has the meaning given in section 5.2 of this Scheme Booklet.
Aggregate Scheme Consideration	the aggregate of the Scheme Consideration payable to all Scheme Shareholders under the Scheme (and in accordance with the terms of the Scheme).
AGM	annual general meeting.
Aluminium	when used in relation to CSR, the aluminium segment of the CSR business.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act, as if subsection 12(1) of the Corporations Act included a reference to the Scheme Implementation Deed and CSR or Saint-Gobain was the designated body, as the case may be.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ATO	the Australian Taxation Office.
Building Products	when used in relation to CSR, the building products segment of the CSR business.
Business Day	a day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, Australia or Paris, France.
CGT	has the meaning given in section 8.2(a) of this Scheme Booklet.
Competing Proposal	any proposal, agreement, arrangement or transaction (or expression of interest therefor), which, if entered into or completed, would result in a Third Party (either alone or together with any Associate(s)): 1 directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the CSR Shares; 2 acquiring Control of CSR; 3 directly or indirectly acquiring or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or substantially all of CSR's business or assets or the business or assets of the CSR Group;

Term	Meaning
Competing Proposal continued	4 otherwise directly or indirectly acquiring, be stapled to, or merging, or being involved in an amalgamation or reconstruction (as those terms are used in s413(1) of the Corporations Act), with CSR; or 5 requiring CSR to abandon, or otherwise fail to proceed with, the Transaction, 6 whether by way of takeover bid, members' or creditors' scheme of arrangement, reverse takeover, shareholder approved acquisition, capital reduction, buy back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement, recapitalisation, refinancing or other transaction or arrangement. For the avoidance of doubt, each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.
Construction Systems	the construction systems business unit within the Building Products segment.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporate	when used in relation to CSR, the corporate segment of the CSR business.
Corporations Act	the *Corporations Act 2001* (Cth), as modified or varied by ASIC.
Corporations Regulations	the *Corporations Regulations 2001* (Cth).
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Saint-Gobain and CSR.
CSR	CSR Limited ABN 90 000 001 276.
CSR Board	the board of directors of CSR and a **CSR Director** means any director of CSR comprising part of the CSR Board.
CSR Deferred Short Term Incentive Plan	the deferred short term incentive plan operated by CSR and governed by the Plan Rules.
CSR Employee Share Acquisition Plan	the employee share acquisition plan operated by CSR and governed by the Plan Rules.
CSR Employee Share Grant	the employee share grant operated by CSR and governed by the Plan Rules.
CSR Equity Incentives	1 CSR Restricted Shares; 2 CSR Performance Rights as listed in Schedule 5 to the Scheme Implementation Deed; and 3 any other rights under a CSR Group incentive scheme, including rights to receive cash payments (whether granted before, on or after the date of the Scheme Implementation Deed).

10.1 Definitions continued

Term	Meaning
CSR Group	CSR and each of its subsidiaries, and a reference to a **CSR Group Member** or a **member of the CSR Group** is to CSR or any of its subsidiaries.
CSR Information	the information contained in this Scheme Booklet, other than: 1 the Saint-Gobain Information; 2 the Independent Expert's Report; and 3 the Taxation Information.
CSR Material Adverse Change	an event, change, condition, matter, circumstance or thing deed (each a **Specified Event**) occurring on or after the date of the Scheme Implementation Deed or which occurred before the date of the Scheme Implementation Deed but which becomes actually known to Saint-Gobain after the date of the Scheme Implementation Deed which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things of a like kind that have occurred or are more likely than not to occur, has had or would be considered more likely than not to have: 1 the effect of a diminution in the value of the consolidated net assets of the CSR Group, taken as a whole (excluding any items required to be recorded into other comprehensive income to the extent such items affect net assets in accordance with accounting requirements and prior practice) by at least $180 million against what it would reasonably have been expected to have been but for such Specified Event; or 2 the effect of a recurring diminution in the full financial year consolidated earnings before interest, tax, depreciation, amortisation before significant items of the CSR Group, taken as a whole (prepared on a basis consistent with the preparation of EBITDA before significant items as disclosed in CSR's 2023 annual report) by at least $65 million against what it would reasonably have been expected to have been but for such Specified Event, other than those events, changes, conditions, matters, circumstances or things: 3 arising out of the announcement or pendency of the Transaction or the Scheme (including any loss of or adverse change in the relationship of CSR and its Subsidiaries with their respective employees, customers, partners (including joint venture partners), creditors or suppliers as at the date of the Scheme Implementation Deed, including the loss of any contract); 4 expressly permitted or required by, or to be undertaken or procured (or permitted or required not to be undertaken or procured) by, the Scheme Implementation Deed, Disclosure Letter, the Deed Poll, the Scheme or any transaction contemplated therein; 5 that are Fairly Disclosed in the Disclosure Materials (or which ought reasonably to have been expected to arise from a matter, event or circumstance which has been Fairly Disclosed); 6 that are Fairly Disclosed in the Public Register Information, including any consequences reasonably foreseeable as a result of such matters; 7 that are within the actual knowledge of Saint-Gobain prior to the date of the Scheme Implementation Deed;

Term	Meaning
CSR Material Adverse Change continued	8 agreed to by Saint-Gobain or requested by Saint-Gobain, in each case, in writing, including any reasonably foreseeable consequences; 9 arising as a result of any change in law (including subordinate legislation), regulation, directions, orders, accounting standards or principles or governmental policy (including any fee, Tax, Duty, levy, charge, payment, cost, impost, deduction or withholding imposed or collected by, or payable to, any Government Agency), or the interpretation of any of them; 10 arising from changes in economic or business conditions (including interest rates, exchange rates, general economic, political or business conditions, commodity prices including, but not limited to, LME, aluminium sales premiums and production input costs including energy prices and raw materials) including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets including any consequences reasonably foreseeable as a result of such matters; 11 which relate to, or are caused by, the identity of any Saint-Gobain Group Member; 12 in connection with any action undertaken in relation to a CSR Permitted Dividend or which otherwise occurs in accordance with clause 4.6 of the Scheme Implementation Deed, or any dividend declared or determined or paid by a CSR Group Member to another CSR Group Member; 13 in connection with any action undertaken or which otherwise occurs in accordance with clause 4.5 of the Scheme Implementation Deed; 14 relating to any loss, damage or expense that is recoverable, or would be reasonably likely to be recoverable, under CSR Group's insurance policies; 15 in connection with hedging arrangements entered into by CSR or another CSR Group Member; 16 arising from changes that affect the building products or aluminium industry; 17 arising from, or which could be reasonably considered to have resulted from, any act of terrorism, cyber-attack, outbreak or escalation of war (whether or not declared), major hostilities, civil unrest or outbreak or escalation of any disease, epidemic or pandemic (including the outbreak, escalation or any impact of, or recovery from, the Coronavirus or COVID-19 pandemic); 18 arising from any act of God, natural disaster, lightning, storm flood, bushfire, earthquake, explosion, cyclone, tidal wave, landslide, on or after the date of the Scheme Implementation Deed; 19 arising from (i) any current or future claim, proceeding, dispute, complaint, investigation or review (whether or not in Australia or elsewhere) against or involving a CSR Group Member which directly or indirectly relates to an Agreed Matter (**Relevant Claim**), (ii) any threatened Relevant Claim or (iii) any increase to CSR's or another CSR Group Member's liability provisions in respect thereof; or 20 relating to costs and expenses incurred by CSR in connection with the Scheme, including all third-party fees payable to external advisers of CSR that have been Fairly Disclosed.

10 Glossary continued

10.1 Definitions continued

Term	Meaning
CSR Material Adverse Change continued	For the avoidance of doubt, the financial impact of a breach of clause 5.4(a)(4) of the Scheme Implementation Deed (which must not be offset against any positive gains arising from such breach) in respect of items 10, 11, 13, 14(b)(iii) and 15 of the definition of 'CSR Regulated Event' in Schedule 2 to the Scheme Implementation Deed will be taken to be a Specified Event for the purposes of this definition.
CSR Performance Right	any performance right issued under employee incentive arrangements of CSR Group as listed in Schedule 5 to the Scheme Implementation Deed.
CSR Permitted Dividend	a fully franked dividend in cash in an aggregate amount up to $0.25 per CSR Share to CSR Shareholders and which CSR (in its absolute discretion) may declare or determine and pay, in accordance with the Scheme Implementation Deed.
CSR Permitted Dividend Ex Date	the ex date of payment of the CSR Permitted Dividend (if any), as determined by the CSR Board in its absolute discretion, currently intended to be Friday, 21 June 2024.
CSR Permitted Dividend Payment Date	the date of payment of the CSR Permitted Dividend (if any), as determined by the CSR Board in its absolute discretion, currently intended to be on Monday, 1 July 2024.
CSR Permitted Dividend Record Date	the record date for the CSR Permitted Dividend (if any), as determined by the CSR Board in its absolute discretion, currently intended to be 7.00pm (Sydney time) on Monday, 24 June 2024.
CSR Prescribed Occurrence	other than as: 1 expressly permitted or required by, or to be undertaken or procured (or permitted or required not to be undertaken or procured) by, the Scheme Implementation Deed, the Disclosure Letter, the Deed Poll, the Scheme or the transactions contemplated therein; 2 Fairly Disclosed in the Disclosure Materials (or which ought reasonably to have been expected to arise from a matter, event or circumstance which has been Fairly Disclosed); 3 Fairly Disclosed in the Public Register Information, including any consequences reasonably foreseeable as a result of such matters; 4 that are within the actual knowledge of Saint-Gobain prior to the date of the Scheme Implementation Deed; 5 agreed to by Saint-Gobain (such agreement not to be unreasonably withheld, conditioned or delayed) or requested by Saint-Gobain, in each case, in writing, including any reasonably foreseeable consequences; 6 in connection with any action undertaken in relation to a CSR Permitted Dividend or which otherwise occurs in accordance with clause 4.6 of the Scheme Implementation Deed, or any dividend declared or determined or paid by a CSR Group Member to another CSR Group Member; 7 in connection with any action undertaken or which otherwise occurs in accordance with clause 4.5 of the Scheme Implementation Deed; or 8 required by any applicable law (including subordinate legislation), regulation, directions, orders, accounting standards or principles or by a Government Agency,

Term	Meaning
CSR Prescribed Occurrence continued	the occurrence of any of the following: 9 CSR converting all or any of its shares into a larger or smaller number of shares; 10 CSR resolving to reduce its share capital in any way; 11 a member of the CSR Group: a. entering into a buy-back agreement; or b. resolving to approve the terms of a buy-back agreement under the Corporations Act; 12 a member of the CSR Group issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than: a. to a directly or indirectly wholly-owned Subsidiary of CSR; b. in connection with any action undertaken or which otherwise occurs in accordance with clause 4.5 of the Scheme Implementation Deed; c. the grant of CSR Shares in connection with the exercise or vesting of any CSR Employee Rights in the ordinary course in accordance with their terms as of the date of the Scheme Implementation Deed; d. the grant of shares where expressly permitted by and in accordance with a call for capital provision under a joint venture shareholders' agreement to which a CSR Group Member is a party to; or e. the grant of new shares to employees pursuant to any rights or entitlements which have been granted prior to the date of the Scheme Implementation Deed under the CSR Equity Incentives; 13 a member of the CSR Group issuing or agreeing to issue securities convertible into shares to a person that is not CSR or a wholly owned CSR Group Member; 14 a member of the CSR Group disposing, or agreeing to dispose, of the whole, or substantially all, of its business or property; 15 other than in connection with (1) liquidity management or (2) to another CSR Group Member or to any entity partly-owned by a CSR Group Member, in each case in the ordinary course of business, a CSR Group granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property; or 16 an Insolvency Event occurs in relation to CSR.
CSR Regulated Event	other than as: 1 expressly permitted or required or to be undertaken or procured (or permitted or required not to be undertaken or procured) by, the Scheme Implementation Deed, the Disclosure Letter, the Deed Poll, the Scheme or the transactions therein; 2 Fairly Disclosed in the Disclosure Materials (or which ought reasonably to have been expected to arise from a matter, event or circumstance which has been Fairly Disclosed); 3 Fairly Disclosed in the Public Register Information, including any consequences reasonably foreseeable as a result of such matters; 4 that are within the actual knowledge of Saint-Gobain prior to the date of the Scheme Implementation Deed;

10 Glossary continued

10.1 Definitions continued

Term	Meaning
CSR Regulated Event continued	5 agreed to by Saint-Gobain (such agreement not to be unreasonably withheld, conditioned or delayed) or requested by Saint-Gobain, in each case, in writing, including any reasonably foreseeable consequences; 6 in connection with any action undertaken in relation to a CSR Permitted Dividend or which otherwise occurs in accordance with clause 4.6 of the Scheme Implementation Deed, or any dividend declared or determined or paid by a CSR Group Member to another CSR Group Member; 7 in connection with any action undertaken or which otherwise occurs in accordance with clause 4.5 of the Scheme Implementation Deed; 8 required by a contract, or required in order to discharge a contractual obligation under a contract, to which a CSR Group Member is a party that was (i) Fairly Disclosed in the Disclosure Materials or (ii) entered into by a CSR Group Member after the date of the Scheme Implementation Deed without breaching the Scheme Implementation Deed; or 9 required by any applicable law (including subordinate legislation), regulation, directors, orders, accounting standards or principles or by a Government Agency, the occurrence of any of the following: 10 a member of the CSR Group: • acquiring or disposing of; • agreeing to acquire or dispose of; or • announcing or proposing a bid, or tendering, for, any business, assets, entity or undertaking, other than in the ordinary course of carrying on its business; 11 a member of the CSR Group providing financial accommodation (irrespective of what form of Financial Indebtedness that accommodation takes), other than to a member of the CSR Group or any entity partly-owned by a CSR Group Member in the ordinary course; 12 a member of the CSR Group waiving any Third Party default where the financial impact of the waiver on the CSR Group as a whole will, or would be more likely than not to be, in excess of $10 million individually or $20 million in aggregate; 13 a member of the CSR Group entering into any guarantee or indemnity on behalf of any person or providing security for the obligation of any person, other than to a member of the CSR Group an entity partly-owned by a CSR Group Member or in the ordinary course of business; 14 a member of the CSR Group: a. entering into any contract or commitment (including in respect of Financial Indebtedness) requiring payments by the CSR Group in excess of $20 million individually or $60 million in aggregate over the term of the contract or commitment other than any payment required by law, other than in the ordinary course of business or any contract or commitment (including in respect of Financial Indebtedness) relating to capital expenditure which is dealt with in paragraph b. below;

Term	Meaning
CSR Regulated Event continued	b. without limiting the foregoing, (i) agreeing to incur or incurring capital expenditure of more than \$10 million individually or \$45 million in aggregate except any approved or potential capital expenditure Fairly Disclosed in the Disclosure Materials or (ii) incurring any Financial Indebtedness of an amount in excess of \$15 million individually or \$45 million in aggregate, excluding, for the avoidance of doubt, any indebtedness under or in connection with the CSR Group's existing debt facilities or under the CSR Group's hedging arrangements and any indebtedness incurred to fund the payment of a CSR Permitted Dividend or a dividend declared or determined or paid by a member of the CSR Group to another CSR Group Member or to maintain an appropriate level of liquidity or otherwise in the ordinary course of business or (iii) amending the terms or replacing any indebtedness under or in connection with the CSR Group's existing debt facilities or under the CSR Group's hedging arrangements; c. terminating or amending in a material manner any contract material to the conduct of the CSR Group's business or which involves revenue or requires expenditure of more than \$20 million individually or \$60 million in aggregate over the term of the contract, other than in the ordinary course of business, excluding for the avoidance of doubt any action in paragraphs a to c (inclusive) of this paragraph which is also contemplated by item 10 or item 11 above in which case the thresholds in item 10 and item 11 respectively will apply. 15 any member of the CSR Group entering into a contract or commitment materially restraining any member of the CSR Group from competing with any person or conducting activities in any market; 16 a member of the CSR Group changing any accounting method, practice or principle used by it, other than as a result of changes in generally accepted accounting standards or generally accepted accounting principles or the interpretation of any of them (in each case provided that any such change is not as a result of any election or similar action by a member of the CSR Group which is not required by the applicable standard or principle); 17 any member of the CSR Group: a. entering into any new employment agreement with an executive team member with a direct reporting line to the CEO of CSR; b. materially increasing the remuneration, compensation or benefits of, or paying any bonus or issues any securities to, or otherwise materially varying the employment arrangements with any of its directors, officers or other members of its executive leadership team, other than any bonuses in the ordinary course of business; or c. accelerating the rights of any of its directors, officers or other members of the executive leadership team to benefits of any kind (other than in connection with any action undertaken or which otherwise occurs in accordance with clause 4.5 of the Scheme Implementation Deed); 18 a member of the CSR Group entering into or materially amending any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of the Scheme Implementation Deed and which are contained in the Disclosure Materials; or

10 Glossary continued

10.1 Definitions continued

Term	Meaning
CSR Regulated Event continued	19 a CSR Group Member compromising or settling any legal proceedings, claim, investigation, arbitration or like proceeding (or series of related legal proceedings, claims, investigations, arbitrations or like proceedings) where the claimed or settlement amount (or, in the case of a series of related legal proceedings, claims, investigations, arbitrations or like proceedings, aggregate claimed or settlement amount) is in excess of $15 million, other than (A) as claimant in respect of the collection of trade debts arising in the ordinary course of the CSR Group's business; or (B) in respect of any legal proceedings, claim, investigation, arbitration or like proceeding in each case relating to an Agreed Matter and arising in the ordinary course of the CSR Group's business.
CSR Restricted Shares	the CSR Shares which are subject to any restrictions (including vesting conditions, disposal restrictions, holding locks, forfeiting restrictions or service conditions).
CSR Share	a fully paid ordinary share in the capital of CSR.
CSR Share Register	the register of members of CSR maintained in accordance with the Corporations Act.
CSR Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
CSR Shareholder	each person who is registered as the holder of a CSR Share in the CSR Share Register.
CSR Universal Share Ownership Plan	the universal share ownership plan operated by CSR and governed by the Plan Rules.
Data Room	the electronic data room hosted by Ansarada provided by CSR to Saint-Gobain or its Related Persons for the purposes of due diligence as at 11.00am on 26 February 2024.
Deed Poll	a deed poll in the form of Annexure 3 under which Saint-Gobain and Saint-Gobain Sub each covenants in favour of the Scheme Shareholders to perform the obligations attributed to Saint-Gobain and Saint-Gobain Sub under the Scheme.
Disclosure Letter	a letter identified as such provided by CSR to Saint-Gobain and countersigned by Saint-Gobain prior to entry into the Scheme Implementation Deed.
Disclosure Materials	1 the documents and information contained in the Data Room made available by CSR to Saint-Gobain and its Related Persons, the index of which has been initialled by, or on behalf of, the parties for identification and any other document specifically agreed in writing by the parties on or about the date of the Scheme Implementation Deed; 2 written responses from CSR and its Related Persons to requests for further information made by Saint-Gobain and its Related Persons via the Data Room prior to 11.00am on 26 February 2024; and 3 the Disclosure Letter.

Term	Meaning
Dividend Reinvestment Plan	the dividend reinvestment plan operated by CSR and governed by the dividend reinvestment plan terms and conditions dated 14 May 2014.
Duty	any stamp, transaction or registration duty or similar charge imposed by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them.
EBIT	earnings before interest, tax and significant items (other than in section 6 of this Scheme Booklet, where it means earnings before interest and tax).
EBITDA	earnings before interest, tax, depreciation, amortisation and significant items (other than in section 6 of this Scheme Booklet, where it means earnings before interest, tax, depreciation and amortisation).
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective, currently expected to be Wednesday, 19 June 2024.
EV	enterprise value.
Fairly Disclosed	disclosed to Saint-Gobain or any of its Related Persons, to a sufficient extent, and in sufficient detail, so as to enable a reasonable bidder (or one of its Related Persons) experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the CSR Group, to identify the nature and scope of the relevant matter, event or circumstance (and for the avoidance of doubt, 'Fairly Disclosed' in relation to a document, contract or agreement means that a copy of the document, contract or agreement has been included in the Disclosure Materials but only to the extent of the terms of that document, contract or agreement actually included in the Disclosure Materials).
FATA	*Foreign Acquisitions and Takeovers Act 1975* (Cth).
Financial Adviser	any financial adviser retained by a party in relation to the Transaction from time to time.
FIRB	the Foreign Investment Review Board.
FIRB Approval	before 5.00pm on the Business Day before the Second Court Date, one of the following has occurred: 1 Saint-Gobain has received written notice under the FATA, by or on behalf of the Treasurer of the Commonwealth of Australia (**Treasurer**) or the Treasurer's delegate, stating or to the effect that the Commonwealth Government has no objections to the Transaction either unconditionally or on terms that are acceptable to Saint-Gobain acting reasonably (subject to clause 3.2(e) of the Scheme Implementation Deed);

10 Glossary continued

10.1 Definitions continued

Term	Meaning
FIRB Approval continued	2 the Treasurer becomes precluded by the passage of time from making an order or decision under Part 3 of the FATA in relation to the Transaction and the Transaction is not prohibited by section 82 of the FATA; or 3 where an interim order is made under section 68 of the FATA in respect of the Transaction, the subsequent period for making an order or decision under Part 3 of the FATA elapses without the Treasurer making such an order or decision.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard, or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Gove Aluminium Finance	Gove Aluminium Finance Ltd ABN 45 001 860 073.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government (including any local or municipal council), whether foreign or Australian.
GST	has the meaning given in the GST Act.
GST Act	the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
HY24	the financial half year ended 30 September 2023.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as CSR and Saint-Gobain agree in writing, currently expected to be Tuesday, 9 July 2024.
Independent Expert	Kroll, the independent expert in respect of the Scheme appointed by CSR.
Independent Expert's Report	the report issued by the Independent Expert in connection with the Scheme, as set out in Annexure 1.
Insolvency Event	means, in relation to an entity: 1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity (other than where the order is set aside within 14 days); 2 a liquidator, provisional liquidator, administrator, receiver, receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets; 3 the entity executing a deed of company arrangement; 4 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation); or 5 the entity being deregistered as a company or otherwise dissolved.

Term	Meaning
Interior Systems	the interior systems business unit within the Building Products segment.
IPONZ	the New Zealand Intellectual Property Office.
ITAA 1997	*Income Tax Assessment Act 1997* (Cth).
Kroll	Kroll Australia Pty Ltd.
Last Practicable Date	Friday, 19 April 2024.
Listing Rules	the official listing rules of the ASX.
LME	the London Metal Exchange.
Masonry & Insulation	the masonry & insulation systems business unit within the Building Products segment.
NZ Companies Office	the New Zealand Companies Office.
Plan Rules	the: 1 CSR Equity Incentive Umbrella Plan Rules adopted by the Board on 30 June 2022; 2 CSR Limited Performance Rights Plan Rules amended by the Board on 24 June 2020; 3 Universal Share Ownership Plan Rules; 4 CSR Employee Share Acquisition Plan Rules; or 5 CSR Limited Deferred Short-Term Incentive Plan Rules amended by the Board on 24 June 2020, (as applicable).
PPS Act	the *Personal Property Securities Act 2009* (Cth).
PPS Register	the personal property securities register established under the PPS Act.
PPS Register (NZ)	the personal property securities register established under section 139 of the *Personal Property Securities Act 1999* (NZ).
Property	when used in relation to CSR, the property segment of the CSR business.
Proposal	has the meaning given in the Letter from the Chair of the CSR Board.
Public Register Information	1 an announcement by CSR to the ASX within three years prior to the date of the Scheme Implementation Deed; or 2 a publicly available document which would be disclosed in a search of the following records: i. ASIC records on the date immediately before the date of the Implementation Deed; ii. NZ Companies Office records against the name of a New Zealand Subsidiary of CSR as at 23 February 2024;

10 Glossary continued

10.1 Definitions continued

Term	Meaning
Public Register Information continued	iii. the PPS Register on the date immediately before the date of the Implementation Deed; iv. the PPS Register (NZ) against the name of a New Zealand Subsidiary of CSR as at 23 February 2024; v. IPONZ records against the name of a New Zealand Subsidiary of CSR as at 23 February 2024; vi. IP Australia as at 26 February 2024; vii. the land titles register maintained by the land titles offices of New South Wales, Victoria and Queensland, as at 22 February 2024; viii. Land Information New Zealand records against the name of a New Zealand Subsidiary of CSR as at 19 February 2024; ix. the contaminated land registers in each of New South Wales, Victoria and Queensland, as at 22 February 2024; x. the publicly available databases or registers of environmental licences, permits, records or notices maintained by the: a. Environment Protection Authority (NSW); b. Environment Protection Authority (VIC); and c. Department of Environment and Science (QLD) under sections 540 and 540A of *the Environmental Protection Act 1994* (Qld), in each case as at 22 February 2024; xi. the HSNO Application Register and Resource Management Act (RMA) Applications Register maintained by the New Zealand Environmental Protection Authority against the name of a New Zealand Subsidiary of CSR as at 26 February 2024; xii. the public records maintained by the High Court of Australia, the Federal Court of Australia, the Federal Circuit Court of Australia and the Supreme Courts of all Australian states and territories in relation to CSR or a Subsidiary of CSR, in each case as at 20 February 2024; xiii. the public records maintained by the Supreme Court of New Zealand, the Court of Appeal of New Zealand and the High Court of New Zealand, in each case as at 26 February 2024.
Reimbursement Fee	$42 million.
Related Bodies Corporate	has the meaning set out in section 50 of the Corporations Act.
Related Person	1 in respect of a party or its Related Bodies Corporate, each director, officer, employee, adviser, agent or representative of that party or Related Body Corporate; and 2 in respect of a Financial Adviser, each director, officer, employee or contractor of that Financial Adviser.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.

Term	Meaning
Requisite Majorities	in relation to the Scheme Resolution, a resolution passed by: 1 unless the Court orders otherwise, a majority in number (more than 50%) of CSR Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate CSR Shareholders, body corporate representative); and 2 at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by CSR Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate CSR Shareholders, body corporate representative).
Restructuring and Provisions	when used in relation to CSR, the restructuring and provisions segment of the CSR business.
Reverse Reimbursement Fee	$42 million.
Saint-Gobain	Compagnie de Saint-Gobain (registration number 542 039 532 RCS Paris), having its registered office at Tour Saint-Gobain – 12 place de l'Iris, 92096 La Défense Cedex, France.
Saint-Gobain Board	the board of directors of Saint-Gobain.
Saint-Gobain Director	a member of the Saint-Gobain Board.
Saint-Gobain FAQs	1 the answer to the frequently asked question 'Who is Saint-Gobain?' in section 2 of this Scheme Booklet; 2 the answer to the frequently asked question 'Who is Saint-Gobain Sub?' in section 2 of this Scheme Booklet; and 3 the answer to the frequently asked question 'Does Saint-Gobain currently hold any CSR Shares?' in section 2 of this Scheme Booklet.
Saint-Gobain Group	Saint-Gobain and each of its related bodies corporate, and a reference to a **Saint-Gobain Group Member** or a **member of the Saint-Gobain Group** is to Saint-Gobain or any of its related bodies corporate.
Saint-Gobain Information	the information regarding the Saint-Gobain Group provided by Saint-Gobain to CSR in writing for inclusion in this Scheme Booklet being: 1 the Saint-Gobain FAQs; 2 any reference to the belief of the Saint-Gobain Directors in the Scheme Booklet; and 3 the entire content of section 6 of this Scheme Booklet and any definitions in section 10.1 of this Scheme Booklet which relate solely to section 6 or the Saint-Gobain FAQs. For the avoidance of doubt, the Saint-Gobain Information excludes the CSR Information, the Independent Expert's Report and the Taxation Information.
Saint-Gobain Sub	Saint Gobain BidCo Pty Ltd ACN 676 507 841.

10 Glossary continued

10.1 Definitions continued

Term	Meaning
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between CSR and the Scheme Shareholders, the form of which is attached as Annexure 2, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Saint-Gobain and CSR.
Scheme Booklet	this document being the explanatory statement in respect of the Scheme, which has been prepared by CSR in accordance with section 412 of the Corporations Act.
Scheme Consideration	the consideration to be provided by Saint-Gobain to each Scheme Shareholder for the transfer to Saint-Gobain Sub of each Scheme Share, being for each CSR Share held by a Scheme Shareholder as at the Scheme Record Date an amount of $9.00 cash per CSR Share, reduced by the amount of any CSR Permitted Dividend.
Scheme Implementation Deed	the Scheme Implementation Deed dated 26 February 2024 between CSR and Saint-Gobain, a copy of which was released to the ASX on 26 February 2024.
Scheme Meeting	the meeting of CSR Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	the ninth Business Day after the Effective Date, or such other time and date as CSR and Saint-Gobain agree in writing, currently expected to be 7.00pm (Sydney time) on Tuesday, 2 July 2024.
Scheme Resolution	the resolution to the terms of the Scheme, as set out in the Notice of Scheme Meeting in Annexure 4.
Scheme Shareholder	a holder of CSR Shares recorded in the CSR Share Register as at the Scheme Record Date.
Scheme Shares	all CSR Shares held by the Scheme Shareholders as at the Scheme Record Date.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme is heard, currently expected to be 18 June 2024, or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Stamp Duty	any stamp, transfer or transaction duty or similar charge imposed by the laws of an Australian state or territory.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

Term	Meaning
Superior Proposal	a bona fide Competing Proposal of the kind referred to in any if paragraphs (2), (3), (4) or (5) of the definition of Competing Proposal that the CSR Board, acting in good faith, and after receiving written legal advice from its external legal advisors, determines would, if completed substantially in accordance with its terms, be reasonably likely to be more favourable to CSR Shareholders as a whole than the Transaction and, if applicable, than the Transaction as amended or varied following application of the process set out in clause 11.5 of the Scheme Implementation Deed), in each case taking into account all terms and conditions and other aspects of the Competing Proposal (including, but not limited to, any timing considerations, any conditions precedent, the value and type of consideration, the identity of the proponent and other matters affecting the probability of the Competing Proposal being completed) and of the Transaction.
Tax	1 a tax, levy, excise, royalty, charge, impost, deduction or withholding (including GST) that is at any time imposed or levied pursuant to any law by any Government Agency or required to be remitted to, or collected, withheld or assessed by, any Government Agency; 2 government entitlements to production paid in-kind (but excluding any amount of Tax that is then indemnified by the government as a consequence of that payment in kind); and 3 any related interest, expense, fine, penalty or other charge on those amounts, 4 and includes any amount that a person is required to pay to another person on account of that other person's liability for Tax, but excludes Duty.
Taxation Information	the description of the taxation effect of the Transaction on Scheme Shareholders contained in this Scheme Booklet, including section 8 of this Scheme Booklet (which information has been prepared by Herbert Smith Freehills).
Third Party	a person other than Saint-Gobain, its Related Bodies Corporate and its other Associates.
Transaction	the acquisition of the Scheme Shares by Saint-Gobain Sub through implementation of the Scheme in accordance with the terms of the Scheme Implementation Deed.
Transaction Consideration	$9.00 cash per CSR Share, consisting of the Scheme Consideration and any CSR Permitted Dividend.
TRIFR	has the meaning given in section 5.5 of this Scheme Booklet.
UBS	UBS Securities Australia Limited.
VWAP	volume weighted average price.
Withholding Amount	has the meaning given in clause 5.1(c) of the Scheme.

10 Glossary continued

10.1 Definitions continued

Term	Meaning
WHSE	workplace health, safety and environment.
YEM	the financial year of 12 months to 31 March.
YEM22	the financial year ended 31 March 2022.
YEM23	the financial year ended 31 March 2023.
YEM24	the financial year ending 31 March 2024.
YEM24 Results	the audited financial results for the financial year ending 31 March 2024 to be released by CSR to the ASX.
YEM25	the financial year ending 31 March 2025.

10.2 Interpretation

In this Scheme Booklet, unless expressly stated or the context otherwise appears:

(a) words and phrases have the same meaning (if any) given to them in the Corporations Act;

(b) words importing a gender include any gender;

(c) words importing the singular include the plural and vice versa;

(d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(e) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;

(f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;

(g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;

(h) a reference to time is a reference to time in Sydney, Australia;

(i) a reference to writing includes facsimile transmissions; and

(j) a reference to dollars, $, A$, cents, ¢ and currency is a reference to the lawful currency of Australia.

Annexure 1

Independent Expert's Report

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
Sydney NSW 2000
www.kroll.com

Ph: (02) 8286 7200
ABN: 73 116 738 535

The Directors
CSR Limited
Triniti 3, Level 5
39 Delhi Road
North Ryde NSW 2113

25 April 2024

Dear Directors

Part One – Independent Expert's Report

1 Introduction

On 26 February 2024, CSR Limited (**CSR** or the **Company**) announced that it had entered into a Scheme Implementation Deed with Compagnie de Saint-Gobain S.A. (**Saint-Gobain**) under which a newly incorporated entity, Saint-Gobain Sub will acquire all of the issued shares in CSR (**CSR Shares**) by way of a scheme of arrangement (**Scheme**) for cash consideration of $9.00 per CSR Share (the **Transaction Consideration**) (**Transaction**).

The Transaction Consideration consists of the Scheme Consideration[1] plus the CSR Permitted Dividend (as defined below).

The CSR Board, having regard to the franking credits available to CSR, currently intends to determine to pay a fully franked dividend of $0.12 cash per CSR Share (**CSR Permitted Dividend**) before implementation of the Scheme conditional on the Scheme becoming effective.[2] If the intended CSR Permitted Dividend is paid, the Transaction Consideration of $9.00 cash per CSR Share will comprise the Scheme Consideration of $8.88 cash per CSR Share plus the CSR Permitted Dividend of $0.12 cash per CSR Share. That is, CSR Shareholders who hold CSR Shares on both the Scheme Record Date[3] and the CSR Permitted Dividend Record Date[4] will receive the Transaction Consideration of $9.00 cash per CSR Share, consisting of the Scheme Consideration of $8.88 cash per CSR Share and the CSR Permitted Dividend of $0.12 cash per CSR Share.

An Additional Consideration Amount of approximately $0.02 per month, accruing on a daily basis, will be payable if the effective date of the Scheme is delayed beyond 26 June 2024. The Additional Consideration Amount is in addition to the Transaction Consideration described above. Under the proposed timetable for the Scheme in the Scheme Booklet no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

CSR is a manufacturer and distributor of building products. CSR has well-known building products brands in the Australian market and provides these products for residential and commercial construction. In addition, CSR generates earnings from its property division which remediates and develops surplus former

[1] The Scheme Consideration is equal to an amount of $9.00 cash per CSR Share for each CSR Share held as at the Scheme Record Date, reduced by the amount of any CSR Permitted Dividend.
[2] As at the date of this report, the CSR Board has not determined to pay any CSR Permitted Dividend.
[3] 7.00pm (Sydney time) on Tuesday, 2 July 2024.
[4] Currently intended to be 7.00pm (Sydney time) on Monday, 24 June 2024.

manufacturing sites and through its 70% shareholding in Gove Aluminium Finance Limited (**GAF**), CSR holds an effective 25.2% interest in the Tomago aluminium smelter. CSR is listed on the Australian Securities Exchange (**ASX**) and as at market close on 20 February 2024, the last trading day prior to media speculation regarding a possible change of control proposal for CSR, CSR had a market capitalisation of $3.2 billion.[5]

Saint-Gobain is a global building products company with operations in 76 countries. It is headquartered in France. It is listed on Euronext Paris (EPA:SGO) and as at 19 April 2024, had a market capitalisation of approximately €35.3 billion.[6]

The Scheme is subject to approval by CSR Shareholders at a meeting (the **Scheme Meeting**) expected to be held at 9:00am on Thursday, 13 June 2024. CSR Shareholders registered at 7.00pm on Tuesday, 11 June 2024 will be entitled to vote on the resolution to approve the Scheme (**Scheme Resolution**). For the Scheme to proceed, the Scheme Resolution must be approved by at least 75% of the total number of votes cast by eligible CSR Shareholders (either online or in person, or by proxy, attorney, or corporate representative) and more than 50% of all eligible CSR Shareholders present and voting (either online or in person, or by proxy, attorney, or in the case of a body corporate which is a CSR Shareholder, by corporate representative) at the Scheme Meeting.

In order to assist CSR Shareholders in assessing the Scheme and informing their vote on the Scheme Resolution, the Directors of CSR (**CSR Directors**) have appointed Kroll Australia Pty Ltd (**Kroll**), to prepare an independent expert's report setting out whether, in our opinion, the Scheme is in the best interests of CSR Shareholders, in the absence of a superior proposal.

This report sets out Kroll's opinion as to whether the Scheme is in the best interests of CSR Shareholders and will be included in the Scheme Booklet issued by CSR in respect of the Scheme.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1 of this report.

Kroll's Financial Services Guide is contained in Part Two of this report.

2 Scope of report

The transaction involves a scheme of arrangement under Section 411 of the *Corporations Act 2001* (Cth) (**Corporations Act**) and requires approval of CSR Shareholders. Section 412(1) of the Corporations Act requires, among other requirements, that an explanatory statement issued in relation to a proposed members' scheme of arrangement, includes information that is material to the making of a decision by a member as to whether or not to agree to the Scheme Resolution.

Even where an independent expert's report is not strictly required by the law or Australian Securities and Investments Commission (**ASIC**) policy, it is not uncommon for the directors of a company to commission one to ensure that they are providing the information that is material to the making of a decision by a member. As set out in the Scheme Implementation Deed, an opinion from an independent expert is a condition precedent of the Scheme. In undertaking our work, we have referred to guidance provided by ASIC in its Regulatory Guides, in particular Regulatory Guide 111 'Content of expert reports' (**RG 111**) which outlines the principles and matters which it expects a person preparing an independent expert's report to consider.

Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Sections 6.1 and 6.2 of this report.

5 Calculated as the closing price of CSR Shares on 20 February 2024 of $6.77, multiplied by 479.9 million fully diluted CSR Shares.

6 Calculated as the closing price of Saint-Gobain Shares on 19 April 2024 of €70.26, multiplied by 502.1 million Saint-Gobain Shares outstanding.

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3 Opinion

3.1 Background

CSR is a manufacturer and distributor of building products. It operates 29 manufacturing sites and over 100 branded outlets and distribution centres across primarily Australia and New Zealand, servicing in excess of 17,000 customers across a broad range of construction segments.[7] In addition to its Building Products operating segment, which is its largest and most recognised segment, through its 70.0% interest in GAF, CSR holds a minority interest in the Tomago Aluminium smelter in New South Wales, Australia, and generates additional earnings from its Property division, which focuses on maximising financial returns from former manufacturing sites.

Often characterised as cyclical, Australia's construction activity, to which CSR is highly exposed, is impacted by broader economic conditions and sentiment. Long-term macroeconomic trends, including population growth fuelled by strong inbound migration, bode well for CSR's future prospects, likely supporting sustained demand for residential and non-residential construction activity in Australia for several decades. However, the short-term outlook is mixed, particularly for residential construction end-markets. Many forecasts indicate that the negative momentum for total residential commencements from 2023 is expected to continue into 2024 and 2025, driven by the effect of higher borrowing costs, a rise in material and build costs, and trade labour shortages causing a large backlog of work that is proving difficult to reduce. Industry sources agree that the combination of these factors is expected to drive a cyclical dip in residential construction activity that should ease from 2025, with a renewed upcycle over the medium-term.

CSR announced a new strategic plan in November 2020 (**strategic plan**), aimed at driving future growth and enhancing business resilience. This plan, which aims to deliver improved financial performance and stability of earnings through the cycle, has already delivered tangible results. These results, and end market activity, have enabled the Building Products segment to deliver consistent improvements in operating and financial performance as evidenced by the growth in earnings of over 60% in the four years to YEM23.

CSR's improved financial performance over this period has been reflected by the growth in its share price, which has increased by 39.6% since the announcement of the strategic plan on 2 November 2020, to close at $6.77 on 20 February 2024, the day prior to media speculation regarding a possible change of control transaction for CSR. The increase has principally occurred in the period following the release of CSR's 1H24 results on 2 November 2023, which saw record first-half earnings before interest and tax (**EBIT**) and a record EBIT margin for the Building Products segment. CSR's share price in the period from 2 November 2023 to 20 February 2024 increased by 20.5%, outperforming the ASX S&P/ASX 200 Index (**ASX 200 Index**) which grew by 12.0%.

The Transaction Consideration of $9.00 per CSR Share represents a 32.9% premium on the undisturbed trading price of CSR Shares as at 20 February 2024, noting that the undisturbed price was close to the record trading high for CSR Shares since the sale of Sucrogen Limited (**Sucrogen**) in 2010.

In evaluating the Scheme, we have considered benefits expected from CSR's organic growth and future expansion, as well as the risks and costs associated with achieving those benefits. Our assessment of the Scheme is based on current market conditions and the inherent risk associated with a building products company.

3.2 Summary of opinion

In our opinion the Scheme is in the best interests of CSR Shareholders, in the absence of a superior proposal.

In arriving at this opinion, we have assessed whether the Scheme is:

- **fair**, by comparing the Transaction Consideration to our assessed value of a CSR Share on a controlling interest basis. This approach is in accordance with the guidance set out in RG 111; and

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[7] Source: CSR. Customer and site amounts are as at 31 March 2024.

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- **reasonable**, by assessing the implications of the Scheme for CSR Shareholders, the alternatives to the Scheme that are available to CSR, and the consequences for CSR Shareholders of not approving the Scheme.

We have assessed the Scheme to be fair and reasonable. Consequently, consistent with RG 111, we have concluded that the Scheme is in the best interests of CSR Shareholders, in the absence of a superior proposal.

We have assessed the value of a CSR Share on a controlling interest basis to be in the range of $8.25 to $9.26. As the Transaction Consideration of $9.00 falls within our assessed value range for a CSR Share, we consider the Scheme to be fair.

In forming our view as to the value of CSR, we have considered a range of factors including CSR's plans and opportunities for growth and expansion across its business, building products industry dynamics, and the risks inherent in its different businesses. As required by RG 111, we have also considered the synergies available to a pool of potential acquirers.

Our analysis of the fairness of the Scheme is detailed further in Section 3.3 of this report.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Scheme to be fair, it is also reasonable. Regardless of this requirement, we have considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme, including:

- the Transaction Consideration represents a substantial premium to trading prices of CSR Shares up until close on 20 February 2024, the last trading day prior to media speculation regarding a possible change of control transaction (**undisturbed trading prices**);
- the Transaction Consideration is in cash and provides certainty of the pre-tax amount that CSR Shareholders will receive;
- CSR Shareholders will not participate in any increases in the value of CSR, however, they will no longer be exposed to the risks facing the business;
- in the event that the Scheme is not approved, or any other conditions precedent prevent the Scheme from being implemented, CSR will continue to operate in its current form and its share price is likely to fall to levels consistent with the undisturbed trading price of CSR Shares, subject to the future financial performance of CSR in the subsequent period, industry developments, and the impact of broader trends in equity markets; and
- no alternative bidder has emerged since the announcement of the Transaction.

Other matters which CSR Shareholders should consider in assessing the Scheme include:

- CSR will incur transaction costs if the Scheme does not proceed;
- the outstanding conditions precedent which, if not satisfied, (or, if applicable, waived) will result in the Scheme not being implemented; and
- the tax implications of the Scheme.

Our analysis of the reasonableness of the Scheme is detailed further in Section 3.4 of this report. The decision to approve the Scheme is a matter for individual CSR Shareholders based on their views as to value, expectations about future market conditions and their particular circumstances, including investment strategy and portfolio, risk profile and tax position. If in doubt, CSR Shareholders should consult their own professional adviser regarding the action they should take in relation to the Scheme.

3.3 The Scheme is fair

3.3.1 Valuation of CSR

Kroll has assessed the value of the equity of CSR to be in the range of $3,957.0 million to $4,444.8 million, which is equivalent to a range of value of $8.25 to $9.26 per CSR Share on a fully diluted basis. Our range of assessed values reflects 100% ownership of CSR and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect CSR Shares would trade on the ASX in the absence of the Transaction.

The value of CSR's equity has been determined by estimating the fair value of CSR's operating business, together with consideration of the fair value of its property portfolio, its remaining product liability, and net debt (including right-of-use lease liabilities).

The valuation of CSR is summarised as follows.

CSR Valuation Summary ($ millions)

	Section Reference	Valuation Range Low	High
Building Products	9.3	3,200.0	3,600.0
Aluminium	9.4	117.2	180.8
Value of CSR's operating business (100% control basis)		**3,317.2**	**3,780.8**
Property portfolio	9.5	803.8	828.0
Product liability provision	9.6	(126.6)	(126.6)
Enterprise value (100% control basis)		**3,994.4**	**4,482.2**
Adjusted net debt (including leases)	9.7	(37.4)	(37.4)
Equity value to CSR Shareholders (100% control basis)		**3,957.0**	**4,444.8**
Fully diluted CSR Shares on issue (millions)	8.8	479.9	479.9
Equity value per CSR Share – diluted (control basis) ($)		**$8.25**	**$9.26**

Source: Kroll analysis.

In assessing the underlying value of CSR, Kroll has separately valued CSR's operating segments using a sum-of-the-parts methodology, which aggregates the value of each of CSR's operating businesses:

- the Building Products operating segment using a Discounted Cash Flow (**DCF**) analysis as the primary methodology (refer to Section 9.3.2 of this report) and cross-checked this value using a market approach (refer to Section 9.3.3 of this report). Our value for this segment includes the impact of CSR Corporate;[8]
- the Aluminium operating segment using a DCF as the primary methodology (refer to Section 9.4 of this report) and cross-checked this value by comparing it to funds employed in GAF (100% basis), before reflecting CSR's 70.0% ownership in GAF and applying any discounts (refer to Section 9.4.3 of this report); and
- the Property portfolio comprises of properties contracted to be sold, surplus land, and short-term opportunities only (refer to Section 8.4.3 of this report for further details on property categorisation). The property values are adjusted for costs and tax relating to their disposal (refer to Section 9.5 of this report).

Our valuation range of $8.25 to $9.26 per CSR Share reflects a premium over the closing price of CSR Shares on 20 February 2024, the last trading day prior to media speculation regarding a possible change of control proposal for CSR, of between 21.9% and 36.8%, and a premium to the three-month volume weighted average price (**VWAP**) in the range of 27.5% to 43.1%. This level of premium is broadly consistent with the premiums observed in completed transactions, which are generally in the range of 25% to 40% depending on the individual circumstances of each transaction,[9] and reflects:

- that our valuation of CSR includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. Saint-Gobain has advised that it expects to achieve full run-rate synergies of $60 million (pre-tax) by year 3, although it has flagged that it may be able to achieve further synergies.[10] Kroll is of the view that it is possible that a number of global building products companies who, like Saint-Gobain, do not have overlapping geographies, could achieve a similar

8 CSR Corporate includes the Restructuring and Provisions Segment.

9 Source: 2023 Factset Review. Range represents median premium from 2012 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

10 Source: "Saint-Gobain to acquire CSR Limited", 26 February 2024, p.14.

level of synergies, although likely no more than Saint-Gobain's minimum estimate of $60 million, given that the product ranges of other potential acquirers are generally less complementary to CSR's product range (refer to Section 9.2.3 of this report); and

- that our value range attributes substantial value to the strategic initiatives associated with the current strategic plan, which are already well progressed, as well as benefits from brownfields expansions and bolt-on acquisitions contained within CSR's five-year corporate plan (**Five-year Plan**).

In forming our view as to the value of CSR Shares, we have considered a range of factors, including:

- CSR is a manufacturer and distributor of building products;
- the Company's diversified portfolio of 11 well-known Building Products brands including Gyprock in plasterboard, Bradford in insulation, and Hebel in Autoclaved Aerated Concrete. It also has a diversified exposure to multiple construction end-markets, from residential (including detached housing, medium and high-density residential, and alterations and additions) to non-residential (including commercial and social construction), through different stages of the build cycle, with the ability to adapt to market conditions as end-market demand changes. We note, however, that CSR's end-exposure to the residential construction sector remains high (approximately 77% in 1H24 by revenue);
- CSR's recent improvement in earnings in its Building Products segment, which have grown by over 60% in the four years to YEM23 and which in 1H24 delivered record 1H EBIT and its highest EBIT margin on record at 16.3%;
- implementation of the strategic plan which is driving disciplined approaches to both pricing and cost management, manufacturing operational efficiency, continuous product improvement, and diversification across the breadth of construction markets. The results of this plan are starting to appear in CSR's financial results as incremental EBIT and strengthening EBIT margins. The strategic plan is expected to reduce volatility of earnings through the cycle, positioning CSR as a far more resilient business through-the-cycle;
- additional value applicable to CSR's Property division, which aims to maximise financial returns from surplus former manufacturing sites through the development process;
- CSR's history of strong operating cashflow generation, and strong balance sheet with virtually no financial debt as at 29 February 2024 (including lease liabilities). In light of its performance, CSR has maintained an investment grade credit rating of BBB+ (Standard & Poor's (**S&P**)) since 2003;
- strong long-term macroeconomic tailwinds for the business, with long-term building and construction trends tied to population growth which, is expected to increase by approximately 12% to 29.9 million by 2032,[11] assisted by strong forecast net overseas inbound migration. Population growth is expected to continue to add pressure on dwelling stock deficiencies, increasing demand for construction of new dwellings and non-residential infrastructure;
- despite the long-term tailwinds for the business, there is material uncertainty regarding the short-to-medium term outlook of CSR given:
    - its high exposure to Australian residential end-markets, with the value of CSR's Building Products segment sensitive to changes in residential construction activity, which are benefitting from a backlog of building work caused by the COVID-19 pandemic and associated homebuilding initiatives driving higher than usual demand.[12] However, external market forecasts show a softening of overall market activity across the next two financial years (YEM25 and YEM26), before growth resumes from YEM27;
    - there is a risk that the forecast downturn in YEM25 and YEM26 is longer or stronger than expected which may occur if, for example, interest rates remain higher for longer, impacting affordability

[11] Source: ABS. Population Projections, Australia.
[12] Australian Bureau of Statistics (**ABS**) data as at 30 September 2023 indicates that the pipeline of detached housing work is approximately 50% above historic averages and equivalent to a full year of completions, pointing to a backlog in completions.

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and developer feasibilities, or if investor, developer, and homeowner confidence declines due to a deteriorating economy or weaker employment conditions;

- we note that the Australian building and construction industry has been historically cyclical, with demand closely tied to consumer confidence and broader macroeconomic conditions, with the value of CSR being sensitive to changes in residential construction activity. However, we also note CSR's considerable progress in diversifying its products by end-market and build process in recent years, which should build resilience through-the-cycle;

- there are considerable risks associated with achieving and maintaining historically high EBIT margins as seen in recent years in the Building Products segment, and although the company has outlined a conceivable path to achieving improved margins through strategic initiatives, including ongoing work optimising operations and supply chain, increased product development, and diversification across the breadth of construction markets, these margins have not been reached and maintained in the past; and
- the financial results of CSR's Aluminium segment may be impacted by movements in the global US dollar price for aluminium as well as alumina and energy pricing. We note that while CSR has a policy of hedging its aluminium sales to reduce the volatility of its earnings when exchanged into Australian dollars, and as at 30 September 2023 proportion of net aluminium exposure hedged was 73% for YEM25 decreasing to 15% in YEM28, certain other risks cannot be hedged. We also note that CSR's aluminium investment is subject to operational issues, such as electricity curtailment.

CSR Permitted Dividend

CSR has agreed with Saint-Gobain that a dividend may be paid to CSR Shareholders, with the amount of that dividend deducted from the cash offer price. The CSR Board currently intends to determine to pay a fully franked dividend of $0.12 cash per CSR Share before the implementation date conditional on the Scheme becoming effective.

In Kroll's opinion, it is not appropriate for the assessment of the Scheme to either factor into the value of CSR the value of accumulated franking credits, or include in the value of the consideration the value of the credits attached to the CSR Permitted Dividend, since the value of those credits to each CSR Shareholder varies depending on their individual circumstances. Nevertheless, it needs to be recognised that, where part of a takeover offer comprises a franked dividend, some shareholders may realise additional value from the franking credits (i.e. they are better off in after tax terms than they would have been had the same amount been paid as part of the acquisition price and been received as a capital gain).

Additional Consideration

If the Effective Date for the Scheme occurs after 26 June 2024, on implementation of the Scheme, CSR Shareholders will also be entitled to receive the Additional Consideration Amount per CSR Share held as at the Scheme Record Date. The Additional Consideration Amount would be in addition to the Transaction Consideration described previously, and is calculated as approximately $0.02 per month, accruing on a daily basis.

We note that under the proposed timetable for the Scheme set out in the Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024. As such, in assessing the fairness of the Scheme, Kroll has not factored into the value of CSR the Additional Consideration Amount.

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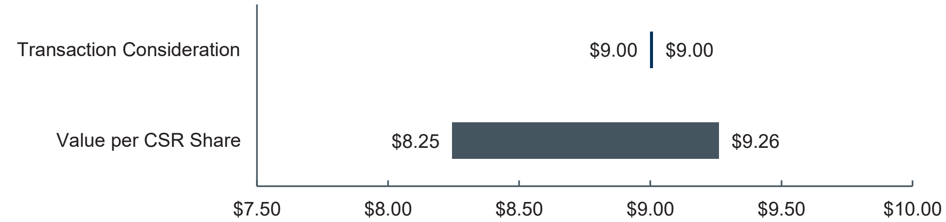
3.3.2 Assessment of fairness

A comparison of our assessed value of a CSR Share, on a control basis, to the Transaction Consideration is illustrated as follows.

Fairness Assessment



Source: Kroll analysis.

According to RG111, the Scheme should be considered fair if the consideration offered to CSR Shareholders is equal to or greater than our assessed value of a CSR Share.

As the Transaction Consideration falls within our range of values for a CSR Share, the Scheme is fair. We consider the low end of the valuation range represents the relevant threshold for fairness. As such, any price above the low end of the range is fair and it is irrelevant where in the range the Transaction Consideration falls.

3.4 The Scheme is reasonable

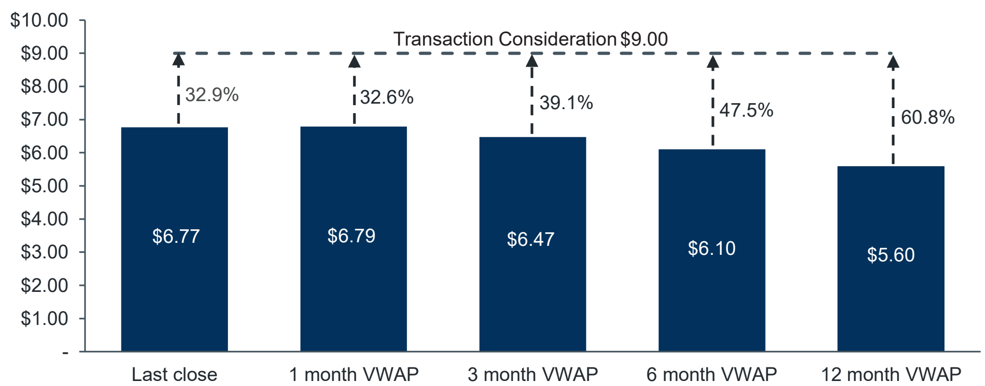
In accordance with RG 111, an offer is reasonable if it is fair. **As we have assessed the Scheme to be fair, it is also reasonable.** However, irrespective of the requirement to conclude the Scheme is reasonable, we have also considered a range of other factors that are relevant to an assessment of the reasonableness of the Scheme.

3.4.1 The Transaction Consideration represents a significant premium to the undisturbed trading prices of CSR Shares

The Transaction Consideration of $9.00 in cash per CSR share represents a significant premium to CSR's closing share price and VWAP calculated over a range of periods up until 20 February 2024, the last undisturbed trading day prior to media speculation regarding a possible change of control proposal for CSR.

The following chart presents the premium of the Transaction Consideration relative to CSR share price trading benchmarks.

Premium of Transaction Consideration over the CSR Share Price



Source: Kroll analysis.

8

Note: The premiums illustrated above have been calculated based on CSR's closing share price and VWAP up until close on 20 February 2024, the last undisturbed trading day prior to media speculation regarding a change of control proposal for CSR.

The Transaction Consideration represents significant premiums over recent CSR Share prices that are consistent with and above the range of premiums typically observed in transactions. As discussed in Section 3.3.1 of this report, observations from transaction evidence indicate that control premiums are broadly in the range of 25% to 40% for completed transactions depending on the individual circumstances.[13] We note that:

- Saint-Gobain is the natural acquirer of CSR. Despite not having a substantial overlapping geographical footprint, its product range is highly complementary to that of CSR;
- the higher premiums over longer periods reflect CSR's increasing share price over the period, commensurate with strengthening financial and operational performance as demonstrated in its 1H24 results, and also as a result of increases in the broader sharemarket. The undisturbed price on 20 February 2024 was close to the record trading high for CSR Shares since the sale of Sucrogen in 2010;[14] and
- CSR Shares have not traded above $9.00 since 20 May 2008, prior to the sale of Sucrogen in 2010, when CSR was a significantly larger and different business.

3.4.2 Certainty of value

The Transaction offers CSR Shareholders an opportunity to exit their investment in CSR at a cash value that is certain and which, as noted above, incorporates a significant premium to CSR's undisturbed trading prices over the previous 12 months. Whilst trading of CSR Shares is sufficient to give CSR Shareholders confidence that they would be able to exit their investment at a time of their choosing, there is no certainty as to the price at which CSR Shareholders would realise their investment at that time, particularly given the risks associated with the business as set out in Section 3.3.1 of this report and Sections 7 of the Scheme Booklet, including:

- changes in industry cycles and economic conditions, including cost of materials and labour, interest rates, consumer confidence, and changing property values, which drive demand for construction;
- the impact of changes in construction activity, including supply constraints such as the availability of future land supply for residential development and the availability of labour to meet construction demand;
- the ability to deliver on CSR's strategy, including the management of ongoing costs and margins; and
- the exposure of the aluminium business to movements in the global US dollar price for aluminium as well as alumina and energy pricing risks. In this regard we note that as at 30 September 2023, the proportion of net aluminium exposure hedged is 73% for YEM25, decreasing to 15% in YEM28.

General investment risks that may also impact certainty of value include changes in the overall performance of the global and Australian securities market, and general business and economic conditions including inflation and interest rates.

Furthermore, any future on-market sale by CSR's Shareholders would likely incur brokerage costs, which would be avoided if the Scheme is implemented.

3.4.3 By exiting their investment, CSR Shareholders will not participate in any future growth in the value of CSR

By exiting their investment, CSR Shareholders will not participate in any future growth in the value of CSR, over and above that already reflected in the Transaction Consideration. In this regard, Kroll's valuation of

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[13] Source: 2023 Factset Review. Range represents median premium from 2012 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.

[14] Based on the completion date of the sale of CSR's Sugar and Renewable Energy business, Sucrogen, to Wilmar International Limited, of 22 December 2010.

CSR, which overlaps with the Transaction Consideration, already attributes significant value to the initiatives under the strategic plan.

3.4.4 CSR's share price will likely fall in the absence of the Scheme

The current share price of CSR reflects the terms of the Scheme and, therefore, includes a significant control premium. As such, in the absence of the Scheme, a superior proposal or speculation concerning a superior proposal, the CSR Share price is likely to fall to levels consistent with CSR's undisturbed trading prices (up until 20 February 2024), with an allowance for:

- subsequent announcements in relation to company specific initiatives or financial performance which the market may assess as value enhancing or diminishing;
- any industry developments (e.g. concerning construction activity and interest rates). In this regard, Kroll is not aware of any significant industry developments since 20 February 2024. From 20 February 2024 until 19 April 2024, positive share price movements were evidenced across key comparable companies. This was reflected by a 0.5% decrease in the Comparable Company Index (Refer to Section 8.9.3) over the period; and
- trends in broader equity markets. In this regard, from 20 February 2024 until 19 April 2024, the ASX 200 Index has decreased by 1.2%.

3.4.5 Likelihood of a superior proposal

Since the announcement of the Transaction on 26 February 2024 no alternative bidder has emerged. Whilst the opportunity for a superior proposal remains, currently we consider the likelihood of a superior proposal to be impacted by the following:

- the Transaction Consideration represents a significant premium to CSR's undisturbed trading prices, likely reflecting that Saint-Gobain is the natural acquirer of CSR. This is likely to limit the range of potential acquirers, given the need for a competing bid to exceed this offer price;
- it is open for CSR Shareholders to vote against the Scheme in the hope that the CSR Board will be able to extract a higher offer from Saint-Gobain. However, the Transaction is a consequence of a period of due diligence and negotiations between the CSR Board and Saint-Gobain. The CSR Board is also supporting the Transaction in its current form (in the absence of a superior proposal). It is therefore unlikely that CSR would be able to obtain a higher offer from Saint-Gobain; and
- the Scheme Implementation Deed contains customary exclusivity provisions on CSR that apply during the Exclusivity Period. In certain circumstances, CSR may be required to pay a break fee of $42 million. Although these provisions may be influential, we do not consider that they would prevent a superior proposal being made.

3.4.6 Other considerations

In forming our opinion, we have also considered a number of other factors. Whilst we do not necessarily consider these factors to impact our assessment of the reasonableness of the Scheme, we have addressed them as follows.

One-off transaction costs

If the Scheme is implemented, transaction costs will be borne by Saint-Gobain as the ultimate controller of CSR following implementation of the Scheme. If the Scheme is not implemented, CSR expects to pay an aggregate of approximately $9 million (excluding GST and disbursements) in transaction costs, being costs that have already been incurred or will be incurred even if the Scheme is not implemented.

The Scheme is subject to the satisfaction of a number of conditions

There are a number of conditions which, if not satisfied, will result in the Scheme not being implemented, including Australian Foreign Investment Review Board (**FIRB**) approval. If any conditions precedent prevent the Scheme from being implemented, CSR Shareholders will continue to hold their existing CSR Shares. As at the date of the Scheme Booklet, the CSR Board is not aware of any reason why any condition precedent will not be satisfied or waived (if capable of waiver).

Taxation implications for CSR Shareholders

General tax implications for certain CSR Shareholders in relation to the Scheme and the CSR Permitted Dividend (if paid) are outlined in Section 8 of the Scheme Booklet. The summary does not apply to all CSR Shareholders including, but not limited to, those that hold their CSR Shares for the purpose of speculation or in carrying on a business of dealing in securities, acquired pursuant to an employee share, option or rights plan or may be subject to special tax rules, including life insurance companies.

Section 8.2 of the Scheme Booklet considers the tax implications of the Scheme for Australian residents. In particular, this section indicates that the disposal of CSR Shares under the proposed Scheme to Saint-Gobain will trigger a capital gains tax event for Australian tax purposes. This means that Australian resident CSR Shareholders will need to determine whether a capital gain or capital loss arises in respect of their disposal of CSR Shares. The CSR Permitted Dividend should not form part of the capital proceeds for the disposal of CSR Shares.

Section 8.2 (f) of the Scheme Booklet considers the Australian taxation implications of the payment of the CSR Permitted Dividend. In particular, that the CSR Permitted Dividend, and subject to certain conditions also the franking credits and tax offset attached to the CSR Permitted Dividend, should be included in the assessable income of the CSR Shareholder in the year that the CSR Permitted Dividend is paid.

Section 8.3 of the Scheme Booklet considers the tax implications for non-Australian tax resident CSR Shareholders.

We note that CSR Shareholders should consider their individual taxation circumstances and review Section 8 of the Scheme Booklet for further information where it applies to their circumstances. CSR Shareholders should obtain their own independent professional advice on the tax consequences of disposing of their CSR Shares under the Scheme.

3.4.7 Consequences if the Scheme does not proceed

In the event that the Scheme Resolution is not approved or any conditions precedent prevent the Scheme from being implemented:

- CSR will continue to operate in its current form and remain listed on the ASX and execute on its strategic plan;
- CSR Shareholders will continue to be exposed to the risks and opportunities associated with an investment in CSR as set out in Section 3.4.2 of this report;
- the CSR share price is likely to fall. The current price of CSR Shares reflects the terms of the Transaction (including the benefit of the Transaction Consideration offered by Saint-Gobain) and includes a significant control premium. As such, in the absence of the Transaction, a superior proposal or speculation concerning a superior proposal, the CSR Share price is likely to fall (refer to Section 3.4.4 of this report);
- a break fee of $42 million (excluding GST) may be payable by CSR to Saint-Gobain in certain circumstances; and
- CSR will incur an estimated $9 million (excluding GST) of one-off transaction costs in relation to the Scheme.

4 Other matters

Our report has also been prepared in accordance with the relevant provisions of the Corporations Act and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting CSR Shareholders in considering whether to vote in favour of the Scheme Resolution. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of CSR Shareholders. This advice therefore does not consider the financial situation, objectives or needs of individual CSR Shareholders.

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The decision of CSR Shareholders as to whether or not to approve the Scheme is a matter for individual shareholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the proposed resolutions in relation to the Scheme may be influenced by their particular circumstances, we recommend that individual CSR Shareholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information section, are set out in Appendix 2 of this report. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

All currency amounts in this report are denominated in Australian dollars (**$**) unless otherwise stated. Typically, references to a financial year have been abbreviated to FY and references to a calendar year have been abbreviated to CY. For CSR, the financial year is the 12 months to 31 March (**YEM**).

Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully

Ian Jedlin	Celeste Oakley
Authorised Representative	Managing Director

Independent Expert's Report
and
Financial Services Guide
In relation to the proposed acquisition of CSR Limited
by Compagnie de Saint-Gobain S.A.

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5 The Scheme

5.1 Overview

In an announcement released to the ASX on 22 February 2024, CSR noted recent media speculation[15] in relation to interest by Saint-Gobain in acquiring CSR and confirmed that it had received a conditional, non-binding, indicative proposal from Saint-Gobain to acquire 100% of CSR Shares by way of a scheme of arrangement for $9.00 cash per share (**Proposal**). Under the Proposal, CSR would be entitled to pay a dividend of up to $0.25 per share for YEM24, which would be deducted from the cash offer price. The Proposal followed an earlier indicative offer and period of negotiation, which included the provision of value impacting due diligence. Following review of the Proposal, the CSR Board unanimously resolved to pursue the Proposal. CSR subsequently provided Saint-Gobain with confirmatory due diligence access to progress a binding transaction at an agreed offer price of $9.00 per share.

On 26 February 2024, CSR announced that it had entered into a Scheme Implementation Deed with Saint-Gobain under which Saint-Gobain Sub will acquire all of the CSR Shares by way of the Scheme for Transaction Consideration of $9.00 per CSR Share.

The CSR Board, having regard to the franking credits available to CSR, currently intends to determine to pay the CSR Permitted Dividend, a fully franked dividend of $0.12 cash per CSR Share before implementation of the Scheme conditional on the Scheme becoming effective. If the intended CSR Permitted Dividend is paid, the Transaction Consideration of $9.00 cash per CSR Share will comprise the Scheme Consideration of $8.88 cash per CSR Share plus the CSR Permitted Dividend of $0.12 cash per CSR Share. That is, Shareholders who hold CSR Shares on both the Scheme Record Date[16] and the CSR Permitted Dividend Record Date[17] will receive the Transaction Consideration of $9.00 cash per CSR Share, consisting of the Scheme Consideration of $8.88 cash per CSR Share and the CSR Permitted Dividend of $0.12 cash per CSR Share.

An Additional Consideration Amount of approximately $0.02 per month, accruing on a daily basis, will be payable if the effective date of the Scheme is delayed beyond 26 June 2024. The Additional Consideration Amount is in addition to the Transaction Consideration described above. Under the proposed timetable for the Scheme in the Scheme Booklet no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

The Scheme is subject to a number of conditions precedent which are summarised in Section 5.2 of this report.

The CSR Directors consider that the Scheme is in the best interest of CSR Shareholders and unanimously recommend that they vote in favour of the Scheme in the absence of a superior proposal and subject to the independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable and in the best interests of CSR Shareholders. Subject to those same qualifications, each CSR Director who holds CSR Shares intends to vote all of the CSR Shares held or controlled by them in favour of the Scheme.

5.2 Conditions precedent

Implementation of the Scheme is subject to certain conditions precedent as set out in Clause 3.1 of the Scheme Implementation Deed. In summary, these include:

- the independent expert issuing a report which concludes that the Scheme is fair and reasonable and in the best interests of CSR Shareholders (and not changing or withdrawing that conclusion);
- approval from the Foreign Investment Review Board;
- approval of the Scheme by CSR Shareholders at the Scheme Meeting by the requisite majorities;
- approval of the Supreme Court of New South Wales in respect of the Scheme; and
- no material adverse change to CSR, prescribed events and certain customary conditions.

[15] "Saint-Gobain is Said to Consider Buying Australian Rival CSR", Bloomberg, 21 February 2024, 3:13 pm.
[16] 7.00pm (Sydney time) on Tuesday, 2 July 2024.
[17] Currently expected to be 7.00pm (Sydney time) on Monday, 24 June 2024.

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5.3 Exclusivity provisions

The Scheme Implementation Deed contains customary exclusivity provisions on CSR that apply during the Exclusivity Period,[18] including 'no shop' and 'no talk' obligations (the 'no talk' obligation is subject to a fiduciary carve out), notification obligations and a counter proposal regime that applies in respect of any superior proposal made or otherwise received by CSR. A reimbursement fee of $42 million may be payable by CSR to Saint-Gobain in certain circumstances and a reverse reimbursement fee of $42 million may be payable by Saint-Gobain to CSR in certain circumstances.

5.4 Transaction costs

If the Scheme is implemented, transaction costs will be borne by Saint-Gobain as the ultimate controller of CSR following implementation of the Scheme. If the Scheme is not implemented, CSR expects to pay an aggregate of approximately $9 million (excluding GST) in transaction costs in connection with the Scheme, being costs that have already been incurred as at the date of the Scheme Booklet or are expected to be incurred even if the Scheme is not implemented (but excluding any reimbursement fee that may be payable by CSR).

6 Scope of the report

6.1 Purpose

The transaction is to be implemented by way of a scheme of arrangement under Section 411 of the Corporations Act and requires approval of CSR Shareholders. Section 412(1) of the Corporations Act requires, among other requirements, that an explanatory statement issued by a company in relation to a proposed members' scheme of arrangement includes information that is material to the making of a decision by a member as to whether or not to agree to the scheme resolution.

Even where an independent expert's report is not strictly required by the law or ASIC policy, it is not uncommon for directors of a company to commission one to ensure that they are providing the information that is material to the making of a decision by a member. It is a condition to the Scheme becoming effective that an independent expert concludes, and continues to conclude, that the Scheme is in the best interests of CSR Shareholders.

6.2 Basis of assessment

We have referred to guidance provided by ASIC in its Regulatory Guides, in particular, RG 111, which outlines the principles and matters which it expects a person preparing an independent expert's report to consider when providing an opinion on whether a scheme of arrangement is in the best interests of shareholders of a company.

RG 111 distinguishes between the analysis required for control transactions and other transactions. RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid to give effect to a control transaction, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is 'fair and reasonable' and, as such, incorporates issues as to value. In relation to control transactions, RG 111.10 to 12 states:

- 'fair and reasonable' is not regarded as a compound phrase;
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer;
- the comparison should be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash;
- the expert should not consider the percentage holding of the bidder or its associates in the target when making this comparison; and

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[18] The Exclusivity Period is the period from and including the date of the Scheme Implementation Deed to the earlier of the termination of the Scheme Implementation Deed in accordance with its terms and the End Date (being 30 November 2024 or such other date as is agreed in writing by CSR and Saint-Gobain).

- an offer is 'reasonable' if it is 'fair'. An offer might be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.13 sets out the factors an expert might consider in assessing whether an offer is reasonable:

- the bidder's pre-existing voting power in securities in the target;
- other significant shareholding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder, such as particular technology, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.21 states that if an expert would conclude that a proposal was 'not fair but reasonable' if it was in the form of a takeover bid, it is still open to the expert to also conclude that the scheme is 'in the best interests' of the members of the company.

RG 111.11 provides that an offer is fair if the value of the consideration is equal to or greater than the value of the securities the subject of the offer. This comparison should be made assuming 100% ownership of the target and irrespective of whether the consideration is scrip or cash and without regard to the percentage holding of the bidder or its associates in the target entity. That is, RG 111.11 provides that the value of the target should be assessed as if the bidder was acquiring 100% of the issued equity in the target (i.e. on a controlling interest basis). In addition, any special value of the target to a particular bidder (e.g. synergies that are not available to other bidders) should not be taken into account under the comparison.

Accordingly, when assessing the full underlying value of CSR, we have considered those synergies and benefits which would be available to more than one potential purchaser (or a pool of potential purchasers) of CSR. As such, we have not included the value of special benefits that may be unique to Saint-Gobain.

7 Industry

7.1 Overview

CSR is a manufacturer and distributor of building products. In this section, we will analyse in detail the broader Australian building and construction industry, for which CSR manufactures its building products, while also briefly examining the characteristics of the Australian manufacturing industry to which CSR is also exposed. The section concludes with a review the Aluminium industry, to which CSR is exposed through its interest in the Tomago aluminium smelter.

7.2 The Australian Building and Construction Industry

7.2.1 Overview

Australia's building and construction industry is one of the country's largest economic contributors, accounting for approximately 10.5% of gross domestic product (**GDP**) in FY23.[19] The industry can be segmented into three broad categories by end-market: residential construction, non-residential construction, and civil construction, with each end-market exhibiting individual growth drivers and consumption patterns for building products and construction materials. We note that CSR essentially has no exposure to the civil construction end-market, and so in this section we have limited our discussion of

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[19] According to Australian Bureau of Statistics (**ABS**) data, the total value of building and engineering work performed in Australia in FY23 amounted to $246.9 billion, approximately 10.5% of Australia's GDP.

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this end-market unless relevant to CSR's operations. The new residential construction end-market, classified as residential building activity other than alterations and additions, accounted for approximately 51.3% of the value of residential and non-residential building work done in 2023.[20]

Often characterised as cyclical, the building and construction industry's activity is impacted by broader economic conditions.[21] However, the various end-markets within the industry tend to experience their own independent cycles, which are not necessarily correlated or seen to occur in unison. For instance, the non-residential and civil construction segments of the industry tend to have substantial public-sector participation that can increase in times of economic slowdowns, where public sector funded construction is used as a form of economic stimulus. Additionally, the residential segment has at times seen significant stimulus directed to it through programs such as the Federal Government's HomeBuilder and various state government First Home Owner Grants. These initiatives provide the industry with some protection against economic challenges.

CSR operates as a manufacturing and distribution company within the building and construction industry, supplying building products from three business units that are aligned with building processes: Interior Systems, Masonry & Insulation, and Construction Systems. Detail on the operations of CSR's Building Products segment can be found in Section 8.4.2 of this report. Consistent with CSR's strategy of diversifying its revenue base, the company supplies building products across a spectrum of construction end-markets, including detached residential (approximately 52% of 1H24 revenue), non-residential (23%), medium and high density residential (10% and 7% respectively) and alterations and additions (8%). Each of these end-markets are discussed in further detail in the following sections.

7.2.2 Products and solutions

Building products

Building products is a broad sector including all products and solutions that form part of the structure of buildings and infrastructure, including the materials, fixtures, and coatings for building interiors, exteriors, structures, and finishes. For this reason, products are numerous and well diversified by function, performance, and aesthetics. Products within each category can often act as substitutes for other products with differing performance attributes, costs, installation requirements, and aesthetics.

Types of building products and solutions include, but are not limited to, external and internal walls and cladding (including bricks, concrete masonry, fibre cement, and plasterboard), tiling (including roof tiles (ceramic, clay and concrete), wall, ceiling and floor tiles), insulation and acoustic products, windows and doors, and ventilation products and solutions. A description of CSR's building products and solutions is included in Section 8.4.2 of this report.

Demand for specific products is likely to change over time in response to changing demand from construction end-markets, which includes the mix of buildings (i.e. detached housing and multi-storey residential), evolution in construction techniques, changes in consumer tastes, shifting demographic influences, sustainability factors, installed costs, skilled trade labour availability, development and planning covenants, and competitive forces including pricing behaviour.

Building products are most intensively used in residential construction and, therefore, their overall demand is leveraged to residential construction activity.

In competitive product categories, industry participants are likely to strive for product differentiation, often investing in significant research and development (**R&D**) operations.[22] R&D operations frequently focus on improving the performance, environmental sustainability, and durability of products, as well as seeking to discover cost efficiencies.

[20] According to ABS data, new residential building work done represented 51.3% of the total value of building work done (including residential and non-residential building work done) during 2023.
[21] "The Economics of the Australia Construction Industry: Growth and Trends", Parker Brent.
[22] "The latest and greatest innovations in sustainable building materials", Architecture & Design, 14 December 2023.

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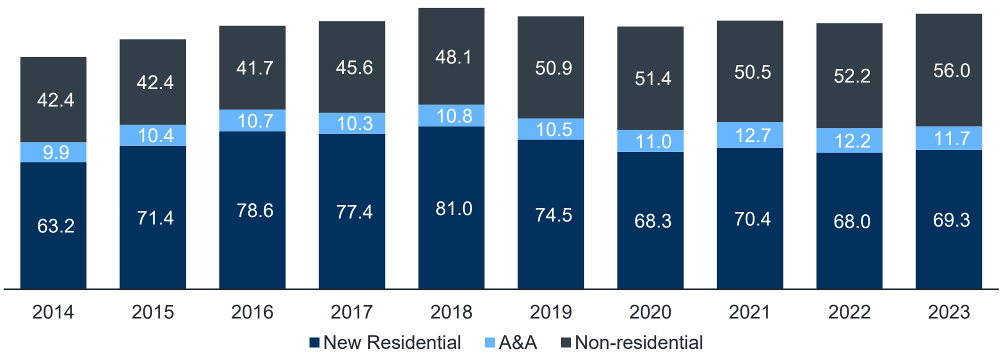
7.2.3 Construction end-markets

The demand for building products is underpinned by residential and non-residential construction. The following chart depicts the composition of Australian residential and non-residential construction activity between 2014 and 2023.

Value of Building Work Done by End-market ($ billions)



Source: ABS, 8755.0 Construction Work Done, Australia, Preliminary. Value of Building Work Done, by Sector, Chain Volume Measures, Australia. Data released 28 February 2024.
Note: A&A is alterations and additions.

While the total value of construction by category has fluctuated over time, in Australia the value of building work done in the new residential end-market has historically formed the majority of work done by value. In 2023, new residential construction, alterations and attachments, and non-residential construction represented 51.3%, 8.8% and 39.9% of building work done by value, respectively. While the value of alterations and additions work done as a percentage of total work done has remained within a relatively tight range, the value of new residential construction has been as high as 59.1% and non-residential construction as low as 33.1%.

Residential

Residential construction refers to the construction of new residential dwellings for habitation (i.e. new builds), additions and alterations to existing residential dwellings (also commonly known as renovations) and conversions of non-residential buildings into residential dwellings.

Residential construction can be further segmented by end-market as follows:

- **detached housing**, where the building does not share walls with other houses;
- **medium-density residential**, which includes duplexes, terraces, townhouses, and low-rise apartment buildings up to and including three storeys; and
- **high-density residential**, which generally includes medium- to high-rise apartment buildings four storeys and higher.

Compared to detached housing, medium and high-density residential buildings are typically less building materials' intensive on a per square metre basis, reflecting reduced wall requirements (since walls are shared), more efficient use of vertical space, smaller footprint and roofing area per dwelling, and presence of common areas (including hallways and staircases).

Non-residential

Non-residential construction is a broad category which describes the construction of a wide variety of commercial, industrial, government and social facilities, including offices, retail precincts, shopping centres, hotels, health and aged care facilities (including hospitals), educational facilities (including schools), religious buildings, entertainment complexes, defence and other facilities built for both commercial and non-commercial uses.

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Civil construction

Civil construction refers to the construction of public infrastructure including roads, bridges, tunnels, utilities, water reservoirs, railways, airports, sewerage systems and dams. Civil construction drives the vast majority of demand for bulk construction materials including concrete and asphalt due to their sheer scale. CSR has nominal exposure to the civil construction end-market.

7.2.4 End-market performance

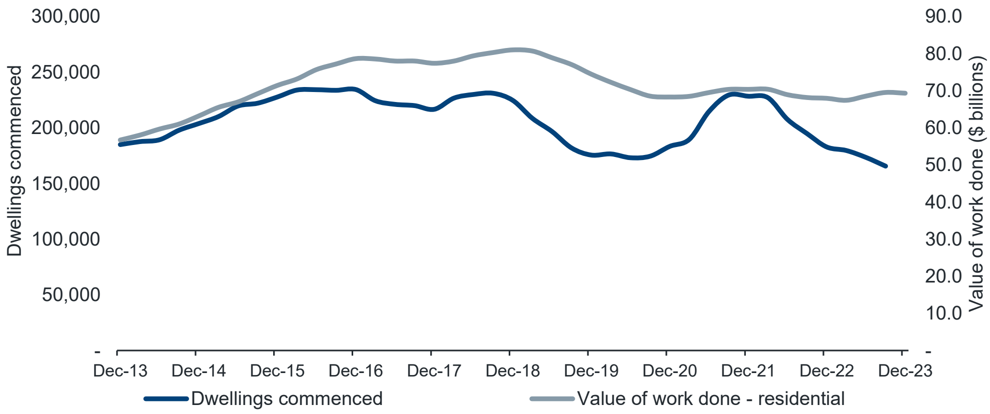
Residential

The residential construction sector in Australia has historically been relatively cyclical and impacted by the following economic factors:

- housing affordability and consumer confidence, which is linked to house price trends, the cost of materials and labour, real incomes, unemployment rates, and interest rates, impacting the demand for residential construction;
- demographic factors, including population growth (particularly through immigration) and the changing age demographics, which impact demand;
- government policies, including tax incentives and grants, which stimulate demand;
- the supply of existing housing and availability of new development or repurposed land;
- housing demolitions and re-building;
- institutional and private investor activity; and
- specific drivers for alterations and additions include aging housing supply, aesthetics, changing fashions, sustainability, affordability, as well as house prices and finance costs.

The following chart depicts historical activity levels for Australian new residential housing construction, including residential commencements and value of work done over the previous 10 years.

Residential Commencements (number) and Value of Work Done ($ billions) (Rolling 12 months) [1]



Source: ABS. Building Activity, Australia. (Series 8752.0 and 8755.0). Data is seasonally adjusted. Data retrieved 28 February 2024.
Note:
1. Dwellings commenced data not available for December quarter of 2023.

Australia saw an increase in new residential construction from 2012 to 2016, driven by strong immigration and economic growth, and moderate interest rates. The strongest growth during this period was recorded in medium- and high-density residential, with the value of work done increasing by 116.8% compared to a 34.3% increase in detached housing. However, detached housing remained the largest contributor of total

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work done over the five years with approximately 59.0% of the total value of work done compared to 41.0% for other residential.[23]

There was a period of softening in residential commencements between 2016 and 2020 as new supply, particularly in medium- and high-density residential developments, completed and selling prices softened.[24] During the 2012-2020 period, detached activity remained reasonably stable, averaging around 110,000 commencements per annum with a high of around 120,000 and low of around 90,000 commencements per annum. By contrast, the medium and high-density segment exhibited far greater volatility, with a range from around 60,000 to around 120,000 and average of around 90,000 commencements per annum.

Australia experienced an uptick in residential commencements in the second half of 2020, with Australian Federal and State housing stimulus measures in the wake of the COVID-19 pandemic (including the Australian Government's HomeBuilder scheme), along with record low interest rates, lifestyle changes brought on by the pandemic, and housing price growth contributing to a strong demand for detached dwellings and alterations and additions.[25] Despite the uncertainty brought on by the pandemic during 2020, the total number of residential dwellings commenced in the year was 4% higher than in 2019. The deadline for HomeBuilder grant applications closed in April 2021, helping to stimulate a significant spike in detached residential housing commencements that peaked in the second half of 2021. Since the end of 2021, residential housing commencements have declined, reflecting in part the "pull forward" effect[26] on future demand by the HomeBuilder scheme, the impact of increases in interest rates, and higher construction costs driven by inflation in materials and labour and impact on the demand for rental dwellings with the decline in population growth from mid-2020 to the end of 2021.

Historically, it has taken between six to 12 months to build a detached house,[27] and longer for higher density dwellings. However, since at least 2021,[28] average build times for both detached houses and higher-density dwellings have been elevated above historical levels as a result of skilled labour shortages and other supply chain constraints.[29] Consequently, since late 2021, there has been a disconnect between residential commencements and the value of work done, as compared to their historical correlation. As at January 2024, shortages in skilled labour remain a significant constraint on housing completion.[30] ABS statistics as at 30 September 2023 indicate that the pipeline[31] of detached housing work is approximately 50% above historic averages and equivalent to a full year of completions, pointing to a backlog in completions.

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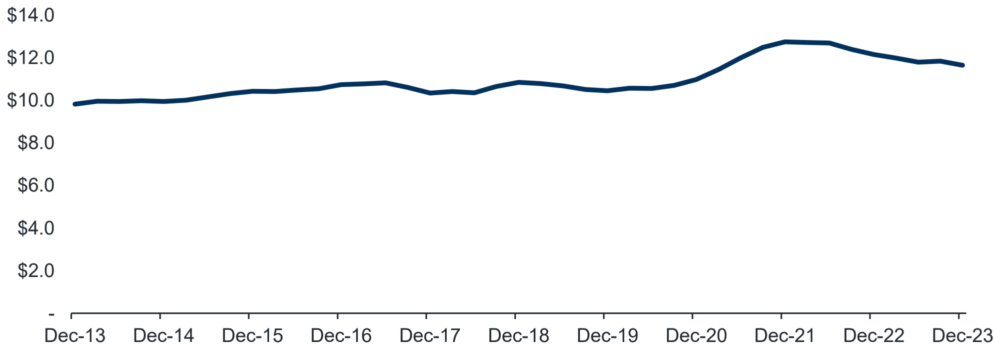
23 Calculated using ABS building and construction statistics.
24 Australian Performance of Construction Index reports, Australian Industry Group, 2019.
25 "Private house approvals reach record high in December", ABS, 3 February 2021.
26 The "pull forward" effect is the theory that, to an extent, government incentives such as the HomeBuilder grant bring forward construction that would have occurred otherwise rather than creating new demand for construction.
27 "How long does it take to build a house?", www.domain.com.au/guides, no date.
28 "Time and cost of building a house blows out due to construction boom", Domain, 18 August 2021.
29 HIA Economics.
30 "Foreign tradies wanted to fix housing shortfall", Australian Financial Review, 8 January 2024.
31 Defined as Approvals yet to commence and Commencements yet to complete.

The following chart depicts the value of work done on residential alterations and additions per quarter over the last 10 years.

Residential Alterations and Additions Value of Work Done ($ billions)[1] (Rolling 12 months)



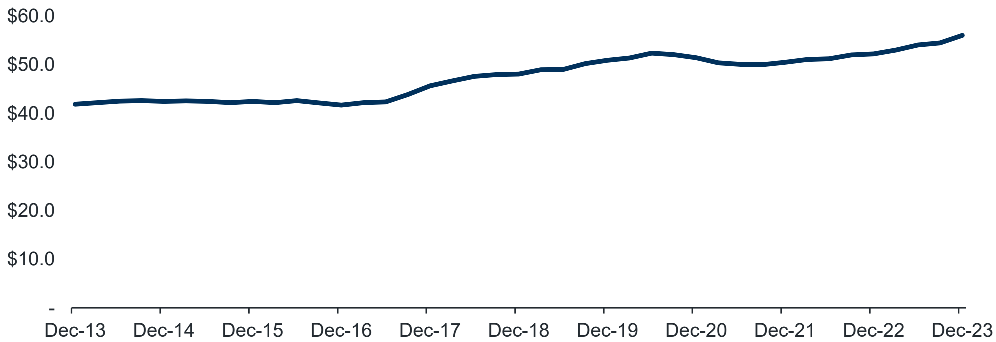
Source: ABS, 8755.0 Construction Work Done, Australia, Preliminary. Value of Building Work Done, by Sector, Chain Volume Measures, Australia. Data released 28 February 2024.

The value of alteration and additions work done remained relatively steady until the onset of the COVID-19 pandemic, where it increased alongside retail hardware sales as people invested accumulated savings, spent more time at home, with the work from home trend creating the need for home offices and the flexible use of space, and homeowners taking advantage of rising equity and low interest rates to finance improvements. The demand for renovations was also fuelled by the Federal Government's HomeBuilder program. Demand has since tempered following rising interest rates, increasing building costs and the end of government subsidies.

Non-residential

The non-residential construction sector displays a degree of cyclicality; however, it is also influenced by the amount of national, state, and local government public spending. Commercial and industrial construction is impacted by general economic conditions including economic growth and credit availability, and specific factors such as vacancy rates. The following charts depicts the value of Australian non-residential construction work done over the previous 10 years.

Value of Work Done, Non-Residential ($ billions) (Rolling 12 months)



Source: ABS, 8755.0 Construction Work Done, Australia, Preliminary. Value of Building Work Done, by Sector, Chain Volume Measures, Australia. Data released 28 February 2024.

Non-residential construction has grown steadily in the past decade, supported by government expenditure on hospitals, particularly in New South Wales (**NSW**) and Queensland, and Victoria, and to a lesser extent, government expenditure on schools. Growth has also been supported by the development of major office and commercial projects such as Sydney's Barangaroo precinct. The COVID-19 pandemic caused a downturn in privately funded non-residential construction activity, which began to recover in 2021. One new

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area of growth since 2021 has been the construction of industrial and logistics warehouses, which has been necessitated by the growth of e-commerce. Some new office projects have been put on hold as office rental vacancies remain high, office valuations have decreased, and developers reassess demand following the COVID-19 pandemic.

7.2.5 Outlook

Residential

Over the long-term, Australia's residential construction market will grow in line with residential sector activity, which is linked to several favourable long-term trends including:

- **economic growth**: Australia has seen average annual real GDP growth of 1.2% over the period from 1980 to 2023.[32] The Australian Government 2023-24 Budget forecasts real GDP to maintain at least a 2% per annum growth rate over the forward estimates up to 2026-27. Australia's average historical productivity growth, if projected forward, indicates that living standards and economic prosperity in Australia are expected to continue to improve over the following decades;[33]
- **population growth**: estimates of Australia's population growth vary, but generally point to a moderation of growth from the 1.4% annual growth over the last 40 years. Deloitte forecasts the population to grow at 1.1% a year over the next 40 years, [34] while the ABS projects a range of growth from 0.6% and 1.1% per year through to 2071.[35] Population growth is supported by increasing immigration and life expectancies; and
- **other trends**: including rising rates of demolitions, the increase in smaller sized dwellings (including growth in attached dwellings) in line with metropolitan housing strategies and urban land constraints, combined with an ageing population, are anticipated to combine to drive underlying dwelling demand that outpaces the rate of population growth.[36]

The near-term outlook (i.e. one to two years) for Australia's residential market is mixed:[37]

- the negative momentum for total residential commencements from 2023 is expected to continue in 2024 and 2025;
- a rise in material and build costs, combined with a large backlog of work that is proving difficult to reduce, is amplifying the effect of higher borrowing costs. In addition, delays and insolvencies for building and construction companies are supressing confidence; and
- strong net overseas migration is placing pressure on the existing housing stock, supporting demand particularly in medium to high-density residential. This is most evident in the rental market, where vacancy rates are tight across the nation.

The outlook is expected to drive a cyclical dip in residential construction activity that should ease from 2025, with a renewed upcycle over the medium term:[38]

- as the cash rate eases and drives borrowing costs lower, housing policy tailwinds and the return of house price growth is expected to result in a normalisation of industry capacity and drive the next residential upturn;
- dwelling commencements are forecast to rise a cumulative 53% over the three years to 2028 as substantial pent-up demand for housing is released.[39] The Australian Federal Government has flagged housing supply as a key policy issue, evident by the establishment of a federal target (the National Housing Accord) of building 1.2 million new homes over the five years from 1 July 2024,

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[32] Source: International Monetary Fund (IMF).
[33] Source: "Macroeconomic Outlook", Parliament of Australia.
[34] Source: Population changes and forecasts, Deloitte, 14 September 2023.
[35] Source: Population Projections, Australia, 23 November 2023.
[36] Source: Oxford Economics Australia, 2023.
[37] Source: Oxford Economics Australia, 2023.
[38] Source: Oxford Economics Australia, 2023.
[39] Source: Oxford Economics Australia, 2023.

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although a range of commentators[40,41] have suggested that this target is unrealistic due to the sector’s continued supply side constraints;

- land supply constraints, particularly on the fringes of Sydney and Melbourne, which receive the majority of the nation’s overseas migration intake, are expected to drive demand for higher density housing solutions, including attached dwellings, and medium and high-density residential housing; and
- Oxford Economics forecasts that over the 2029-2033 period, new dwelling starts will average approximately 230,000 annually, a rate of construction that allows the stock of dwellings to move back to a balanced position.

Kroll has compiled a range of medium-term forecasts from market observers in the following table.

Medium-term Residential Market Growth Forecasts

Market	2024	2025	2026	2027	2028
Detached	(3.2%)	(1.5%)	6.2%	7.5%	2.5%
Medium Density	2.4%	(4.1%)	7.1%	16.8%	10.3%
High Density	5.6%	4.6%	6.1%	13.4%	12.9%
Alterations and Additions	(3.9%)	(2.3%)	5.7%	8.2%	7.1%

Sources: Kroll analysis using Oxford Economics and Housing Industry Association data.
Note: On a calendar year basis.

The HomeBuilder program skewed recent residential activity towards detached dwellings at the expense of multi-residential dwellings (i.e. medium and high-density dwellings), however, this trend is expected to reverse, and according to Oxford Economics, by the year ending 30 June 2028 the share of medium and high-density dwellings is forecast to reach 44% driven by a growing build-to-rent sector and increased social housing development. Changing demographics are also supportive of medium to high-density housing construction as an ageing population is likely to downsize to smaller, lower-maintenance dwellings, and homeowners increasingly choose location and amenity (“place”) over size of dwelling (“space”).[42]

The short-term outlook for additions and alterations is mixed. Anecdotal evidence suggests households have planned out home improvement plans in recent years.[43] On the other hand, supply-side construction and skilled labour constraints means that timeframes remain extended and costs are high, providing an impediment for households seeking to proceed with renovation works.

Non-residential

Future growth is expected to be supported by government projects including the construction of hospitals and schools, and the continued growth of logistics and industrial construction. However, the sector faces both short-term and long-term risks and headwinds, including the trend to working from home (which has resulted in elevated vacancy rates for office buildings), and the potential of weakening consumer spending in the near term.

With regards to subsectors within the non-residential construction industry:

- **public investment** is set to remain strong, supported by further works in the aged care and health pipeline (including two hospital developments in 2026) and a series of large products related to the 2032 Brisbane Olympics which will boost entertainment building. Education activity is forecast to remain at elevated levels, with support also from the private sector. However, state governments are increasingly moving towards budget repair rather than public capital expenditure;
- **logistics and industrial sector** activity is expected to remain strong, underpinned by the growth of e-commerce and drive for improved efficiencies and shorter delivery times;

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40 “Developers scoff at 1.2m new homes target”, Australian Financial Review, 12 September 2023.
41 Building in Australia 2023-2028, Oxford Economics Australia, December 2023.
42 Grattan Institute; Westpac Economics 2016 Home Ownership Report.
43 Building in Australia 2023-2028, Oxford Economics Australia, December 2023.

- **office**: despite high vacancy rates, partially due to greater work-from-home practices post the COVID-19 pandemic, office building construction is expected to experience an upturn in 2024 and 2025, due to existing commencements. This is likely to exacerbate already elevated vacancy rates, providing little incentive for new commencements beyond 2026; and
- **retail** construction is forecast to be relatively stable in the short-term,[44] and recover from 2026 in line with anticipated demand. A significant number of major retail projects, for instance the Harbourside Shopping Centre redevelopment in NSW and the Westfield Booragoon redevelopment in Western Australia, are expected to support national retail construction activity.

Medium-term Non-Residential Market Growth Forecasts

Market	2024	2025	2026	2027	2028
Commercial	2.6%	(5.2%)	(3.5%)	2.5%	3.8%

Sources: Kroll analysis using Oxford Economics, Macromonitor data.

7.3 Australian manufacturing

CSR manufactures building products and as such is also part of the Australian manufacturing industry. Manufacturers transform materials into new products, often in factories, manufacturing plants and mills. The industry is broad, encompassing a wide variety of industries and products. In most large economies, including Australia, the manufacturing sector is a key driver of economic growth, employment, and innovation.[45]

Common characteristics of almost all large-scale manufacturing companies include:

- the utilisation of electricity or energy as an important input;
- production of identical products to achieve economies of scale;
- the use of specialised labour for the production of standardised products;
- significant mechanisation and, in more advanced processes, automation;
- manufacturers tend to benefit from scale, as fixed costs can be spread over a larger amount of goods, reducing the cost of manufacturing on a per product basis, and can gain pricing advantages from these cost savings; and
- Australian manufacturers compete with imports from countries where it is cheaper to manufacture (e.g. China and Vietnam).

Compared to other industries, the manufacturing industry is typically considered capital intensive, due to the need to make investments in machinery, equipment, and other costly assets.[46] Manufacturing companies on average tend to have lower margins than other companies, although profitability can be enhanced through product differentiation.[47] Because of this, the ability to minimise costs (particularly fixed costs) is considered important to manufacturers to achieve profitability through the cycle. In many cases, successful manufacturers expend considerable effort and investment into eliminating waste and inefficiency and maintaining quality control.

Traditionally, most manufacturers sell products to distributors or retailers, minimising their relationship with end customers, however, in recent years many manufacturers have established direct to consumer (**DTC**) sales channels. DTC sales channels allow manufacturers to gain greater control over customer relationships (potentially improving customer loyalty and facilitating cross-promotions), can reduce time to market for new products, and can improve profitability by bypassing retailers and wholesalers.[48]

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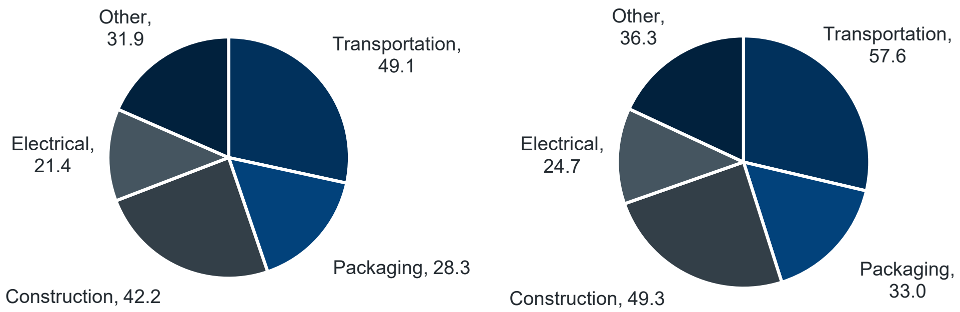
44 Australian construction outlook – Non-residential building, Macromonitor, January 2024.
45 According to Jobs and Skills Australia, the manufacturing industry employs approximately 6.5% of workers in Australia.
46 Pressure on the production line – Working Capital In Global Manufacturing.
47 For example, in Australia the profitability of manufacturing businesses has been consistently lower than that of all businesses since at least 2001-02. Source: "Performance of manufacturing industry: a quick guide", Parliament of Australia, 17 November 2014.
48 "Cutting the Middleman: The Growth of Direct to Consumer", Bringg, 26 October 2021.

7.4 Aluminium Industry

Aluminium is a versatile metal being lightweight, corrosion resistant, strong, and easy to machine. It is also highly conductive, impermeable and can be recycled continuously without losing its properties. Due to these characteristics, aluminium is used across a wide range of industries and products. It is mainly used in transportation (trains, aircrafts, vehicles and ships), packaging (cans, foils and containers), construction and infrastructure (facades, windows, roofing and doors), electrical applications, and consumer goods and appliances. Other sectors using aluminium include consumer durables, machinery and equipment, such as electronic devices (smart phones, tablets and laptops), which are experiencing a surge in demand. The following figure illustrates the expected relative aluminium demand in each of these sectors in 2022 and the expected change in 2027.

7.4.1 Global Demand of Aluminium by Sector

2022 Demand (US$ billions) **Forecast 2027 Demand (US$ billions)**



Source: Global Aluminum Market 2023 – 2027; Technavio.

In relation to the figure above, we note that aluminium demand between 2022 and 2027 is expected to grow at a CAGR of approximately 3.0% for all sectors, driven by broad trends in the global economy such as the adoption of electric vehicles, the growing demand for recyclable packaging and aluminium cans, the rapid urbanisation expected globally, driving demand for aluminium as a construction material, and the widespread shift to renewable energy which will require the expansion of power grids and electrical components.[49]

7.4.2 Global Demand of Aluminium by Geography

The Asia-Pacific (**APAC**) region is the largest consumer of aluminium globally, and is expected to maintain its market share of about 32% over the 2022 to 2027 period. The strongest consumption of aluminium in this region is driven by China and India, where the construction, automotive and packaging industries fuel demand. Europe is the second largest market for aluminium, and is expected to grow at a CAGR of 3.2% from 2022 to 2027 whilst maintaining a market share of around 27%. European demand is driven by the construction, transportation and packaging industries. North America, the Middle East and Africa are responsible for 22.2%, 10.4% and 7.8% of total global aluminium consumption in 2022 with all regions expected to broadly maintain their share of global demand until 2027.

7.4.3 Aluminium production

The final stage of aluminium production involves smelting alumina using electrolytic reduction to produce pure aluminium. This process involves breaking alumina into its components using an electrical current. Generally, four to five tonnes of bauxite are required to be processed into two tonnes of alumina from which one tonne of aluminium can be produced.[50]

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[49] Global Aluminum Market 2023 – 2027, Technavio.
[50] How aluminium is produced, Aluminium Leader.

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Aluminium smelters secure access to alumina typically through ownership links with alumina producers and long-term contracts. These contracts typically secure supply, however, do not mitigate the risk of increases in alumina prices.

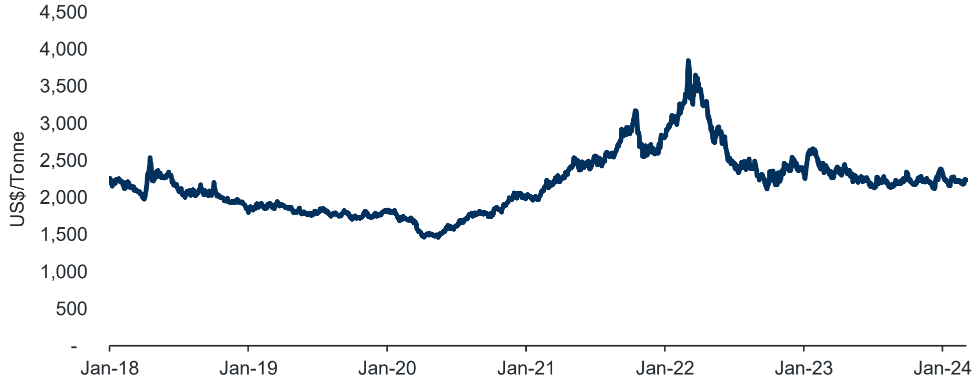
Aluminium smelting requires large amounts of electric power resulting in electricity costs being a large portion of the total production cost. Electricity must be secured below a specific price for the aluminium smelting to be commercially viable and must come from a reliable source. Smelters will therefore aim to negotiate long-term Power Purchase Agreements (**PPAs**) with electricity generators. These agreements allow the smelters to lock-in electricity prices for long periods, which mitigate the risk of fluctuating electricity prices. Smelters are shifting towards renewable PPAs in efforts to reduce the negative environmental effects of sourcing electricity generated in thermal coal electricity plants. An example of this is Rio Tinto signing in 2024 Australia's largest renewable PPA to supply its Gladstone production assets, which include the Boyne aluminium smelter, the Yarwun alumina refinery and the Queensland Alumina refinery. Under this PPA, Rio Tinto will purchase 80% of all power generated from the Bungaban wind energy project over 25 years following its expected construction finish by 2028.

Other material inputs in aluminium smelting include pitch and petroleum coke as it is used to produce carbon anodes which are used in the production of aluminium smelting. Pitch is a solid material obtained from coal tar and other mineral tars. It is not possible to hedge these costs and therefore smelters profitability margins are impacted by fluctuations in their prices.

7.4.4 Aluminium Pricing

The following chart sets out historical London Metal Exchange (**LME**) aluminium prices.[51]

Historical LME Aluminium Prices (US$/Tonne)



Source: London Metal Exchange.

In relation to the chart above we note the following:[52]

- in 2018 and 2019 the price of aluminium declined due to a combination of macroeconomic uncertainty and increasing supply. The price was further impacted in 2020, as the COVID-19 pandemic impacted prospective demand, before prices subsequently recovered as economies began to normalise into 2021;
- in early 2022, prices exceeded US$3,800/tonne due to supply concerns from China and Europe and geopolitical tensions rising in Europe. However, prices declined later in the year to below US$2,200/tonne amid easing supply concerns and rising global interest rates; and

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[51] LME aluminium prices refer to aluminium prices traded on the LME – one of the main commodities markets in the world.

[52] Aluminium – LME, FX and all-in price to 31 January 2024 Research.

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- in 2023 and 2024, prices have remained stable with continued demand concerns and a weak macro-economic outlook offset partially by China announcing a new fiscal stimulus package to fund infrastructure investment.

8 Profile of CSR

8.1 Overview

CSR is a manufacturer and distributor of building products. The Company operates 29 manufacturing sites and over 100 branded outlets and distribution centres in Australia and New Zealand, servicing in excess of 17,000 customers across a broad range of construction segments, through 11 well-known and market leading brands including Gyprock, Bradford Insulation, and Hebel.[53] In addition to its building products business, through its 70.0% shareholding in GAF, CSR holds an effective 25.2% interest in the Tomago Aluminium smelter (**Tomago**) in NSW, Australia, which is the largest aluminium smelter of ingots, billets, slabs, and tee bars in Australia. It also generates additional earnings from its property division, which focuses on maximising financial returns from surplus former manufacturing sites.

As at 20 February 2024, the last trading day prior to media speculation regarding a possible change of control transaction, CSR had a market capitalisation of $3.2 billion.[54]

8.2 Background

CSR has a history dating back to 1855 when it was established by Sir Edward Knox in Sydney, Australia, as the Colonial Sugar Refining Company.[55] Initially focused on the refinement of imported raw sugar and production of sugar byproducts, CSR eventually diversified into sugar milling, building products and construction materials.[56]

Following a long period of international expansion, CSR began a period of consolidation with a refocus on its Australian building products business unit, which included the demerger of its US heavy building products business, Rinker Group Limited, in 2003. In addition, the sale of the sugar business, Sucrogen, to Wilmar International Limited was completed in 2010.[57]

Following this consolidation period, the Company was structured into three operating segments that are still present today, namely Building Products, Aluminium (through its interest in Tomago), and Property (which was established to manage surplus former manufacturing sites and industrial land).

More recently, CSR has continued to expand and strengthen its building products segment by diversifying its product portfolio to service a broader range of building and construction markets, including higher density residential and non-residential markets. Business combinations undertaken in this period include the acquisition of structural walling business AFS Products Group Pty Ltd (**AFS**) in 2014, the formation of the joint venture Boral CSR Bricks and subsequent full acquisition of the business in 2016 now known as PGH Bricks & Pavers (**PGH**), the acquisition of a 70% stake in high performance acoustics business Martini, with the remaining stake acquired in 2019, and the acquisition of Woven Image (**WI**) in 2023.

Today, CSR is a manufacturer and distributor of building products, with core brands including Gyprock, Bradford and Hebel being market leaders in their respective product sectors. Additionally, the business generates further revenue and earnings through its stake in Tomago, and from the periodic divestment of its surplus property.[58]

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53 Source: CSR. Customer and site amounts are as at 31 March 2024.
54 Calculated as the closing price of CSR Shares on 20 February 2024 of $6.77, multiplied by 479.9 million fully diluted CSR Shares.
55 Source: “Colonial Sugar Refining Co Ltd”, Dictionary of Sydney, State Library of New South Wales.
56 Source: “CSR Limited”, Encyclopedia.com.
57 Source: https://www.csr.com.au/investors-and-news/csr-news-releases/2010/agreement-to-sell-sucrogen
58 CSR Annual Report, FY23.

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8.3 Strategy

In November 2020, CSR outlined a new strategic plan, with the aim of developing and actioning a number of important strategic changes to drive future growth and enhance the resilience of the business. [59]

The strategy has been focused on building a platform for sustainable growth and resilience to deliver improved financial performance through the cycle. The major strategic initiatives of this strategic plan include:

- **streamlining the organisation** – ensuring the leadership team and structure is in place to support the strategy. This included the reorganisation of the Building Products segment to three business units aligned to customer market segments; the removal of duplicate roles; a re-allocation of resources and capabilities across the business and formation of a centralised logistics and customer solutions team;[60]
- **building capability in Customer Solutions** – offering company-wide solutions and improving the customer experience. The progress and priorities of the strategic initiatives are detailed as follows:

Customer Solutions Progress and Priorities

Focus Area	Progress and Priorities
Complete Solutions	▪ Launched digital System Selector for customers, development of CSR solutions by leveraging multiple brands and improving technical support.
Industry Leading Technical Support	▪ Launched several technical support tools, including digital Thermal Calculator and Gyprock's digital Red Book. Centralised CSR technical expertise through Design Link.
Go to market	▪ Using CSR's Project Tracking digital tool to increase visibility of major project opportunities across the company and to ensure consistency in the CSR customer experience.
Sales	▪ Investment in a consolidated CRM system across CSR to streamline interactions with customers.

Source: CSR Results Presentation YEM23

- **supply chain transformation** – investing in CSR's supply chain to become more efficient and responsive to demand. The progress and priorities of the strategic initiatives are detailed as follows:

Supply Chain Transformation Progress and Priorities

Focus Area	Progress and Priorities
Industry Leading Capability	▪ Established a centralised logistics team. ▪ Embedding capabilities across the entire logistics function
Integrated Business Planning	▪ Integrated business planning is systemised and operational.
Transport Optimisation	▪ Transport management system is operational. ▪ Expanding the transport management system to include customer deliveries.
Network Strategy	▪ Longer term planning across network for manufacturing and distribution efficiency, building future property and manufacturing investment pipeline
Master Planning	▪ Investment in distribution capacity and capability.
Warehouse Optimisation	▪ Introduction of warehouse solutions to improve efficiencies in stock management and distribution.

59 CSR Strategy Day Presentation, 12 November 2020.
60 Source: CSR Investor Briefing Presentation, 12 November 2020.

8.4 Operations

8.4.1 Overview

CSR is a manufacturer and distributor of building products. Although it is known primarily for its building products, CSR also has additional interests in aluminium refining and property development. It generates earnings from three operating segments:

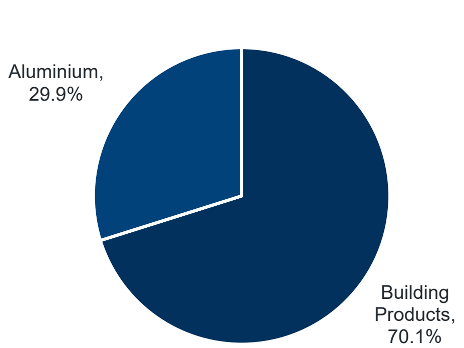
- **Building Products** consists of several core brands that hold leading market positions, with 29 manufacturing sites and over 100 branded outlets and distribution centres across Australia and New Zealand, serving over 17,000 customers across a broad range of building and construction segments;
- **Property** generates earnings from surplus former manufacturing sites and industrial land, which has historically been through the rehabilitation, development and sale of such sites; and
- **Aluminium** which includes an effective 25.2% interest in the Tomago Aluminium smelter.

CSR also reports a Corporate segment, which includes corporate overheads, and the Restructuring and Provisions Segment.

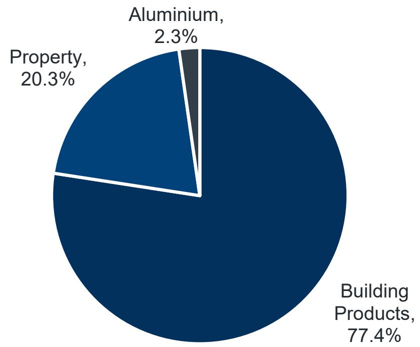
Further, the Company has a legacy liability relating to its historical involvement in asbestos mining and manufacturing. As at 30 September 2023, CSR had a provision of $187 million to cover all known claims and reasonably foreseeable future asbestos related claims. Claims are settled as they arise and the overall liability continues to dimmish over time.

The Building Products segment is the largest segment of CSR by both revenue and earnings, generating approximately 70.1% of trading revenue and 77.4% of EBIT (prior to Corporate, restructuring and provisions) in the 12 months to March 2023 (**YEM23**).

CSR YEM23 Trading Revenue by Segment



CSR YEM23 EBIT[1,2] by Segment



Source: CSR Annual Report 2023.
Notes:
1. Percentage EBIT is prior to Corporate, restructuring and provisions.
2. In 1H24, Aluminium and Property segment EBIT was negative.

CSR's operating segments and segment operating performance are discussed in further detail in the following sections.

8.4.2 Building Products

CSR manufactures and distributes a range of building products in Australia and New Zealand, across 11 brands. The Buildings Products segment is divided into three business units: Interior Systems, Masonry & Insulation, and Construction Systems.

The manufacture and distribution of these products is supported by an extensive network of 29 manufacturing sites and over 100 branded outlets and distribution centres across Australia and New Zealand, including approximately 60 Gyprock Trade Centres and approximately 25 aligned distributors.

Business Units, Brands and Products

The following table outlines the organisation of the Building Products segment by Business Unit and Brands.

Building Products Business Units and Brands

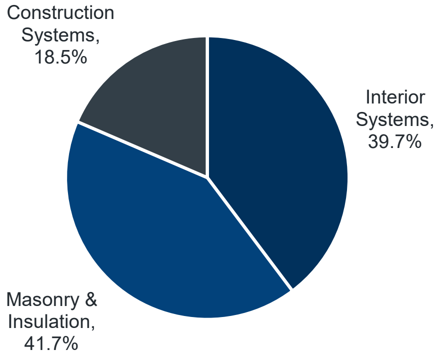
	Revenue and Market Segments	Brands	Description & Products
Interior Systems	**1H24 Revenue:** ▪ $401 million ▪ 40% of segment revenues **Market profile:** ▪ 35% Detached ▪ 34% Non-resi ▪ 14% A&A ▪ 10% Med-density ▪ 7% High-density	GYPROCK Everything else is just plasterboard	▪ Australian manufacturer of plasterboard, compounds, cornices and associated finished products used in walls and ceilings.
		HIMMEL INTERIOR SYSTEMS	▪ Provider of ceiling tiles, aluminium partitions, and architectural hardware for non-residential projects to the Australian market.
		POTTER INTERIOR SYSTEMS	▪ Provides partitions, suspended ceiling grid and panels, insulation, passive fire protection, whiteboards, pinboards and acoustic wall coverings to the New Zealand market.
		martini	▪ Acoustic products that range from decorative through to bulk insulation. Services Australia and export markets including Europe and Asia.
		WI WOVEN IMAGE	▪ Commercial textiles and acoustic finishes to markets in Australia and overseas. ▪ Woven Image was acquired by CSR in September 2023.
Masonry & Insulation	**1H24 Revenue:** ▪ $421 million ▪ 41% of segment revenues **Market profile:** ▪ 71% Detached ▪ 18% Non-resi ▪ 7% Med-density ▪ 4% A&A	Bradford	▪ Supplier of thermal and acoustic insulation, ventilation, and energy savings products in Australia and New Zealand.
		Monier ROOFING	▪ Tile brand in Australia, supplying concrete and terracotta tiles and accessories to the East Coast, South Australia, and New Zealand.
		PGH BRICKS & PAVERS	▪ Manufacturer of clay bricks, walling systems and façade solutions.
Construction Systems	**1H24 Revenue:** ▪ $187 million ▪ 19% of segment revenues **Market profile:** ▪ 47% Detached ▪ 21% High-density ▪ 17% Med-density ▪ 10% Non-resi ▪ 5% A&A	hebel The better way to build	▪ Hebel is a manufacturer of AAC products, which are commonly used in intertenancy, boundary wall and cladding solutions.
		afs smarter permanent formwork.	▪ Provider of load-bearing permanent formwork walling solutions with both fibre cement and PVC permanent formwork systems.
		CEMINTEL	▪ Provider of traditional and prefinished fibre cement solutions for facades and cladding, internal linings, ceilings and soffits, flooring, and decking

Source: CSR; Kroll analysis.
Note: A&A is alterations and additions.

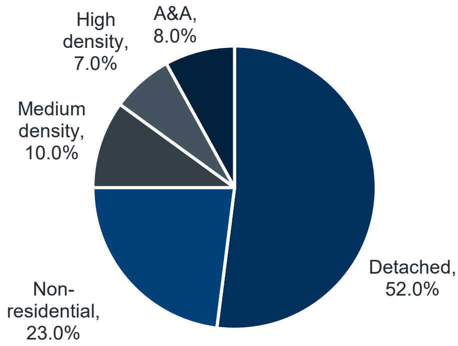
Revenue Contribution and Diversification

CSR's Building Products segment is diversified by revenue across brands and building processes, as well as by construction end-markets as illustrated in the following charts.

1H24 Revenue by Building Products Business Unit



1H24 Building and Construction Market Diversification[1]



Source: CSR; Kroll analysis.
Notes:
1. By 1H24 revenue.
2. A&A is alterations and additions.

In 1H24, CSR's Building Products segment generated $1,008.9 million of revenue. Of the three Building Products business units, Masonry & Insulation generated the highest revenue with strong revenue contribution from each of its three brands, Bradford, PGH and Monier. Interior Systems also contributes strongly to revenue, with a large portion of revenues derived by its market leading Gyprock brand. Construction Systems generated 19% of 1H24 revenue, with strong contributions from the Hebel and Cemintel brands.

By construction end-market, CSR's Building Products is most leveraged to the detached housing market, from which approximately 52% of 1H24 revenues were derived. CSR has an approximate 48% exposure to non new-detached markets, which is well-diversified across each of the non-residential, medium and high density residential, as well as alterations and additions construction segments, making CSR more resilient to downturns in any individual end-market and more adaptable to changes in end-market demand. For example, Masonry & Insulation is relatively more exposed to the detached residential construction segment, with 71% of sales derived from detached residential construction in 1H24. Interior Systems and Construction Systems have comparatively more balanced sales profiles, with higher exposures to non-residential, as well as medium and high residential construction segments.

8.4.3 Property

CSR owns and manages a portfolio of over 160 freehold and leased assets across Australia and New Zealand. CSR currently owns over 50 property sites across Australia, comprising approximately 1,300 hectares of freehold land. Property's freehold portfolio consists of operational sites as well as surplus former manufacturing sites and industrial land, which are mostly distributed in major metropolitan areas.

The property team works with other business units to understand requirements to grow and expand, and also leads strategic property decisions to identify, plan and execute projects. Property's strategy focuses on maximising the return on its portfolio by managing property assets throughout their lifecycle. This primarily involves optimising its network and supply chain by holding, developing, rehabilitating, and re-zoning key sites, before selling the assets at an improved valuation once considered surplus to operational requirements.

The property lifecycle, as aforementioned, is outlined below:[61]

[61] CSR Investor Presentation 10 November 2022.

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- **Surplus:** properties which can be sold or developed without any operational impact;
- **Contracted:** properties with binding sales agreements in place;
- **Short-term opportunity:** properties whereby operations are expected to be relocated or optimised within a five-year time frame and can be developed or sold;
- **Medium-term opportunity:** properties whereby operations are expected to continue in the medium-term but there is potential for the operations to be relocated or optimised within 5 to 15 years; and
- **Long-term operational:** properties upon which operations are expected to continue for at least 10 to 15 years.

CSR's freehold asset values (excluding long-term operational assets) were disclosed at $1.5 billion in September 2023 on an 'as is' basis (that is, a view on the realisable value in the short-term, assuming the site is acquired before any remediation (if required)) based on valuations performed and disclosed in November 2022.[62] Kroll notes that there has been no publicly disclosed updates in relation to the valuation of the property portfolio since November 2023. On 6 February 2024 CSR announced the settlement of Stages 3A and 3B of its former brick plant in Horsley Park, NSW, representing $167 million in total proceeds generating total Property earnings of $91 million in EBIT (after Property operating costs) for the year ending 31 March 2024.

Investment in key developments and the sale of former operating sites are important aspects of Property's value maximisation strategy.

The following table provides an overview of key surplus, contracted and short-term properties. Kroll notes that this list is not exhaustive and that CSR owns additional sites under these classifications.

CSR Surplus, Contracted and Short-Term Properties

Site	Type	Zoning	Description
Badgerys Creek, NSW	Surplus	Industrial	191ha of land located adjacent to Western Sydney International Airport. CSR is in the process of rehabilitating and reconstructing the former quarries on site and working with statutory authorities on planning infrastructure delivery.
Darra, QLD	Surplus	Industrial	20ha of zoned industrial site located 17km from Brisbane. The site has been remediated and CSR is progressing the external infrastructure works.
Horsley Park, NSW – Stage 3C	Contracted	Industrial	Formerly a PGH Bricks factory, Horsley Park was redeveloped into an industrial park. The 52ha site is located in an attractive Western Sydney precinct, strategically positioned close to major transport, power and infrastructure links. CSR secured the final sale of available land during the year ended 31 March 2022 and only one tranche (Stage 3C) is pending settlement, with completion expected during the year ended 31 March 2025.
Schofields, NSW	Short-term	Residential	91ha site which is proposed to be rezoned residential for over 1,500 lots. Timing of the rezoning is dependent on obtaining final government approvals. CSR has advanced road design with Transport NSW and commenced early planning with the Local Council.

Source: CSR Results Presentations, CSR Investor Presentations, CSR Management and Broker Reports

8.4.4 Aluminium

CSR participates in Tomago, an independently managed joint venture, through its 70.0% interest in GAF, which it co-owns with Resolution Life Australasia Limited (30.0%). GAF owns a 36.05% interest in Tomago,

[62] CSR Results Presentation 2 November 2023.

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which it jointly operates with Rio Tinto (51.55% interest) and Hydro Aluminium (12.4% interest). CSR's effective interest in Tomago is 25.2%.

Tomago is the largest aluminium smelter in Australia and has been in operation since 1983. It is located near Newcastle, NSW, close to the Port of Newcastle, through which it exports some its production.

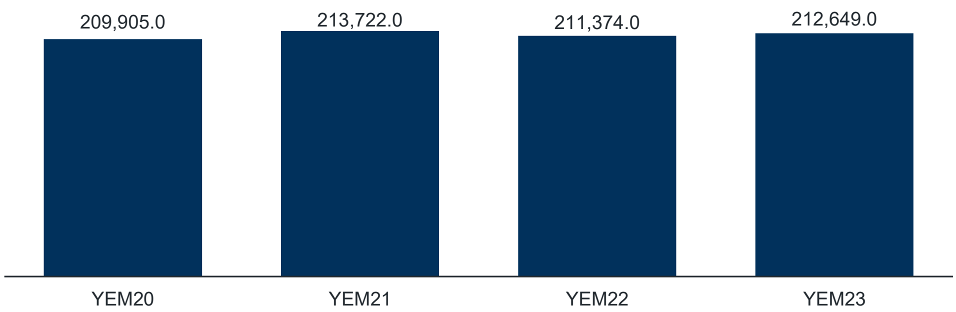
Aluminium is produced continuously through the extraction of pure aluminium from alumina, which is fed into electrolytic cells knows as pots. Tomago has three potlines, each containing 280 pots which, in aggregate, produce approximately 590,000 tonnes of aluminium per year. Tomago's product range comprises ingots, billets, slabs and tee bars.

Ingots. Small ingots are produced in ingot chains. Ingots are remelted and cast for use in a variety of industries including automotive, construction and household goods.

Billets, slabs and tee bars. Billets and slabs are produced in vertical casting pits and are sold for further processing by customers. Billets are extruded into shapes to make different types of products, such as window frames, and automotive and aerospace parts. Other applications are packaging, construction and electrical and electronic parts. Slabs can be rolled into coils and can be used for the production of cans, car parts and aluminium foil. Tee bars can have specific alloys added during production and are also remelted for multiple uses including in building and construction products.

GAF is responsible to source the alumina to be processed into the aluminium volumes that it is entitled to under the joint operating arrangement, and is also responsible for logistics and the sale of its products. GAF's aluminium sales volumes from YEM20 to YEM23 are illustrated in the figure below.

GAF aluminium sales (tonnes)



Source: CSR Results Presentations.

GAF's share of Tomago's aluminium production is mainly sold into the Asian and United States markets, with only a small proportion sold into the Australian market.

Given Tomago's current energy contract with AGL expires on 31 December 2028, in 2022 it commenced planning the repowering of operations by seeking expressions of interest to provide renewable energy to the smelter. During 2023, an initial assessment of the options for renewable supply was undertaken and in 2024 requests for proposals will be put to the market.

8.4.5 Product liability provision

CSR was involved in the mining of raw asbestos fibre and the manufacturing and sales of products containing asbestos within Australia and exporting asbestos to the United States. CSR's involvement in asbestos mining ceased in 1966, while its involvement in the manufacture of products containing asbestos ceased in 1977.

As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States. CSR has been settling claims since 1989.

CSR includes in its financial statements a product liability provision covering all known asbestos-related claims and reasonably foreseeable future claims. As at 30 September 2023, the product provision was $187.1 million ($193.4 million as at 31 March 2023), including a prudential margin of $36.1 million above

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the aggregate of the central estimate of CSR's total future asbestos liabilities. The provision is reviewed every six months based on claims data and annually based on independent expert advice in relation to the future incidence and value of asbestos related claims.

8.5 Financial performance

8.5.1 Historical financial performance

The following table summarises the financial performance of CSR for YEM20, YEM21, YEM22, YEM23, and 1H24.

CSR Financial Performance ($ millions)

	YEM20 Audited	YEM21 Audited	YEM22 Audited	YEM23 Audited	1H24 Reviewed
Trading revenue	**2,212.5**	**2,122.4**	**2,311.6**	**2,613.3**	**1,366.1**
Cost of sales	(1,541.5)	(1,516.9)	(1,610.2)	(1,855.2)	(958.7)
Gross profit	**671.0**	**605.5**	**701.4**	**758.1**	**407.4**
Warehouse and distribution costs	(197.0)	(191.4)	(216.5)	(263.1)	(133.4)
Selling, general and administrative expenses	(282.4)	(251.1)	(266.6)	(274.2)	(155.4)
Share of net profit from associates	13.9	13.5	15.6	19.3	12.0
Other income/(expenses) (net)[1]	11.3	61.4	57.5	89.6	(5.1)
Building Products EBIT[2]	170.5	184.3	228.2	273.4	164.7
Property EBIT[2]	(1.5)	54.2	46.9	71.7	(1.5)
Aluminium EBIT[2]	59.6	23.4	39.7	8.0	(24.3)
Corporate EBIT[2]	(11.8)	(24.0)	(23.4)	(23.4)	(13.4)
Group EBIT[2]	**216.8**	**237.9**	**291.4**	**329.7**	**125.5**
Net finance costs[3]	(10.8)	(6.1)	(9.5)	(14.7)	(3.7)
Income tax expense	(58.0)	(65.7)	(81.2)	(90.3)	(33.3)
Profit after tax before significant items (before non-controlling interests)	**148.0**	**166.1**	**200.7**	**224.7**	**88.5**
Non-controlling interests[4]	(13.2)	(5.7)	(8.1)	0.3	5.4
NPAT[5] attributable to CSR Shareholders	**134.8**	**160.4**	**192.6**	**225.0**	**93.9**
Significant items after tax[6]	(9.5)	(14.3)	78.0	(6.5)	(2.4)
Statutory NPAT attributable to CSR Shareholders	**125.3**	**146.1**	**270.6**	**218.5**	**91.5**
Performance Statistics					
Trading revenue growth	*(4.7%)*	*(4.1%)*	*8.9%*	*13.1%*	*5.4%*
Gross profit growth	*(3.5%)*	*(9.8%)*	*15.8%*	*8.1%*	*6.2%*
EBIT growth	*(18.2%)*	*9.7%*	*22.5%*	*13.1%*	*(26.7%)*
NPAT growth	*(25.8%)*	*19.0%*	*20.1%*	*16.8%*	*(14.7%)*
*Return on funds employed (**ROFE**)[7]*	*17.8%*	*21.1%*	*27.3%*	*28.9%*	*22.6%*
Operating Margins					
Gross profit margin	*30.3%*	*28.5%*	*30.3%*	*29.0%*	*29.8%*
EBIT margin	*9.8%*	*11.2%*	*12.6%*	*12.6%*	*9.2%*
NPAT margin	*6.1%*	*7.6%*	*8.3%*	*8.6%*	*6.9%*

Source: CSR Annual and Half Year Reports and Results Presentations; Kroll analysis.

Notes:

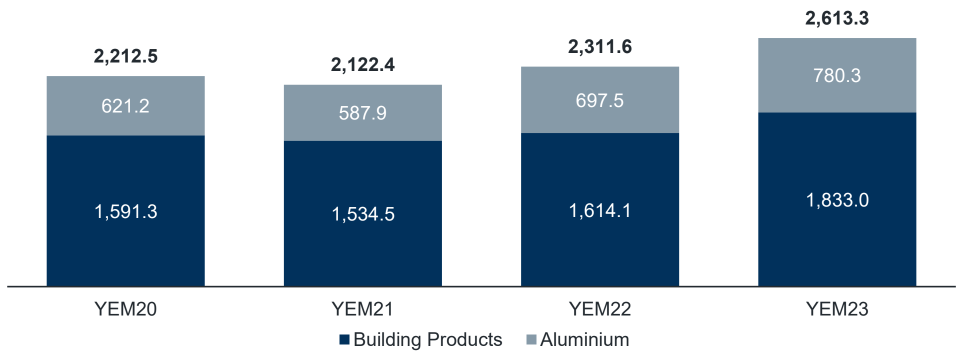
1. Other income/(expenses) (net) is calculated as income derived from significant and other items, less impairment and other expenses.
2. Group EBIT and segment EBIT is earnings before interest and tax before significant items.
3. Includes interest expense and funding costs, finance costs relating to leases, discount unwinds and hedging relating to product liability provisions and other non-current liabilities, foreign exchange gains/losses, and interest income. Stated as before significant items.
4. (Profit)/loss after tax and before significant items attributable to CSR's non-controlling interest in GAF.
5. NPAT is statutory net profit/(loss) after tax, before significant items.

6. Significant items as identified by CSR and described in more detail in the following analysis.
7. Return on funds employed (**ROFE**) is calculated as EBIT before significant items divided by average funds employed excluding cash, tax balances and certain other non-trading assets and liabilities. A reconciliation of capital employed (which approximates funds employed) to net assets is contained within Section 8.6 of this report. ROFE is a financial ratio that measures a company's profitability and the efficiency with which it is using its funds (capital) employed.

In relation to the financial performance of CSR, we note:

- CSR's trading revenue is comprised of revenue from the Building Products and Aluminium operating segments (70.1% and 29.9% of YEM23 revenue, respectively). The Property segment predominantly generates returns from the sale of former operating sites which are not included in trading revenue but are recognised as other income. Trading revenue performance by segment for the period YEM20 to YEM23 is analysed in the following chart:

CSR Revenue ($ millions)



Source: CSR; Kroll analysis.

- trading revenue declined by 4.7% for YEM20, reflecting a slowdown in residential construction activity which impacted the Building Products segment. In YEM21 trading revenue declined 4.1% due to a combination of lower construction activity, which was impacted by COVID-19 pandemic, and lower aluminium prices impacting Aluminium trading revenue. For Building Products, trading revenue increased in both YEM22 and YEM23, due to the combination of higher demand from increased residential detached housing activity (a result in part driven by the Australian Government's HomeBuilder stimulus) and price increases to recover cost inflation. In addition, Aluminium trading revenue increased in both YEM22 and YEM23 due to higher realised prices and premiums;
- gross profit declined by 3.5% in YEM20 and by 9.8% in YEM21, reflecting the impact of lower trading revenue. Higher gross profit in subsequent years (YEM22 and YEM23) reflected performance in the Building Products business, driven by stronger construction activity, price increases to recover elevated cost inflation, combined with disciplined cost management and strong operational performance;
- CSR's selling, general, and administrative expenses (**SG&A**) have reduced as a percentage of trading revenue throughout the period. SG&A as a percentage of revenue has reduced from 12.8% in YEM20 to 10.5% in YEM23, reflecting strong cost disciplines across the business;
- Warehouse & Distribution expenses (**W&D**) as a percentage of trading revenue has increased from 8.9% in YEM20 to 10.1% in YEM23 as a result of higher supply chain costs arising from the COVID-19 pandemic and ongoing inflationary cost pressures. As noted previously, price increases were implemented to recover elevated W&D expenses;
- In aggregate, SG&A and W&D expenses have remained relatively steady as a percentage of trading revenue throughout the period, ranging from 21.7% in YEM20 to 20.6% in YEM23:

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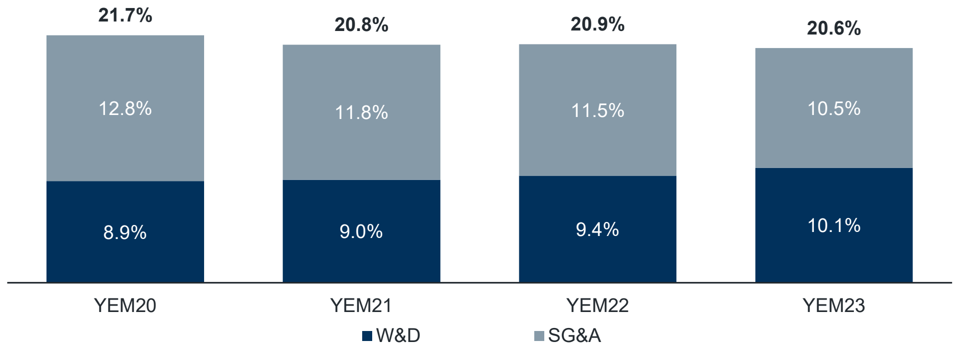
CSR's W&D and SG&A as a Percentage of Revenue



Source: CSR; Kroll analysis.

- share of net profit from joint ventures includes the following equity accounted investments:

Summarised Financial Performance of Joint Ventures ($ millions)

	YEM20 Audited	YEM21 Audited	YEM22 Audited	YEM23 Audited	1H24 Reviewed
Share of net profit after tax					
Rondo Building Services Pty Limited	13.8	12.8	14.7	18.4	11.6
Other[1]	0.1	0.7	0.9	0.9	0.4
Contribution to net profit	**13.9**	**13.5**	**15.6**	**19.3**	**12.0**

Source: CSR; Kroll analysis.
Notes:
1. Other includes New Zealand Brick Distributors.
2. CSR's interest in these entities is 50% throughout the period shown.

- other income primarily relates to profits realised on the sale of property. Over the last five financial years, the property segment has, on average, contributed $42.0 million in EBIT per annum, although we note that earnings fluctuate considerably year-to-year.

Other Income (Expenses) (net) ($ millions)

	YEM20 Audited	YEM21 Audited	YEM22 Audited	YEM23 Audited	1H24 Reviewed
Net gain on disposal of property holdings	3.5	57.2	60.3	75.6	-
Net Aluminium RERT Compensation[1]	-	-	-	12.7	-
Other[2]	7.8	4.2	(2.8)	1.3	(5.1)
Other Income (Expenses) (net)	**11.3**	**61.4**	**57.5**	**89.6**	**(5.1)**

Source: CSR; Kroll analysis.
Notes:
1. Reliability and Emergency Reserve Trader (**RERT**) is an intervention mechanism under Australia's National Electricity Rules (**NER**) that allows the Australian Energy Market Operator (**AEMO**) to contract emergency electricity reserves, such as a generation or demand response, under which CSR receives payment (compensation) for power disruption to support national energy market stability.
2. Other items include impairment expenses, significant items and other income and expenses.

- net (profit)/loss allocated to non-controlling interests represents the profit and loss of the 30% share of the GAF joint venture that CSR does not own. The entity holds CSR's interest in the Tomago Aluminium smelter;
- EBIT and NPAT have increased in each financial year across the period YEM20 to YEM23, with improvements in margins reflecting continued strength in the Australian residential and non-residential construction markets, despite the inflationary cost environment. Pricing initiatives, strong operational performance and cost disciplines have also assisted margin improvements, combined

with the cost benefit of organisation streamlining in YEM21 and other incremental benefits emerging from the strategy delivery. EBIT and NPAT were both lower in 1H24 compared to 1H23, with record EBIT and EBIT margins in Building Products offset by timing of Property transactions (no transactions in 1H24) and a loss for Aluminium due to elevated production inputs, primarily raw materials and energy costs;

- significant items after tax in YEM22 and YEM23 primarily include costs relating to strategy implementation system projects that involved Software-as-a-Service products, and discount unwind and hedging relating to the product liability provision. Of note is that in YEM22 there was a large recognition of carry forward capital tax losses to be realised on contracted property transactions, which arose primarily from the sale of the Viridian Glass business in 2019. Significant items are shown in the following table:

CSR Significant Items ($ millions)

	YEM20 Audited	YEM21 Audited	YEM22 Audited	YEM23 Audited	1H24 Reviewed
Transformation system implementation projects	-	-	(6.9)	(15.1)	-
Impairment of Building Product assets	(10.9)	(8.3)	-	-	-
Business streamlining restructure costs	-	(12.7)	-	-	-
Site closure costs	-	(5.2)	-	-	-
Previously recorded significant items	3.5	11.3	-	-	-
Significant items before finance costs and income tax	**(7.4)**	**(14.9)**	**(6.9)**	**(15.1)**	**-**
Discount unwind and hedging relating to product liability provision	(6.2)	(5.6)	(5.0)	(5.3)	(3.5)
Recognition of tax losses	-	-	86.3	7.8	-
Income tax benefit on significant items	4.1	6.2	3.6	6.1	1.1
Significant items after tax	**(9.5)**	**(14.3)**	**78.0**	**(6.5)**	**(2.4)**
Significant items attributable to non-controlling interests	-	-	-	-	-
Significant items after tax attributable to CSR Shareholders	**(9.5)**	**(14.3)**	**78.0**	**(6.5)**	**(2.4)**

Source: CSR; Kroll analysis.

- the following table shows per share statistics over the period YEM20 to YEM23 and 1H24:

CSR Per Share Statistics

	YEM20 Audited	YEM21 Audited	YEM22 Audited	YEM23 Audited	1H24 Reviewed
Weighted average number of shares (millions)[1]	493.5	485.1	484.7	479.8	476.6
Operating EPS (cents)[2]	27.3	33.1	39.7	46.9	19.7
Dividends per share (ordinary, cents)	10.0	23.0	31.5	36.5	15.0
Dividends per share (special, cents)	4.0	13.5	-	-	-
Payout ratio on ordinary dividends[3]	36.6%	69.5%	79.3%	77.8%	76.1%
Percentage franked (ordinary and special)	50.0%	100.0%	100.0%	100.0%	100.0%

Source: CSR; Kroll analysis.

1. The weighted average number of shares equals the weighted average number of shares on issue less the weighted average number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest.
2. Operating earnings per share (**EPS**) relates to basic EPS calculated as net profit after tax (before significant items) attributable to CSR Shareholders divided by the weighted average number of shares.
3. Payout ratio on ordinary dividends is ordinary dividends per share (**DPS**) divided by EPS.

- between YEM21 (once dividends resumed following the COVID-19 pandemic) and YEM23, the strong percentage growth seen in operating EPS over the period, influenced by increasing profitability and share buy-backs, translated into even higher percentage growth in dividends per share as the payout ratio was increased. CSR's dividend policy has been to maintain a dividend payout ratio of between

60% to 80% of net profit after tax (before significant items), contingent on CSR's financial position. The payout ratio was below the target range in YEM20 as the final year dividend was paused given the uncertain economic environment during the COVID-19 pandemic. Dividends resumed in the following financial year and the payout ratio was at the mid-point of the range in YEM21 and at the high end of the range in subsequent periods; and

- in YEM20, the ordinary and special dividends were 50% franked. From YEM21, dividends were franked at 100% reflecting CSR's business operations being almost entirely in Australia, and earnings reaching a level whereby it generated sufficient franking credits. Additional capital returns to shareholders have also occurred in recent years in the form of share buybacks and special dividends.

8.5.2 Segment performance

Building Products

The trading performance of Building Products for the period between YEM20 to 1H24 is depicted in the following table.

Building Products Financial Performance ($ millions)

	YEM20 Audited	YEM21 Audited	YEM22 Audited	YEM23 Audited	1H24 Reviewed[1]
Trading revenue	**1,591.3**	**1,534.5**	**1,614.1**	**1,833.0**	**1,008.9**
Cost of sales and operating expenses	(1,336.4)	(1,268.8)	(1,311.7)	(1,488.3)	(807.7)
EBITDA[2]	**254.9**	**265.7**	**302.4**	**344.7**	**201.2**
Depreciation and amortisation	(84.4)	(81.4)	(74.2)	(71.3)	(36.5)
EBIT[2]	**170.5**	**184.3**	**228.2**	**273.4**	**164.7**
Performance Statistics					
Trading revenue growth	*(6.2%)*	*(3.6%)*	*5.2%*	*13.6%*	*10.9%*
EBITDA growth	*(1.5%)*	*4.2%*	*13.8%*	*14.0%*	*15.4%*
EBIT growth	*(17.4%)*	*8.1%*	*23.8%*	*19.8%*	*18.3%*
Funds employed[2]	*945.8*	*844.3*	*830.0*	*938.2*	*1,016.4*
Return on funds employed[3]	*18.0%*	*20.6%*	*27.3%*	*30.9%*	*31.1%*
Operating Margins					
EBITDA margin	*16.0%*	*17.3%*	*18.7%*	*18.8%*	*19.9%*
EBIT margin	*10.7%*	*12.0%*	*14.1%*	*14.9%*	*16.3%*

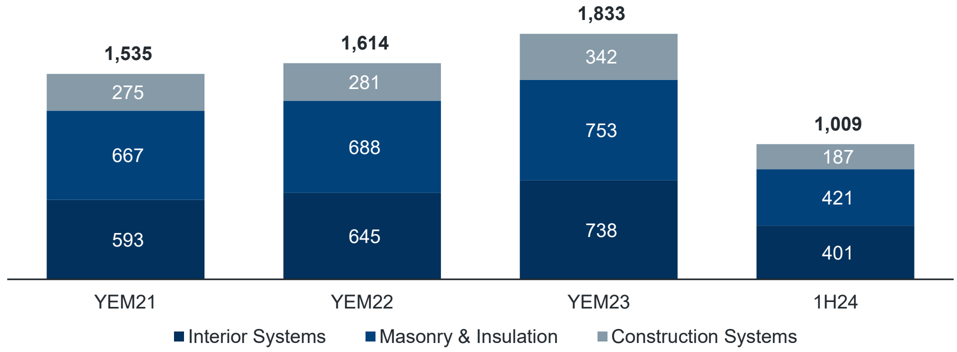
Source: CSR Annual and Half Year Reports and Results Presentations; Kroll analysis.
Notes:
1. Includes contribution from Woven Image, which CSR acquired on 1 September 2023. Woven Image contributed $4.5 million in revenue during the period.
2. Before significant items.
3. ROFE is calculated as EBIT before significant items divided by average funds employed excluding cash, tax balances and certain other non-trading assets and liabilities

In relation to the financial performance of the Building Products segment, we note:

- following relatively weaker performance in YEM20 and YEM21, revenue has grown significantly and earnings margins have improved substantially, with EBIT margin rising from 10.7% in YEM20 to 16.3% in 1H24;
- revenue is strongly linked to Australian residential construction activity. The period presented includes the impact of the Australian Government's HomeBuilder scheme that expired in April 2021, which stimulated a spike in residential housing commencements from late 2020 to end 2021, providing a tailwind for residential construction activity;
- we note that despite the residential construction market slowdowns of YEM20 and YEM21, total Building Products revenue did not decline to the same extent as the market as its larger businesses, Gyprock and Bradford, benefit from a diversified revenue base across residential and commercial sectors. In the period from YEM21 to YEM23, each of the Building Products business units (i.e.

Interior Systems, Masonry & Insulation, and Construction Systems) saw increases in revenue in consecutive financial years, as depicted in the following chart:

Building Products Segment Revenue by Business Unit



Source: CSR; Kroll analysis.
Note: YEM20 is excluded from the chart as brands were organised by different business units.

- segment revenue declined by 6.2% in YEM20 and 3.6% in YEM21, primarily reflecting a slowdown in residential construction activity following a period of strong activity. Australian residential housing commencements were down 21% and 4% for the YEM20 and YEM21 respectively on a two-quarter lag basis. These declines were somewhat offset by growth in the non-residential market, which increased by 5% for YEM20;
- segment revenue increased 5.2% in YEM22, reflecting pricing increases to recover cost inflation and a particularly strong performance for the Interior Systems business which grew by 8.8%. During the period, residential housing commencements increased 32% on a two-quarter lag basis, however, the full extent of this uplift was not reflected in the period's performance as completion timelines lengthened significantly;
- in YEM23, segment revenue increased 13.6%, benefiting from a buoyant residential construction market, partially stemming from high detached housing commencements in the previous period. Residential housing commencements declined 15% on a two-quarter lag basis over the period, however, this was not reflected in segment performance as build times remained elevated and the accumulated pipeline in the residential segment continued to deliver elevated building activity;
- in 1H24, segment revenue increased 10.9% from 1H23, driven by a combination of price increases to recover cost inflation and volume growth in Gyprock, Hebel and Bradford products, within a relatively flat volume backdrop. During the period, work done and completions for detached housing declined slightly, however, this was partially offset by increased work done and completions for multi-residential dwellings. EBITDA margin and EBIT margin increased over 1H23, reflecting successful efforts to manage cost inflation; and
- Over the periods both EBITDA and EBIT increased, in part reflecting increased volumes and pricing initiatives, but also the focus on operational performance and cost management as part of the strategy, as well as benefits derived from a diversified end-market base. Margins expanded over the period, reflecting increasing earnings as well as improved operational efficiency and a higher margin product mix.

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Property

The financial performance of Property for the period between YEM20 and 1H24 is presented in the following table.

Property Financial Performance ($ millions)

	YEM20 Audited	YEM21 Audited	YEM22 Audited	YEM23 Audited	1H24 Reviewed
EBIT[1]	**(1.5)**	**54.2**	**46.9**	**71.7**	**(1.5)**
Funds employed[2]	*167.8*	*139.5*	*166.1*	*153.1*	*168.3*

Source: CSR Annual and Half Year Reports and Results Presentations; Kroll analysis.
Notes:
1. Before significant items.
2. Excludes cash and tax balances and certain other non-trading assets and liabilities. Funds employed are based on historical costs.

EBIT for Property reflects gains on disposal of properties less property operating costs. Gains on disposal of properties is recognised when control of the property has transferred to the purchaser, which is typically at completion. Property's performance is impacted by the size and timing of transactions. This is demonstrated in the following analysis:

- no material transactions were noted in YEM20. In YEM21, Property generated $54.2 million in EBIT as a result of the completion of the first tranche of Stage 2 of the industrial development at Horsley Park, NSW;
- during YEM22, Property completed a number of transactions including the second tranche of Stage 2 at Horsley Park, NSW, the sale of 4.6Ha of land at the site in Badgerys Creek, NSW and smaller transactions in Thornton, NSW and Chirnside Park, VIC;
- six transactions, including the sale of the site at Warner, QLD and the third and final tranche at Horsley Park, NSW, underpinned a 52.9% uplift in EBIT in YEM23; and
- no material transactions were noted in 1H24.

Aluminium

GAF's financial performance between YEM20 and 1H24 is presented in the following table.

GAF Financial Performance ($ millions)

	YEM20 Audited	YEM21 Audited	YEM22 Audited	YEM23 Audited	1H24 Reviewed
Trading revenue	**621.2**	**587.9**	**697.5**	**780.3**	**357.2**
Cost of sales and operating expenses[1]	(549.7)	(552.5)	(646.0)	(760.7)	(375.8)
EBITDA[2]	**71.5**	**35.4**	**51.5**	**19.6**	**(18.6)**
Depreciation and amortisation	(11.9)	(12.0)	(11.8)	(11.6)	(5.7)
EBIT	**59.6**	**23.4**	**39.7**	**8.0**	**(24.3)**
Performance Statistics					
A$ realised price per tonne[3]	*2,960*	*2,751*	*3,300*	*3,670*	*3,514*
Sales (tonnes)	*209,905*	*213,722*	*211,374*	*212,649*	*101,659*
Trading revenue growth	*(0.9%)*	*(5.4%)*	*18.6%*	*11.9%*	*(7.5%)*
EBITDA growth	*48.0%*	*(50.5%)*	*45.5%*	*(61.9%)*	*(180.2%)*
EBIT growth	*62.8%*	*(60.7%)*	*69.7%*	*(79.8%)*	*(239.7%)*
ROFE	*42.4%*	*16.9%*	*30.9%*	*5.6%*	*(19.8%)*
Operating Margins					
EBITDA margin	*11.5%*	*6.0%*	*7.4%*	*2.5%*	*(5.2%)*
EBIT margin	*9.6%*	*4.0%*	*5.7%*	*1.0%*	*(6.8%)*

Source: CSR Annual and Half Year Reports and Results Presentations; Kroll analysis.
Notes:
1. Operating expenses is calculated as EBITDA less trading revenue.

2. EBITDA corresponds to EBITDA before significant items. EBITDA is inclusive of RERT and presented on a post AASB-16 basis.
3. Includes hedging, premiums, value added product and spot sales.

In relation to the financial performance of GAF we note:

- the trading revenue and earnings information corresponds to GAF on a 100% basis, before minority interest;
- trading revenue is a function of aluminium volumes sold and realised prices at which they are sold (i.e. net of hedging), including from pre-existing contracts. While volumes sold have not fluctuated significantly from YEM20 to YEM23 (an average year-on-year decline in volumes of 0.1%), aluminium pricing experienced significant variability which directly impacted trading revenue;
- cost of sales and operating expenses are mainly a function of the price of alumina, other raw materials (e.g. coke and pitch), and electricity. For the historical periods shown in the above table, the price of GAF's alumina was linked to the contracted percentage of LME aluminium price. The contracted percentage of LME aluminium price varied depending on market conditions at the times contracts were negotiated. Similarly, the cost of electricity and other raw materials is subject to market forces. For instance, AGL can pass-through variations in the cost of the coal used to produce the energy required for Tomago; and
- depreciation is calculated on the basis of Tomago's assets' expected remaining life.

Despite the hedging employed by GAF to manage its exposure to commodity price risk (as described in Section 8.4.4), its performance has declined over the past four years, moving from a ROFE of 42.4% in YEM20 to a ROFE of 5.6% in YEM23. The following table provides the detail of the movement in the factors that have resulted in this decline.

Movement in Factors Impacting GAF Financial Performance ($ millions)

	YEM20 Audited	YEM21 Audited	YEM22 Audited	YEM23 Audited	1H24 Reviewed
Previous YEM EBIT before significant items	**36.6**	**59.6**	**23.4**	**39.7**	**17.4**
Volume	(0.5)	0.6	(0.2)	-	(2.0)
Price of Aluminium in A$ including hedging	3.9	(44.0)	116.0	78.0	(21.0)
Net RERT income	-	-	-	13.0	(16.0)
A$ alumina raw material cost	5.0	(14.4)	(68.1)	(20.0)	28.0
Energy - Coal cost pass through	9.3	9.5	(8.1)	(16.0)	(26.0)
Raw material coke and pitch cost	7.9	14.0	(21.7)	(54.0)	(10.0)
Pot relining, labour and supplies	(2.4)	(1.6)	(1.2)	(8.0)	-
Stock adjustments, freight, warehouse, other	0.2	(0.3)	(0.4)	(24.7)	5.3
Closing EBIT before significant items	**59.6**	**23.4**	**39.7**	**8.0**	**(24.3)**

Source: CSR Annual and Half Year Reports and Results Presentations; Kroll analysis.

In relation to the movements in EBIT we note:

- YEM20 revenue was supported by GAF's aluminium price hedging positions, offsetting lower aluminium prices during that year caused by a slowdown in the global economy. In addition, the price of the key raw materials decreased, resulting in an EBIT of $59.6 million and an EBIT margin of 9.6%;
- YEM21 saw a stabilisation in raw materials in aggregate. However, a sharp decline in aluminium prices in the first half of 2020 as a result of the COVID-19 pandemic and high alumina costs due to the start of a new contract in January 2020, resulted in a significant decrease in EBIT and EBIT margin;
- in YEM22 while aluminium prices were significantly more favourable, these were partly offset by increases in the price of alumina and other raw materials, in particular coke and pitch. While revenue increased by 18.6% in YEM22, EBIT margin only increased to 5.7%;

- YEM23 performance was negatively impacted by significant increases in coke, pitch and energy prices. In addition, distribution costs increased due to regional mix and higher international shipping rates. Including net RERT income,[63] EBIT was $8 million and EBIT margin was 1.0%; and
- in 1H24, a decrease in aluminium price was offset by lower alumina costs, and performance continued to be impacted by high energy and raw materials costs. The movement detail also shows that GAF did not receive any RERT income in 1H24.

Hedging

GAF is exposed to aluminium, alumina and energy pricing risks (commodity risks) as well as foreign exchange risks. In this regard we note:

- aluminium pricing risk arises from GAF's exposure to aluminium commodity markets. To manage this risk, when possible, GAF maintains hedging positions (net of any linked exposure to alumina). As at 30 September 2023, GAF's proportion of net aluminium exposure hedged is 73% for YEM25, decreasing to 15% in YEM28;
- Tomago has an energy contract with AGL expiring on 31 December 2028. The contract provides for the cost of coal used to generate the electricity to be passed through to Tomago;
- GAF's prior period alumina purchases have all been hedged either by purchasing alumina with the price linked as a percentage of LME or through financial swaps. GAF has hedged a portion of its forward alumina purchases on the same basis; and
- CSR's major foreign currency exposure relates to its U.S. dollar aluminium revenue. GAF uses several foreign exchange risk management instruments to hedge foreign currency denominated receipts and payments.

Despite its commodity and foreign exchange risk management policies, GAF is still subject to significant commodity price variability, including of other raw materials that are not linked to the price of aluminium, such as coke and pitch.

The following table presents GAF's aluminium hedging to YEM28.

GAF aluminium hedging to YEM28

	2H24	YEM25	YEM26	YEM27	YEM28
Average price (A$ per tonne)[1]	3,059	3,208	3,450	3,922	4,062
Proportion of net aluminium exposure hedged	76.0%	73.0%	68.0%	45.0%	15.0%

Source: CSR Annual Reports and Results Presentations; Kroll analysis.
Note:
1. Excludes premiums.

In relation to GAF's aluminium hedging, also referred to as hedging book, we note:

- net aluminium exposure represents the proportion of aluminium not linked to alumina, assuming all of the alumina was hedged; and
- hedging is usually undertaken at declining levels for up to four years.

8.5.3 YEM24 Guidance

On the release of the 1H24 results on 2 November 2023, CSR provided the following segment outlook for YEM24.

- **Building Products:**
  - CSR stated that there was a pleasing start to the second half of YEM24 with ongoing discipline to deliver performance and strategic initiatives;

[63] RERT is an intervention mechanism under Australia's NER that allows the AEMO to contract emergency electricity reserves, such as a generation or demand response, under which Tomago receives payment (compensation) for power disruption to support national energy market stability.

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- the pipeline of detached housing under construction sustained at approximately 50% above historical averages, multi-residential pipeline represented 2-3 years' work at current completion rates, and non-residential activity was supported by a large pipeline of approvals;
- CSR is closely monitoring the factors influencing market dynamics and will manage the business accordingly;
- the Company remains well diversified across brands, market segments and the build cycle – adaptable to end-market demand. Incremental investments have improved manufacturing productivity, the variability of the cost base and responsiveness to customer demand; and
- CSR remains focused on providing a platform for growth and resilience to deliver improved performance through the cycle.

- **Aluminium:**
  - CSR's best estimate for YEM24 is a loss in the range of $15 million to $30 million (excluding RERT income) given cost volatility and unpredictability in energy and raw materials makes forecasting challenging; and
  - Aluminium is still expected to return to profit in YEM25 and increasing in the following years due to higher hedged aluminium pricing and lower expected raw material costs.

Further, in relation to the Property outlook for YEM24, on 6 February 2024 CSR announced the settlement of Stages 3A and 3B of its former brick plant in Horsley Park, NSW representing $167 million in total proceeds generating total Property EBIT of $91 million for YEM24.

8.5.4 Broker consensus

In addition, Kroll has considered broker forecasts. As far as Kroll is aware, CSR is followed by 15 brokers, of which two are financial advisers on the Transaction and have, therefore, been excluded from our analysis. The remaining 13 brokers each published reports following the release of CSR's 1H24 results on 2 November 2023. Further detail is provided in Appendix 3.

CSR Broker Consensus ($ millions)

	Actual	Broker Consensus		
	YEM23	YEM24	YEM25	YEM26
Trading revenue	**2,613.3**	**2,672.0**	**2,640.0**	**2,762.0**
EBITDA	**414.6**	**412.0**	**366.0**	**396.6**
EBIT	**329.7**	**325.0**	**279.4**	**302.0**
NPAT attributable to CSR Shareholders before significant items	**225.0**	**237.1**	**188.0**	**198.7**
Key Metrics				
Trading revenue growth	*13.1%*	*2.2%*	*(1.2%)*	*4.6%*
EBITDA growth	*9.1%*	*(0.6%)*	*(11.2%)*	*8.4%*
EBIT growth	*13.1%*	*(1.4%)*	*(14.0%)*	*8.1%*
EBITDA margin	*15.9%*	*15.4%*	*13.9%*	*14.4%*
EBIT margin	*12.6%*	*12.2%*	*10.6%*	*10.9%*
Diluted operating EPS (cents)	*46.6*	*48.1*	*39.3*	*42.0*
Dividends per share (cents)	*36.5*	*36.0*	*30.5*	*32.0*
Payout ratio[1]	*78.3%*	*74.8%*	*77.6%*	*76.2%*

Source: CSR broker reports; Kroll analysis.
Notes:
1. Calculated as dividends per share divided by diluted operating EPS.
2. Broker consensus is the median of the broker forecasts.

With regard to the CSR broker consensus summarised above, we note:

- brokers were generally upbeat on the 1H24 financial result, noting the strength of the result from the Building Products segment, which was approximately 16.0% above consensus estimates, as well as

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the context of continued energy cost pass-through issues in Aluminium and the timing of Property sales in 2H24, meant that the overall result was stronger than the total EBIT suggested;

- brokers largely expect a slight decline in earnings through YEM24 and a larger decline in YEM25 as volumes ease, driven by expectations of lower housing approvals and a clearing of the current detached housing construction backlog;
- all brokers upgraded earnings estimates following the release of the 1H24 results, with total and Building Products segment EBIT estimates revised higher mainly to reflect improved (stable) volumes and pricing assumptions more than offsetting cost inflation in the Building Products segment. The strength of these improvements, however, are partly offset by lower Aluminium forecasts. Brokers also noted that 2H24 EBIT margins might be higher than previously envisaged, following commentary from CSR management suggesting that margins equivalent to YEM23 would be a solid outcome. This indicated the possibility of a stronger result than most brokers had previously forecast;
- despite increasing their near-term (YEM24 and YEM25) earnings forecasts, three brokers downgraded YEM26 estimates, remaining cautious on the residential construction market (despite the current backlog in work) stating that in their view higher interest rates are likely to drive a softening in new home sales and reduction in building approvals, and also delaying the recovery of Aluminium to profitability;
- brokers were unanimous in stating that lower 1H24 Property results were a result of timing rather than any underlying business issues, and frequently noted that similar timing issues in Property segment earnings would remain uncertain going forward; and
- the 1H24 Aluminium result missed broker forecasts, recording revenues in line with consensus but earnings falling 240% to a loss of $24 million, far lower than consensus forecasts of a loss of $2.4 million for 1H24. In response to CSR providing guidance for a loss of between $15 to $30 million, brokers downgraded their Aluminium segment YEM24 earnings forecasts, with consensus previously forecasting a loss of only $7 million.

The broker consensus forecast by CSR segment is set out as follows.

CSR Broker Consensus By Segment ($ millions)

	Actual	Broker Consensus		
	YEM23	YEM24	YEM25	YEM26
Trading revenue				
Building Products	1,833.0	1,943.5	1,915.2	1,994.9
Aluminium	780.3	722.2	742.5	795.0
EBIT				
Building Products	273.4	292.0	248.6	256.0
Aluminium	8.0	(29.0)	4.0	24.0
Property	71.7	88.0	58.0	40.0
Corporate	(23.4)	(24.2)	(25.0)	(25.2)
Key Metrics				
Building Products revenue growth	*13.6%*	*6.0%*	*(1.5%)*	*4.2%*
Aluminium revenue growth	*11.9%*	*(7.4%)*	*2.8%*	*7.1%*
Building Products EBIT growth	*19.8%*	*6.8%*	*(14.9%)*	*3.0%*
Aluminium EBIT growth	*(79.8%)*	*(462.5%)*	*nmf*[1]	*500.0%*
Property EBIT growth	*52.9%*	*22.7%*	*(34.1%)*	*(31.0%)*
Corporate EBIT growth	*-%*	*3.4%*	*3.3%*	*0.8%*
Building Products EBIT margin	*14.9%*	*15.0%*	*13.0%*	*12.8%*
Aluminium EBIT margin	*1.0%*	*(4.0%)*	*0.5%*	*3.0%*

Source: CSR broker reports.
Note 1: nmf denotes not meaningful.

In relation to the Broker Consensus:

- all 13 brokers included above have provided estimates by segment;
- all brokers upgraded earnings estimates for the Building Products segment as a result of their improved outlook on:
  - volumes, noting that the detached housing pipeline was likely to sustain volumes longer into 2024, that approvals for the non-residential segment were at record levels, and citing CSR estimates that the multi-residential pipeline represented approximately two-to-three years of work;
  - pricing, with CSR announcing a reversion to standard annual price rises for many of its brands, including Bradford, Monier and Gyprock, would continue in early 2024;
  - margins, with brokers citing management views that 2H24 EBIT margins equivalent to those seen in YEM23 would be a 'good outcome', which is a much stronger position than many had forecast;
- brokers note CSR's guidance for contracted property segment earnings of $44 million in YEM24 (Horsley Park) and $58 million in YEM25. Brokers also noted that the remediation of Darra, QLD was now complete, and while some have assumed the sale to occur in YEM24, the majority have included the sale of Darra in YEM25 Property earnings, although note that the timing remains uncertain; and
- all brokers expect Aluminium to be loss making in YEM24 (with the median estimate at the low end of CSR's YEM24 Guidance) due to significantly higher energy and coal costs, before returning to profit in YEM25 as Aluminium prices improve and input costs moderate. Several brokers value the Aluminium segment at book value or less.

8.6 Financial position

The following table summarises the financial position of CSR as at 31 March 2023 and 30 September 2023.

CSR Financial Position ($ millions)

	As at 31 March 2023 Audited	As at 30 September 2023 Reviewed
Inventories	425.2	420.1
Receivables (current)	285.9	308.9
Payables	(293.5)	(274.2)
Net working capital	**417.6**	**454.8**
Receivables (other current and non-current)[1]	42.5	41.5
Property[2]	145.4	157.3
Investments accounted for using the equity method	45.0	42.4
Property, plant and equipment	692.2	727.4
Right-of-use assets	128.8	122.7
Goodwill and other intangible assets[3]	69.2	103.6
Deferred income tax assets	206.7	201.7
Provisions	(347.5)	(343.8)
Income tax payable	(14.5)	(21.1)
Other non-current assets and liabilities[4]	7.8	7.1
Other financial assets / (liabilities) (net)[5]	(184.6)	(157.4)
Total capital employed[6]	**1,208.6**	**1,336.2**
Cash	131.6	19.1
Right-of-use lease liabilities	(163.6)	(153.8)
Borrowings	-	(20.0)
Net borrowings (including right-of-use lease liabilities)	**(32.0)**	**(154.7)**
Net assets	**1,176.6**	**1,181.5**
Total equity	**1,176.6**	**1,181.5**
Equity attributable to non-controlling interests	(9.5)	(12.0)
Equity attributable to CSR Shareholders	**1,167.1**	**1,169.5**
Statistics		
Net working capital as a percentage of trading revenue[7]	*13.5%*	*16.0%*
Number of shares at period end (millions)	*477.4*	*477.4*
NTA per ordinary share	*$2.30*	*$2.23*

Source: CSR Annual and Half Year Reports and Results Presentations; Kroll analysis.

Notes:
1. Includes income tax receivable, prepayments and other current assets and non-current accounts receivables.
2. Includes property held for sale (current and non-current), and non-current property projects.
3. Includes goodwill and other intangible assets.
4. Includes other non-current assets and other non-current liabilities.
5. Includes other financial assets (current and non-current) and other financial liabilities (current and non-current).
6. We note that the calculation of total capital employed in the table differs slightly to the funds employed figure presented by CSR in its financial statements. Refer to Note 2 Segment information of the financial statements in CSR's YEM23 annual report for CSR's reconciliation of funds employed.
7. Calculated as the average of opening and closing working capital divided by trading revenue. In calculating the ratio for 1H24, trading revenue in 1H24 is multiplied by 2.

In relation to the financial position of CSR as at 30 September 2023, we note:

- working capital requirements are high and are primarily comprised of inventories, current receivables, and payables. Net working capital as a percentage of trading revenue increased from 13.5% in YEM23 to 16.0% in 1H24 due to an increase in current receivables and a reduction in payables;

- property holdings of $157.3 million at 30 September 2023 include properties held for sale and property projects still in development. Property holdings are carried at the cost of acquisition and costs incurred in preparing the site for sale. Costs incurred after completion of the site are expensed as incurred. Held for sale property is recorded at the lower of fair value less cost to sell and the carrying amount, while property projects are recorded at the carrying amount;
- CSR's equity accounted investments as at 31 March 2023 are summarised as follows;

CSR Equity Accounted Investments ($ millions)

	Description	Ownership interest	Book value
Rondo Building Services Pty Ltd	Manufacturer of light gauged rolled steel products and systems, primary for the construction industry.	50.0%	23.9
Gypsum Resources Trust Australia	Gypsum miner and supplier based in South Australia.	50.0%	12.0
New Zealand Brick Distributors	New Zealand-based distributor of bricks from Brickworks and CSR	50.0%	9.0
Other	na	50.0%	0.1
Total			**45.0**

Source: CSR YEM23 Annual Report.

- CSR's business is capital intensive requiring large investments in property, plant and equipment, which represented 54.4% of total capital employed as at 30 September 2023 and is comprised of plant and equipment ($442.5 million) and land and buildings ($284.9 million);
- right of use assets were primarily comprised of property leases ($108.9 million). CSR's other right of use assets as at 30 September 2023 include equipment and vehicle leases;
- goodwill and other intangible assets increased $34.4 million at 30 September 2023 primarily due to the acquisition of Woven Image in September 2023;
- provisions totalled $343.8 million as at 30 September 2023 of which 39.7% were current. The product liability relating to asbestos-related claims comprise the majority of provisions as at period end ($187.1 million). Product liabilities related to asbestos claims are discussed further in Section 8.6.4; and
- as at 30 September 2023, CSR had $19.1 million cash and $20.0 million of borrowings. Refer to Section 8.7 for further commentary on CSR's net cash / debt movements.

8.6.1 Borrowings

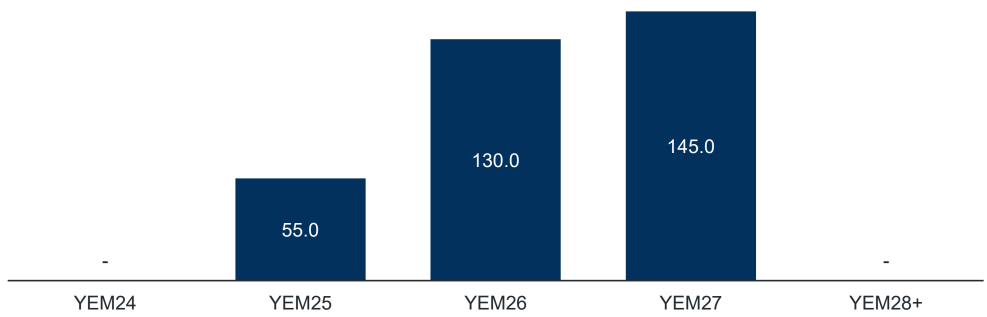
CSR's capital allocation framework involves the maintenance of a strong investment grade credit rating including maintaining net debt at less than 1.5 times EBITDA.

As at 30 September 2023, CSR had a total of $330.0 million committed standby funding facilities with external financial institutions, of which $20.0 million were drawn. Of the $20.0 million drawn as at 30 September 2023, the weighted average fixed interest rate is 4.76% with a fixed maturity date in financial year 2026.

CSR has a strong liquidity position with $19.1 million of available cash and $310.0 million of undrawn bank debt facilities as at 30 September 2023. It currently has a Standard & Poor's rating of BBB+ (stable outlook).

CSR maintains a well spread maturity profile, with no significant maturing debt in any given year. CSR's debt maturity profile as at 30 September 2023 is illustrated as follows.

CSR Debt Facility Maturity Profile as at 30 September 2023 ($ millions)



Source: CSR.

CSR currently has substantial headroom in its financial covenants.

8.6.2 Hedging

CSR designates its derivatives as cash flow hedges, with fair value adjustments in the effective portion of hedges deferred in equity, before being recognised in the statement of financial performance simultaneous to the recognition of the underlying hedged item. The ineffective portion of hedges are immediately recognised in the statement of financial performance. We note that the majority of cash flow hedges are effective.

CSR maintains policies to hedge its exposures to commodity prices and foreign exchange rates (discussed in Section 8.5.2), energy costs, and interest rates. In relation to CSR's energy, and interest rate hedges, we note:

- CSR utilises a series of commodity forward contracts and options, and commodity futures contracts and options to reduce the volatility of its energy costs which is exposed to electricity, oil, and gas prices; and
- CSR maintains a policy of hedging interest rate volatility to reduce the impact on interest expense. CSR had no interest rate hedges as at 30 September 2023 as it had no material borrowings.

The following table details the fair value of CSR's derivatives:

Fair Value of CSR Hedges as at 30 September 2023 ($ millions)

	Fair Value of Asset	Fair Value of liability
Commodity swaps- aluminium	21.2	58.6
Commodity swaps- alumina /aluminium	4.9	38.8
Commodity swaps & futures- energy	6.9	1.7
Forward exchange rate contracts	2.3	102.2
Other[1]	8.8	0.2
Total	**44.1**	**201.5**

Source: CSR 1H24 Half Year Report; Kroll analysis.
Note:
1. Includes futures margin asset, and other financial instruments.

8.6.3 Taxation

As at 30 September 2023, CSR's deferred tax asset balance totalled $201.7 million, of which $35.7 million were in relation to carry forward capital tax losses and $2.3 million in relation to carried forward revenue losses. The company further had $26.9 million in unused tax losses and $304.8 million in unused capital losses as at 30 September 2023, of which no deferred tax asset had been recognised as it is not considered probable that these will be utilised in the foreseeable future.

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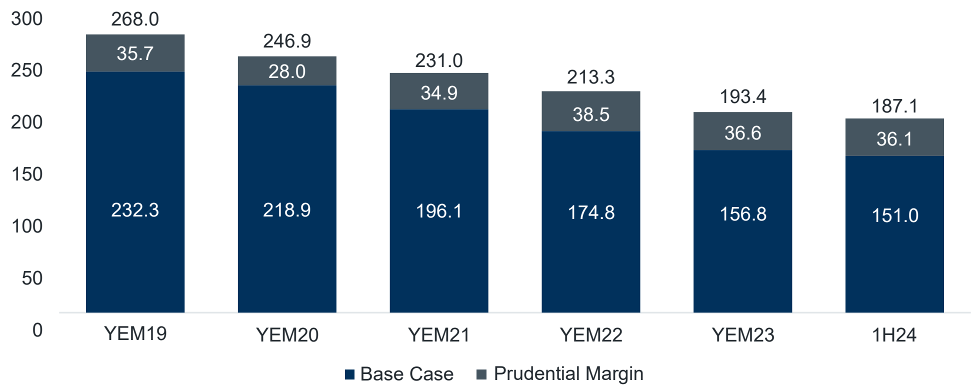
8.6.4 Product Liability

CSR's product liabilities are related to litigation claims arising from CSR's historic involvement in the mining and manufacturing of asbestos related products in Australia, and sales of asbestos to the United States. CSR's involvement in asbestos ceased in 1977.

As at 30 September 2023, CSR's estimated product liability totalled $187.1 million of which $151.0 million related to a base case estimate and $36.1 million related to an additional prudential margin determined by CSR directors based on the prevailing litigation environment and any material uncertainties which may affect future liabilities. In determining the product liability provision, at each financial year end CSR has obtained independent expert advice in relation to the future incidents and value of asbestos related claims.

The movement in CSR's asbestos provision since YEM19 is summarised as follows.

Movement in CSR's Asbestos Liability Since YEM19 ($ millions)



Source: CSR Annual and Half Year Reports and Results Presentations; Kroll analysis.

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8.7 Cash flows

The following table summarises the cash flow statement of CSR for YEM20, YEM21, YEM22, YEM23 and 1H24.

CSR Cash Flow Statement ($ millions)

	YEM20 Audited	YEM21 Audited	YEM22 Audited	YEM23 Audited	1H24 Reviewed
EBIT	**216.8**	**237.9**	**291.4**	**329.7**	**125.5**
Add back non-cash items:					
Depreciation and amortisation	99.7	96.2	88.5	84.9	43.2
Share of profits from associates	(13.9)	(13.5)	(15.6)	(19.3)	(12.0)
Net gain on disposal of property holdings	(3.5)	(57.2)	(60.3)	(75.6)	-
Dividends and distributions received	10.6	18.3	10.9	15.0	14.3
Interest received	3.5	1.3	0.9	2.2	1.6
Tax paid	(16.6)	(61.1)	(81.5)	(49.0)	(31.7)
Changes in working capital and other adjustments[1]	(50.5)	31.1	(19.0)	(174.1)	(34.7)
Net cash flow from operating activities	**246.1**	**253.0**	**215.3**	**113.8**	**106.2**
Net proceeds from the sale of property	72.3	100.8	40.4	92.9	(10.6)
Capital expenditure (net)	(100.2)	(49.0)	(40.0)	(84.5)	(64.6)
Proceeds / (payments) for businesses	61.0	(0.7)	(2.0)	-	(41.8)
Receipts / (payments) for financial assets	-	(23.0)	(54.4)	74.3	(2.4)
Loans (advanced) repaid to associates	13.6	(0.7)	(2.3)	7.5	3.0
Net cash inflow (outflow) from investing activities	**46.7**	**27.4**	**(58.3)**	**90.2**	**(116.4)**
Share buy-backs	(62.1)	-	-	(36.4)	-
Dividends paid	(140.5)	(75.4)	(182.0)	(166.6)	(95.5)
Acquisition of shares by CSR employee share trust	(0.1)	(1.0)	(6.0)	(5.0)	(4.4)
(Repayment) / drawdown of borrowings	320.0	(320.0)	-	-	20.0
Payment of lease principal	(33.9)	(34.0)	(31.9)	(32.7)	(17.4)
Interest and other finance costs paid	(11.6)	(13.8)	(10.1)	(9.5)	(4.8)
Net cash inflow (outflow) from financing activities	**71.8**	**(444.2)**	**(230.0)**	**(250.2)**	**(102.1)**
Net cash generated / (used)	**364.6**	**(163.8)**	**(73.0)**	**(46.2)**	**(112.3)**
Opening cash and cash equivalents	**50.0**	**414.8**	**250.8**	**177.7**	**131.6**
Effects of exchange rate changes	0.2	(0.2)	(0.1)	0.1	(0.2)
Closing cash and cash equivalents	**414.8**	**250.8**	**177.7**	**131.6**	**19.1**

Source: CSR Annual and Half Year Reports and Results Presentations; Kroll analysis.
Note:
1. Adjustments to reconcile EBIT with net cash flow from operating activities after deducting share of profits from associates, net gain in disposal of property holdings, and tax paid and adding back dividends and distributions received, interest received and depreciation and amortisation.

With regard to the statement of cash flows summarised above, we note the following:

- in YEM20, strong cash flow from operating activities, net proceeds from the sale of property and Viridian deferred sale proceeds were used to fund $100.2 million in capital expenditure (net), the full acquisition of CSR Martini Pty Ltd, the on-market share buy back and to pay dividends. CSR drew down borrowings which was retained as cash at period end;
- in YEM21, higher operating cash flow (reflecting a strong focus on working capital), material net proceeds from the sale of property, and cash balances were used to make required pre-prepayments

for derivatives,[64] repay all borrowings, and pay dividends and capital expenditure (net). As a result of the uncertain operating environment created by the COVID-19 pandemic, a final dividend for YEM20 was not declared and capital expenditure was lower at $49.0 million due to delays caused by the COVID-19 pandemic;

- in YEM22, net cash flows from operating activities were lower, mainly reflecting an increase in working capital due to higher raw material costs and imported products and timing of payments in Aluminium, while net proceeds from the sale of property were lower. Capital expenditure (net) continued to be lower at $40.0 million due to COVID-19 pandemic related travel restrictions. CSR was required to make payments in advance of $54.4 million in relation to derivates;
- in YEM23, cash flows from operating activities were lower, primarily reflecting higher working capital due to an increase in Building Products revenue, higher input costs, and the timing of shipments and higher input costs for Aluminium. Net proceeds from the sale of property reflect $140.3 million property proceeds net of $47.4 million capital expenditure to deliver contracted and future sales. Capital expenditure of $84.5 million was impacted by COVID delays in 1H23, before increasing in 2H23. CSR benefited from the refund of prior period derivative prepayments. Significant capital was returned to shareholders though dividends and an on-market share buyback;
- in 1H24, cash flows from operating activities increased, reflecting flat working capital for Building Products and a return of debtor days to pre-COVID pandemic levels, net of a $22 million working capital outflow due to timing of Aluminium sales/shipments. Capital expenditure increased to $64.6 million and CSR acquired Woven Image for $41.8 million. Cash was drawn down to $19.1 million; and
- stay-in-business capital expenditure was approximately $43 million in YEM20, and after COVID lockdowns were eased, increased to $55 million in YEM23 and $33 million in 1H24.

8.8 Capital structure and ownership

8.8.1 Overview

As at 19 April 2024, CSR had the following securities on issue:

- 477,383,587 ordinary shares on issue;[65] and
- 2,923,022 performance rights on issue.

8.8.2 Ordinary shares

As at 19 April 2024, CSR had 45,408 registered shareholders. The top 20 ordinary shareholders were primarily nominees, investment managers and custodians and accounted for 72.2% of CSR Shares. Retail investors (investors holding less than 5,000 shares) accounted for 87.7% of total shareholders and 10.7% of CSR Shares on issue.[66]

CSR has received notices from the following substantial shareholders.

CSR Substantial Shareholders as at 19 April 2024

Substantial Shareholder	Date of notice	Number of shares	Percentage[1]
Mitsubishi UFJ Financial Group, Inc.	12 April 2024	42,469,400	8.90%
State Street Corporation and subsidiaries	16 April 2024	39,625,155	8.30%
First Sentier Investors Holdings Pty Limited	2 April 2024	37,488,166	7.85%
BlackRock Group	17 April 2024	31,943,593	6.69%
The Vanguard Group and its subsidiaries	5 January 2022	24,280,701	5.00%

Source: ASX Announcements.
Note:
1. As at date of notice.

64 Derivative prepayments, which were paid over two years and then refunded.
65 Includes 1,941,497 CSR Restricted Shares and 382,177 CSR Shares held by CSR Share Plan Pty Limited.
66 Source: CSR management.

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8.8.3 CSR Equity Incentives

CSR operates incentive plans which allow for CSR executives and employees to be granted CSR Performance Rights and CSR Restricted Shares (**CSR Equity Incentives**) which, subject to satisfaction of certain performance and/or service-based conditions will, if vested, allow the participants to receive CSR Shares.

CSR Performance Rights

CSR has 2,923,022 unvested CSR Performance Rights on issue under the CSR Performance Rights Plan, which are subject to performance conditions (in respect to long-term incentive awards), service conditions and dealing restrictions.

CSR Restricted Shares

CSR also has 1,941,497 CSR Restricted Shares on issue, under the CSR Deferred Short Term Incentive Plan, CSR Universal Share Ownership Plan and CSR Employee Share Grant, and the CSR Employee Share Acquisition Plan. Refer to Section 9.2 of the Scheme Booklet for further details on CSR Restricted Shares.

Implications of the Scheme for CSR Equity Incentives

As part of the Scheme Implementation Deed, CSR may deal with the CSR Equity Incentives at the CSR Board's discretion, but must ensure that no CSR Equity Incentives are in existence, all rights to any CSR Equity Incentives have been extinguished, and all applicable restrictions have been removed from CSR Restricted Shares to enable such CSR Restricted Shares to participate in the Scheme, prior to the Business Day before the Scheme Record Date or the Scheme being implemented.

The CSR Board currently intends, subject to the Scheme becoming effective and the exercise of the CSR Board's discretion, to treat outstanding CSR Equity Incentives in place with employees as follows:

- determine the early vesting of all CSR Performance Rights; and
- release all CSR Restricted Shares from restrictions,

and take all other actions incidental or required to effect this, in each case prior to the Business Day before the Scheme Record Date or the Scheme becoming implemented.

382,177 CSR Shares held by CSR Share Plan Pty Limited are intended to be utilised to satisfy the vesting of 382,177 CSR Performance Rights. The diluted number of CSR Shares on issue will be 479,924,432.

8.9 Share price performance

8.9.1 Overview

In assessing CSR's share price performance, we have:

- analysed price and volume performance since 2 January 2020;
- compared CSR's share price movement to the S&P/ASX 200 Index (**ASX 200 Index**) and an index comprising companies that operate in the building products industry in Australia (**Comparable Company Index**); and
- assessed the VWAP and trading liquidity of CSR Shares for the period up to and including the last undisturbed trading day prior to media speculation regarding a possible change of control transaction for CSR, which was 20 February 2024.

The Comparable Company Index includes GWA Group Limited (**GWA**), Reliance Worldwide Corporation Limited (**Reliance**) and Fletcher Building Limited (**Fletcher Building**). It has been created with S&P Capital IQ based on the weighted market capitalisation of these companies.

We have excluded the following:

- Boral and Adbri, which operate in the construction materials industry;
- James Hardie Industries plc (**James Hardie**), as although its focus is on building products, a majority of its operations are located in the United States; and

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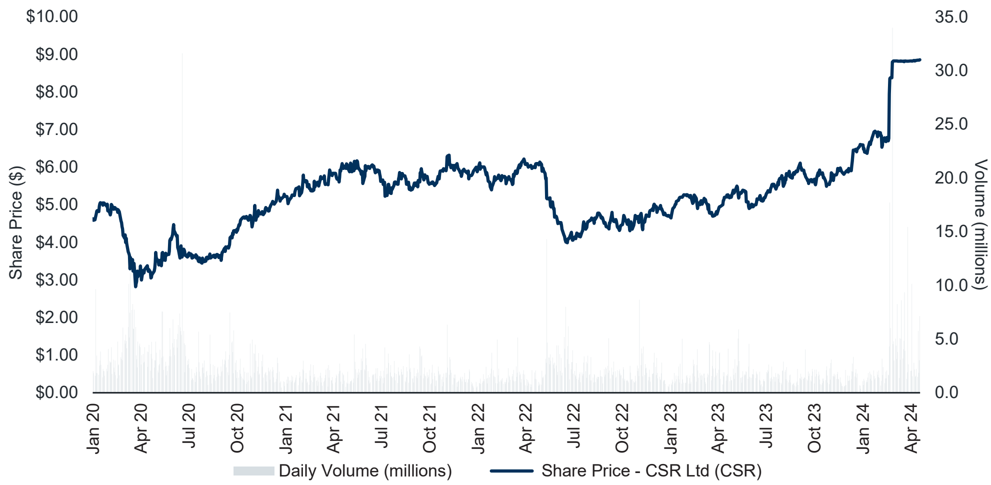
- Brickworks Limited (**Brickworks**), as although its focus is on building products, it's share price performance will be impacted by its 26.1% cross shareholding in ASX-listed Washington H. Soul Pattinson.[67]

8.9.2 Recent sharemarket trading

CSR's share price performance and the volume of shares traded between 2 January 2020 to 19 April 2024 is illustrated as follows:

CSR Share Price and Volume from 2 January 2020 to 19 April 2024



Source: S&P Capital IQ; Kroll Analysis.

Kroll considers that building products companies can be expected to exhibit a high correlation between share price movements and residential construction activity, which is influenced by housing affordability, consumer confidence, demographic factors, government policies, and supply constraints as noted in Section 7.2.4 of this report. As residential construction activity accounts for a majority of CSR's Building Products revenue, developments in the residential construction end-market are likely to have a strong influence on CSR's share price.

CSR's share price declined by 43.7% on heavy trading from $5.01 on 6 February 2020 to close at $2.82 on 23 March 2020, reflecting the impact of a market wide sell-off in response to the outbreak of the COVID-19 pandemic.

On 12 May 2020, CSR released financial results for YEM20 and in the following weeks, the share price increased by 20.2% to close at $4.47 on 3 June 2020. The financial results recognised a 63% uplift in Aluminium EBIT year-on-year, largely due to stabilised inputs and the lower Australian dollar, a strong balance sheet position, and minimal impact from COVID-19, whereby in Australia, all CSR sites remained open and no supply interruptions were noted.[68] In this regard, the performance of the Building Products segment during this period exhibited signs of resilience, with Building Products revenue falling 6% compared to steeper declines in residential construction activity.

The CSR share price subsequently declined in June 2020 coinciding with:

- a softer period in the Australian residential construction market, whereby housing approvals declined by 16.4% in May 2020 and 4.9% in June 2020;[69]; and

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[67] As per Brickworks Interim Financial Report for the half year ended 31 January 2024.
[68] CSR Limited ASX Announcement 12 May 2020.
[69] According to ABS dwelling approvals media releases.

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- CSR's Annual General Meeting on 24 June 2020, whereby management communicated a number of additional challenges arising from Tomago's high energy costs and vulnerability to low aluminium prices as well as continued uncertainty regarding the severity of the pandemic impact including the effect of reduced immigration on residential construction activity.[70]

CSR's share price increased by 75.0% from $3.52 on 1 September 2020 to close at $6.16 on 12 May 2021. During this period:

- the market responded positively to the release of CSR's 1H21 financial results, evidenced by a 5.7% uplift in share price to close at $4.66 on 2 November 2020. In 1H21, CSR recognised NPAT of $58.7 million, supported by marginal growth in Building Products EBIT and EBIT margin, which improved despite a 7% decline in residential construction activity on a two quarter lag basis for the 6 months to March 2020;[71] and
- CSR announced the sale of 8.6 hectares of the third tranche of land at Horsley Park, NSW on 12 October 2020 for total proceeds of $84.3 million;[72]
- momentum in the Australian residential construction market subsequently increased, driven by ultra-low interest rates and federal government stimulus programs such as Homebuilder[73] and underpinned a strong recovery in the Comparable Company Index and CSR's share price from late 2020 to mid-2021; and
- CSR's share price increased by 4.2% following the release of financial results for YEM21 on 12 May 2021. The company announced a 17% increase in NPAT, driven by strong cost control and operational efficiency in Building Products as well as greater profit contribution from the Property segment.[74]

CSR's share price traded within a relatively narrow range of $5.23 and $6.32 from 13 May 2021 until 29 April 2022. Despite operating in a challenging economic environment, characterised by rising inflationary pressures, labour shortages and COVID-19 pandemic lockdowns, CSR delivered positive results throughout the period. This included:

- multiple Property transactions, including the sale of 12.4ha of land at Horsley Park, NSW on 29 July 2021 for total proceeds of $124 million,[75] and 4.6ha of land at Badgerys Creek, NSW on 9 February 2022, for total proceeds of $20.7 million;[76] and
- a 30% increase in NPAT before significant items for 1H22 announced on 4 November 2021, driven by solid performances across all business segments. The financial results revealed a 25% growth in Building Products earnings, reflecting positive conditions in the detached housing market and continued cost discipline, $6.6 million in Property earnings and a $12.1 million increase in Aluminium earnings.[77]

Notwithstanding strong YEM22 results (released on 11 May 2022), CSR's share price declined by 35.0% on heavy trading from $6.14 on 29 April 2022 to close at $3.99 on 20 June 2022. This decline coincided with consecutive cash rate rises by the RBA and an anticipated downturn in residential construction activity in 2024.

Thereafter, CSR's share price broadly trended upwards, increasing by 69.7% to close at $6.77 on 20 February 2024. Over this period, CSR benefited from a period of sustained demand stemming from a strong homebuilding pipeline which had been lengthening due to continued labour shortages and supply chain disruptions. Other key announcements included:

- announcement of an on-market share-buyback of up to $100 million on 30 June 2022;[78]

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70 CSR Limited ASX Announcement 24 June 2020.
71 CSR Limited ASX Announcement 2 November 2020.
72 CSR Limited ASX Announcement 12 October 2020.
73 AFR Article12 May 2021.
74 CSR Limited ASX Announcement 12 May 2021.
75 CSR Limited ASX Announcement 29 July 2021.
76 CSR Limited ASX Announcement 9 February 2022.
77 CSR Limited ASX Announcement 4 November 2021.
78 CSR Limited ASX Announcement 30 June 2022.

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- the release of 1H23 financial results on 4 November 2022, whereby the company recognised a 27% uplift in NPAT before significant items, largely due to 15% earnings growth in Building Products;[79]
- the investor briefing held on the 10 November 2022, which was the first time the Property division strategy had been clearly articulated to the market, signifying when many brokers started incorporating the value of that division into their CSR Share price targets;
- the release of YEM23 financial results on 10 May 2023. CSR again recognised earnings growth, driven by Building Products and a strong Property contribution, which recorded EBIT of $72 million, following the sale of Warner, QLD and the next tranche at Horsley Park, NSW;[80]
- the $43 million acquisition of Woven Image on 4 July 2023, a leader in sustainable, design-led acoustic finishes and textiles;[81]
- the release of 1H24 financial results, whereby CSR recognised a record Building Products result of $165 million, up 18% on 1H23, largely due to price discipline and volume growth in Gyprock, Hebel and Bradford;[82] and
- the settlement of Stages 3A and 3B of its former brick plant in Horsley Park, NSW representing $167 million in total proceeds generating Property EBIT of $91 million for YEM24.[83]

8.9.3 Relative share price performance

CSR is a member of a number of indices including the ASX 200 Index (0.2% weighting)[84] and ASX 200 Materials Index (0.5% weighting).[85] The ASX 200 Materials index is dominated by BHP Group Limited (**BHP**) (29.2% weighting), Rio Tinto Group (**Rio Tinto**) (23.0% weighting) and Fortescue Ltd (**Fortescue**) (9.8% weighting). Given the performance of these companies is influenced by many industry factors unrelated to those that influence CSR, such as the price of mining commodities, Kroll has created an index comprised of companies that operate in the Australian building products industry (**Comparable Company Index**).[86]

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79 CSR Limited ASX Announcement 4 November 2022.
80 CSR Limited ASX Announcement 10 May 2023.
81 CSR Limited ASX Announcement 4 July 2023.
82 CSR Limited ASX Announcement 2 November 2023.
83 CSR Limited ASX Announcement 6 February 2024.
84 Calculated as at 19 April 2024.
85 Calculated as at 19 April 2024.
86 Includes GWA Group Limited (ASX:GWA), Reliance Worldwide Corporation Limited (ASX: RWC) and Fletcher Building Limited (NZSE:FBU). It has been created with S&P Capital IQ based on the weighted market capitalisation of these companies.

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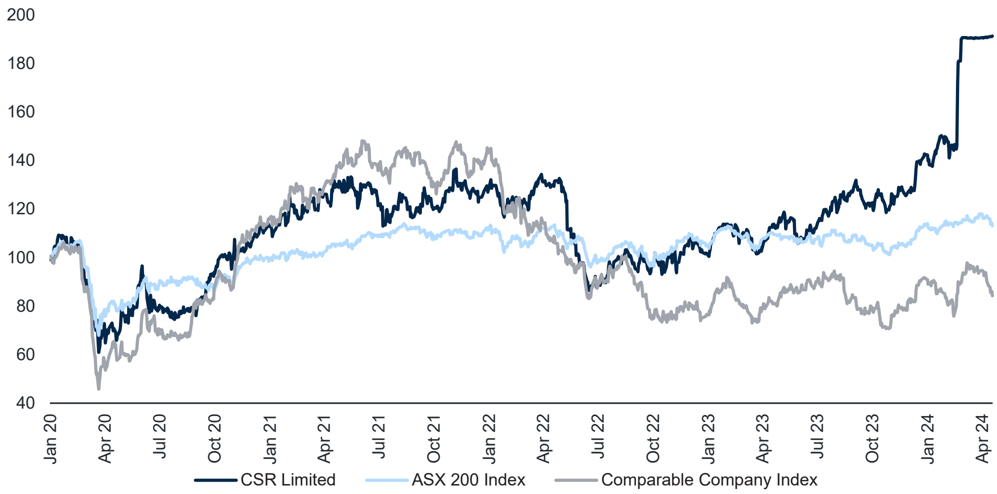
The performance of CSR shares relative to these indices from 2 January 2020 until 19 April 2024 is illustrated as follows:

CSR Share Price Performance Relative to Indices



Source: S&P Capital IQ; Kroll Analysis.

CSR's share price declined sharply in February 2020 and March 2020 alongside the ASX 200 Index and Comparable Company Index as the anticipated impacts of the COVID-19 pandemic weighed heavily on multiple sectors. Following a brief period of recovery, CSR's share price and the Comparable Company Index declined, underperforming the broader index in June 2020, reflecting the slowdown in the residential construction market.

From September 2020 to May 2021, CSR and the Comparable Company Index then increased strongly, outperforming the ASX 200 Index (which recovered more slowly). Positive share price movements coincided with improving conditions in the Australian residential construction market, supported by ultra-low interest rates and federal government fiscal stimulus.

From May 2021 to April 2022, the building industry faced a challenging economic backdrop, underpinned by rising inflationary pressures, COVID-19 pandemic lockdowns and labour shortages due to international border closures. From May 2022 to June 2022, CSR's share price declined steeply alongside the Comparable Company Index, underperforming the ASX 200 Index, as CSR and the indices were negatively impacted by the tightening of monetary policy.

From, June 2022, CSR's share price increased strongly, outperforming the Comparable Company Index, which declined in September 2023 and then remained subdued, and the broader sharemarket, which recovered more slowly.

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8.9.4 Liquidity

An analysis of the volume of trading of CSR Shares, including the VWAP for various periods up until 20 February 2024, the last undisturbed day of trading prior to media speculation regarding a possible change of control transaction, is set out as follows:

CSR Liquidity to 20 February 2024

Period	Low	Price (dollars) High	VWAP	Cumulative value ($ million)	Cumulative volume (million)	Percentage of issued capital
1 day	6.61	6.77	6.72	10.8	1.6	0.3%
1 week	6.61	6.98	6.73	58.3	8.7	1.8%
1 month	6.37	7.02	6.79	235.3	34.7	7.3%
3 months	5.80	7.02	6.47	586.9	90.7	19.0%
6 months	5.43	7.02	6.10	1,144.3	187.6	39.3%
12 months	4.63	7.02	5.60	2,360.0	421.7	88.4%

Source: IRESS; Kroll Analysis.

9 Valuation of CSR

9.1 Overview

Kroll has assessed the value of the equity of CSR to be in the range of $3,957.0 million to $4,444.8 million, which is equivalent to a range of values of $8.25 to $9.26 per CSR Share on a fully diluted basis. Our range of assessed values reflects 100% ownership of CSR and, therefore, incorporates a control premium. As our valuation includes a control premium, our range of assessed values per share exceeds the price at which we expect CSR Shares would trade on the ASX in the absence of the Transaction.

The value of CSR's equity has been determined by estimating the fair value of CSR's operating business, together with consideration of the fair value of its property portfolio, its remaining product liability, and net debt (including right-of-use lease liabilities).

The valuation of CSR is summarised as follows.

CSR Valuation Summary ($ millions)

	Section Reference	Valuation Range Low	High
Building Products	9.3	3,200.0	3,600.0
Aluminium	9.4	117.2	180.8
Value of CSR's operating business (100% control basis)		**3,317.2**	**3,708.8**
Property portfolio	9.5	803.8	828.0
Product liability provision	9.6	(126.6)	(126.6)
Enterprise value (100% control basis)		**3,999.4**	**4,482.2**
Adjusted net debt (including leases)	9.7	(37.4)	(37.4)
Equity value to CSR Shareholders (100% control basis)		**3,957.0**	**4,444.8**
Fully diluted CSR Shares on issue (millions)	8.7	479.9	479.9
Equity value per CSR Share – diluted (control basis) ($)		**$8.25**	**$9.26**

Source: Kroll analysis.

In assessing the underlying value of CSR, Kroll has separately valued CSR's operating segments using a sum-of-the-parts methodology, which aggregates the value of each of CSR's operating businesses:

- the Building Products operating segment using a Discounted Cash Flow (**DCF**) analysis as the primary methodology (refer to Section 9.3.2 of this report) and cross-checked this value using a market approach (refer to Section 9.3.3 of this report). Our value for this segment includes the impact of CSR Corporate); [87]

[87] CSR Corporate includes the Restructuring and Provisions Segment.

- the Aluminium operating segment using a DCF as the primary methodology (refer to Section 9.4 of this report) and cross-checked this value by comparing it to funds employed in GAF (100% basis), before reflecting CSR's 70.0% ownership in GAF and applying any discounts (refer to Section 9.4.3 of this report); and
- the Property portfolio comprises of properties contracted to be sold, surplus land, and short-term opportunities only (refer to Section 8.4.3 of this report for further details on property categorisation). The property values are adjusted for costs and tax relating to their disposal (refer to Section 9.5 of this report).

Our valuation range of $8.25 to $9.26 per CSR Share reflects a premium over the closing price of CSR Shares on 20 February 2024, the last trading day prior to media speculation regarding a possible change of control proposal for CSR, of between 21.9% and 36.8%, and a premium to the three-month VWAP in the range of 27.5% to 43.1%. This level of premium is broadly consistent with the premiums observed in completed transactions, which are generally in the range of 25% to 40% depending on the individual circumstances of each transaction,[88] and reflects:

- that our valuation of CSR includes a control premium, rather than a valuation of a minority interest in the company as traded on the ASX. Kroll is of the view that it is possible that a number of global building products companies, who like Saint-Gobain do not have overlapping geographies, could achieve a similar level of synergies, although likely no more than Saint-Gobain's low estimate of full run-rate synergies of $60 million (pre-tax, by year 3)[89] given that the product ranges of other potential acquirers are generally less complementary to CSR's product ranges (refer to Section 9.2.3 of this report); and
- that our value range attributes substantial value to the strategic initiatives associated with the current strategic plan, which are already well progressed, as well as benefits from brownfields expansions and bolt-on acquisitions contained within CSR's five-year corporate plan (Five-year Plan).

CSR Permitted Dividend

CSR has agreed with Saint-Gobain that a dividend may be paid to CSR Shareholders, with the amount of that dividend deducted from the cash offer price. The CSR Board currently intends to declare or determine to pay a fully franked dividend of $0.12 cash per CSR Share before the Scheme Meeting[90] conditional on the Scheme becoming effective.

In Kroll's opinion, it is not appropriate for the assessment of the Scheme to either factor into the value of CSR the value of accumulated franking credits or include in the value of the consideration the value of the credits attached to the CSR Permitted Dividend, since the value of those credits to each CSR Shareholder varies depending on their individual circumstances. Nevertheless, it needs to be recognised that, where part of a takeover offer comprises a franked dividend, some shareholders may realise additional value from the franking credits (i.e. they are better off in after tax terms than they would have been had the same amount been paid as part of the acquisition price and been received as a capital gain).

Additional Consideration

If the Effective Date for the Scheme occurs after 26 June 2024, on implementation of the Scheme, CSR Shareholders will also be entitled to receive the Additional Consideration Amount per CSR Share held as at the Scheme Record Date. The Additional Consideration Amount would be in addition to the Transaction Consideration described previously, and is calculated as $0.02 per month, accruing on a daily basis.

We note that under the proposed timetable for the Scheme set out in this Scheme Booklet, no Additional Consideration Amount will be payable as it is proposed that the Effective Date will be before 26 June 2024.

88 Source: 2023 Factset Review. Range represents median premium from 2012 to 2022. Premiums are calculated based on the seller's closing price five business days before the initial announcement. The calculations exclude negative premiums and premiums over 250%.
89 Source: "Saint-Gobain to acquire CSR Limited", 26 February 2024, p.14.
90 The meeting of CSR Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

As such, in assessing the fairness of the Scheme, Kroll has not factored into the value of CSR the Additional Consideration Amount.

9.2 Approach

9.2.1 Overview

Our valuation of CSR has been prepared on the basis of 'fair value'. The generally accepted definition of fair value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable, willing, but not anxious buyer and a knowledgeable, willing, but not anxious seller, acting at arm's length. Fair value excludes 'special value', which is the value over and above the value that a particular buyer, which can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

In the absence of direct market evidence, fair value is commonly derived by applying one or more of the following valuation approaches:

- income approach;
- the market approach; or
- cost approach.

These approaches are discussed in further detail in Appendix 4. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the asset or business and the actual practice adopted by purchasers of the type of asset or business involved. A secondary methodology is often adopted as a cross-check to ensure the reasonableness of the outcome, with the valuation conclusion ultimately being a judgement derived through an iterative process.

For profitable businesses, the market approach and income approach are commonly used as they reflect 'going concern' values, which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich (e.g. real estate investment trusts), a cost approach is typically adopted as there tends to be minimal goodwill, if any.

9.2.2 Selection of methodology

A discussion of the rationale for the selection of the valuation methodologies is set out as follows.

Income approach

Under an income approach, the value of an asset or business is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history, there is a variable pattern of cash flow, or the asset or business has a finite life.

The most common application of the income approach is the DCF methodology. This methodology allows for cash flows to reflect a range of risks and opportunities and also allows for a range of scenarios to be modelled. Consequently, a DCF methodology has been adopted as our primary methodology for valuing CSR's Building Products and Aluminium operating segments (i.e. CSR's operating business). This methodology allows for cash flows to reflect the gradual benefit of initiatives under the strategic plan, CSR's investments in brownfield manufacturing to improve operating efficiency and capacity, evaluate bolt-on acquisition opportunities, and also allows for a range of scenarios to be modelled (e.g. in relation to building and construction cycles).

A DCF methodology can be applied to cash flows to the whole asset or business or cash flows to equity. Cash flow to the whole asset or business is most commonly used because an asset or business should theoretically have a single value that is independent of how it is financed or whether income is paid as dividends or reinvested. Utilising a DCF methodology requires estimation of cash flows for a number of years and discounting those cash flows back to present value.

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CSR's Five-year Plan

The DCF analyses for Building Products and Aluminium utilise CSR's Five-year Plan for YEM25 to YEM29. For Building Products, Kroll has extrapolated cash flows for a further five-year period until the segment reaches a normalised, 'through-the-cycle' view of CSR's cash flows. For Aluminium, beyond YEM29, Kroll has assumed that Tomago will continue to operate under a viable repowering solution after the expiry of the current electricity contract with AGL in 2028.

Kroll has undertaken various enquiries in relation to the Five-year Plan, including holding discussions with CSR management regarding the key assumptions underlying the Five-year Plan, and reviewing the key assumptions in the context of current economic, financial, and other conditions (e.g. end-market volume growth forecasts, inflation forecasts, as applicable). The Five-year Plan contains a number of assumptions in relation to market and business specific factors, as is typical for any business, which have a material impact on performance.

Following our enquiries and independent analysis, Kroll is of the view that the Five-year Plan has been prepared on a reasonable basis and is, therefore, suitable as a basis for our valuation of CSR's Building Products segment. In making this assessment, we have taken the following into account:

- the Five-year Plan is used internally to forecast central and business unit initiatives. It is updated periodically based upon actual results and changes in outlook. The Five-year Plan reflects CSR's most recent outlook on the expected performance;
- the Five-year Plan uses as its starting point a detailed 'bottom up' reforecast for YEM24, consolidated by corporate teams with input from business unit leaders. This includes nine months of actuals and 3 months of forecast trading (**9+3 reforecast**);
- the YEM25 forecast in the Five-year Plan is materially consistent with the YEM25 budget, and was based on a top-down earnings outlook prepared by CSR on a detailed basis, including consideration of external construction activity forecasts and other detailed drivers;
- for Building Products forecasts in YEM26 to YEM29, a top-down earnings forecast has been prepared based on external construction activity forecasts and other detailed drivers. CSR management has moderated volumes over YEM27 to YEM29 to reflect historic industry capacity constraints;
- the Five-year Plan includes strategic initiatives associated with the strategic plan;
- cost and price assumptions are based on CPI forecasts, which Kroll has benchmarked against forecasts by IHS Markit; and
- capital expenditure assumptions are based on the business unit plans and were used to inform a review of capital allocation undertaken by an external adviser.

There are, however, considerable risks in relation to certain assumptions underlying the Five-year Plan which are outside management's control (e.g. the duration and amplitude of building construction cycles) which could have a material impact on value. Furthermore, there is a risk that not all of the anticipated benefits of the initiatives under the strategic plan will be achieved, or that they are delayed, or that implementation costs are greater than anticipated. CSR is also exposed to risks relating to competition and cost inflation which may impact margins or the cost of brownfield manufacturing investment. On the other hand, we note there is considerable potential to achieve further benefits from strategic opportunities that are under-development and not included within the current strategic plan. Consequently, Kroll has considered various scenarios to reflect the impact on value outcomes of these risks and opportunities.

Kroll has updated the Five-year Plan to reflect our judgement on certain matters. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information or tested the mathematical integrity of the Five-year Plan. However, we have made sufficient enquiries and, where considered necessary, have made adjustments to assumptions to reflect our judgement.

The cash flows within our analysis do not constitute a forecast or projection by Kroll of the future performance of CSR, and no assurance or warranty is provided that future performance will align with the assumptions adopted in the model. These assumptions do not, and do not purport to, represent the range of potential outcomes for CSR's operating business.

Synergies

In undertaking the primary DCF analysis, Kroll has reflected a full run-rate[91] of $60 million (pre-tax) of synergies per annum (achieved by year 3), less implementation costs of $60 million (pre-tax), in the cash flow forecasts for Building Products. These synergies correspond to the minimum level of synergies that Saint-Gobain expects to achieve through acquiring CSR,[92] noting that Kroll has assumed that a typical acquirer of CSR does not have an overlapping geographical footprint (refer to Section 9.2.3 of this report).

Saint-Gobain's estimate of a minimum level of synergies of $60 million includes:

- $8 million of listed company costs (e.g. Board, audit fees, investor relations and listing costs);
- $32 million industrial performance improvement (i.e. manufacturing efficiencies and cost savings) from rolling out the world class manufacturing best practices of Saint-Gobain's;
- $10 million of procurement benefits from access to Saint-Gobain's building products company's global procurement platform; and
- $10 million of revenue synergies resulting from the extension of Saint-Gobain's product range in Australia and extension of CSR products across the Saint-Gobain's network. The estimated benefit is calculated at an EBIT level.

Kroll is of the view that other global building products companies (other than Saint-Gobain) would also be able to generate a similar level of synergies through their world class manufacturing best practices and global procurement platforms as well as generate cross-selling benefits. In addition, any potential acquirer would be able to save listed company costs.

The above estimate does not include synergies arising from rationalising manufacturing facilities, supply chain and local operations teams, which would only be available to an acquirer with an overlapping geographical footprint.

In order to assess the reasonableness of the assumed synergies, Kroll has held discussions with CSR management in relation to the synergies and reviewed CSR's internal analysis of synergies that it expects an acquirer of CSR to be able to achieve. The analysis supports the view that a global building products company that does not have an overlapping geographical footprint would likely be able to generate an equivalent level of synergies of $60 million.

The run-rate synergies of $60 million represents 1.7% to 1.9% of CSR's enterprise value. In addition, to further support the reasonableness of the synergies, Kroll has considered the quantum of synergies that other bidders in the building products industry, as well as Saint-Gobain, expected to achieve through undertaking acquisitions of building products companies (including two other acquisitions made by Saint-Gobain). The analysis indicates that where the bidder and target had overlapping geographies, the bidders typically expected to achieve run-rate synergies in the order of 3.2% to 3.9% of enterprise value (refer to Section 9.3.3 of this report and Appendix 6). Where the participants did not have overlapping geographies, synergies were generally lower at 1.0% to 2.4% of enterprise value (a median of 1.7%),[93] which is consistent with the synergies estimated for CSR.

Kroll's estimate of implementation costs is based on the rule of thumb that implementation costs are typically one times run-rate synergies.[94]

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available information. Application of this approach involves the capitalisation

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[91] Run-rate synergies refer to the first full year of synergy benefits, after a period of ramp up.
[92] Source: "Saint-Gobain to acquire CSR Limited", 26 February 2024, p.14.
[93] For example, US based Ownes Corning acquired Finnish based Parry I Holding AB in October 2017 for €900 million and expected to generate synergies of €15 million (1.7% of enterprise value). Australian based Fletcher Building acquired US-based Formica for US$750 million (including earn outs) in 2007 and expected to generate US$18 million of synergies (2.4% of enterprise value). Saint-Gobain acquired UK based BPB PLC for US$6,680 in August 2005 and expected to generate US$66 million in synergies (1.0% of enterprise value).
[94] "A winning formula for deal synergies", McKinsey, 8 May 2020.

of the cash flows or earnings (or revenue) of a business at a multiple that reflects both the risks of the business and the future growth prospects of the income it generates. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (market comparable methodology);
- there are frequent and/or observable transactions in comparable assets or businesses (comparable transactions methodology); and
- there is substantial operating history and a consistent earnings trend.

CSR has a substantial operating history, however, there are relatively few publicly traded Australian building products companies and transactions involving such companies from which to calculate meaningful multiples. Consequently, Kroll has also considered peers and transactions that are either based in the United States or globally, or peers and transactions that have occurred in related markets (i.e. construction materials). For this reason, we have used a market approach as a cross-check rather than as the primary approach.

The earnings bases to which a multiple is commonly applied include revenue, EBITDA, EBIT, NPAT and book values. The choice will typically depend on the industry and characteristics of the subject asset or business. We note that the use of EBITDA, EBITA, or EBIT is common in valuing building products and construction materials companies. EBITDA is often more useful for making comparisons between capital-intensive companies or those with substantial intangible assets, where excessive depreciation and amortisation and non-cash charges provide an incomplete picture of earnings at the EBIT level. However, a comparison of EBIT often provides a clearer picture of the relative differences in capital expenditure requirements (albeit, not always a complete picture). We note that companies in the building materials industry typically have immaterial intangible assets and historical amortisation expenses, so EBITA tends to approximate EBIT. Consequently, we have considered both EBITDA and EBIT multiples in our market approach. When calculating these multiples, we have also recognised the impact of Australian Accounting Standards Board 16 (**AASB 16**) *Leases*, and where possible have ensured a consistent approach to determine a like-for-like comparison in each instance.

In considering the appropriate earnings period of the asset or business being valued from which to calculate multiples, factors to consider include whether the historical performance of the asset or business reflects the expected level of future operating performance, such as whether the underlying business is cyclical and at what stage of the cycle the performance is being measured. Kroll has considered these issues as part of its analysis of market evidence for the Transaction.

CSR has not provided specific earnings guidance. Accordingly, the implied forward multiples used in our market approach cross-check have been calculated based on broker consensus forecasts.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them. Kroll is not aware of any rules-of-thumb that are used in the valuation of building products companies.

Cost approach

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). Such an approach is appropriate for determining the value of CSR's Property operating segment, but is not appropriate for CSR's other operating segments.

9.2.3 Control premium

Consistent with the requirements of RG 111, we have assumed 100% ownership in valuing CSR and, therefore, our valuation is inclusive of a control premium. Successful transactions are commonly completed with an implied acquisition premium to the pre-trading equity price of the target in the order of 25% to 40% depending on the individual circumstances.[95] In considering the evidence provided by actual transactions, it is important to recognise that the observed premium for control is an outcome of the valuation process,

[95] Refer to footnote 18.

not a determinant of value, and that each transaction will reflect to varying degrees the outcome of a unique combination of factors, including:

- the acquirer's capacity to realise full control over the strategy and cash flows of the target entity;
- the magnitude of synergies available to all acquirers, for example, the rationalisation of costs related to duplicated functions particularly where there are overlapping geographies, or the removal of costs associated with the target being a listed entity;
- uncertainties related to the timing of full realisation of target synergies;
- the expected costs to migrate and integrate the business;
- the nature of the bidder (i.e. whether the acquirer is a financial investor or a trade participant);
- synergistic or special value that may be unique to a particular acquirer;
- the interest acquired with consideration to the bidder's pre-existing shareholding in the target;
- the prevailing conditions of the economy and capital markets at the time of the transaction with consideration to the position in the overall market cycle;
- desire (or anxiety) for the acquirer to complete the transaction;
- whether the acquisition is competitive; and
- the extent the target company's share price already reflects a degree of takeover speculation.

The premium that is ultimately applied must have regard to the circumstances of each transaction. In some situations, it may be appropriate to apply no premium for control, for example, there are transactions where no corporate buyer is prepared to pay a price in excess of the prices paid by institutional investors through an initial public offering. Accordingly, an assessment as to an appropriate control premium, if any, is essentially a matter of judgement.

The multiples derived for listed comparable companies generally reflect prices at which portfolio interests are traded and consequently, they do not include a control premium. They may also be impacted by the level of liquidity in trading of the particular security. Accordingly, when valuing a business as a whole (i.e. on a 100% basis), it is appropriate to also reference the multiples achieved in recent transactions, where a control premium and breadth of purchaser interest are more fully reflected.

There are a small number of global building products companies that likely could achieve substantial synergies, notwithstanding that they do not have any overlapping geographies. Saint-Gobain has announced that it expects to achieve full run-rate synergies of $60 million (pre-tax) in year 3 following the transaction close, of which $50 million are cost synergies arising from operational excellence (i.e. best practice sharing on manufacturing, energy savings and sustainability and supply chain), delisting costs and procurement costs, and at least $10 million of growth synergies arising from cross-selling opportunities on additional products.[96] It has also flagged that there may potentially be further synergies although these are not quantified. Kroll is of the view that it is possible that a number of global building products companies could achieve a similar level of synergies, although likely no more than Saint-Gobain's low estimate given that the product ranges of other potential acquirers are generally less complementary to CSR's product range.

An acquirer with a presence in Australia and therefore overlapping geographies may be able to generate additional synergies (e.g. rationalising manufacturing facilities, supply chain and local operations teams). There are no clear acquirers with material operations in Australia and which have sufficient scale and financial capacity to acquire CSR.

In undertaking the primary DCF analysis, Kroll has reflected a full run-rate of $60 million (pre-tax) of synergies per annum (achieved by year 3), less implementation costs, in the cash flow forecasts for Building Products. In the market approach cross-check for Building Products, synergies are reflected in the control multiple.

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[96] Source: "Saint-Gobain to acquire CSR Limited", 26 February 2024, p.14.

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9.3 Building Products

9.3.1 Summary

Kroll has assessed the value of CSR's Building Products segment to be in the range of $3,200 million to $3,600 million using a DCF analysis as the primary methodology, and cross-checked this value using a market approach (refer to Section 9.3.3 of this report). The value range includes costs relating to CSR's Corporate segment, the full run-rate of $60 million of synergies per annum (pre-tax, achieved by year 3, less implementation costs), and certain lease liabilities related to Building Products and Corporate.[97]

9.3.2 Discounted cash flow analysis

The DCF analysis for the Building Products segment projects nominal, unlevered, after tax cash flows from 1 April 2024 until 31 March 2034, a period of 10 years (**forecast period**). Unlevered, after tax cash flows are discounted by a weighted average cost of capital (**WACC**) in the range of 10.2% to 11.0% (refer to Appendix 5 for discount rate assumptions). A terminal value is calculated based on a Gordon Growth Model[98] using a terminal growth rate of 2.75%, which considers long-term inflation forecasts from IHS Markit and the Reserve Bank of Australia's inflation target of 2% to 3%, as well as real growth expectations for the Australian construction industry.

The DCF analysis utilises CSR's Five-year Plan for the period from YEM25 to YEM29. Kroll has extrapolated the cash flows for a further five years based on high-level assumptions regarding revenue growth, EBIT margins, and capital expenditure, such that the terminal year represents a normalised, 'through-the-cycle' view of CSR's cash flows.

Kroll notes that the Five-year Plan includes CSR's 'business as usual' forecasts and adds on the benefits of CSR's strategic plan, planned brownfield manufacturing capital projects, and bolt-on mergers and acquisitions. In our base case scenario (Scenario A), we have updated the Five-year Plan cash flows to reflect our judgement on certain matters. Kroll has also developed a number of scenarios based on our base case to reflect the impact on value of key assumptions relating to volume growth, EBIT margins and capital expenditure.

Base case assumptions

The assumptions underlying Kroll's base case scenario (Scenario A) are outlined below.

For Scenario A, the YEM25 to YEM29 assumptions include:

- Building Products revenue that has been projected for each brand as a function of:
  - volume growth, reflecting overall expectations for market activity in the Australian building and construction industry. Assumptions are based on third-party independent and industry body forecasts (refer to Section 7.2.5 of this report for industry forecasts), which are then moderated by management to reflect historic industry capacity constraints. Volume growth is built up on a brand basis factoring in industry end-market exposure and geographical weightings. YEM25 growth is mixed across brands, but overall volumes decline slightly, primarily driven by weaker demand in the detached, alterations and additions, and medium density residential end-markets. Overall volume growth resumes only modestly in YEM26 (weighed down by soft demand in alterations and additions and non-residential end-markets), before strengthening in YEM27 to YEM29, mainly reflecting strong increases in demand across residential end-markets;
  - price movements for YEM25 reflect the most recently announced price increases, adjusted for expected realisation. For the remainder of the Five-year Plan, price increases moderate and reflect CSR's cost recovery assumptions after factoring in inflation forecasts and cost inflation (e.g. energy, wages, and input costs);
  - incremental revenues from strategic initiatives associated with the strategic plan;

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[97] CSR Corporate includes the Restructuring and Provisions Segment.
[98] Final year cash flow multiplied by (1+ perpetual growth rate) divided by (discount rate – perpetual growth rate).

- revenue benefits from brownfield manufacturing capital expenditure and bolt-on acquisition opportunities (as discussed later in this section);

- gross margins improve slightly between YEM24 to YEM29, reflecting cost management, operating cost leverage (with a portion of cost of goods sold being fixed in nature, based on CSR's historical experience), benefits of the strategic plan and brownfield manufacturing capital expenditure. Variable costs increase based on volume growth and are indexed to inflation, while fixed costs are indexed to inflation only;
- operating expenses (including W&D, SG&A and Corporate costs[99]) increase by a rate slightly below the assumed revenue growth rate from YEM24 to YEM29, reflecting continued cost discipline, operating cost leverage (with a portion of operating costs being fixed in nature, based on CSR's historical experience) and benefits associated with the strategic plan. Variable costs increase based on both volume growth and inflation, while fixed costs increase with inflation. Strategic initiatives deliver incremental improvements to operating expenses over the period and are fully realised by YEM29;
- share of EBIT from associates (i.e. equity accounted investments) grows at around the same rate as operating EBIT from YEM24 to YEM29;
- stay-in-business depreciation and amortisation remains constant at YEM24 levels through to YEM29;
- EBIT margins decline slightly in YEM25 and YEM26 primarily due to softer residential market activity and cost inflation, then increase from YEM26 until YEM29 to above recent historical levels, reflecting the realisation of benefits from the strategic plan (including more optimised operations and supply chains) and brownfield capital expenditure, and the benefits of operating cost leverage as residential construction activity increases;
- stay-in-business capital expenditure (excluding lease capital expenditure) is maintained in the range of $45 million to $51 million, consistent with historical requirements. Lease capital expenditure is assumed to be equal to the depreciation of right-of-use lease assets (i.e. it is assumed to sustain the right-of-use lease asset balance);
- development capital expenditure relating to brownfield capital projects is aimed at increasing manufacturing capacity to enable CSR to meet higher future demand, as well as improving efficiency. Development capital expenditure aimed at improving efficiency is assumed to generate a 10% ROFE, and the impact is reflected in both revenue and costs. Development capital expenditure is depreciated on a straight-line basis over 20 years;
- Kroll has assumed $50 million of bolt-on acquisitions per annum from YEM25 to YEM29. Acquisitions generate a return of 10% EBIT and 15% EBITDA, with benefits accruing a year after investment;
- a corporate tax rate of 30%; and
- working capital of approximately 19% of sales in YEM25, declining to approximately 18% of sales in YEM29, in line with historical levels for Building Products.

For Scenario A, Kroll has adopted simplified assumptions for YEM30 to YEM34 such that the terminal year represents a normalised, 'through-the-cycle' view of CSR's cash flows:

- revenue growth of 3.0% per annum from YEM30 to YEM34, which includes long-term inflation estimates, plus a small uplift to reflect a conservative estimate of real 'through-the-cycle' growth;
- the EBIT margin normalises to a 'through-the-cycle' margin that is slightly higher than recent historical experience, and assumes that the majority of strategic initiatives remain while others are eroded over time;
- depreciation and amortisation related to stay-in-business capital expenditure remains flat at YEM29 levels and depreciation and amortisation on development capital expenditure declines by approximately 2% per annum;

99 Operating expenses inclusive of Corporate costs, including restructuring and provisions but excluding expected listed company cost savings and depreciation and amortisation. CSR's Corporate costs are included as Building Product segment as they are primarily attributable to the segment.

- total capital expenditure (including lease capital expenditure) is equal to depreciation, as CSR will have made substantial development capital expenditure investment in the period from YEM25 to YEM29. Capital expenditure is 120% of depreciation in the terminal year, reflecting that capital expenditure is depreciated over a number of years. Lease capital expenditure is grown by inflation from YEM29;
- a corporate tax rate of 30%; and
- working capital of approximately 18% of sales, in line with historical levels.

Our analysis has adopted the following assumptions regarding the valuation of synergies and corporate costs for all scenarios (including Scenario A):

- the valuation of synergies is based on Saint-Gobain's estimates.[100] Kroll has assumed that $60 million of annual pre-tax synergies would be achieved by YEM27, with one-off implementation costs assumed at one-times the benefit of the synergy and also graduated through to YEM27. Kroll has assumed that synergies would remain constant for the period after YEM28. We note that Saint-Gobain's acquisition presentation implies that further synergies may be available and in this regard, Kroll has adopted the lower $60 million figure to reflect that a hypothetical acquirer of CSR (two or more) are unlikely to have product ranges that are as complementary to that of CSR, and to account for risks of achieving the synergies; and
- corporate costs (including restructuring and provisions) include costs associated with the senior executive team and corporate shared services functions including central finance, tax, and human resource functions, and have been included in the Building Products segment given they are primarily attributable to the segment. We note that listing and other related costs have effectively been removed by the inclusion of the synergies. Corporate costs increase in line with inflation from YEM25 to YEM34.

Scenario analysis

There is material uncertainty regarding the future short-to-medium term outlook of CSR, given its high exposure to Australian residential end-markets and its historical earnings sensitivity to changes in these markets. Although residential construction activity has been stable in recent years and benefitted from a backlog of work stemming from the COVID-19 pandemic (which exceeded historical averages by more than 50% as at 30 September 2023) it has historically been cyclical and closely tied to the performance of the broader economy. Furthermore, in many respects, there are considerable risks associated with achieving the EBIT margin improvements for Building Products that forms our base case, and although the company has outlined a conceivable path to achieving these margins through pricing initiatives, strong cost management, strategic benefits, and potential brownfield capital projects and bolt-on acquisitions, they have not been achieved by the Building Products segment in the past and remain slightly above the most recent 1H24 EBIT margin of 16.3%.

Risks to the successful execution of CSR's Five-year Plan (and Scenario A) include, but are not limited to, a softer residential construction market, management of cost pressures and competitor responses in a softening market, delays and increased costs relating to capital expansion and the strategic plan, and capacity constraints driving elevated costs if strong growth were to eventuate. We also recognise there are additional opportunities not reflected in the Five-year Plan, including but not limited to, higher than forecast construction activity levels, increased demand allowing for further margin expansion, continuation of operational improvements and procurement savings, and the acceleration of the capital expansion and the strategic plan. The combination of these factors result in there being a wide range of potential outcomes for CSR's Building Products segment.

Kroll has developed a number of scenarios which reflect the risks to end-market performance and CSR's Building Products' operating performance, which mainly focus on the period between YEM26 to YEM29 as the YEM25 forecast is consistent with CSR's detailed budget and can be expected to be reasonably reliable.

[100] Source: "Saint-Gobain to acquire CSR Limited", 26 February 2024, p.14.

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We have limited our scenarios to those we consider to be plausible based on the evidence available, rather than hypothetical or unrealistic scenarios[101] as set out in the following:

- **higher or lower volume growth**: Scenario A assumes that volume growth reflects CSR's overall expectations for market activity for each end-market. In YEM25, volumes decline slightly, primarily driven by weaker demand in the detached, alterations and additions, and medium density residential end-markets. Volumes resume modest growth in YEM26, before strengthening for the period from YEM27 to YEM29, reflecting strong increases in demand across all residential end-markets. We note that CSR's assumptions are more conservative in YEM26 to YEM29 than the median forecasts from market observers and could ultimately prove overly conservative. On the other hand, volume growth across CSR's brands could be worse than expected which may occur if, for example, interest rates remain higher for longer, impacting affordability and developer feasibilities, or if investor, developer and homeowner confidence declines due to a deteriorating economy or weaker employment conditions. In this regard, the following scenarios have been developed:
  - Scenario B assumes that volume growth across all brands will be incrementally higher by 1% per annum between YEM26 and YEM29 relative to Scenario A, indicating that CSR's market activity forecasts are understated;
  - Scenario C assumes that volume growth across all brands will be incrementally lower by 1% per annum between YEM26 and YEM29 relative to Scenario A, indicating that CSR's market activity forecasts are overstated.
- **higher or lower EBIT margins:** Kroll's Scenario A assumes that from YEM26 to YEM29, EBIT margin expands above recent historical experience, before decreasing to reach a normalised 'through-the-cycle' EBIT margin in YEM34 that is slightly higher than recent historical experience. These assumptions give CSR the benefit of margin uplift from strategic initiatives associated with CSR's strategic plan. There are a range of internal and external factors, with varying levels of likelihood, that could result in CSR's actual EBIT margin differing from expectations. We note that there is considerable risk associated with achieving the EBIT margin that forms the peak under our base case, and although the company has outlined a conceivable path to achieving these margins, these margins have not been achieved by the Building Products segment in the past and remain a further step up from the most recent 1H24 EBIT margin of 16.3%:
  - Scenario D assumes that, relative to Scenario A, EBIT margin will be 2% higher than forecast between YEM26 and YEM29, before gradually normalising to the same EBIT margin as Scenario A by YEM34. Stronger than expected EBIT margins could result from an elongation of demand across the Five-year Plan leading to margin expansion, the continuation of manufacturing operational improvements, greater than expected benefits from brownfield capital expenditure, or procurement savings that lower costs;
  - Scenario E assumes that, relative to Scenario A, EBIT margin will be 2% lower than forecast between YEM26 and YEM29, before gradually normalising to approximately 0.5% lower than Scenario A by YEM34. Weaker than expected EBIT margins would likely result from weaker market conditions, less than expected strategic plan benefits, less than expected benefits from brownfield capital expenditure, and the risks of managing pricing initiatives, cost pressures, and competitor responses in a softening market.
- **adjustments to development capital expenditure**: the development capital expenditure profile in Scenario A is based on potential development profiles provided by CSR. Kroll notes that CSR's assumed development capital expenditure profile is significantly higher than historical averages, with higher brownfields capital expenditure to optimise manufacturing facilities and support continued manufacturing capacity growth, and progress projects delayed due to the COVID-19 pandemic:
  - Scenario F assumes that total development capital expenditure is 10% lower from YEM25 to YEM29 relative to Scenario A, with no consequential impact on operational performance. Savings could represent either an element of growth capital expenditure that is not required,

[101] Refer to s670A(2) of the Corporations Act or s12DA of the ASIC Act, RG 111 Content of Expert Reports and RG 170 Prospective Financial Information.

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or for which the cost to undertake the projects identified is lower than management's current forecast; and

- Scenario G assumes that total development capital expenditure is 10% higher from YEM25 to YEM29, with no consequential impact on operational performance. Capital expenditure cost increases could represent either an additional element of growth capital expenditure that is required, or for which the cost to undertake the projects identified is higher than management's current forecast.

These scenarios are summarised as follows.

CSR Scenario Summary

Scenario Summary	
Scenario A	Base case assumptions as set out in Section 9.3.2 of this report.
Scenario B	Scenario A, except volume growth is 1% higher per annum between YEM26 and YEM29.
Scenario C	Scenario A, except volume growth is 1% lower per annum between YEM26 and YEM29.
Scenario D	Scenario A, except EBIT margin is 2% higher between YEM26 and YEM29, then declines to reach a level that is the same as the base case in YEM34.
Scenario E	Scenario A, except EBIT margin is 2% lower between YEM26 and YEM29, then declines to reach a level that is approximately 0.5% lower than the base case in YEM34.
Scenario F	Scenario A, except total development capital expenditure is 10% lower from YEM26 to YEM29.
Scenario G	Scenario A, except total development capital expenditure is 10% higher from YEM26 to YEM29.

Source: Kroll analysis.

The output of the DCF analysis for a range of discount rates is summarised as follows.

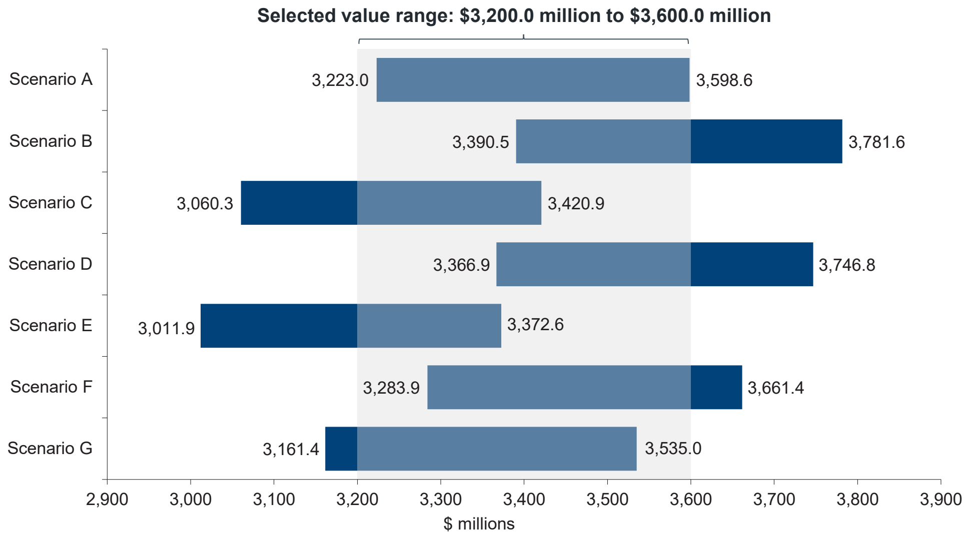
CSR Scenario Analysis ($ million)

	Discount Rate				
	11.4%	**11.0%**	**10.6%**	**10.2%**	**9.8%**
Scenario A	3,061.5	**3,223.0**	3,401.1	**3,598.6**	3,818.7
Scenario B	3,222.3	**3,390.5**	3,576.1	**3,781.6**	4,010.6
Scenario C	2,905.4	**3,060.3**	3,231.3	**3,420.9**	3,632.3
Scenario D	3,203.4	**3,366.9**	3,547.1	**3,746.8**	3,969.0
Scenario E	2,857.1	**3,011.9**	3,182.9	**3,372.6**	3,584.2
Scenario F	3,121.6	**3,283.9**	3,463.0	**3,661.4**	3,882.6
Scenario G	3,000.8	**3,161.4**	3,338.5	**3,535.0**	3,753.9

Source: Kroll analysis.
Note: Inclusive of Building Products, Corporate, synergies and right of use lease liabilities for Building Products and Corporate as at 29 February 2024 of $154.1 million. Post AASB 16 basis.

The range of values for each scenario (based on our selected discount rate range of 10.2% to 11.0%) is illustrated in the following chart.

CSR Building Products Scenario Analysis



Source: Kroll analysis.
Note: Inclusive of Building Products, Corporate, synergies and right of use lease liabilities for Building Products and Corporate as at 29 February 2024 of $154.1 million. Post AASB 16 basis.

Kroll has selected a value for CSR's Building Products business in the range of $3,200 million to $3,600 million. This range approximates the outcomes of Scenario A. In determining our value range for CSR's Building Products business, we make the following observations in relation to the results of our scenario analysis.

- Scenario A's volume growth assumptions are derived from market forecasts by independent market observers which are then moderated by CSR management to reflect historic industry capacity constraints. In practice, the trajectory for residential and non-residential construction is uncertain over the medium term and will be highly influenced by numerous factors, but primarily economic ones. Consequently, it would seem that both better than expected volume growth (Scenario B) or worse than expected volume growth (Scenario C) are both plausible assumptions;
- Scenario D and E show the NPV outcomes of changes in EBIT margins primarily in the period from YEM26 to YEM29. Kroll's Scenario A assumes expansion of EBIT margin to reach a level which is considerably above historical EBIT margins of 14.1% in YEM22 and 14.9% in YEM23, reflecting expectations of volume growth, particularly in YEM28 and YEM29, combined with strategic initiatives and benefits arising from brownfield manufacturing capital expenditure and bolt-on acquisitions. We note that following the announcement of the strategic plan in November 2020, CSR has been successful in progressing its strategic initiatives (as detailed in Section 8.3 of this report), and we note that benefits from these initiatives are starting to appear in the Building Products segment financial performance. Nonetheless, there is risk to the successful implementation and maintenance of CSR's strategic initiatives in the future, including factors outside of management's control, such as the forecast downturn in residential construction in YEM25 and YEM26 being longer or stronger than expected by CSR. Furthermore, it is possible for CSR's competitive environment to deteriorate, for example if competitive pressures intensify, eroding CSR's ability to implement price increases, if input costs such as energy costs increase by levels which cannot be fully offset by price increases, or CSR's strategic initiatives and brownfield capital expenditures result in less than expected cost savings. On the other hand, it is possible that CSR's EBIT margins increase above the levels assumed in Scenario A, which would most likely be a result of better-than-expected demand and/or

better-than-expected cost reduction as a result CSR's strategic initiatives and brownfield capital expenditure. On balance, we consider both Scenarios D and E to be plausible; and

- Scenario F and Scenario G relate to CSR's development capital expenditure. Both scenarios are plausible, however, lower than assumed development capital expenditure (Scenario F) will likely be contingent on a potential acquirer's ability to transfer knowledge and expertise to assist in efficiently developing capital projects. Scenario G could result from external factors outside of CSR's control, including materials and labour costs.

Accordingly, Kroll's selected range of values for CSR's Building Products business is aligned to the NPV outcomes under Scenario A.

9.3.3 Market approach cross-check

Summary

The value of CSR's Building Products segment of $3,200 to $3,600 million (inclusive of Corporate costs and synergies, post AASB 16 basis) implies the following multiples of operating EBITDA and EBIT.

CSR's Building Products Implied Multiples (times)

	Parameter	Low	High
Value of CSR's Building Products' operating business ($ millions)[1]		**3,200.0**	**3,600.0**
YEM23 EBITDA (actual)[2]	325.2	9.8	11.1
YEM24 EBITDA (broker consensus)[2,3]	348.0	9.2	10.3
YEM23 EBIT (actual)[2]	250.0	12.8	14.4
YEM24 EBIT (broker consensus)[2]	267.8	11.9	13.4

Source: Kroll analysis.
Notes:
1. Inclusive of Building Products, Corporate (including the Restructuring and Provisions Segment), synergies and right of use lease liabilities for Building Products and Corporate as at 29 February 2024 of $154.1 million. Post AASB 16 basis.
2. Includes earnings from Building Products and Corporate (including the Restructuring and Provisions Segment). Excludes synergies. Post AASB 16 basis. Includes equity accounted income for joint ventures. No adjustment has been made to reflect proportionately consolidated earnings of the joint ventures as their contribution to earnings is not significant to CSR's overall operations.
3. Brokers do not forecast EBITDA by segment. Assumes YEM24 EBITDA grows at the same rate as YEM24 EBIT.

Comparable transaction evidence – building products

Kroll has compared the multiples implied by the DCF analysis with multiples observed in recent transactions involving building product companies. The transaction evidence supports the value for CSR's Building Products segment derived from Kroll's DCF analysis.

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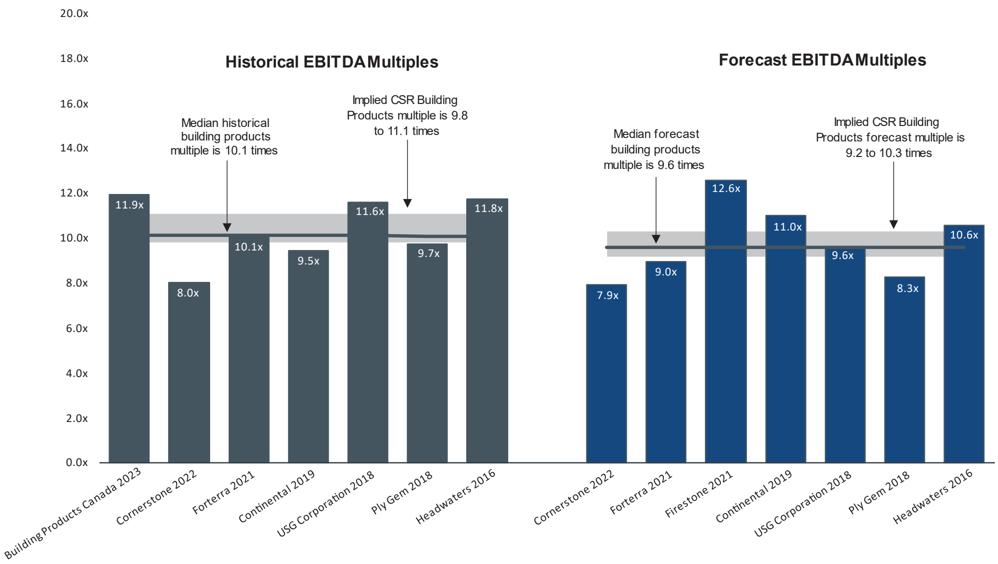
The following charts set out the implied historical and forecast EBITDA multiples for CSR's Building Products relative to those for the comparable building products transactions.

Historical and Forecast EBITDA Multiples – Building Products Transactions[1,2,3]



Source: S&P Capital IQ, MergerMarket, Company Announcements; Kroll analysis.
Notes:
1. EBITDA multiples are calculated as the sum of market capitalisation, net debt, right-of-use lease liabilites (for post AASB 16 financial information) and non controlling interests, less equity accounted investments and non operating assets/(liabilities)(net), divided by operating EBITDA less income from equity accounted associates.
2. Transactions that occurred prior to 2019 were before the introduction of the AASB16 accounting standard and are therefore presented on a pre AASB16 basis. Transactions that occurred post 2019 are presented on a post AASB16 basis.
3. Excludes Boral USG since its operations are primarily located in the faster growing Asian region.

The implied multiples for CSR's Building Products segment of 9.8 to 11.1 times historical EBITDA and 9.2 to 10.3 times forecast EBITDA are:

- within the range of multiples implied by recent transactions involving building products companies of 8.0 to 11.9 times historical EBITDA and 7.9 to 12.6 times forecast EBITDA; and
- consistent with the median multiples of historical EBITDA of 10.1 times and 9.6 times forecast EBITDA.

Kroll notes that for a number of the transactions, the bidder stated that it expected to achieve substantial synergies (run-rate synergies[102] in the order of 3.2% to 3.9% of enterprise value), in part as a result of the overlapping geographical exposures. As discussed in Section 9.2.3 of this report, Kroll considers that the likely acquirer of CSR is an international building products company that does not have significant operations in Australia. As such, the synergies that can be expected to be achieved by an acquirer of CSR are lower than those that could be achieved where the bidder and target have a substantial overlapping geographical footprint. Saint-Gobain has advised that it expects to achieve full run-rate synergies of $60 million (pre-tax, by year 3)[103] (1.7% to 1.9% of enterprise value) as a result of the acquisition of CSR, although it flagged that there was potential upside to that estimate. Kroll considers that a hypothetical acquirer of CSR (more than two) would only be able to achieve the minimum level of synergies as they are

[102] Run-rate synergies refer to the first full year of synergy benefits, after a period of ramp up.
[103] Source: "Saint-Gobain to acquire CSR Limited", 26 February 2024, p.14.

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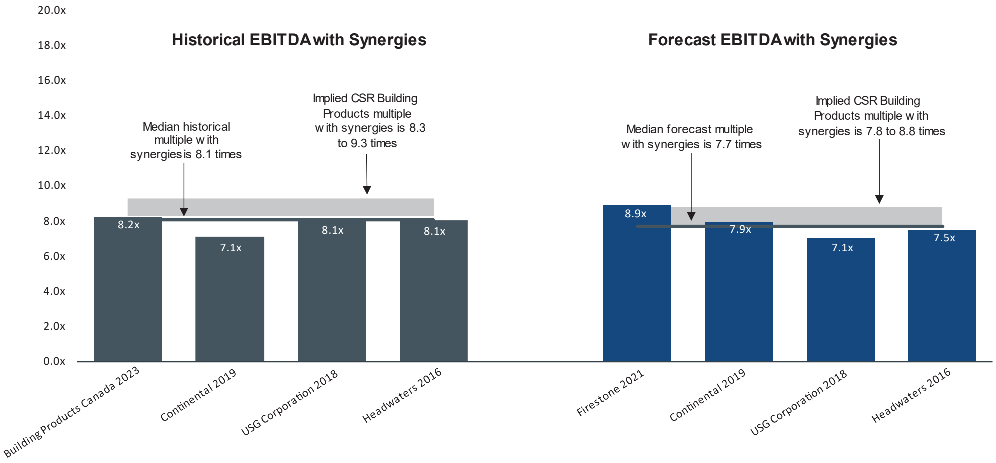
likely to have product range that is less complementary to CSR's Building Products than that of Saint-Gobain. Adjusting for anticipated synergies (where available) results in the following multiples of historical and forecast EBITDA.

Historical and Forecast EBITDA Multiples (Adjusted) – Building Products Transactions[1]



Source: S&P Capital IQ, MergerMarket, Company Announcements; Kroll analysis.
Note:
1. Synergies are estimated by the bidder, except for USG Corporation where synergies are estimated by the target.

After adjusting for run-rate synergies, the implied multiples for CSR of 8.3 to 9.3 times historical EBITDA and 7.8 to 8.8 times forecast EBITDA are:

- broadly consistent with those paid by Saint-Gobain in other recent transactions including Building Products of Canada Corp. (**Building Products of Canada**) in 2023 (8.2 times historical EBITDA) and Continental Building Products, Inc. (**Continental**) in 2019 (7.1 times historical EBITDA and 7.9 times forecast EBITDA);
- slightly higher than the multiple paid by Gebr Knauf KG (**Knauf**) to acquire USG Corporation (**USG**) (2018), taking into account USG's estimation of synergies (8.1 times historical EBITDA and 7.1 times forecast EBITDA);
- slightly higher than the multiple paid by Boral to acquire Headwaters Incorporated (**Headwaters**) in 2016 (8.1 times historical EBITDA and 7.5 times forecast EBITDA);
- slightly below the multiple paid by Holcim AG (**Holcim**) to acquire Firestone Building Products Company, LLC (**Firestone**) in 2021 (8.9 times forecast EBITDA);
- consistent with and above the multiples paid for Cornerstone Building Brands, Inc (**Cornerstone**) (8.0 times historical EBITDA and 7.9 times forecast EBITDA), which involved a leveraged buyout such that no material synergies would have been anticipated and noting that the bidder already held effective control; and
- broadly consistent with the multiples paid for Ply Gem Holdings, Inc. (**Ply Gem**) (9.7 times historical EBITDA and 8.3 times forecast EBITDA), which was acquired by a financial buyer, such that no material synergies would have been anticipated.

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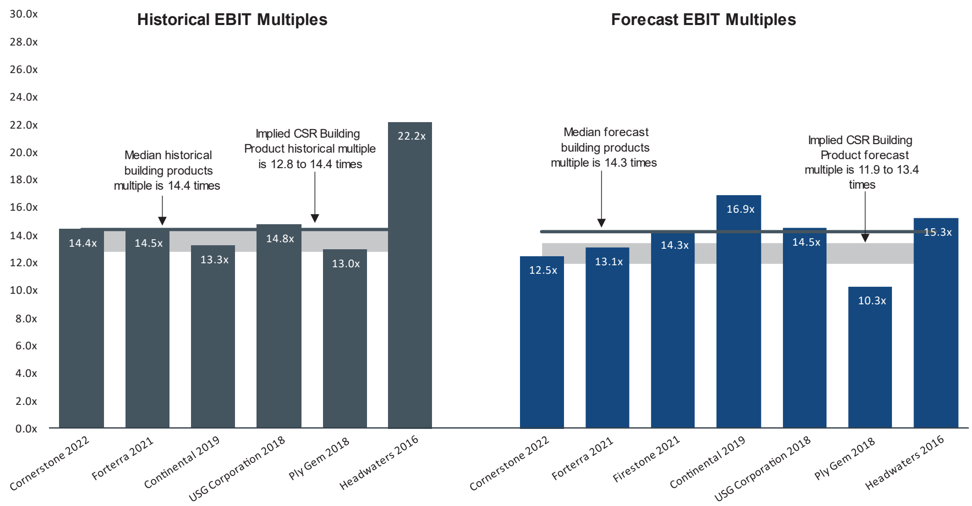
Kroll has also compared CSR's Building Products implied EBIT multiples with the implied EBIT multiples for building products transactions.

Historical and Forecast EBIT Multiples – Building Products Transactions[1,2,3]



Source: S&P Capital IQ, MergerMarket, Company Announcements; Kroll analysis.

Notes:

1. EBIT multiples are calculated as the sum of market capitalisation, net debt, right-of-use lease liabilites (for post AASB 16 financial information) and non controlling interests, less equity accounted investments and non operating assets/(liabilities)(net), divided by operating EBIT less income from equity accounted associates.
2. Transactions that occurred prior to 2019 were before the introduction of the AASB16 accounting standard and are therefore presented on a pre AASB16 basis. Transactions that occurred post 2019 are presented on a post AASB16 basis.
3. Excludes Boral USG since its operations are primarily located in the faster growing Asian region.

Kroll's valuation of CSR's Building Products implies multiples in the range of 12.8 to 14.4 times historical EBIT and 11.9 to 13.4 times forecast EBIT. These multiples are:

- slightly below and within the range of multiples implied by recent transactions involving building products companies of 13.0 to 22.2 times historical EBIT and 10.3 to 16.9 times forecast EBIT; and
- at and below the median multiple of historical EBIT of 14.4 times and below with the median multiple of forecast EBIT of 14.3 times.

As discussed, the higher multiples likely reflect that a number of bidders in these transactions anticipated greater synergies as a result of the overlapping geographies than Kroll has assumed that a hypothetical acquirer of CSR's Building Products segment would expect to achieve. Adjusting for anticipated synergies (where available) results in the following multiples of historical and forecast EBIT.

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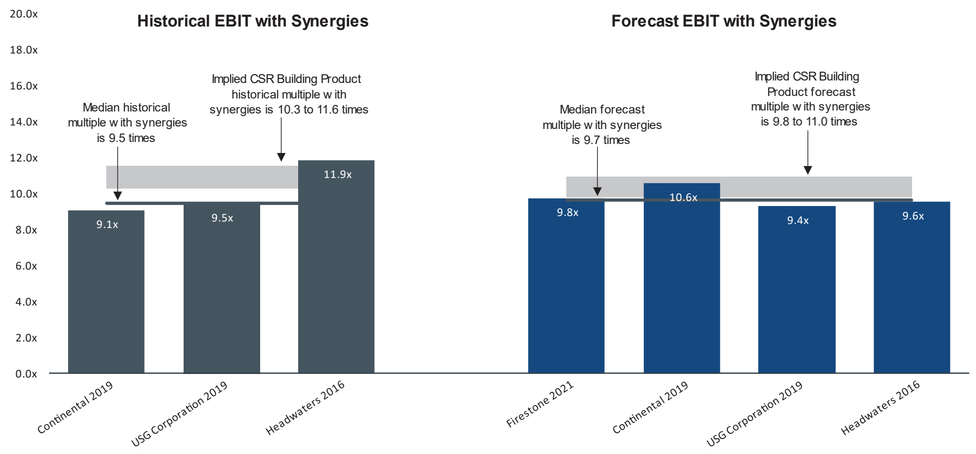
Historical and Forecast EBIT Multiples (Adjusted) – Building Products Transactions[1]



Source: S&P Capital IQ, MergerMarket, Company Announcements; Kroll analysis.
Note:
1. Synergies are estimated by the bidder, except for USG Corporation where synergies are estimated by the target.

After adjusting for run-rate synergies, the implied multiples for CSR's Building Products segment of 10.3 to 11.6 times historical EBIT and 9.8 to 11.0 times forecast EBIT are above the median multiples (adjusted for synergies) of 9.5 times historical EBIT and 9.7 times forecast EBIT.

Comparable transaction evidence – construction materials

Kroll has also considered multiples observed in recent offers for Australian construction materials companies. Kroll notes, however, that construction materials companies are exposed to less cyclicality of earnings than building products companies as a result of their relatively lower exposure to the residential construction end-market and greater exposure to the civil construction end-market, which is underpinned by counter-cyclical government expenditure. Consequently, they are less comparable than building products companies.

Market comparable evidence

There are few directly comparable ASX-listed building products companies. As expected, CSR's multiples are lower than those of James Hardie Industries PLC (**James Hardie**) and Reliance, which have a stronger growth outlook, are larger and have leading positions in a narrow product category (rather than lower market shares across a wider range of products) and mainly operate in North America. Brickworks' multiple is impacted by its cross-shareholding in Washington H Soul Pattinson & Company Limited (**WHSP**). CSR's multiples are higher than those for Fletcher Building and GWA, which mainly reflects that CSR's multiples include a control premium whereas those for Fletcher Building and GWA do not.

Further details of the comparable transaction and market comparable evidence is set out in Appendix 6.

9.4 Aluminium

9.4.1 Summary

Kroll has assessed the value of CSR's 70% interest in GAF to be in the range of $117.2 million to $180.8 million using a DCF analysis as the primary methodology and compared this value to funds employed for GAF (refer to section 9.4.3 of this report).

The GAF Model includes cash flows for GAF on a 100% basis, from YEM24 until YEM34 and assumes Tomago will continue to operate under a viable repowering solution after the expiry of the current electricity contract with AGL in 2028. While Tomago expects to put a tender to market later this year for the repowering, and the outcome of the process is therefore unknown, expressions of interest have been received from electricity generators in 2023. We also note that Rio Tinto recently achieved a renewable energy PPA for its alumina and aluminium producing assets in Queensland. As a result, we believe a viable repowering solution for Tomago is possible and undertaking the valuation of the Aluminium segment assuming the smelter will remain in operation for the foreseeable future is reasonable. On this basis, we have calculated a terminal value assuming a terminal value growth rate of 2.5%.

The GAF Model is based on key assumptions developed by CSR and Tomago.

9.4.2 Assumptions

The key assumptions in the GAF Model underlying our valuation of CSR's interest in GAF are:

- **revenue:** is a function of the volume of hedged and unhedged aluminium expected to be sold. The percentage of aluminium hedged relative to the total net aluminium exposure decreases from high levels in YEM25 to approximately 30.0% in YEM28. This assumption is consistent with CSR's risk management policy. From YEM29 onwards, all aluminium sold is assumed to be unhedged and revenue is escalated at 2.5% per year until YEM34. In the GAF Model the price of hedged aluminium corresponds to an average of contracted prices for each year. Unhedged metal is sold at forecast LME aluminium prices. Kroll has benchmarked the forecast aluminium prices with the median consensus prices sourced from Bloomberg on 19 April 2024 and we noted no significant difference;
- **cost of goods sold and operating expenses:** gross margin improves due to higher hedged aluminium pricing and the moderation of the cost of raw materials. Operating expenses include warehousing and distribution and administration, sales and marketing expenses;
- **depreciation:** calculated on the basis of Tomago's assets' expected remaining life;
- **EBIT margin:** due to the expected financial performance improvement mentioned above, EBIT margin is expected to increase from the 1.0% achieved in YEM23 and is expected to remain constant after YEM29;
- **tax rate:** a corporate tax rate of 30%;
- **capital expenditure:** represents stay-in-business capital expenditure; and
- **working capital:** the changes in working capital are consistent with the increase in revenue throughout the GAF Model period.

Nominal pre-debt and post-tax free cash flows from YEM25 to YEM34 were obtained on the basis of the above assumptions and were discounted to 31 March 2024. We discounted the cash flows adopting a WACC of 12.6% to 16.8% (midpoint of 14.7%). The wide discount rate range accounts for the various significant risks in the forecast cash flows, which include aluminium price risk, foreign exchange risk, and alumina and other raw materials cost risk. In addition to these risks, and while the overarching assumption is that a viable repowering solution will be achieved beyond 2028, the risk of achieving the forecast electricity price and assumed EBIT margin are significant given the result of the process is currently unknown.

We recognise that the WACC applied to the GAF cash flows is 2.3% to 5.8% higher than the WACC we apply to the Building Products segment. We believe this appropriately reflects the current difference in risk profiles of these two segments.

9.4.3 Outputs and valuation

Given the GAF Model cash flows are on a 100% basis, we have deducted the 30% minority interest owned by Resolution Life to the value obtained by discounting the GAF Model cash flows, to obtain CSR's 70% interest in GAF.

In addition, we have considered it appropriate to apply a marketability discount to CSR's 70% in GAF given CSR is a party to the Tomago joint venture agreement which includes other parties. Should CSR seek to exit the joint venture agreement, it is likely that CSR will need to comply with terms which may restrict its ability to sell its interest in GAF, and that the process will require a longer divestment period compared to a readily marketable asset (such as publicly traded shares). We have also considered that the parties that may be attracted by CSR's interest in GAF would likely be participants in the aluminium industry seeking

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to gain specific synergies. We consider that, on balance, a marketability discount range of 15% to 20% is reasonable.

The following table summarises our valuation results.

Aluminium Valuation Summary ($ millions)

	Valuation Range	
	Low	**High**
Enterprise Value of GAF (100% basis, post-AASB 16)	209.2	303.9
Resolution Life 30% minority interest	62.8	91.2
Enterprise Value of CSR's 70% interest in GAF (post-AASB 16)	**146.4**	**212.7**
Marketability discount range (percentage)	20%	15%
Marketability discount range	29.3	31.9
Discounted Enterprise Value of CSR's 70% interest in GAF (post-AASB 16)	**117.2**	**180.8**

Source: Kroll analysis.

We have also compared our enterprise value of CSR's 70% interest in GAF, to the value of the funds employed in GAF. In this regard we consider that our valuation of CSR's interest in GAF is reasonable given that the DCF assumes Tomago will continue to operate profitably for the foreseeable future, and the funds employed mainly include the current written down value of property, plant and equipment and working capital.

9.5 Property

Kroll has assessed the value of CSR's property assets to be in the range of $803.8 million to $828.0 million.

We note that CSR's property assets are either surplus to operational requirements or have operations which could be relocated or optimised within the short-term. As these assets are not included in the value assessed for CSR's operating business, it is appropriate to attribute separate value to them.

The properties included within our assessed value range are classified as follows:

- surplus properties, which can be sold or developed without any operational impact;
- contracted properties, which have binding sales agreements in place; and
- short-term opportunities, whereby operations could be relocated or optimised within an approximate five-year time frame and could be developed or sold.

Our assessed value range represents the expected cash flows from a near-term, orderly sale of the properties. This is calculated as the aggregate of value attributed to each property, less transaction costs, cash tax paid, site exit costs and provision payments. Importantly, the assessed value of property differs from figures previously disclosed by CSR as outlined in Section 8.4.3 due to property settlements which have occurred. Furthermore, Kroll has not attributed value to medium or long-term operational property, and we have deducted costs and taxes assumed in realising the property assessed.

To determine the value of CSR's property assets, Kroll has utilised:

- sales agreements for properties that are presently contracted to be sold but awaiting settlement; and
- CSR has commissioned from a third-party, specialist property valuation firm (the **Valuer**), property valuation reports for the Badgerys Creek, Schofields and Darra properties. For the remaining properties, CSR has commissioned the Valuer to prepare preliminary and final indicative assessments. The valuations and indicative assessments are as at February 2024. They were prepared primarily to assist CSR in its understanding of the value of their property as part of their overall property strategy, including planning for an update to the market on the overall value of the property portfolio. They were also intended to be used as part of CSR's preparation for their full year results.

Kroll has undertaken a review of the valuations and indicative assessments and has concluded that:

- the Valuer was independent of CSR;
- the engagement instructions were appropriate;

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- the valuations and indicative assessments were completed by a reputable property valuation firm and by valuers who have appropriate qualifications in accordance with the standards of the Australian Property Institute;
- the valuation methodologies adopted are consistent with those generally applied in the property industry (i.e. capitalisation approach, direct comparison/comparable transaction approach, discounted cashflow approach and residual value analysis); and
- inspections were performed as part of the valuation process, and were conducted during February 2024.

On this basis, Kroll considers that the values derived by the Valuers are not unreasonable and are, therefore, appropriate for use in determining the value of CSR's property assets.

This review does not, however, imply that the valuations have been subject to any form of audit or due diligence. In undertaking their valuations and indicative assessments, the Valuer has assessed each property on an 'As Is' basis and adopted 'Highest and Best Use' (that is, the Valuer's view on the use of the asset that maximises its potential, whilst being physically possible, legally permissible and financially feasible).[104] In determining a range of values for the properties, Kroll has taken the 'As Is' case as the low end of the value range. The high end of the value range assumes rezoning at Schofields to its Highest and Best Use.

Kroll has not disclosed the individual property valuations or indicative assessments due to commercial sensitivity.

The property valuations and indicative assessments do not account for estimated selling costs, taxes, or other costs associated with the sale of the properties. As such, Kroll has made the following adjustments:

- a 1.0% to 2.0% adjustment to the property values to reflect selling and other transactions costs (e.g. sales agent commission and legal fees);
- in recognition of CGT event A1 – Disposal of a CGT asset, applied capital gains tax to the difference between proceeds from disposal, net of transaction costs, and the assets cost base;
- utilised the net value of unused capital losses for which no deferred tax asset has been recognised to offset a portion of capital gains tax payable; and
- accounted for site exit costs and provision payments.

CSR's single contracted property asset, Horsley Park (Stage 3C), has been valued based on the contracted proceeds. As settlement is expected in YEM25, no discount has been applied to the expected cash flow proceeds.

Badgerys Creek is the largest contributor to value of the property assets, reflecting its scale, configuration and positioning, located within immediate proximity to the future Western Sydney International Airport and forming part of the Badgerys Creek Precinct. As outlined in Section 8.4.3 of this report, remediation is ongoing, with site works to disturbed land factored into the valuer's assessment. The Highest and Best Use of the property, as identified by the valuer, is as its current use being a development site.

Schofields is also of substantial value which reflects its size and the proposed development. As noted in Section 8.4.3, Schofields is subject to a residential rezoning process. This has been accounted for in the valuation, whereby the Highest and Best Use of the asset is considered to be as a residential subdivision development site. Importantly, the valuer has applied two different methodologies in their report:

- Market Value[105] 'As Is' – Subject to Rezoning, which measures the price that a developer could afford to pay for the development site after making appropriate allowances for holding charges, development costs, transaction costs and a reasonable profit on the venture after taking into account the risks involved; and

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[104] As per the International Valuation Standards Committee (IVSC) and the Australian Property Institute (API) guidelines.

[105] As per the International Valuation Standards Committee (IVSC) and the Australian Property Institute (API) guidelines, Market Value is defined as "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion."

- Market Value ‘As Is’ – Undergoing the Rezoning Process, which applies a discount rate to the Market Value ‘As Is’- Subject to Rezoning, in order to arrive at an estimate based on the current stage of the property.

Kroll has considered both methodologies in determining the valuation range for Schofields.

Another key property is Darra, which is located in an established industrial precinct outside of Brisbane. The valuer has identified the subject property’s Highest and Best Use to be for future industrial development, and has valued the asset on a Project Related Site Value ‘As Is’ basis, subject to vacant possession and provided development scheme/data.

In addition to the aforementioned sites, Kroll notes that CSR holds a number of smaller properties which are not publicly disclosed, but have been included in the assessed range based on their ‘As Is’ value, less relevant adjustments.

9.6 Product liability provision

Kroll has assessed the value of the product liability provision to be $126.6 million, net of tax.

The assessment of the product liability provision is based on CSR’s most recent disclosure of the product liability as at 30 September 2023 of $187.1 million, which is calculated based on independent expert advice.

To arrive at the estimated value of the liability as at 29 February 2024, Kroll has taken the 30 September 2023 product liability provision and assumed a net movement in the liability of ($6.3) million, based on the net movement in the liability between 31 March 2023 and 30 September 2023, to arrive at an estimated pre-tax product liability provision of $180.8 million. The estimated pre-tax product liability provision was tax effected at the corporate tax rate of 30%.

9.7 Adjusted net debt

In order to arrive at the value of equity, it is necessary to subtract the net debt from the unlevered value of CSR. For the purposes of this valuation, Kroll has assessed CSR’s adjusted net debt (including right-of-use lease liabilities[106]) to be $37.4 million. This amount is based on CSR’s cash balance, right-of-use lease liabilities and borrowings that are attributable to CSR Shareholders as at 29 February 2024. That is, CSR’s share of net debt and lease liabilities in equity accounted investments have been included, and non-controlling interests in GAF’s net cash balance, net of right-of-use lease liabilities have been excluded.

[106] Adjusted net debt has been calculated on a post-AASB16 basis (that is, including right-of-use lease liabilities).

Appendix 1 – Kroll disclosures

Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Ian Jedlin and Celeste Oakley. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand and holds a Master of Commerce. He is also Vice Chair of the Standards Review Board of the International Valuation Standards Council. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Both Ian and Celeste have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of independent expert reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Scheme is in the best interests of CSR Shareholders, in the absence of a superior proposal. Kroll expressly disclaims any liability to any CSR Shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Scheme Booklet or any other document prepared in respect of the Scheme. As such, Kroll takes no responsibility for the content of the Scheme Booklet as a whole or other documents prepared in respect of the Scheme (other than this report).

Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with CSR, Saint-Gobain, or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to CSR. Kroll's only role with respect to the Scheme has been the preparation of this report.

Kroll will receive a fixed fee of $500,000 (excluding GST and out of pocket expenses) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme Meetings. Kroll will receive no other benefit for the preparation of this report.

Declarations

CSR has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of CSR for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services Licence no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
- interests in managed investment schemes including investor directed portfolio services; and
- securities;

with respect to retail clients and wholesale clients.

Consents

Kroll consents to the inclusion of this report in the form and context in which it is included in the Scheme Booklet to be issued to CSR. Neither the whole nor any part of this report or its attachments or any reference

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thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.

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Appendix 2 – Limitations and reliance on information

Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by CSR and its advisers. CSR has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. CSR has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of CSR for this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with CSR in relation to the nature of the business operations, specific risks and opportunities, historical results of CSR and prospects for the foreseeable future of CSR. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion and is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion. CSR has requested Kroll limit the disclosure of certain information relating to CSR. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising CSR. As such the information in this report, unless otherwise indicated, has been limited to the type of information that is regularly placed into the public domain by CSR.

Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information

- Scheme Booklet;
- results presentations and annual reports for CSR for YEM20, YEM21, YEM22, YEM23 and 1H24;

- ASX announcements, press releases, technical reports, media and analyst presentations and other public filings by CSR including information available on its website;
- broker reports and press articles regarding CSR and the building and construction industry;
- results presentations, annual reports, press releases and other public filings relating to comparable companies and comparable transactions;
- various industry reports; and
- information sourced from Refinitiv and S&P Capital IQ.

Non-public information

- CSR Board papers and other internal briefing papers prepared by CSR and its advisors;
- financial models prepared by CSR and its advisors; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of CSR.

Appendix 3 – Broker Consensus

As far as Kroll is aware, CSR is followed by 15 brokers, of which two are financial advisers on the Transaction and have, therefore, been excluded from our analysis. The remaining 13 brokers each published reports following the release of CSR's 1H24 results on 2 November 2023.

A summary of the broker forecasts for CSR is provided as follows.

CSR Broker Forecast Trading Revenue, EBITDA and EBIT ($ millions)

	Date of report	Trading revenue				EBITDA				EBIT			
		YEM23	YEM24	YEM25	YEM26	YEM23	YEM24	YEM25	YEM26	YEM23	YEM24	YEM25	YEM26
Broker 1	7-Feb-24	2,613.3	2,690.0	2,632.0	2,762.0	414.6	424.0	349.0	391.0	329.7	334.0	257.0	295.0
Broker 2	7-Feb-24	2,613.3	2,665.0	2,640.0	2,650.0	414.6	442.0	373.0	339.0	329.7	356.9	304.7	283.2
Broker 3	7-Feb-24	2,613.3	2,679.4	2,734.5	2,714.0	414.6	423.4	361.9	407.0	329.7	336.1	270.6	314.2
Broker 4	6-Feb-24	2,613.3	2,672.1	2,654.3	2,910.3	414.6	421.6	352.2	396.6	329.7	333.4	260.0	301.2
Broker 5	7-Feb-24	2,613.3	2,658.0	2,630.4	2,779.4	414.6	420.0	368.8	393.5	329.7	332.7	279.4	302.0
Broker 6	6-Feb-24	2,613.3	2,714.0	2,726.0	2,859.0	414.6	425.0	394.0	382.0	329.7	337.0	304.0	290.0
Broker 7	2-Nov-23	2,613.3	2,700.0	2,517.0	2,653.0	414.6	370.0	363.0	399.0	329.7	282.0	273.0	308.0
Broker 8	3-Nov-23	2,613.3	2,578.0	2,498.5	2,701.9	414.6	364.3	353.5	378.5	329.7	277.3	265.8	290.0
Broker 9	2-Nov-23	2,613.3	2,672.0	2,575.0	2,668.0	414.6	372.0	366.0	397.0	329.7	286.0	280.0	310.0
Broker 10	3-Nov-23	2,613.3	2,780.0	2,712.0	3,084.0	414.6	357.6	407.0	484.0	329.7	313.6	318.3	392.8
Broker 11	2-Nov-23	2,613.3	2,641.0	2,670.0	2,768.0	414.6	412.0	391.0	404.0	329.7	325.0	301.0	313.0
Broker 12	2-Nov-23	2,613.3	2,609.9	2,674.4	2,813.7	414.6	364.5	406.5	425.0	329.7	277.5	316.8	332.7
Broker 13	2-Nov-23	2,613.3	2,655.1	2,444.5	2,477.3	414.6	364.2	362.6	343.7	329.7	277.8	274.3	253.6
Low		**2,613.3**	**2,578.0**	**2,444.5**	**2,477.3**	**414.6**	**357.6**	**349.0**	**339.0**	**329.7**	**277.3**	**257.0**	**253.6**
High		**2,613.3**	**2,780.0**	**2,734.5**	**3,084.0**	**414.6**	**442.0**	**407.0**	**484.0**	**329.7**	**356.9**	**318.3**	**392.8**
Median		**2,613.3**	**2,672.0**	**2,640.0**	**2,762.0**	**414.6**	**412.0**	**366.0**	**396.6**	**329.7**	**325.0**	**279.4**	**302.0**
Mean		**2,613.3**	**2,670.3**	**2,623.7**	**2,757.0**	**414.6**	**397.0**	**373.0**	**395.4**	**329.7**	**313.0**	**285.0**	**306.6**

Source: Broker reports; Kroll analysis

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CSR Broker Forecast NPAT before Significant Items ($ millions), Diluted Operating EPS (cents) and Dividend per Share (cents)

	Date of report	NPAT before significant items				Diluted operating EPS				Dividend per share			
		YEM23	YEM24	YEM25	YEM26	YEM23	YEM24	YEM25	YEM26	YEM23	YEM24	YEM25	YEM26
Broker 1	7-Feb-24	225.0	243.0	178.0	199.0	46.6	50.6	37.1	41.5	36.5	40.0	27.0	30.0
Broker 2	7-Feb-24	225.0	247.3	204.8	189.7	46.6	51.6	42.8	39.6	36.5	41.0	34.0	32.0
Broker 3	7-Feb-24	225.0	239.5	183.5	198.7	46.6	51.0	39.0	42.0	36.5	38.0	29.0	32.0
Broker 4	6-Feb-24	225.0	238.1	172.6	197.0	46.6	49.8	36.2	41.3	36.5	36.0	25.0	28.0
Broker 5	7-Feb-24	225.0	237.1	192.7	207.2	46.6	49.2	39.9	43.0	36.5	36.0	29.5	32.0
Broker 6	6-Feb-24	225.0	243.0	211.0	197.0	46.6	50.7	44.0	41.1	36.5	38.0	31.0	32.5
Broker 7	2-Nov-23	225.0	203.0	188.0	201.0	46.6	42.4	39.3	42.0	36.5	34.0	30.5	32.0
Broker 8	3-Nov-23	225.0	197.1	182.1	193.5	46.6	40.8	37.7	40.1	36.5	30.0	30.0	29.0
Broker 9	2-Nov-23	225.0	195.0	182.0	195.0	46.6	41.1	39.1	42.1	36.5	36.5	36.5	36.5
Broker 10	3-Nov-23	225.0	238.6	226.3	277.9	46.6	43.5	47.2	57.9	36.5	30.1	33.0	40.6
Broker 11	2-Nov-23	225.0	231.0	207.0	206.0	46.6	48.1	43.1	42.9	36.5	42.0	39.0	37.0
Broker 12	2-Nov-23	225.0	193.9	218.1	226.0	46.6	40.4	45.4	47.0	36.5	30.5	31.5	36.5
Broker 13	2-Nov-23	225.0	203.8	184.5	164.6	46.6	42.2	38.2	34.1	36.5	34.0	30.0	27.0
Low		**225.0**	**193.9**	**172.6**	**164.6**	**46.6**	**40.4**	**36.2**	**34.1**	**36.5**	**30.0**	**25.0**	**27.0**
High		**225.0**	**247.3**	**226.3**	**277.9**	**46.6**	**51.6**	**47.2**	**57.9**	**36.5**	**42.0**	**39.0**	**40.6**
Median		**225.0**	**237.1**	**188.0**	**198.7**	**46.6**	**48.1**	**39.3**	**42.0**	**36.5**	**36.0**	**30.5**	**32.0**
Mean		**225.0**	**223.9**	**194.7**	**204.0**	**46.6**	**46.3**	**40.7**	**42.7**	**36.5**	**35.9**	**31.2**	**32.7**

Source: Broker reports; Kroll analysis

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CSR Broker Forecast Trading Revenue by Segment ($ millions)

	Date of report	Building products				Aluminium			
		YEM23	YEM24	YEM25	YEM26	YEM23	YEM24	YEM25	YEM26
Broker 1	7-Feb-24	1,833.0	1,963.0	1,888.0	1,974.0	780.3	725.0	742.0	786.0
Broker 2	7-Feb-24	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Broker 3	7-Feb-24	1,833.0	1,943.0	1,943.0	1,884.7	780.3	733.5	777.5	816.4
Broker 4	6-Feb-24	1,833.0	1,954.2	1,919.3	2,104.9	780.3	717.9	735.0	805.3
Broker 5	7-Feb-24	1,833.0	1,938.6	1,893.1	1,994.9	780.3	719.4	737.3	784.5
Broker 6	6-Feb-24	1,833.0	1966.0	1,962.0	2,061.0	780.3	748.0	764.0	797.0
Broker 7	2-Nov-23	1,833.0	1,958.0	1,766.0	1,893.0	780.3	742.0	751.0	760.0
Broker 8	3-Nov-23	1,833.0	1,870.3	1,771.4	1,928.0	780.3	707.6	727.0	773.8
Broker 9	2-Nov-23	1,833.0	1,927.0	1,774.0	1,818.0	780.3	745.0	801.0	850.0
Broker 10	3-Nov-23	1,833.0	2,075.0	2,025.0	2,369.0	780.3	706.0	688.0	714.0
Broker 11	2-Nov-23	1,833.0	1,944.0	1,911.0	1,914.0	780.3	698.0	760.0	853.0
Broker 12	2-Nov-23	1,833.0	1,932.0	1,979.9	2,078.9	780.3	678.0	694.5	734.9
Broker 13	2-Nov-23	1,833.0	1,911.0	1,701.0	n/a	780.3	744.0	743.0	n/a
Low		**1,833.0**	**1,870.3**	**1,701.0**	**1,818.0**	**780.3**	**678.0**	**688.0**	**714.0**
High		**1,833.0**	**2,075.0**	**2,025.0**	**2,369.0**	**780.3**	**748.0**	**801.0**	**853.0**
Median		**1,833.0**	**1,943.5**	**1,902.1**	**1,974.0**	**780.3**	**722.2**	**742.5**	**786.0**
Mean		**1,833.0**	**1,948.5**	**1,877.8**	**2,001.9**	**780.3**	**722.0**	**743.4**	**788.6**

Source: Broker reports; Kroll analysis

CSR Broker Forecast EBIT by Segment ($ millions)

	Date of report	Building products				Aluminium				Property				Corporate			
		YEM23	YEM24	YEM25	YEM26	YEM23	YEM24	YEM25	YEM26	YEM23	YEM24	YEM25	YEM26	YEM23	YEM24	YEM25	YEM26
Broker 1	7-Feb-24	273.4	279.0	232.0	237.0	8.0	(18.0)	21.0	58.0	71.7	97.0	28.0	25.0	(23.4)	(24.0)	(25.0)	(25.0)
Broker 2	7-Feb-24	273.4	314.3	277.7	256.0	8.0	(25.0)	2.4	7.0	71.7	91.0	48.0	43.6	(23.4)	(23.4)	(23.4)	(23.4)
Broker 3	7-Feb-24	273.4	291.4	272.0	245.0	8.0	(29.3)	7.8	32.7	71.7	91.1	20.9	49.8	(23.4)	(17.1)	(30.1)	(13.3)
Broker 4	6-Feb-24	273.4	292.1	243.3	269.1	8.0	(26.1)	5.5	25.3	71.7	91.0	34.0	30.0	(23.4)	(23.6)	(22.8)	(23.3)
Broker 5	7-Feb-24	273.4	291.4	248.6	263.2	8.0	(25.5)	5.5	24.0	71.7	91.0	50.0	40.0	(23.4)	(24.2)	(24.7)	(25.2)
Broker 6	6-Feb-24	273.4	301.0	259.0	278.0	8.0	(30.0)	(1.0)	11.0	71.7	91.0	71.0	27.0	(23.4)	(25.0)	(25.0)	(26.0)
Broker 7	2-Nov-23	273.4	290.0	227.0	226.0	8.0	(24.0)	15.0	51.0	71.7	43.0	58.0	58.0	(23.4)	(27.0)	(27.0)	(28.0)
Broker 8	3-Nov-23	273.4	289.7	230.2	246.7	8.0	(29.0)	2.6	28.8	71.7	41.0	58.0	40.0	(23.4)	(24.5)	(25.0)	(25.5)
Broker 9	2-Nov-23	273.4	298.0	236.0	244.0	8.0	(38.0)	9.0	41.0	71.7	50.0	60.0	50.0	(23.4)	(24.0)	(25.0)	(25.0)
Broker 10	3-Nov-23	273.4	315.0	285.0	348.0	8.0	(26.0)	(1.0)	18.0	71.7	44.0	58.0	51.0	(23.4)	(24.0)	(24.0)	(25.0)
Broker 11	2-Nov-23	273.4	292.0	270.0	269.0	8.0	(31.0)	(2.0)	40.0	71.7	88.0	58.0	30.0	(23.4)	(25.0)	(25.0)	(26.0)
Broker 12	2-Nov-23	273.4	289.2	278.4	293.9	8.0	(30.1)	5.5	20.9	71.7	44.0	58.0	43.8	(23.4)	(25.6)	(25.1)	(25.9)
Broker 13	2-Nov-23	273.4	286.9	239.4	226.6	8.0	(36.8)	1.9	22.7	71.7	52.5	58.0	30.0	(23.4)	(24.9)	(25.0)	(25.7)
Low		**273.4**	**279.0**	**227.0**	**226.0**	**8.0**	**(38.0)**	**(2.0)**	**7.0**	**71.7**	**41.0**	**20.9**	**25.0**	**(23.4)**	**(27.0)**	**(30.1)**	**(28.0)**
High		**273.4**	**315.0**	**285.0**	**348.0**	**8.0**	**(18.0)**	**21.0**	**58.0**	**71.7**	**97.0**	**71.0**	**58.0**	**(23.4)**	**(17.1)**	**(22.8)**	**(13.3)**
Median		**273.4**	**291.4**	**248.6**	**256.0**	**8.0**	**(29.0)**	**5.5**	**25.3**	**71.7**	**88.0**	**58.0**	**40.0**	**(23.4)**	**(24.2)**	**(25.0)**	**(25.2)**
Mean		**273.4**	**294.6**	**253.7**	**261.7**	**8.0**	**(28.4)**	**5.6**	**29.3**	**71.7**	**70.4**	**50.8**	**39.9**	**(23.4)**	**(24.0)**	**(25.2)**	**(24.4)**

Source: Broker reports; Kroll analysis

Appendix 4 – Valuation methodologies

The purpose of the valuation methodology adopted is, in the absence of direct market evidence, to provide an estimate of value using methodologies that rely on other sources of evidence. Consistent with International Valuation Standards, valuation methodologies applicable to assets or businesses can be categorised under three approaches: market approach, income approach and cost approach.

These approaches have application in different circumstances. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

The market comparable methodology indicates the value of a business by comparing it to publicly traded companies in similar lines of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company. The multiples are evaluated and compared based on the relative growth potential and risk profile of the subject company vis-a-vis the publicly traded comparable companies. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands.

The comparable transaction methodology indicates value based on exchange prices in actual transactions. This process essentially involves the comparison and correlation of the subject company with other similar businesses recently sold or currently offered for sale. Considerations such as timeframe of transaction, premiums, and conditions of sale are analysed, and the observed transaction multiples are subjectively adjusted to indicate a value for the subject company.

A key step in both methods is determining the appropriate unit of comparison. In a business valuation common units of comparison include, revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the subject asset.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history or there is a variable pattern of cash flow, or the asset has a finite life.

The most common methodology adopted is the discounted cash flow (**DCF**) methodology. It has a strong theoretical basis and benefits by explicitly estimating future cash flows, allowing it to be used in a variety of circumstances, whether that be a start-up or an established business. It also allows for various scenarios and/or sensitivities to be modelled. Under a DCF methodology, forecast cash flows are discounted back to the valuation date resulting in a present value for the asset. Where there is an explicit forecast period a terminal value will typically be included, representing the value of the asset at the end of this period, which is also discounted back to the valuation date to give an overall value for the business. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also the risk associated with the asset or business' future operations. Whilst discount rates are generally determined from observable data, substantial judgement is required in their determination. Further, the cash flows themselves also require considerable judgement in their preparation, placing significant importance on the quality of the underlying cash flow forecasts and the determination of an appropriate discount rate in order for a DCF methodology to produce a sensible valuation figure.

DCF's can also be extremely sensitive to what may be considered small changes in various assumptions and the longer the forecast period the more difficult it is in general to forecast cash flows with sufficient reliability. As such, it is important to adequately understand the basis and risks associated with the various assumptions used to derive the cash flow forecasts and recognise the impact it can have on resulting values including the value range. Notwithstanding, DCF methodologies are widely used and benefit from the rigour associated with the preparation of future cash flows.

Cost approach

Under a cost approach the value of an asset is determined having regard to the cost to replace or reproduce the asset. The most common methodologies include:

- the replacement cost;
- the reproduction cost method; and
- the summation method.

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies).

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Appendix 5 – Discount Rate

Kroll has selected a WACC in the range of 10.2% to 11.0% for CSR's Building Products segment based on the selected parameters presented in the table below. To calculate the WACC for CSR, we have determined a cost of equity using the capital asset pricing model (**CAPM**), and a cost of debt based on long-term estimates based on market observations. A WACC is commonly employed as the basis for determining an appropriate discount rate where cash flow forecasts consist of free cash flows to both debt and equity holders. Whilst we have utilised a WACC, we recognise that market participants often use less precise methods for determining a discount rate, including target internal rates of return or hurdle rates. They often do not distinguish between investment types or regions.

To arrive at a concluded WACC for CSR's Building Products segment, we have had regard to the risk free rate, equity risk premium, beta and cost of debt for CSR's Building Products segment.

We have utilised the following parameters in deriving our discount rate for CSR's Building Products segment.

Selected WACC Parameters for CSR's Building Products Segment

Parameter	Symbol	Low	High
Risk free rate	Rf	4.0%	4.0%
Equity risk premium	ERP	6.0%	6.0%
Unlevered Beta		1.10	1.20
Tax rate	t	30.0%	30.0%
Gearing (Net Debt / (Net Debt + Equity))	D/(D+E)	15.0%	10.0%
Debt/ Equity	D/E	17.65%	11.1%
Levered Beta	β	1.24	1.29
Cost of Equity (Post-Tax)	Ke	11.4%	11.8%
Pre-tax cost of debt	Kd	6.1%	6.1%
CSR WACC (rounded)		**10.3%**	**11.0%**
CSR WACC (selected)		**10.2%**	**11.0%**

Source: Kroll analysis.

The objective of the discount rate is to appropriately reflect the expected return of a hypothetical prudent purchaser, based upon the perceived risks associated with CSR's Building Products segment. In this respect, it is relevant to recognise that the selection of an appropriate discount rate to apply to the forecast cash flows of any asset or business operation is a matter of judgement and that the individual components should not be considered in isolation but rather as components of an overall discount rate. As a result of this subjectivity, the calculated discount rate should be treated as guidance rather than objective truth.

Furthermore, our discount rate reflects an assessment at a point in time as to both current market conditions and future expectations. To the extent that there are any changes in conditions and expectations over time, it is likely that an adjustment to the discount rate may be warranted.

Cost of equity

The cost of equity has been derived from the application of a CAPM. The CAPM has been empirically tested and is widely accepted for the purpose of estimating a company's required return on equity. In applying the CAPM, the rate of return on equity is estimated as the current risk-free rate of return on a long-term Government bond plus a market risk premium, multiplied by the "beta" for the shares. Beta is defined as a risk measure that reflects the sensitivity of a company's share price to the movements of the stock market as a whole and is a measure of systematic risk.

The CAPM formula rate of return on equity capital is calculated using the formula:

Ke = Rf + ß * (Rm - Rf)

Where:

Ke = Rate of return on equity capital;

Rf = Risk-free rate of return (normalised long-term Australian sovereign risk);

β = Beta or systematic risk for this type of equity investment, re-levered to reflect the debt-to-equity profile of the Investment; and

Rm - **Rf** = Equity risk premium (**ERP**); the expected return on a broad portfolio of stocks in the market (**Rm**) less the risk-free rate (**Rf**).

Where:

Risk-free rate

The risk-free rate is a key input in the CAPM. It is the return available, as of a valuation date, on a security that the market generally regards as free of the risk of default. When valuing a going-concern business, the risk-free rate is typically measured over a long-term period. In practice, long-dated bonds issued by governments considered to be generally safe have traditionally been accepted as a proxy for a risk-free security. In Australia, the 10-year Commonwealth Government bond yield is commonly used as a proxy for the risk-free security. As at 17 April 2024, the spot 10-year yield was 4.38%, with an average 10-year yield over the trailing three months of 4.13%.

Sovereign yields in many developed countries, including Australia, have been at or near historical lows in recent years. Periods of high uncertainty are often accompanied by flights to quality, which means investors shift significant capital to liquid assets considered "safe", such as government securities of major advanced economies, lowering yields on these securities. Australia is one of the very few countries in the world carrying a AAA sovereign debt rating and is therefore considered a safe haven by global investors.

More recently, continued high inflation globally and in Australia prompted central banks to repeatedly increase interest rates from 2022 until late 2023. This has caused an increase in the spot 10-year Australian Commonwealth Government bond yield from 2.98% on 2 August 2022 to reach a peak of 4.94% on 1 November 2023, before declining throughout the remainder of 2023. So far in 2024, we have seen the 10-year bond yield fluctuate between 3.95% and 4.38%.

Equity risk premium

The ERP represents the required return for bearing the incremental risk of investing in a diversified portfolio of equities rather than investing in a risk-free asset (such as a government bond considered safe of default). A forward-looking ERP is not directly observable in the market. Accordingly, valuation practitioners typically utilise historical data to estimate ERP. However, it is important to understand the level of risk-free rates used to measure the historical ERP and whether the resulting combination of risk-free rate and ERP result in a reasonable proxy for a forward-looking base cost of equity.

To the extent that the realised (i.e. historical) ERP equates on average to expected premiums in prior periods, the historical average ERP may be a useful starting point in developing a current forward-looking ERP estimate. A reason one might look to the historical ERP is that the expectations of investors will be framed from their experiences, and the average historical ERP might be expected to have an influence on investors' expectations about the future. Hence there is usually at least some reliance on average historical ERPs when developing current forward-looking ERP estimates.

However, this does not mean that the ERP estimate should be static over time. Periods of market stability (low volatility) likely indicate that the current forward-looking ERP estimate is below the historical average, and periods of heightened volatility likely indicate that the current forward-looking ERP estimate is above the historical average. The COVID-19 pandemic upended the global economy and created an even higher level of uncertainty about short-term and medium-term economic growth prospects. Australia, like most countries in the world, adopted a lockdown policy that restricted population movement and closed businesses. The shape and the time of the recovery are still uncertain. As such, a higher ERP than historical averages could be appropriate, particularly if we were relying on a spot 10-year yield as a proxy for the risk-free rate.

The historical ERP has been estimated from an Australian investor perspective over different periods by various researchers and regulatory authorities. In forming our view we have had particular regard to the work of Dr

Bishop, as summarised and updated in "Appendix 3B: Additional Sources of Equity Risk Premium Data – Australia" in the *2021 Valuation Handbook – International Guide to the Cost of Capital*, published by Duff & Phelps (a Kroll business). Dr. Bishop estimated the historical Australian ERP for the period of 1900–2020 under different investor perspectives: (i) an Australian investor (in Australian Dollars) with access to (i.e., eligible to receive) imputation tax benefits; (ii) an investor in Australian dollars without access to imputation tax benefits.

The geometric average and the arithmetic average realised ERP were both calculated relative to Australian long-term government bonds. Both the geometric and arithmetic average ERP indications were estimated directly from the underlying data. We consider the arithmetic average to be more relevant for the valuation of businesses. The analysis indicated an arithmetic average ERP of 6.8% for an investor with access to imputation benefits and 6.4% for an investor without access to imputation benefits.

In order to be consistent with the approach that we have adopted to estimate the risk-free rate (based on a normalised estimate), we have applied a long-term view in determining the ERP. On this basis we consider an ERP of 6.0% as appropriate for the long-term investment climate in Australia.

Beta

Beta (β) is a statistical measure of the volatility of the price of a specific stock relative to the movement of a general group. Generally, beta is considered to be indicative of the market's perception of the relative risk of the specific stock. For unlisted firms, practical application of the CAPM is dependent upon the ability to identify publicly traded companies that have similar risk characteristics as the subject company/assets in order to derive meaningful measures of beta.

In selecting an appropriate beta to apply to CSR's Building Products segment, Kroll has considered betas for ASX-listed building product manufacturers as well as Adbri and Boral, who are primarily construction materials companies, as at 19 April 2024. Australian building product manufacturing companies are most comparable to CSR's Building Products segment because they compete in the same market and are subject to the same cyclical trends for residential and other construction activity. Whilst CSR's operations are focused within Australia, other comparable building products companies have operations internationally (James Hardie, Brickworks and Reliance globally, Fletcher Building and GWA in New Zealand) such that direct comparisons are not possible.

Comparable company betas as at 19 April 2024 are presented as follows.

Comparable Company Betas as at 19 April 2024

Company	Market Cap ($ millions)	Barra Betas (levered)	Capital IQ (Local Index) 2 Year Weekly Levered	2 Year Weekly Unlevered	5 Year Monthly Levered	5 Year Monthly Unlevered
Building Products						
CSR Limited[1]	**3,231.4**	**0.94**	**1.11**	**1.11**	**1.21**	**1.22**
James Hardie	23,133.7	1.20	1.50	1.44	1.49	1.41
Brickworks Limited	4,056.1	0.88	0.91	0.81	1.03	0.92
Reliance	3,967.0	1.16	1.27	1.13	1.09	0.98
Fletcher Building	2,752.7	1.10	1.02	0.67	1.40	1.00
GWA	665.7	0.99	1.02	0.85	1.04	0.89
Building Products – Median		*1.09*	*1.15*	*0.99*	*1.24*	*0.99*
Building Products – Average		*1.06*	*1.20*	*1.02*	*1.25*	*1.07*
Construction Materials						
Boral[2]	6,453.1	0.96	1.14	1.21	1.88[3]	1.76
Adbri[4]	1,365.5	0.95	nmf[5]	nmf	1.18	0.96
Construction Materials – Median		0.96	*1.14*	*1.21*	*1.18*	*0.96*
Construction Materials – Average		0.96	*1.14*	*1.21*	*1.18*	*0.96*
All Companies – Median		**1.06**	**1.14**	**1.13**	**1.18**	**0.98**
All Companies – Average		**1.06**	**1.19**	**1.06**	**1.24**	**1.05**
All Companies – Maximum		**1.22**	**1.50**	**1.44**	**1.49**	**1.41**
All Companies – Minimum		**0.88**	**1.02**	**0.67**	**1.04**	**0.89**

Source: Barra; Capital IQ; Kroll analysis.
Notes:
1. Betas are as at 19 April 2024, Barra Betas are as at 31 March 2024. Betas and Barra betas shown are regressed against local indices.
2. CSR market capitalisation and Capital IQ betas are calculated as at 20 February 2024, the last undisturbed trading day prior to media speculation regarding a change of control proposal for CSR. CSR's Barra betas are as at 31 January 2024.
3. Boral's market capitalisation and Capital IQ betas are calculated as at 18 February 2024, the last undisturbed trading day prior to the announcement of the Seven Group off-market takeover offer. Boral's Barra betas are as at 31 January 2024.
4. Grey shaded results reflect outliers.
5. Adbri's market capitalisation and Capital IQ betas are calculated as at 14 December 2023, the last undisturbed trading day prior to the announcement of the CRH takeover offer. Adbri's Barra betas are as at 30 November 2023.
6. nmf denotes not statistically significant.
7. Medians and averages exclude CSR and outliers.

As at 19 April 2024:

- Kroll has considered both two-year weekly and five-year monthly betas. Share prices have been regressed against a local rather than global index, since building products companies generally sell products within a particular geographical market;
- CSR has no material borrowings. Its two-year weekly unlevered beta is 1.11 and its five-year monthly unlevered beta is 1.22;
- Adbri and Boral are construction materials companies. Civil construction comprises a greater share of their end-markets, which tend to be government funded and less cyclical than residential construction. Consequently, their betas would be expected to be lower than those of building products companies. In relation to the observed betas for Adbri and Boral:

  - Adbri's and Boral's levered Barra betas (regressed against a local index) are relatively low, at 0.95 and 0.96, respectively;
  - Boral's five-year betas are considered to be outliers as they are likely to be impacted by the off-market takeover offer in May 2021, sale of its 50% interest in the USG Boral joint venture in March 2021 and sale of its North American businesses in October 2021 and February 2022, and subsequent $3 billion capital return in February 2022. Boral's two-year betas will reflect its predominantly Australian focus. Boral has a net cash position. Its two-year levered beta is 1.14 with a two-year unlevered beta of 1.21;
  - Adbri's two-year betas are not statistically significant. Its five-year levered beta is 1.18;
- intuitively, Kroll would expect a building products manufacturer to have a beta that is in excess of 1.0. Building products companies are subject to greater cyclical trends as they are highly levered to residential construction activity (see Section 7.2 for further analysis). Consequently, we would expect a higher beta for building products manufacturers than for construction materials companies due to their greater earnings volatility. CSR is seeking to diversify its end-market exposure as part of its strategic plan, however, it remains leveraged to residential construction activity. In 1H24, detached housing represented 52.0% of revenue. In relation to the observed betas:
  - Kroll has removed Brickworks' betas as an outlier due to the likelihood that it is impacted by its 26.1% cross shareholdings in WHSP,[107] which in turn owns 43.1% of Brickworks (see Appendix 6 for further discussion);[108] and
  - the remaining building products manufacturers have levered betas are in the range of 1.02 and 1.50 (a median of 1.15) based on observations over a two-year period and 1.04 to 1.49 (a median of 1.24) over a five-year period.

Taking these factors into account, Kroll has selected an unlevered beta in the range of 1.10 to 1.20, which is consistent with CSR's two and five-year betas. Adopting a target gearing ratio in the range of 10% to 15% results in a levered beta in the range of 1.24 to 1.29. This range is consistent with the median levered betas for the comparable building products manufacturers of 1.15 and 1.24.

[107] Brickworks Annual Report 2023. October 2023.
[108] WHSP Annual Report 2023. September 2023.

Gearing

In selecting an appropriate gearing ratio for CSR for the purpose of re-leveraging our selected asset beta, we have considered the gearing levels of comparable companies. The gearing ratios for the selected comparable companies are set out as follows.

Comparable Companies Gearing as at 19 April 2024

Company	Market Cap ($ millions)	As at Current Date[1] 2 Year	As at Current Date[1] 5 Year
Building Products			
CSR Limited[2]	**3,231.4**	**0.5%**	**(1.3)%**
James Hardie	23,133.7	4.8%	6.8%
Brickworks	4,056.1	13.9%	14.5%
Reliance Worldwide	3,967.0	14.4%	12.9%
Fletcher Building	2,752.7	40.9%	33.5%
GWA	665.7	22.6%	18.7%
Building Products – Median		14.4%	14.5%
Building Products – Average		19.3%	17.3%
Construction Materials			
Boral[3]	6,453.1	(18.3%)[4]	(3.2%)
Adbri[5]	1,365.5	32.8%	23.8%
Construction Materials – Median		32.8%	23.8%
Construction Materials – Average		32.8%	23.8%
All Companies – Median		**18.5%**	**16.6%**
All Companies – Average		**21.6%**	**18.4%**

Source: S&P Capital IQ; Kroll analysis.

Notes:

1. Gearing has been calculated as (total debt plus preference shares minus cash)/(total debt plus preference shares minus cash plus market capitalisation plus minority interests). Gearing excludes right-of-use lease liabilities since the cash flows in the DCF are on a pre-AASB 16 basis.
2. CSR market capitalisation and Capital IQ betas are calculated as at 20 February 2024, the last undisturbed trading day prior to media speculation regarding a change of control proposal for CSR.
3. Boral's market capitalisation and Capital IQ betas are calculated as at 18 February 2024, the last undisturbed trading day prior to the announcement of the Seven Group offer.
4. Grey shaded results reflect outliers.
5. Adbri's market capitalisation and Capital IQ betas are calculated as at 14 December 2023, the last undisturbed trading day prior to the announcement of the CRH takeover offer.
6. Medians and averages exclude CSR and outliers.

For any company, there is likely to be a level of gearing that represents the optimal capital structure for that company. In estimating a discount rate, the gearing assumption should reflect this optimal or target capital structure, however, "optimal" as opposed to "actual" capital structures are not readily observable. In practice, both the existing capital structure and those of comparable companies are used as a guide taking into account the specific circumstances of the relevant entity. CSR's gearing is also constrained by its capital allocation framework, with a net debt to EBITDA ratio restriction of less than 1.5 times. Based on CSR's YEM23 earnings, this translates into a market gearing ratio of approximately 16.1%.[109]

The majority of comparable building product manufacturers considered have a gearing ratio below 15%, with a median gearing ratio of 14.4% and 14.5% (on a two and five-year period, respectively), potentially reflecting the risks associated with taking on debt in the building product manufacturing industry, which tends to be cyclical (as discussed in Section 7.2). Building products manufacturers also tend to be less capital intensive

[109] Market gearing ratio reflects net debt /(net debt plus market capitalisation (using CSR's pre announcement market capitalisation)) and excludes right-of-use lease liabilities.

than construction products companies such as Boral and Adbri, which suggests a lower gearing is appropriate for building products companies.

Having regard to these factors, we have selected a gearing ratio in the range of 10.0% to 15.0% for CSR's Building Products segment.

Pre-tax cost of debt

For the purposes of assessing fair value we have estimated a cost of debt from the perspective of the likely debt rate that would apply to CSR if acquired by an external market participant. We have approximated the long-term, pre-tax cost of debt for CSR's Building Products segment with the following methodology:

- using our long-term risk-free rate (4.0%) as a base; and
- adding the credit risk spread between the five-year BBB rated Australian corporate bonds and five-year Australian Government bonds and a yield differential between the five and 10 year Australian Government bonds (2.1%), after assessing market evidence.

Based on the above, a long-term pre-tax cost of debt of 6.1% is considered to be appropriate for a building product manufacturer operating in the current market.

Tax rate

We have adopted an effective tax rate of 30% for CSR's Building Products segment, reflecting that earnings will be taxed locally in Australia. We have not ascribed any value to accrued tax losses in the discount rate.

Cross-check

In determining the concluded WACC, we have also considered comparable company discount rates as reported in public independent expert reports and broker reports.

Appendix 6 – Market Evidence

Comparable transactions

The following table sets out the key comparable transactions.

Comparable Transactions

Date	Target	Country	Percentage Acquired	Enterprise Value[1] (100%) (A$ million)	EBITDA Multiples				EBIT Multiples[4]			
					Unadjusted[2]		Including Synergies[3]		Unadjusted[4]		Including Synergies[5]	
					Historical	Forecast	Historical	Forecast	Historical	Forecast	Historical	Forecast
Building Products												
12 Jun 23	Building Products Canada	Canada	100%	1,467.7	11.9	na	8.2	na	na	na	na	na
14 Feb 22	Cornerstone	United States	51%	8,083.5	8.0	7.9	na	na	14.4	12.5	na	na
22 Feb 21	Forterra	United States	100%	3,481.2	10.1	9.0	na	na	14.5	13.1	na	na
7 Jan 21	Firestone	United States	100%	4,382.9	na	12.6	na	8.9	na	14.3	na	9.8
27 Oct 20	USG Boral[6]	Australia	50%	2,860.0	13.2	na	13.2	na	26.7	na	26.7	na
12 Nov 19	Continental	United States	100%	2,088.8	9.5	11.0	7.1	7.9	13.3	16.9	9.1	9.8
26 Mar 18	USG Corporation	United States	89%	9,229.6	11.6	9.6	8.1	7.1	14.8	14.5	9.5	9.4
31 Jan 18	Ply Gem	United States	100%	2,850.3	9.7	8.3	na	na	13.0	10.3	na	na
20 Nov 16	Headwaters	United States	100%	3,495.2	11.8	10.6	8.1	7.5	22.2	15.3	11.9	9.6
Construction Materials												
19 Feb 24	Boral[7]	Australia	<28.4%	5,716.8	10.5	9.6	na	na	16.3	14.5	na	na
17 Dec 23	Adbri	Australia	57%	2,598.6	9.2	8.7	na	na	17.8	17.0	na	na
10 May 21	Boral	Australia	46%	7,595.2	10.1	9.3	na	na	29.6	21.2	na	na

Source: S&P Capital IQ, Mergermarket; Kroll analysis

1. Enterprise Value are calculated as the sum of market capitalisation, net debt, right-of-use lease liabilites (for post AASB 16 financial information) and non controlling interests, less equity accounted investments and non operating assets/(liabilities)(net)
2. EBITDA multiples are calculated as Enterprise Value, divided by operating EBITDA less income from equity accounted associates.
3. EBITDA multiples with synergies are calculated as Enterprise value, divided by operating EBITDA plus stated synergies from transaction announcements (where applicable) less income from equity accounted associates.
4. EBIT multiples are calculated as Enterprise Value, divided by operating EBIT less income from equity accounted associates.
5. EBIT multiples with synergies are calculated as Enterprise value, divided by operating EBIT plus stated synergies from transaction announcements (where applicable) less income from equity accounted associates.
6. USG Boral's historical multiples are 11.3 times EBITDA and 17.0 times EBIT when using 2019 earnings which reflects a less volatile operating environment. The 2020 EBITDA figure is impacted by the COVID-19 pandemic and a cyclical downturn.
7. The Boral 2024 transaction multiples are calculated relative to Boral's building products operations by excluding the value of surplus property from the numerator and excluding income related to surplus property from EBITDA, and equity accounted investments have been proportionately consolidated (rather than being excluded).

Summary of market evidence

In relation to the transactions involving building product companies:

- the USG Boral (2020) transaction occurred at a multiple of 15.1 times 2020 EBITDA and 11.3 times 2019 EBITDA. The higher multiple of 2020 EBITDA reflects the weaker performance for the underlying business in FY20. We also note that USG Boral's operations are primarily located in the faster growing, Asian region, which will result in a higher multiple and makes it less comparable to CSR;
- excluding outliers, the multiples for transactions involving building products companies are in the range of 8.0 times to 11.9 times historical EBITDA and 7.9 times to 12.6 times forecast EBITDA. The multiples tend to be higher for transactions where significant synergies were anticipated (i.e. for a strategic buyer with overlapping geographies and products), and lower where limited synergies would have been anticipated (i.e. for a financial buyer or where there is limited overlap in geographies or products). In relation to the multiples:
  - the high end of the range is represented by Firestone (2021), which occurred at a multiple of 12.6 times forecast EBITDA. This multiple is supported by significant US$110 billion of run-rate synergies[110] (3.4% of enterprise value) which were expected to be generated by the acquirer, Holcim, noting that the companies had a significant overlapping geographical footprint. Including run-rate synergies, the transaction occurred at a multiple of 8.9 times forecast EBITDA;[111]
  - two of the international comparable transactions, the acquisitions of Building Products Canada (2023) and Continental (2019), were completed by Saint-Gobain. The Building Products Canada transaction occurred at a multiple of 11.9 times historical EBITDA, while the Continental transaction occurred at a multiple of 9.5 times historical EBITDA and 11.0 times forecast EBITDA. Saint-Gobain advised that it expected to achieve significant synergies for both of these transactions as a result of the overlapping geographical footprint (Building Products of Canada, C$50 million, or 3.8% of enterprise value, and Continental, US$50 million, or 3.5% of enterprise value). Excluding run-rate synergies, the multiple for Building Products of Canada reduces to 8.2 times historical EBITDA and for Continental, the multiples reduce to 7.1 times historical EBITDA and 7.9 times forecast EBITDA;
  - the acquisition of Headwaters (2016) by Boral occurred at multiples of 11.8 times historical EBITDA and 10.6 times forecast EBITDA. Boral expected to achieve significant synergies (US$100 million or 3.9% of enterprise value) through the acquisition as a result of their overlapping geographical footprint, particularly in the United States fly ash and light building product markets. Including the full run-rate synergies, the multiples reduce to 8.1 times historical EBITDA and 7.5 times forecast EBITDA;
  - the acquisition of USG (2018) occurred at a multiple of 11.6 times historical EBITDA and 9.6 times forecast EBITDA. Knauf did not disclose anticipated synergies, however, in its bid letter dated 28 November 2018, it stated that, "Together we can provide a broad range of building products to a well-balanced geographical and end-market customer base. The integration of our platforms, knowledge sharing and continued investment will allow us to establish an optimised manufacturing, sales, capital expenditure and R&D structure on a global scale". Kroll notes that the companies had overlapping geographical footprint and consequently, the transaction could be expected to have generated material synergies. USG estimated these synergies to be US$266 million[112] (3.8% of enterprise value), assuming a similar level of synergies as anticipated by the bidder in other building products transactions. Excluding these run-rate synergies, the multiples for USG reduce to 8.1 times historical EBITDA and 7.1 times forecast EBITDA;
  - the acquisition of Forterra (2021) by Quikrete Holdings, Inc., an unlisted building products and construction materials company, occurred at multiples of 10.1 times historical EBITDA and 9.0 times forecast EBITDA. The bidder did not disclose anticipated synergies. Although the

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110 Run-rate synergies refer to the first full year of synergy benefits, after a period of ramp up.
111 Source: "Acquisition of Firestone Building Products: A milestone in the transformation of LafargeHolcim", 7 January 2021, p.28.
112 Source: Form DEFA14A, Additional definitive proxy soliciting materials and Rule 14(a)(12) material, "USG: Maximising value for all stockholders", April 2018.

companies appear to have overlapping geographical operations, their product suites are quite different, which is likely to limit potential synergies;

- the low end of the multiples is represented by:
  - Cornerstone (2022), which occurred at multiples of at 8.0 times historical EBITDA and 7.9 times forecast EBITDA. This likely reflects that the transaction involved a leveraged buyout by CD&R Friends & Family Fund VIII, L.P. (**CD&R**) and various financial buyers and as such, no material synergies would have been anticipated. Furthermore, CD&R likely already held effective control of the company through its 49.2% shareholding; and
  - Ply Gem (2018), which occurred at multiples of 9.7 times historical EBITDA and 8.3 times forecast EBITDA. The acquirer, Clayton, Dubilier & Rice, LLC, was a financial buyer, Consequently, no material synergies would have been anticipated.

In relation to the transactions involving Australian construction materials companies:

- the proposed[113] Adbri takeover by CRH ANZ Pty Ltd (**CRH plc**) via an agreed scheme of arrangement announced in December 2023 represents a recent comparable Australian transaction. Like CSR, Adbri operates in in Australia, however, it is a construction materials company, rather than a building products company. As such, Adbri is expected to have a reduced exposure to the cyclical residential construction end-market. The consideration of $3.20 per share represents a 41.0% premium to the closing price the day prior to the announcement of the transaction. The transaction implies multiples of 9.2 times historical EBITDA and 8.7 times forecast EBITDA. In the 18 months prior to the announcement of the Adbri transaction, CSR traded at an average discount of 9.0% relative to Adbri's trading EBITDA multiple;
- the proposed 2024 Boral off-market takeover offer from Seven Group was considered to be 'not fair but reasonable' by the independent expert and the Bid Response Committee of the Boral Board has recommended that Boral Shareholders accept the offer. The consideration is in the form of cash and scrip. The offer represents a premium of 6.8% relative to the unaffected closing price. Based on the closing Seven Group share price immediately prior to the offer and the consideration, excluding the value of surplus property and proportionately consolidating equity accounted investments, the offer implies a multiple of 10.5 times historical EBITDA and 9.6 times forecast EBITDA.[114] Prior to the offer, Seven Group held approximately 71.6% of Boral shares. Historically, CSR has traded at a discount to Boral (an average discount of 48% relative to Boral's trading EBITDA multiple over the 18 months prior to the announcement of the Boral (2024) transaction), although this gap has narrowed over time. This discount potentially reflects Boral's vertically integrated business model and reduced exposure to cyclical end-markets and an overhang for CSR related to its product liability and the uncertain performance of Aluminium (to the extent CSR's exposures are unhedged); and
- the 2021 Boral off-market takeover offer from Seven Group was rejected by the Boral Board and the independent expert assessed the offer as 'not fair'. The consideration of $6.50 in cash per share represented a nil premium to the last closing price and implied a multiple of 10.1 times historical EBITDA multiple and 9.3 times forecast EBITDA.[115] Analysis of this multiple is complicated by Boral's sale processes for its North American Building Products and Fly Ash businesses at the time. The transaction occurred at a historical EBITDA multiple of 10.1 times.[116] Prior to the offer, Seven Group held approximately 23.2% of Boral shares.

Detailed transaction descriptions

Building Products of Canada Corp. / Compagnie Saint-Gobain S.A.

On 12 June 2023, Saint-Gobain announced the acquisition of Building Products Canada for C$1,325 million. Building Products Canada was a privately owned roofing products manufacturer based in Canada

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[113] Adbri and CRH Plc have entered into a scheme implementation deed and the transaction has been recommended by the Adbri Board, however, it has not yet been voted on by Adbri shareholders.
[114] For the 12 months to 31 December 2023, proportionately consolidating earnings from equity accounted joint ventures.
[115] Excludes value of surplus property and earnings from property sales. Equity accounted investments have been proportionately consolidated. Post AASB 16 basis.
[116] Per Grant Samuel's IER in the Boral Target Statement, released to the ASX on 19 March 2024 for the 2024 Boral.

with products across roofing shingles, underlayment, wood fibre insulating and acoustic panels. Saint-Gobain noted that the acquisition strengthened its market position in light and sustainable construction within the North American market, with a strong position already established in the United States roofing market. Saint-Gobain noted the transaction helps create a full range product offering for its Canadian customers.

Cornerstone Building Brands, Inc./ Clayton, Dubilier & Rice, LLC

On 13 February 2022, CD&R submitted a non-binding best and final proposal to take Cornerstone private for cash consideration of US$24.65 per Cornerstone share. Cornerstone is a manufacturer, distributor and installer of external building products for the commercial and residential markets predominantly in the United States, Canada and Mexico. Cornerstone operated three core segments of aperture solutions (vinyl, aluminium and wood windows and doors), surface solutions (fencing, railing and gutters) and shelter solutions (metal products, roofing and walls systems). CD&R is an American private equity firm with investments across multiple industries including consumer, industrials, technology and healthcare. CD&R had controlled approximately 49% of Cornerstone's common stock prior to the transaction. The cash offer represented a 75% premium to the closing price on the last trading day prior to market speculation of a potential transaction.

Forterra, Inc./ Quikrete Holdings, Inc

On 22 February 2021, Forterra, Inc. (**Forterra**) announced it had entered into a definitive agreement to be acquired by Quikrete Holdings, Inc, (**Quikrete**) for cash consideration of approximately $2.74 billion, equating to US$24.00 a share. Forterra is a manufacturer of water and drainage pipe and products used in water transmission, distribution, and drainage operating in the United States and Eastern Canada. Quikrete is a private building materials company whose product range includes packaged cementitious products, pavers, retaining wall systems, masonry units, and corrugated metal pipe. The cash offer represented a 13.9% premium to the closing price on the last undisturbed day of trading prior to the announcement of the transaction.

Firestone Building Products Company, LLC / Holcim AG

On 6 January 2021, Holcim entered into an agreement to acquire Firestone for approximately US$3.4 billion from Bridgestone Corporation, a global tyre manufacturer. Firestone was a manufacturer of roofing systems and products for commercial, industrial and residential roofing applications. Holcim is engaged in manufacturing construction materials such as concrete and asphalt.

USG Boral / Gebr Knauf KG

On 27 October 2020, Boral announced it had agreed to sell its 50% share in USG Boral to Knauf for approximately $1.4 billion. USG Boral was a joint venture that Boral and Knauf established which included a plasterboard-based business in Australia, New Zealand, Asia and the Middle East. Knauf is a German family owned business that specialises in systems for drywall, floors, plaster and facades. Knauf also manufactures building materials for interior design, building insulation, and ceiling fittings.

Continental Building Products, Inc. / Compagnie Saint-Gobain S.A.

On 12 November 2019, Continental entered into a definitive agreement to be acquired by CertainTeed Gypsum & Ceiling USA, Inc., a subsidiary of Saint-Gobain. The cash offer was US$37 per share for Continental shareholders and a transaction value of approximately US$1.4 billion. Continental was a gypsum wallboard manufacturer in North America. Saint-Gobain noted the transaction enhanced Saint-Gobain's product offering to clients in the United States, provided greater exposure to growth regions within the United States and was expected to create cost synergies.

USG Corporation / Gebr. Knauf KG

On 11 June 2018, USG and Knauf announced they had entered into a definitive agreement pursuant to which Knauf would acquire all of the outstanding shares of USG in a transaction valued at approximately US$7.0 billion. USG is a manufacturer of building products based in the United States. USG served construction markets globally through its gypsum, performance materials, ceilings and USG Boral divisions. USG's wall, ceiling, flooring, sheathing and roofing products are supplied to the residential, commercial and civil sectors. Knauf noted the acquisition was attractive due to USG's strong brands and the fact that the combined company was expected to benefit from a set of highly complementary businesses, products and global footprint. Under the agreement, shareholders received cash proceeds of US$44 per share, which represented a 31% premium to USG's unaffected closing price.

Ply Gem Holdings, Inc./ Clayton, Dubilier & Rice, LLC

On 31 January 2018, Ply Gem announced that it had entered into a definitive agreement to be acquired by CD&R for cash consideration of approximately US$2.4 billion, equating to US$21.64 a share. Ply Gem is a manufacturer of building products in North America. It's product range includes windows and patio doors, vinyl and aluminium sliding, designer accents, cellular PVC trim and mouldings, and vinyl fencing and railing. The cash offer represented a 19.6% premium to the closing price on the last day of trading prior to the announcement of the transaction.

Headwaters Incorporated / Boral Limited

On 21 November 2016, Boral announced it had acquired Headwaters for US$24.25 per share, representing an aggregate enterprise value of approximately US$2.6 billion. Headwaters is a building product manufacturer and fly ash marketer with two core segments of building products and construction materials. Headwaters building product segment manufactures stone, speciality roofing, siding and trimboard for commercial and residential markets. Headwaters construction materials division consists of fly ash sales. Boral noted the acquisition enables greater expansion into the sizable US market, scaled Boral's fly ash business and generated synergies for the combined business. The offer price represented a 34% premium on Headwaters one month VWAP prior to the announcement of the transaction.

Boral Limited / Seven Group Holdings Limited (2024) (pending, recommended)

On 19 February 2024, Seven Group announced an off-market takeover to acquire the remaining Boral shares that it did not own for a mixture of cash and scrip that varies slightly as the shareholder acceptance of the offer increases. As at 9 February 2024, Seven Group owned 71.6% of Boral shares. Boral's Bid Response Committee have recommended that shareholders accept the offer. It noted that the offer does not represent any meaningful premium to the recent historical trading prices of Boral prior to the offer, reflecting a premium of only a 3.4% to 6.8% (depending on the level of acceptances) to the closing price of Boral shares on 15 February 2024.

Adbri Limited / CRH ANZ Pty Ltd (pending, recommended)

On 18 December 2023, Adbri entered into a process and exclusivity deed with CRH plc, a NYSE listed international group of diversified materials businesses, and Barro Group to progress a non-binding indicative proposal under which CRH plc would acquire 100% of the Adbri shares not owned by the Barro Group for $3.20 per share in cash, implying a fully diluted market capitalisation of $2.1 billion. Adbri entered into a scheme implementation deed with CRH plc on 27 February 2024, confirming the $3.20 offer per share. CRH plc noted that the acquisition strongly complements its existing Australian businesses, creating additional opportunities for growth in the Australian construction materials market, a market that CRH plc believes has attractive attributes and a positive growth outlook. The cash offer represented a 41.0% premium to Adbri's undisturbed closing price on 15 December 2023. The transaction is subject to shareholder approval.

Boral Limited / Seven Group Holdings Limited (2021)

On 10 May 2021, Seven Group announced an off-market takeover offer for all of the ordinary shares it did not own in Boral for a cash consideration of $6.50 per share. Prior to the offer, Seven Group had an interest in approximately 23.2% of Boral shares. Seven Group, in an iterative process that involved four supplementary bidder's statements, increased its offer to Boral shareholders over the subsequent two months. Boral's Independent Board Committee rejected the takeover offer on the basis that the independent expert determined that the offer was 'not fair'. The offer period closed in July 2021, with Seven Group's substantial holder notice as at 29 July 2021 noting that Seven Group had obtained a 69.6% interest in Boral. The cash offer represented a nil premium to the pre-offer Boral share price.

Comparable companies

The following table summarises the historical and forecast EBITDA and EBIT multiples, and forecast revenue growth rates from FY23 to FY26, for comparable building materials listed companies based on share prices as at 19 April 2024.

Sharemarket Evidence: Comparable Listed Australian Building Product Companies

Company	Enterprise Value ($mn)[1]	LTM EBITDA margin	LTM EBIT margin	EV/LTM EBIT[2]	EV/FY24 EBIT	EV/LTM EBITDA[3]	EV/FY24 EBITDA	Revenue CAGR FY23-26[4]
James Hardie	25,364.0	28.9%	24.1%	17.5	17.2	14.7	14.4	7.8%
Fletcher Building	5,751.5	12.3%	7.9%	9.4	10.9	6.0	6.6	0.6%
Reliance Worldwide	4,737.4	20.0%	15.5%	15.9	14.3	12.3	11.4	5.7%
Brickworks[5]	41.4	7.6%	0.5%	nmf	na	0.5	na	na
GWA	805.9	22.5%	17.9%	10.9	10.9	8.7	8.6	3.3%

Source: S&P Capital IQ; Company Announcements; Kroll analysis.

Notes:

1. Enterprise Value are calculated as the sum of market capitalisation, net debt, right-of-use lease liabilites (for post AASB 16 financial information) and non controlling interests, less equity accounted investments and non operating assets/(liabilities)(net).
2. EBIT multiples are calculated as Enterprise Value, divided by operating EBIT less income from equity accounted associates.
3. EBITDA multiples are calculated as Enterprise Value, divided by operating EBITDA less income from equity accounted associates.
4. Calculated based on median broker revenue forecasts per Refinitiv data.
5. Trading multiples and margins calculated for Brickworks' operating (building products manufacturing and distribution) business only.

The data shows a wide dispersion of trading multiples, largely reflecting the characteristics, market exposures and growth profiles of each business.

Summary of market evidence

In relation to the listed company multiples:

- James Hardie and Reliance are large global building product manufacturers which primarily operate in North America but have smaller operations in Europe and Australia. Both James Hardie and Reliance have significant exposure to the North American residential repair and renovation market which has a very positive long-term outlook, with approximately half of all United States homes being 40 years or older. Consequently, both companies have relatively high short-term revenue growth outlooks (7.8% for James Hardie and 5.7% for Reliance on a 3-year CAGR basis) and we would expect them to trade at a significantly higher multiple (before allowing for a control premium) than CSR. Furthermore, James Hardie is significantly larger than CSR;
- Brickworks operates an idiosyncratic business model. A significant proportion of its value can be attributed to its extensive investments in WHSP which, as at 31 January 2024, had a market value of approximately $3.2 billion, and its ownership interests in two property joint ventures together with Goodman Group. Consequently, its multiples will be influenced by these investments. Brickwork's operating business is concentrated on brickmaking which is relatively capital intensive and requires higher fixed costs than most other forms of building product manufacturing (as brick kilns typically operate on a 24-hour per day basis). Consequently, we would expect CSR to trade at a higher multiple than Brickworks' operating business. Further, Brickworks' operating business records very high depreciation and amortisation, which results in a low operating EBIT and a very high historical EBIT multiple, which appears to be an outlier;
- Fletcher Building primarily operates in New Zealand but has broadly comparable operations to CSR, being a diversified manufacturer and distributor of building products. Fletcher Building's share price declined substantially between July 2023 and February 2024, as the company faced challenges including allegations of plumbing leaks which involved a specific Fletcher Building product, demand challenges due to rising cost of living pressures, and a write-down on its subsidiary Tradelink. Fletcher Building's share price has recovered since mid-February. Nonetheless, its forecast FY24 margins and short-term revenue growth expectations are lower than CSR's suggesting a lower trading multiple (before allowing for a control premium) is appropriate; and
- GWA is a manufacturer and distributor of building fixtures and fittings. GWA's distribution focus results in lower capital expenditure requirements than other comparable companies. It has relatively high historical EBITDA and EBIT margins (of 22.5% and 17.9% respectively in CY23). GWA's trading multiples are likely depressed by its relatively low short-term growth expectations, small size (having

a market capitalisation of approximately $806 million as at 19 April 2024), and exposure to residential construction markets in New Zealand and the United Kingdom, where it faces relatively challenging conditions.

Detailed company descriptions

Building Products

James Hardie Industries PLC

James Hardie is an ASX and New York Stock Exchange listed manufacturer, seller and distributor of fibre cement, fibre gypsum and cement-bonded building products for building construction applications in the United States, Canada, Australia, Europe, New Zealand and the Philippines. James Hardie operates under various brand names including Hardie Plank, Hardie Panel, Cemboard and Fermacell. The Company has three operating segments; North America fibre cement, Asia Pacific fibre cement and Europe building products.

James Hardie's North America fibre cement segment manufactures fibre cement interior linings, exterior siding products and related accessories in the United States and Canada with significant exposure to the North American residential housing market. The North America fibre cement segment accounted for 74.3% of James Hardie's 3Q24 revenues. The Asia Pacific fibre cement segment includes all fibre cement products manufactured in Australia and the Philippines, and sold in Australia, New Zealand, Asia, the Middle East and various Pacific Islands. The Asia pacific fibre cement segment accounted for 13.7% of 3Q24 revenues. The Europe building products segment includes fibre gypsum product manufactured in Europe, and fibre cement product manufactured in the United States that is sold in Europe. The Europe building products segment accounted for 12.0% of 3Q24 revenues.

Brickworks Limited

Brickworks is an ASX-listed manufacturer, seller and distributor of building products for the residential and commercial markets in Australia and North America. Brickworks product suite includes clay bricks, pavers, cement, masonry blocks, retaining wall systems, roof tiles, timber battens, walling panels, and accessories used in the building industry. Brickworks operates four segments; Building Products Australia, Building Products North America, Property and Investments.

Brickwork's building products Australia segment is primarily exposed to the residential housing market, with 87% of FY23 revenues derived from this segment. The portfolio includes Australia's largest clay brick manufacturer, Austral Bricks, other concrete product brands and bristile roofing. Building products North American segment is a leading brickmaker in the Midwest, Northeast and Mid-Atlantic regions of the United States. Brickwork's entry into the United States market occurred upon the acquisition of Glen-Gery in November 2018, and has been followed by further bolt on acquisitions. The investment segment consists primarily of a 26.1% stake in WHSP, [117] an ASX-listed Australian diversified investment company. WHSP invests across major listed equities, emerging companies, private equity, property and structured yield investments. WHSP owns a 43.1% share in Brickworks.[118] Brickwork's investment segment also holds a 17.6% strategic investment in FBR Ltd,[119] a Perth based ASX-listed robotics company specialising in automated bricklaying.

Brickworks property segment includes two joint venture industrial and property trusts with Goodman Group, and various operational and surplus land sites across Australia and North America. Brickworks property segment contributed significantly to earnings in FY23, generating EBIT of $506 million (71.3% of Brickworks FY23 EBIT).

Reliance Worldwide Corporation Ltd

Reliance is an ASX-listed manufacturer, designer and supplier of water flow, control and monitoring products and solutions for the plumbing and heating industries operating in Australia, New Zealand, Asia, North America, the United Kingdom and Europe. It offers plumbing solutions including brass and plastic

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[117] Brickworks Annual Report 2023. October 2023.
[118] WHSP Annual Report 2023. September 2023.
[119] Brickworks Annual Report 2023. October 2023.

plumbing fittings, pipes, valves and integrated installation solutions. Reliance provides its products under various brand names including SharkBite, HoldRite and John Guest.

Reliance operates three geographical segments; Americas, EMEA (Europe, Middle East and Asia) and Asia Pacific. Reliance's Americas segment accounted for 65.8% of FY23 revenues, with EMEA contributing 20.1% and Asia Pacific representing 14.1%.

Fletcher Building Limited

Fletcher Building is a dual ASX and New Zealand Stock Exchange (**NZX**) listed manufacturer of building products, home builder and construction and infrastructure project partner across Australia and New Zealand. Fletcher Building operates through six divisions: Building Products (16% of FY23 revenues), Distribution (20%), Concrete (12%), Australia (32%), Residential & Development (7%) and Construction (14%). Fletcher Buildings' products and solutions serve the residential sector in Australia and New Zealand (52% of FY23 revenues), commercial sector (26%), and infrastructure sector (22%). Fletcher Building operates multiple brands including Comfortech, Waipapa Pine, PlaceMakers, Winstone Aggregates, Tradelink and Fletcher Living.

GWA Group Limited

GWA is an ASX-listed manufacturer of building fixtures and fittings to households and commercial premises in Australia, New Zealand and select international markets including the United Kingdom. GWA specialises in bathroom and kitchen fixture and fittings, with one operating segment: Water solutions. The segment includes the sale of toilet suites, basins, taps and showers, baths, kitchen sinks, laundry tubs and bathroom accessories. GWA operates multiple brands including Caroma, Methven, Clark, and Dorf.

Construction Materials

Boral Limited

Boral is an ASX-listed vertically integrated construction materials company. Boral's operations span quarry and cement infrastructure assets, bitumen, construction materials recycling, asphalt and concrete batching. Boral segments its operations across Cement & lime, Quarries, Concrete, Asphalt and recycling & concrete placing.

Boral's cement and lime segment manufactures clinker using Boral's limestone, imports clinker and supplies supplementary cementitious materials such as fly ash and slag. Boral's cement and lime operation accounted for 11.5% of total FY23 external revenue. Boral's quarries segment includes hard rock and sand operations distributed downstream to Boral's concrete and asphalt operations and external customers. Quarries accounted for 16.2% of Boral's FY23 external revenue. Boral's downstream concrete operations deliver concreting solutions for customers throughout Boral's network in all Australian states. Boral's concrete segment accounted for 46.6% of FY23 external revenues. Boral's asphalt division covers asphalt manufacturing, spray seal and contracting depots. Boral's asphalt segment accounted for 25.7% of FY23 external revenues.

Boral is majority owned (71.6% ownership as at 9 February 2024) and controlled by Seven Group (via a subsidiary), an Australian diversified operating group with businesses across industrial services, energy and media. As discussed, Seven Group announced an off-market takeover offer for the remaining Boral shares that it did not own on 19 February 2024.

Adbri Limited

Adbri is an Australian construction materials manufacturer of cement, lime and dry blended products. Adbri's products are deployed in the residential and non-residential construction, engineering construction, industrial manufacturing and mining sectors in Australia. Adbri reports operational performance across key products: cementitious materials (39% of FY23 revenue), lime (10%), concrete (33%), aggregates (10%), and masonry (8%). Adbri also has multiple joint ventures that contributed $66.3 million of EBITDA in FY23. As discussed, Adbri has entered into a scheme implementation deed with CRH plc in relation to a proposal to acquire all of the Adbri shares not owned by the Barro Group.

Part Two – Financial Services Guide

What is an FSG?

This Financial Services Guide ("FSG") is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), ("We", "us" and "Kroll") is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) ("Millinium"), Australian Financial Services License ("AFSL") no. 284336, as a Corporate Authorised Representative ("CAR"). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium's AFSL (our "Authorised Representative"). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by CSR Limited ("Client") to prepare an independent expert's report ("Report") in connection with the proposed acquisition by Compagnie Saint-Gobain S.A. of Client. The Client will provide our Report to you.

Our details

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
SYDNEY
NSW 2000
www.kroll.com
Ph: 02 8286 7200

Our Authorised Representative

Ian Jedlin
ASIC authorised representative: No. 000404117
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
  - interests in managed investment schemes including investor directed portfolio services; and
  - securities,
  - with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

Personal Advice

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice ("SOA").

Remuneration

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll $500,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates ("Personnel") will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services Kroll and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaint Redressal

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer
Millinium Capital Managers Limited
GPO Box 615
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:
https://www.afca.org.au/make-a-complaint
Telephone
1300 56 55 62 (local call rate)
Email
info@afca.orga.au
Website
www.afca.org.au

Please note that AFCA can currently only deal with claims for compensation up to $1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.

Annexure 2

Scheme of arrangement

Scheme of Arrangement - Share Scheme

CSR Limited

Scheme Shareholders

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia
T +61 2 9225 5000 **F** +61 2 9322 4000
herbertsmithfreehills.com

HERBERT
SMITH
FREEHILLS

Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

CSR	**CSR Limited** ABN 90 000 001 276 of Triniti 3, Level 5 39 Delhi Road, North Ryde NSW 2113
Scheme Shareholders	Each holder of CSR Shares recorded in the Share Register as at the Scheme Record Date.

1 Definitions, interpretation and scheme components

1.1 Definitions

Schedule 1 contains definitions used in this Scheme.

1.2 Interpretation

Schedule 1 contains interpretation rules for this Scheme.

1.3 Scheme components

This Scheme includes any schedule to it.

2 Preliminary matters

(a) CSR is a public company limited by shares, registered in New South Wales, Australia, and has been admitted to the official list of the ASX. CSR Shares are quoted for trading on the ASX.

(b) As at the date of the Implementation Deed, 477,383,587 CSR Shares were on issue. Compagnie de Saint-Gobain (**Saint-Gobain**) is a public company limited by shares registered in France.

(c) BidCo, an indirect wholly-owned Subsidiary of Saint-Gobain, is a company limited by shares registered in Victoria, Australia.

(d) If this Scheme becomes Effective:

HERBERT SMITH FREEHILLS

(1) Saint-Gobain must provide or procure BidCo provides the Scheme Consideration to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and

(2) all the Scheme Shares, and all the rights and entitlements attaching to them as at the Implementation Date, must be transferred to BidCo and CSR will enter the name of BidCo in the Share Register in respect of the Scheme Shares.

(e) CSR and Saint-Gobain have agreed, by executing the Implementation Deed, to implement this Scheme.

(f) This Scheme attributes actions to Saint-Gobain and BidCo but does not itself impose an obligation on them to perform those actions. Saint-Gobain and BidCo have agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;

(b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;

(c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by Saint-Gobain and CSR;

(d) such other conditions made or required by the Court under subsection 411(6) of the Corporations Act in relation to this Scheme and agreed to by Saint-Gobain and CSR having been satisfied or waived; and

(e) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date CSR and Saint-Gobain agree in writing).

3.2 Certificate

(a) CSR, Saint-Gobain and BidCo will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.

(b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived.

3.3 End Date

This Scheme will lapse and be of no further force or effect if:

(a) the Effective Date does not occur on or before the End Date; or

(b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless CSR and Saint-Gobain otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

CSR must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme (or such later date as agreed in writing by Saint-Gobain).

4.2 Transfer of Scheme Shares

On the Implementation Date:

(a) subject to the provision of the Scheme Consideration in the manner contemplated by clauses 5.1(b) and 5.1(e) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to BidCo, without the need for any further act by any Scheme Shareholder (other than acts performed by CSR as attorney and agent for Scheme Shareholders under clause 8.5), by:

    (1) CSR delivering to BidCo a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by CSR, for registration; and

    (2) BidCo duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to CSR for registration; and

(b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), but subject to the stamping of the Scheme Transfer (if required), CSR must enter, or procure the entry of, the name of BidCo in the Share Register in respect of all the Scheme Shares transferred to BidCo in accordance with this Scheme.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

(a) BidCo must, and CSR must use its best endeavours to procure that BidCo does, by no later than the fourth Business Day before the Implementation Date, deposit, or procure the deposit, in cleared funds an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme

Shareholders (less the Withholding Amount as defined in clause 5.1(c)), into an Australian dollar denominated trust account with an ADI operated by CSR as trustee for the Scheme Shareholders, (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to BidCo's account).

(b) In the event that BidCo's will not or does not fulfil its obligations under clause 5.1(a), Saint-Gobain must, and CSR must use its best endeavours to procure that Saint-Gobain does, perform those obligations as if the references to BidCo in clause 5.1(a) were references to Saint-Gobain.

(c) If BidCo is required by section 260-5 or Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) or section 255 of the *Income Tax Assessment Act 1936* (Cth) (or equivalent provisions) to pay to a Government Agency an amount in respect of the acquisition of the Scheme Shares (the **Withholding Amount**), BidCo is permitted to deduct the Withholding Amount from the Scheme Consideration otherwise payable to those Scheme Shareholders and remit such amounts to the Government Agency. The aggregate sum payable shall not be increased to reflect the deduction of the Withholding Amount and the net amount payable to those Scheme Shareholders to whom the Withholding Amount relates shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Shareholders. BidCo must pay any Withholding Amount in the time required by law and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt of other evidence) to the relevant Scheme Shareholder.

(d) On the Implementation Date, subject to funds having been deposited in accordance with clause 5.1(a), CSR must pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the trust account referred to in clause 5.1(a).

(e) The obligations of CSR under clause 5.1(d) will be satisfied by CSR (in its absolute discretion, and despite any election referred to in clause 5.1(e)(1) or authority referred to in clause 5.1(e)(2) made or given by the Scheme Shareholder):

(1) if a Scheme Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the CSR Registry to receive dividend payments from CSR by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election;

(2) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to CSR; or

(3) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).

(f) To the extent that, following satisfaction of CSR's obligations under clause 5.1(d), there is a surplus in the amount held by CSR as trustee for the Scheme Shareholders in the trust account referred to in that clause, that surplus may be paid by CSR to BidCo or Saint-Gobain (as applicable as directed by Saint-Gobain).

5.2 Joint holders

In the case of Scheme Shares held in joint names:

(a) subject to clause 5.1(e), the Scheme Consideration is payable to the joint holders and any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of CSR, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and

(b) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of CSR, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

5.3 Fractional entitlements and splitting

Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

5.4 Unclaimed monies

(a) CSR may cancel a cheque issued under this clause 5 if the cheque:

(1) is returned to CSR; or

(2) has not been presented for payment within six months after the date on which the cheque was sent.

(b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to CSR (or the CSR Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), CSR must reissue a cheque that was previously cancelled under this clause 5.4.

(c) The *Unclaimed Money Act 1995* (NSW) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of the *Unclaimed Money Act 1995* (NSW).)

5.5 Orders of a court or Government Agency

If written notice is given to CSR (or the CSR Registry), Saint-Gobain or BidCo of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

(a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by CSR in accordance with this clause 5, then CSR shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or

(b) prevents CSR from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, CSR shall be entitled to retain an amount, in Australian dollars, equal to the number of

Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

6 Dealings in CSR Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in CSR Shares or other alterations to the Share Register will only be recognised if:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant CSR Shares before the Scheme Record Date; and

(b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Share Register is kept,

and CSR must not accept for registration, nor recognise for any purpose (except a transfer to BidCo pursuant to this Scheme and any subsequent transfer by BidCo or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

(a) CSR must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 6.1(b) before the Scheme Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires CSR to register a transfer that would result in a CSR Shareholder holding a parcel of CSR Shares that is less than a 'marketable parcel' (for the purposes of this clause 6.2(a) 'marketable parcel' has the meaning given in the Operating Rules).

(b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and CSR shall be entitled to disregard any such disposal.

(c) For the purpose of determining entitlements to the Scheme Consideration, CSR must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.

(d) All statements of holding for CSR Shares (other than statements of holding in favour of BidCo) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of BidCo) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the CSR Shares relating to that entry.

(e) As soon as possible on or after the Scheme Record Date, and in any event by two Business Days after the Scheme Record Date, CSR will ensure that details of the names, Registered Addresses and holdings of CSR Shares for each Scheme Shareholder as shown in the Share Register are available to Saint-Gobain.

7 Quotation of CSR Shares

(a) CSR must apply to ASX to suspend trading on the ASX in CSR Shares with effect from the close of trading on the Effective Date.

(b) On a date after the Implementation Date to be determined by Saint-Gobain, CSR must apply:

(1) for termination of the official quotation of CSR Shares on the ASX; and

(2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

(a) CSR may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Saint-Gobain has consented; and

(b) each Scheme Shareholder agrees to any such alterations or conditions which CSR has consented to.

8.2 Scheme Shareholders' agreements and warranties

(a) Each Scheme Shareholder:

(1) agrees to the transfer of their CSR Shares together with all rights and entitlements attaching to those CSR Shares in accordance with this Scheme;

(2) agrees to the variation, cancellation or modification of the rights attached to their CSR Shares constituted by or resulting from this Scheme;

(3) agrees to, on the direction of Saint-Gobain, destroy any holding statements or share certificates relating to their CSR Shares;

(4) who holds their CSR Shares in a CHESS Holding agrees to the conversion of those CSR Shares to an Issuer Sponsored Holding and irrevocably authorises CSR to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and

(5) acknowledges and agrees that this Scheme binds CSR and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).

(b) Each Scheme Shareholder is taken to have warranted to CSR and BidCo on the Implementation Date, and appointed and authorised CSR as its attorney and agent to warrant to BidCo on the Implementation Date, that:

(1) all their CSR Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their CSR Shares to BidCo together with any rights and entitlements attaching to those shares. CSR undertakes that it will provide such warranty to BidCo as agent and attorney of each Scheme Shareholder; and

(2) they have no existing right to be issued any CSR Shares, CSR Equity Incentives or any other CSR securities. CSR undertakes that it will provide such warranty to BidCo as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

(a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to BidCo will, at the time of transfer of them to BidCo vest in BidCo free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.

(b) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.1(b) and 5.1(e), BidCo will be beneficially entitled to the Scheme Shares to be transferred to it under this Scheme pending registration by CSR of BidCo in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clauses 5.1(b) and 5.1(e), and until CSR registers BidCo as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

(a) is deemed to have appointed BidCo as attorney and agent (and directed BidCo in each such capacity) to appoint any director, officer, secretary or agent nominated by BidCo as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;

(b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a)); and

(c) must take all other actions in the capacity of a registered holder of Scheme Shares as BidCo reasonably directs; and

(d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), BidCo and any director, officer, secretary or agent nominated by BidCo under clause 8.4(a) may act in the best interests of BidCo as the intended registered holder of the Scheme Shares.

8.5 Authority given to CSR

Each Scheme Shareholder, without the need for any further act:

(a) on the Effective Date, irrevocably appoints CSR and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Saint-Gobain and BidCo, and CSR undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Saint-Gobain and BidCo on behalf of and as agent and attorney for each Scheme Shareholder; and

(b) on the Implementation Date, irrevocably appoints CSR and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and CSR accepts each such appointment. CSR as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Binding effect of Scheme

This Scheme binds CSR and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of CSR.

9 General

9.1 Stamp duty

Saint-Gobain or BidCo will:

(a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and

(b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).

9.2 Consent

Each of the Scheme Shareholders consents to CSR doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, CSR or otherwise.

9.3 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to CSR, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at CSR's registered office or at the office of the CSR Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a CSR Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

(a) This Scheme is governed by the laws in force in New South Wales, Australia.

(b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

CSR must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither CSR, Saint-Gobain nor BidCo nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Schedule 1

Definitions and interpretation

1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
Additional Consideration Amount	where the Effective Date has not occurred by 26 June 2024, a cash amount per CSR Share equal to an additional $0.0006575 for each day that has elapsed from (and including) 27 June 2024 to (and including) the Effective Date of the Scheme.
ADI	authorised deposit-taking institution (as defined in the *Banking Act 1959* (Cth)).
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
BidCo	Saint Gobain BidCo Pty Ltd ACN 676 507 841.
Business Day	a day that is not a Saturday, Sunday or public holiday or bank holiday in Sydney, Australia or Paris, France.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
CHESS Holding	has the meaning given in the Settlement Rules.
Corporations Act	the *Corporations Act 2001* (Cth), as modified or varied by ASIC.

Term	Meaning
Court	the Supreme Court of New South Wales or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Saint-Gobain and CSR.
CSR	CSR Limited ABN 90 000 001 276.
CSR Equity Incentives	1 CSR Restricted Shares; 2 CSR Performance Rights; and 3 any other rights under a CSR Group incentive scheme, including rights to receive cash payments (whether granted before, on or after the date of the Implementation Deed).
CSR Performance Rights	any performance right issued under employee incentive arrangements of CSR Group.
CSR Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
CSR Restricted Shares	the CSR Shares which are subject to any restrictions (including vesting conditions, disposal restrictions, holding locks, forfeiting restrictions or service conditions).
CSR Share	a fully paid ordinary share in the capital of CSR.
CSR Shareholder	each person who is registered as the holder of a CSR Share in the Share Register.
Deed Poll	the deed poll substantially in the form of Attachment 1 under which Saint-Gobain and BidCo each covenants in favour of the Scheme Shareholders to perform the obligations attributed to Saint-Gobain and BidCo under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	30 November 2024, or such other date as agreed in writing by the parties.

Term	Meaning
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government (including any local or municipal council), whether foreign or Australian.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as the parties agree in writing .
Implementation Deed	the scheme implementation deed dated 26 February 2024 between CSR and Saint-Gobain relating to the implementation of this Scheme.
Issuer Sponsored Holding	has the meaning given in the Settlement Rules.
Operating Rules	the official operating rules of ASX.
Registered Address	in relation to a CSR Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between CSR and the Scheme Shareholders, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Saint-Gobain and CSR.
Scheme Consideration	the consideration to be provided by Saint-Gobain to each Scheme Shareholder for the transfer to BidCo of each Scheme Share, being for each CSR Share held by a Scheme Shareholder as at the Scheme Record Date: 1 an amount of A$9.00; *plus* 2 the Additional Consideration Amount (if applicable), subject to, and as adjusted in accordance with, clause 4.3(d) of the Implementation Deed.
Scheme Meeting	the meeting of the CSR Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Term	Meaning
Scheme Record Date	7.00pm on the ninth Business Day after the Effective Date or such other time and date as the parties agree in writing.
Scheme Shares	all CSR Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of CSR Shares recorded in the Share Register as at the Scheme Record Date.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of BidCo as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Settlement Rules	the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.
Share Register	the register of members of CSR maintained by CSR or the CSR Registry in accordance with the Corporations Act.
Saint-Gobain	Compagnie de Saint-Gobain of Tour Saint-Gobain, 12 place de l'Iris, 92096 La Defense Cedex, France.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Withholding Amount	has the meaning given in clause 5.1(c).

2 Interpretation

In this Scheme:

(a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;

(b) the singular includes the plural and the plural includes the singular;

(c) words of any gender include all genders;

(d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;

(e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;

(f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;

(g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);

(h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;

(i) a reference to '$', 'A$' or 'dollar' is to Australian currency;

(j) a reference to any time is, unless otherwise indicated, a reference to that time in Sydney, Australia;

(k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1 of this Schedule 1, has the same meaning when used in this Scheme;

(l) a reference to a party to a document includes that party's successors and permitted assignees;

(m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;

(n) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;

(o) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:

(1) which ceases to exist; or

(2) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

(p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;

(q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(r) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and

(s) a reference to the Operating Rules or the Settlement Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

HERBERT SMITH FREEHILLS

Attachment 1

Deed Poll

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Annexure 3

Deed Poll

HERBERT SMITH FREEHILLS

Deed

Share Scheme Deed Poll

Compagnie de Saint-Gobain

Saint Gobain BidCo Pty Ltd

ANZ Tower 161 Castlereagh Street Sydney NSW 2000 Australia
GPO Box 4227 Sydney NSW 2001 Australia
T +61 2 9225 5000 **F** +61 2 9322 4000
herbertsmithfreehills.com DX 361 Sydney

HERBERT SMITH FREEHILLS

Share Scheme Deed Poll

Date ▸ 20 **April 2024**

This deed poll is made

By	Compagnie de Saint-Gobain of Tour Saint-Gobain, 12 place de l'Iris, 92096 La Defense Cedex, France (**Saint-Gobain**) and Saint Gobain BidCo Pty Ltd ACN 676 507 841 of 7 Callister Place, Craigieburn, VIC 3064 (**BidCo**)
in favour of	each person registered as a holder of fully paid ordinary shares in CSR in the Share Register as at the Scheme Record Date.
Recitals	1 CSR and Saint-Gobain have entered into the Implementation Deed. 2 In the Implementation Deed, Saint-Gobain agreed to make this deed poll and to procure that BidCo make this deed poll. 3 Saint-Gobain and BidCo are making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform their obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	**Meaning**
CSR	CSR Limited ABN 90 000 001 276.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the scheme implementation deed entered into between CSR and Saint-Gobain dated 26 February 2024.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between CSR and the Scheme Shareholders, the form of which is attached as Attachment 1, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Saint-Gobain and CSR.

(b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 2, 3 and 4 of Schedule 1 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Saint-Gobain and BidCo acknowledge that:

(a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and

(b) under the Scheme, each Scheme Shareholder irrevocably appoints CSR and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Saint-Gobain and BidCo.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of Saint-Gobain and BidCo under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Saint-Gobain and BidCo under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

(a) the Implementation Deed is terminated in accordance with its terms; or

(b) the Scheme is not Effective on or before the End Date,

unless Saint-Gobain, BidCo and CSR otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

(a) Saint-Gobain and BidCo are released from their obligations to further perform this deed poll except those obligations under clause 7.1; and

(b) each Scheme Shareholder retains the rights they have against Saint-Gobain and BidCo in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to pay Scheme Consideration

Subject to clause 2:

(a) BidCo undertakes in favour of each Scheme Shareholder to deposit, or procure the deposit of, in cleared funds, by no later than the fourth Business Day before the Implementation Date an amount equal to the aggregate amount of the Scheme Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account with an ADI operated by CSR as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to BidCo's account;

(b) Saint-Gobain undertakes in favour of each Scheme Shareholder that, in the event BidCo will not or does not fulfil its obligations under clause 3.1(a), Saint-Gobain will perform those obligations as if the references to BidCo in clause 3.1(a) were references to Saint-Gobain; and

(c) each of Saint-Gobain and BidCo undertakes in favour of each Scheme Shareholder to undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to each of them under the Scheme,

subject to and in accordance with the terms of the Scheme.

HERBERT SMITH FREEHILLS

4 Warranties

Each of Saint-Gobain and BidCo represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

(a) it is a corporation validly existing under the laws of its place of registration;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;

(d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and

(e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) Saint-Gobain and BidCo have fully performed their obligations under this deed poll; or

(b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

(a) in writing and in English and signed by or on behalf of the sending party; and

(b) addressed to Saint-Gobain and BidCo in accordance with the details set out below (or any alternative details nominated by Saint-Gobain or BidCo by Notice).

Attention	General Counsel
Address	Tour Saint-Gobain, 12 place de l'Iris, 92096 La Défense Cedex, France
Email address	[redacted]

With a copy to	Sandy.Mak@corrs.com.au

6.2 How Notice must be given and when Notice is received

(a) A Notice must be given by one of the methods set out in the table below.

(b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By email to the nominated email address	The first to occur of: 1 the sender receiving an automated message confirming delivery; or 2 two hours after the time that the email was sent (as recorded on the device from which the email was sent) provided that the sender does not, within the period, receive an automated message that the email has not been delivered.

6.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than email as permitted in clause 6.2).

7 General

7.1 Stamp duty

Each of Saint-Gobain and BidCo:

(a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under or in connection with the Scheme and this deed poll; and

(b) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

(a) This deed poll is governed by the law in force in New South Wales, Australia.

(b) Saint-Gobain and BidCo irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales, Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Saint-Gobain and BidCo irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Waiver

(a) Saint-Gobain and BidCo may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.

(b) No Scheme Shareholder may rely on words or conduct of Saint-Gobain or BidCo as a waiver of any right unless the waiver is in writing and signed by Saint-Gobain or BidCo, as appropriate.

(c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless:

(a) if before the First Court Date, the variation is agreed to by CSR; or

(b) if on or after the First Court Date, the variation is agreed to by CSR and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Saint-Gobain and BidCo will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of Saint-Gobain, BidCo and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

(a) The rights created by this deed poll are personal to Saint-Gobain, BidCo and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Saint-Gobain.

(b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Joint and several obligations

Saint-Gobain and BidCo are jointly and severally liable for each obligation imposed on both of them by the terms of this deed poll.

7.8 Further action

Saint-Gobain and BidCo must, at their own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

HERBERT SMITH FREEHILLS

Attachment 1

Scheme

HERBERT SMITH FREEHILLS

Signing page

Executed as a deed poll

Saint-Gobain

Signed sealed and delivered by
Compagnie de Saint-Gobain

sign here ► [redacted]

print name

DocuSign Envelope ID: 5D85D289-166C-4711-8627-8EB7689ED87C

HERBERT SMITH FREEHILLS

Signing page

BidCo

Signed sealed and delivered by **Saint Gobain BidCo Pty Ltd** in accordance with section 127(1) of the *Corporations Act 2001* (Cth):

by

sign here ► [redacted]

print name

112246324

Share Scheme Deed Poll

Annexure 4

Notice of Scheme Meeting

Notice of Scheme Meeting

CSR Limited ABN 90 000 001 276 (**CSR**)

Notice is hereby given that, by an order of the Supreme Court of New South Wales made on 26 April 2024, pursuant to subsection 411(1) of the Corporations Act, a meeting of CSR Shareholders (**Scheme Meeting**) will be held:

Date: Thursday, 13 June 2024

Time: 9.00am (Sydney time)

Venue: Herbert Smith Freehills, Level 34, 161 Castlereagh Street, Sydney NSW 2000 and online via the online platform at https://meetnow.global/M64W5LG

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which CSR and Compagnie de Saint-Gobain (**Saint-Gobain**) agree) proposed to be made between CSR and CSR Shareholders (**Scheme**).

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in the Scheme Booklet, of which this notice forms part.

Scheme Resolution

The Scheme Meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution (**Scheme Resolution**):

> 'That, pursuant to and in accordance with the provisions of section 411 of the *Corporations Act 2001* (Cth), the scheme of arrangement proposed between CSR Limited and the holders of its ordinary shares, as contained in and more particularly described in the scheme booklet of which the notice convening this meeting forms part, is agreed to (with or without alterations or conditions as approved by the Supreme Court of New South Wales to which CSR Limited and Compagnie de Saint-Gobain agree).'

Chair

The Court has directed that John Gillam is to act as chair of the Scheme Meeting (and that, if John Gillam is unable or unwilling to attend, Penny Winn is to act as chair of the Scheme Meeting) and has directed the chair of the Scheme Meeting to report the result of the Scheme Resolution to the Court.

Dated 26 April 2024

By order of the Court and the CSR Board

sign here ▶

Company Secretary

print name Jill Hardiman

Explanatory notes

1 General

This notice of meeting (**Notice of Scheme Meeting**) relates to the Scheme and should be read in conjunction with the Scheme Booklet dated 26 April 2024 of which this Notice of Scheme Meeting forms part. The Scheme Booklet contains important information to assist you in determining how to vote on the Scheme Resolution.

A copy of the Scheme is set out in Annexure 2 of the Scheme Booklet.

Capitalised terms used but not defined in this Notice of Scheme Meeting have the defined meanings set out in section 10.1 of the Scheme Booklet, unless the context otherwise requires.

2 Scheme Meeting format

The Scheme Meeting will be held as a hybrid meeting. This means that CSR Shareholders and their authorised proxies, attorneys and corporate representatives will be able to attend the Scheme Meeting in person at Herbert Smith Freehills, Level 34, 161 Castlereagh Street, Sydney NSW 2000 or may participate in the Scheme Meeting online at https://meetnow.global/M64W5LG.

Further details on how to participate in the Scheme Meeting via the online platform are set out in the explanatory notes that accompany and form part of this Notice of Scheme Meeting and in the online platform guide which will be available at www.csr.com.au/investors-and-news/scheme-information.

3 Requisite Majorities at the Scheme Meeting

For the proposed Scheme to be binding in accordance with section 411 of the Corporations Act, the Scheme Resolution must be agreed to by:

- unless the Court orders otherwise, a majority in number of CSR Shareholders present and voting (either in person, online or by proxy, attorney or, in the case of corporate CSR Shareholders, body corporate representative) at the Scheme Meeting; and
- at least 75% of the votes cast on the Scheme Resolution (either in person, online or by proxy, attorney or, in the case of corporate CSR Shareholders, body corporate representative).

4 Court approval

Under section 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or any alteration or condition required by the Court) is subject to the approval of the Court. If the Scheme Resolution is agreed to by the Requisite Majorities and the other Conditions Precedent to the Scheme (other than approval by the Court) are satisfied or waived (if capable of waiver) by the time required under the Scheme, CSR intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

5 Eligibility to vote

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the CSR Board has determined that the time for determining eligibility to vote at the Scheme Meeting is 7.00pm (Sydney time) on 11 June 2024. Only those CSR Shareholders entered on the CSR Share Register at that time will be entitled to participate and vote at the Scheme Meeting, either in person, online, by proxy or attorney, or in the case of a corporate CSR Shareholder, by a body corporate representative. The remaining comments in these explanatory notes are addressed to CSR Shareholders entitled to attend and vote at the Scheme Meeting.

6 Participation in the Scheme Meeting

6.1 Participating in person

All persons are asked to arrive at the venue at least 30 minutes before the scheduled time for commencement of the Scheme Meeting, so that either their shareholding can be checked against the CSR Share Register, or any power of attorney or certificate of appointment of body corporate representative verified, and their attendance noted.

6.2 Participating via the online platform

CSR Shareholders and their authorised proxies, attorneys or corporate representatives will be able to participate in the Scheme Meeting online at https://meetnow.global/M64W5LG.

The online platform may be accessed via a computer, mobile or tablet device with internet access. The online platform will allow CSR Shareholders and their authorised proxies, attorneys or corporate representatives to attend the Scheme Meeting online, cast an online vote and ask questions (both written and verbally) online.

To participate and vote online, CSR Shareholders will need their Security Reference Number (**SRN**) or Holder Identification Number (**HIN**) and their registered postcode or country of residence (if outside Australia). This can be found on your holding statement or dividend payment advice. Proxyholders will need to contact the CSR Share Registry on +61 3 9415 4024 at least one hour prior to the Scheme meeting to obtain their proxy code to participate online.

Participants will be able to log on to the online platform 60 minutes before the start of the Scheme Meeting. It is recommended that participants log on at least 15 minutes before the scheduled start time of the Scheme Meeting.

Further details on how to participate in the Scheme Meeting via the online platform are set out in the explanatory notes that accompany and form part of this Notice of Scheme Meeting and in the online platform guide available at www.csr.com.au/investors-and-news/scheme-information.

7 How to vote

In accordance with CSR's constitution, voting at the Scheme Meeting will be conducted by poll.

If you are a CSR Shareholder entitled to vote at the Scheme Meeting, you may vote:

- **in person**, by physically attending the Scheme Meeting held at Herbert Smith Freehills, Level 34, 161 Castlereagh Street, Sydney NSW 2000 and voting in person;
- **online**, by participating and voting online at the Scheme Meeting at https://meetnow.global/M64W5LG. To vote online, you will need your SRN or HIN and your registered postcode or country of residence (if outside Australia);
- **by custodian voting**, for intermediary online subscribers only (Custodians), please submit your voting intentions at www.intermediaryonline.com;
- **by proxy**, by appointing one or two proxies to attend and vote on your behalf (either in person or online), using the proxy form that accompanies this Scheme Booklet or submitting a proxy online at www.investorvote.com.au. To submit a proxy vote online you will need a specific six digit Control Number (located on the front of your letter or proxy form);
- **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf (either in person or online), using a duly executed power of attorney; or
- **by corporate representative**, in the case of a body corporate, appointing a body corporate representative to attend the Scheme Meeting and vote on your behalf (either in person or online), using a duly executed certificate of appointment of body corporate representative (in accordance with section 250D of the Corporations Act).

8 Jointly held securities

If you hold CSR Shares jointly with one or more other persons, only one of you may vote. If more than one of you attempts to vote in person or online at the Scheme Meeting, only the vote of the holder whose name appears first on the CSR Share Register will be counted.

See also the comments in section 9.3 below regarding the appointment of a proxy by persons who jointly hold CSR Shares.

9 Voting

9.1 Voting in person

To vote in person, you must attend the Scheme Meeting.

9.2 Voting online

To vote online, you must participate in the Scheme Meeting via the online platform at https://meetnow.global/M64W5LG.

Online voting will be open during the start of the Scheme Meeting and the closing of voting as announced by the Chair during the Scheme Meeting.

Further details on how to participate in the Scheme Meeting via the online platform (including how to vote and submit questions online during the Scheme Meeting) are set out in section 6.2 above and in the online platform guide available at www.csr.com.au/investors-and-news/scheme-information. If you intend to use the online platform, then before the Scheme Meeting we recommend that you ensure the online platform is accessible from your device.

9.3 Voting by proxy

If you are a CSR Shareholder entitled to vote at the Scheme Meeting, you may appoint an individual or a body corporate as a proxy to attend the Scheme Meeting in person or online and vote on your behalf at any time until **9.00am (Sydney time) on 11 June 2024**. To do so, either mark the box under 'Appoint a Proxy to Vote on Your Behalf' in step 1 of the proxy form to appoint the Chair of the Scheme Meeting as your proxy, or insert the name of your chosen proxy in the space provided. Please refer to section 9.6 of this Notice of Scheme Meeting below for further details in relation to how to submit a proxy form.

The following applies to proxy appointments:

- a proxy need not be another CSR Shareholder;
- if you are a CSR Shareholder entitled to cast two or more votes, you may appoint two proxies, and specify the number or proportion of votes that each proxy may exercise. If a CSR Shareholder appoints two proxies and the appointment does not specify the proportion or number of the CSR Shareholder's votes, each proxy may only exercise half of that CSR Shareholder's votes with any fractions of votes disregarded. Replacement proxy forms can also be obtained from the CSR Share Registry;
- if you hold CSR Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the proxy form; and
- each proxy will have the right to vote on the poll and to ask questions at the Scheme Meeting.

Your appointment of a proxy does not preclude you from attending in person and voting at the Scheme Meeting. Please note that if you do so, you will revoke your proxy appointment.

A vote given in accordance with the terms of a proxy appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the CSR Share Registry before the start of the Scheme Meeting (or, if the Scheme Meeting is adjourned or postponed, before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways in section 9.6 of this Notice of Scheme Meeting below.

You should consider how you wish your proxy to vote. That is, whether you want your proxy to vote 'for' or 'against', or abstain from voting on, the Scheme Resolution, or whether to leave the decision to the proxy after considering the matters discussed at the Scheme Meeting.

9 Voting continued

If you do not direct your proxy how to vote on the Scheme Resolution, the proxy may vote, or abstain from voting, as they choose. If you instruct your proxy to abstain from voting on the Scheme Resolution, your proxy is directed not to vote on your behalf, and the shares the subject of the proxy appointment will not be counted in computing the Requisite Majorities.

If you return your proxy form:

- without identifying a proxy on it, you will be taken to have appointed the Chair of the Scheme Meeting as your proxy to vote on your behalf; or
- with a proxy identified on it but your proxy does not attend the Scheme Meeting, the Chair of the Scheme Meeting will act in place of your nominated proxy and vote in accordance with any directions on your proxy form.

The Chair of the Scheme Meeting intends to vote all available proxies in favour of the Scheme Resolution, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable and in the best interest of CSR Shareholders.

9.4 Voting by attorney

If you are a CSR Shareholder entitled to vote at the Scheme Meeting, you may appoint an attorney to attend the Scheme Meeting in person or online and vote on your behalf.

The following applies to attorney appointments:

- an attorney need not be another CSR Shareholder;
- if you are a CSR Shareholder entitled to cast two or more votes, you may appoint two attorneys, and specify the number or proportion of votes that each attorney may exercise. Where two attorneys are appointed, each attorney should be appointed to represent a specified proportion of the CSR Shareholder's voting rights. If a CSR Shareholder appoints two attorneys and the appointment does not specify the proportion or number of the CSR Shareholder's votes, each attorney may only exercise half of that CSR Shareholder's votes with any fractions of votes disregarded;
- the power of attorney appointing your attorney to attend and vote at the Scheme Meeting must be duly executed by you and specify your name, the company (that is, CSR), and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one; and
- each attorney will have the right to vote on the poll and to ask questions at the Scheme Meeting.

Your appointment of an attorney does not preclude you from attending in person and voting at the Scheme Meeting. Please note that if you do so, you will revoke your attorney appointment.

The power of attorney must be received by the CSR Share Registry before **9.00am (Sydney time) on 11 June 2024** (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways specified for proxy forms in section 9.6 of this Notice of Scheme Meeting below.

A vote given in accordance with the terms of an attorney appointment is valid despite the revocation of that appointment, unless notice in writing of the revocation has been received by the CSR Share Registry before the start of the Scheme Meeting (or, if the Scheme Meeting is adjourned or postponed, before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways in section 9.6 of this Notice of Scheme Meeting below.

9.5 Voting by corporate representative

If you are a CSR Shareholder entitled to vote and you are a body corporate, you may appoint an individual to act as your body corporate representative. The appointment must comply with the requirements of section 250D of the Corporations Act, meaning that CSR will require a certificate of appointment of body corporate representative to be executed by you in accordance with the Corporations Act. A form of certificate may be downloaded from www.investorcentre.com/au and electing "Printable forms" under the "Help" tab. The certificate of appointment may set out restrictions on the representative's powers.

The certificate must be received by the CSR Share Registry before the Scheme Meeting starts (or, if the Scheme Meeting is adjourned or postponed, before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the ways specified for proxy forms in section 9.6 of this Notice of Scheme Meeting below.

If a certificate is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed certificate unless the power of attorney or other authority has previously been noted by the CSR Share Registry.

9.6 How to submit a proxy form

To appoint a proxy, you should complete and return the proxy form that accompanied the Scheme Booklet in accordance with the instructions on that form. You must deliver the signed and completed proxy form to the CSR Share Registry by **9.00am (Sydney time) on 11 June 2024** (or, if the Scheme Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Scheme Meeting in relation to the resumed part of the Scheme Meeting) in any of the following ways:

(a) **online:**

at www.investorvote.com.au by following the instructions set out on the website. CSR Shareholders who receive their Notice of Scheme Meeting and proxy form electronically will have received an email with a link to the CSR Share Registry site. You will need a specific six digit Control Number to vote online. This number is located on the front of your letter or on your proxy form. You can arrange to receive shareholder information electronically by contacting the CSR Share Registry on 1300 556 161 (for callers within Australia) or +61 3 9415 4033 (for callers outside Australia) or at www.computershare.com.au (Investor Centre).

(b) **by post in the provided reply paid envelope to the CSR Share Registry:**

Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001.

(c) **by facsimile to the CSR Share Registry on:**

1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

In order to take effect, your proxy appointment (and the power of attorney or other authority under which it is signed, if any) must be received by the CSR Share Registry, no later than **9.00am (Sydney time) on 11 June 2024**. Proxy forms received after this time will be invalid.

If a proxy form is completed under power of attorney or other authority, the power of attorney or other authority, or a certified copy of the power of attorney or other authority, must accompany the completed proxy form unless the power of attorney or other authority has previously been noted by the CSR Share Registry.

Explanatory notes continued

10 How to ask questions

CSR Shareholders will have a reasonable opportunity to ask questions about, or make comments on, the Scheme, during the Scheme Meeting, whether they attend in person or participate via the online platform. To ask a verbal question via the online platform, CSR Shareholders are to follow the instructions on the online meeting platform.

Written questions may be submitted by CSR Shareholders in advance of the Scheme Meeting. CSR Shareholders can submit their questions in advance of the Scheme Meeting in a number of ways:

- by completing an online shareholder question form on CSR's website at www.csr.com.au/investors-and-news/scheme-information; or
- submitting an online question when appointing a proxy or attorney online prior to the Scheme Meeting at www.investorvote.com.au.

To be considered in advance of the Scheme Meeting, written questions must be received no later than 5.00pm (Sydney time) on 6 June 2024.

Questions may be moderated to avoid repetition and to make them more concise.

The Chair of the Scheme Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Scheme Meeting. However, there may not be sufficient time available at the Scheme Meeting to address all of the questions raised. Individual responses will not be sent to CSR Shareholders.

11 Technical difficulties

Technical difficulties may arise during the Scheme Meeting. The Chair of the Scheme Meeting has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises.

Where the Chair of the Scheme Meeting considers it appropriate, the Chair may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with proxy instructions. For this reason, CSR Shareholders are encouraged to lodge a directed proxy by 9.00am (Sydney time) on 11 June 2024 even if they plan to attend the Scheme Meeting in person or online.

In the event of a technological failure that prevents CSR Shareholders from having reasonable opportunity to participate in the Scheme Meeting, the Chair will have regard to the number of CSR Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected. If required, CSR will provide an update on its website and the ASX to communicate details of any postponement or adjournment of the meeting to CSR Shareholders. CSR Shareholders may experience local technical difficulties, such as poor internet connection, and for this reason are encouraged to lodge a directed proxy in advance. Please refer to the online platform guide at www.csr.com.au/investors-and-news/scheme-information for advice on optimising the online meeting experience.

12 Advertisement

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone from the ASX website (www.asx.com.au) or from CSR's website (www.csr.com.au/investors-and-news/scheme-information) or by contacting the CSR Share Registry.

Corporate directory

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UBS Securities Australia Limited

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Sydney NSW 2000

Legal adviser

Herbert Smith Freehills

Level 33, 161 Castlereagh Street

Sydney NSW 2000

Independent Expert

Kroll Australia Pty Ltd

Level 32, 85 Castlereagh Street

Sydney NSW 2000

CSR Share Registry

Computershare Investor Services Pty Limited

Level 5, 115 Grenfell Street

Adelaide SA 5000

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