

INSPIRING BUILDING FOR LIFE



CONTENTS



ABOUT CSR

Page **3**



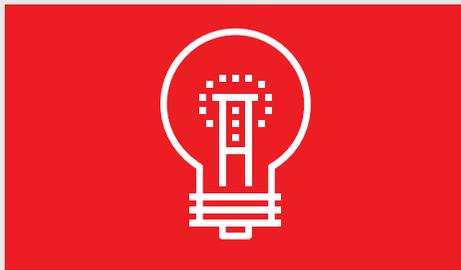
COMMITMENT FROM WHSE CHAIRMAN AND CEO

Page **5**



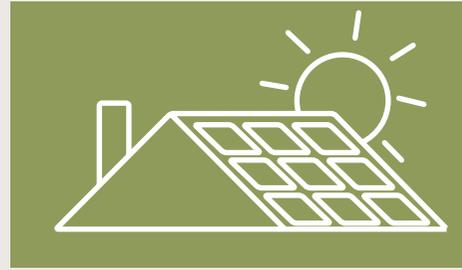
SUSTAINABILITY AT A GLANCE

Page **6**



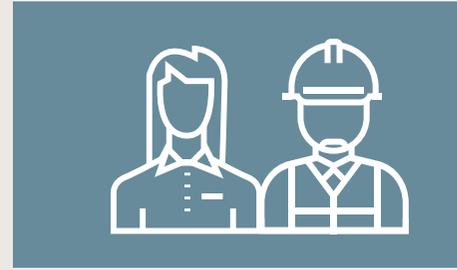
INNOVATION

Page **7**



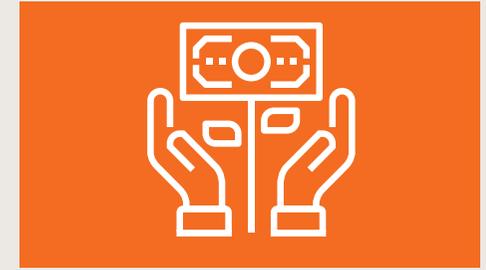
ENVIRONMENT

Page **12**



PEOPLE

Page **20**



COMMUNITY

Page **29**



RISKS

Page **34**



DELOITTE NGER ASSURANCE REPORT

Page **38**



CONTACT US

Page **43**



ABOUT CSR

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

EBIT BY BUSINESS

Year ended 31 March 2017 (YEM17) – A\$ million



KEY FACTS



\$2.5b

Revenue in YEM17



4,200

CSR employees



220+

Manufacturing and distribution sites



12,000+

Customers across Australia and NZ



↓ 16%

Lost time injuries down 16% from five years ago



\$3m

Donated to CSR Community Support Program since 2003



\$20m

Dedicated Energy Improvement Fund



↓ 17%

Reduction in waste production from five years ago



BUILDING PRODUCTS AND VIRIDIAN



\$210m

YEM17 EBIT

ALUMINIUM



\$93m

YEM17 EBIT

PROPERTY



\$15m

YEM17 EBIT

CSR's building products are used primarily in residential, multi-residential and commercial construction.

Through our innovation programs, we are developing new products and systems across our portfolio targeting sustainable buildings of the future.

Through its 70% shareholding in Gove Aluminium Finance Limited, CSR holds an effective 25.2% interest in the Tomago aluminium smelter, located in New South Wales. Tomago is a globally competitive smelter which produces around 590,000 tonnes of aluminium annually, some 25% of Australia's primary aluminium production. Tomago employs 950 people (full time equivalent) as well as 170 contractors.

CSR also generates additional earnings from its Property division which focuses on maximising financial returns by developing former manufacturing sites and industrial land for sale.

CSR PRODUCTS

Through our innovation programs, we are developing innovative products and systems right across our portfolio targeting sustainable buildings of the future.



AFS is a leader in load bearing permanent formwork walling solutions to deliver faster, lower cost construction.



Everything else is just plasterboard
Gyprock is Australia's leading manufacturer of gypsum based plasterboard products.



Monier produces an extensive range of concrete and terracotta rooftiles in Australia and New Zealand.



Bradford supplies a full range of thermal, acoustic and fire insulation and energy saving products for homes and commercial buildings.



Hebel is Australia's only manufacturer of autoclaved, aerated concrete that is used in residential, commercial and infrastructure applications.



PGH produces a range of over 180 colours and sizes of bricks from 10 sites across the east coast of Australia.



Cemintel provides engineered fibre cement systems and internal lining products.



Martini manufactures environmentally sustainable, high-quality thermal and acoustic polyester fibre products for a variety of industries.



Himmel and Potter are leading brands in aesthetic and acoustic interior solutions for commercial buildings.



Viridian is Australia's largest glass supplier and leads the industry for quality and innovation.

WELCOME

Message from the Chairman of Workplace Health, Safety & Environment (WHSE) Committee and Managing Director

Sharing our progress on sustainability at CSR

In 2017, we continued to improve the sustainability of our operations, whilst also helping our customers and the built environment by making substantial progress in energy efficiency, comfort and the performance of homes and buildings. The built environment (covering residential, commercial and all other construction) accounts for around 20% of Australia's greenhouse gas emissions and CSR will play a critical role in ensuring Australia can deliver its 26-28% reduction in greenhouse gas emissions between 2005 and 2030.

We also recognise that we must mitigate the climate impacts of our businesses through the use of the best possible energy mix and managing emissions within our manufacturing sites and supply chain.

We have made a number of investments to achieve our reduction targets including the \$20 million CSR Energy Improvement Fund to deliver energy saving projects in addition to continuous improvement in energy efficiency at many of our manufacturing sites. We are also investing in construction innovation including the development of a high performance building façade system, supported by a \$3 million grant from the Federal Government.

This year we have focused our sustainability goals in three key areas: the environment, our people and the community. Innovation is a key driver to improve our performance across all of these areas. Rising energy and compliance costs have also accelerated projects that may not have been financially viable a few years ago. We have featured many examples in this report where innovative ideas have delivered great outcomes for CSR and the environment and communities in which we operate.

Environment

We are pleased to report that our operations across CSR continue to make good progress towards our 2020 goal of a 20% reduction in energy, waste and water usage (per tonne of saleable product) using 2009/10 as the base year. To date we have exceeded our 2020 targets for waste and CO₂-e with further work underway to reduce water consumption and energy use in the year ahead.

People

While the rate of lost time injuries is down 16% from five years ago, and many individual sites in CSR are performing well with year-on-year safety improvement despite higher levels of production activity, the overall performance in the past year did not reflect this improving trend. The focus for the year ahead is to ensure all of CSR's businesses improve safety performance, supported by programs within four key themes: Leadership, Risk Management, Systems Performance and Healthy Body and Mind.

Community

We continue to partner with a number of organisations in line with our commitment to operate in a sustainable way, with community expectations at the centre of our right to operate. For over 13 years, the CSR Community Support Program has operated as a core component of our community involvement where CSR matches employee contributions dollar for dollar to a range of charitable organisations. Since the program launched in December 2003, CSR and its employees have donated \$3 million to charity.



"To date we have exceeded our 2020 targets for waste and CO₂-e with further work underway to reduce water consumption and energy use in the year ahead".

CSR has also extended its involvement with employees donating 758 hours to our student mentor program during the year.

We have also expanded our site level engagement with local communities affected by our operations with new initiatives at sites including PGH Bricks Bringelly, NSW which is featured in this report.

CSR has continued to make good progress on sustainability during the past year and we would like to acknowledge and thank all CSR employees and contractors for their contribution.

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

PENNY WINN CHAIRMAN, WORKPLACE HEALTH, SAFETY & ENVIRONMENT COMMITTEE

ROB SINDEL MANAGING DIRECTOR

2017 SUSTAINABILITY AT A GLANCE

CSR is committed to sustainable practices throughout our business. This report covers CSR's activities (including safety performance, emissions and energy, waste and water use) for the period of 1 July 2016 to 30 June 2017 to be consistent with the National Greenhouse Reporting (NGER) scheme.

ENVIRONMENT

CSR is committed to minimising the impact on the environment with specific targets to reduce emissions and raw material use



\$20m

energy Improvement fund established



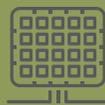
↓ 11%

reduction in waste sent to landfill in 2017



↑ 1%

1% increase in CO₂-e following increased production in 2017



↓ 20%

reduction per tonne of saleable product from 2009/10 in energy, waste and water usage by 2020



↑ 11%

11% increase in potable water following increased production in 2017



2020 target

exceeded 2020 target to minimise waste production and CO₂-e emissions

PEOPLE

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



↑ 2%

improvement in safety TRIFR from **14.4** in June 2016 (per million hours worked)



34%

promotions across business for women



2.7

LTI FR increased to 2.7 from **2.2** in June 2016 (per million hours worked)



21%

women in senior management positions – up from **10%** in 2016



33%

of CSR's directors are women



18%

women across CSR – up from **17%** in 2016

COMMUNITY

CSR maintains ongoing dialogue with our key stakeholders and the community to ensure we are meeting our social licence to operate



758hrs

volunteered with ABCN Student Mentor Program



\$101,635

donated to CSR Community Support Program in 2017



4 years

CSR volunteers have donated their time for Business Clean Up Day over the last four years



Community relations site planning underway at key sites

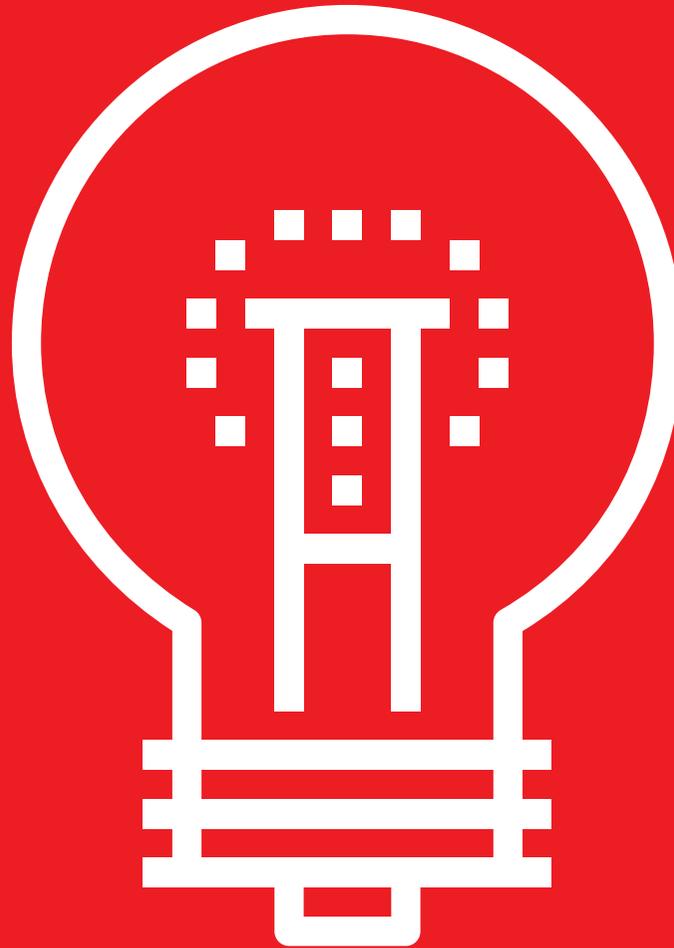


CSR product and expertise donations for charity projects



200 students

mentored by CSR employees



INNOVATION

SUSTAINABLE BUILDINGS OF THE FUTURE



“CSR is investing more than \$3 million of its own funds into developing this opportunity to full commercialisation”.
Rob Ferrari, Inclose Project Manager

CSR INCLOSE™

In March 2017, CSR was awarded a grant of \$3 million from the Federal Government to support the development of the company’s innovation in the high performance building façade system, CSR Inclose™. CSR is also investing \$3 million of its own funds into the project.

The funding will assist in developing the system in conjunction with the University of Melbourne and façade engineering consultants, the Inhabit Group.

CSR has established a factory in Port Kembla NSW, to manufacture a new generation of advanced, pre-fabricated unitised rainscreen façades for the Australian commercial construction markets targeting hotels, hospitals and educational facilities. The product will offer safer, faster, higher performing and more durable façade systems for Australian buildings.



\$3m

funding from the Federal Government to support innovation



CSR IS BUILDING A NEW FACTORY AT PORT KEMBLA, NSW TO DEVELOP THE INCLOSE BUILDING FAÇADE SYSTEM

SUSTAINABLE BUILDINGS OF THE FUTURE

EDMONDS INNOVATION – DELIVERING SMARTER SOLUTIONS

With increased interest in smarter devices at work or home, Edmonds has developed an innovation that helps prevent condensation build up, which may result in mould forming in walls, ceilings and under floors.

It is an integrated device that drives the vent to automatically respond to changes in temperature and humidity.

The project began in the commercial ventilation category and rapidly expanded into all motor enabled ventilation products in the residential category to introduce a key benefit – condensation control for consumers’ homes.



83 years

Edmonds founded in 1934



“The team at Edmonds have worked extremely hard to deliver a solution that gives customers a cost effective way to prevent condensation at home or at work”.
Colin Schwecke, Edmonds Mechanical Design Engineer



ELAINE CHIU, EDMONDS PRODUCT MANAGER, COMMERCIAL VENTS AND COLIN SCHWECKE, EDMONDS MECHANICAL DESIGN ENGINEER PICTURED WITH THE NEW VENT SYSTEM

SUSTAINABLE BUILDINGS OF THE FUTURE

BRADFORD SUPERTEL

Bradford provides a high performance solution for a major hospital air conditioning system

The Northern Beaches Hospital is a \$1 billion development located in Sydney. The hospital will accommodate 488 beds across nine storeys and is due for completion in 2018.

The hospital's Heating, Ventilation and Air Conditioning (HVAC) system is driven by a large central unit that pushes conditioned air out to each room through a complex network of ducts. It is within these ducts that Bradford provides a high performance acoustic and thermal solution.

Bradford Supertel is a high performance insulation that's installed inside HVAC ducts for sound absorption and thermal insulation. The product prevents sound from the HVAC motors travelling through the ducts into the rooms, while its thermal performance helps maintain a consistent air temperature throughout the long network of ducts.



“Bradford Supertel prevents sound from the HVAC motors travelling through the ducts into the rooms while its thermal performance helps maintain a consistent air temperature throughout the long network of ducts”.
Ian Doran, Bradford HVAC/Industrial Account Manager



65%

recycled content

Bradford Supertel is manufactured by spinning molten glass, containing up to 65% recycled content, into fine wool-like fibres



INSTALLATION OF THE BRADFORD SUPERTEL INSULATED HVAC DUCT

SUSTAINABLE BUILDINGS OF THE FUTURE

CEMINTEL USED FOR COMMONWEALTH GAMES VILLAGE

Cemintel designs specialist panel board for the Gold Coast Commonwealth Games Village

Cemintel designed a purpose made compressed sheet fibre cement product to supply over 60,000 square metres in the 2018 Commonwealth Games Village in the Gold Coast.

The product is a 9mm, square edge, Rendaline board, using the same framing system as the commercial express panel – a pressure equalised system.

The new system was developed to meet the design and maintenance requirements of the project and was supported by Cemintel's on site technical team throughout the installation period.

In 2013 Grocon were selected to redevelop seven hectares of the parklands site. The redevelopment comprises over 1,200 permanent dwellings that will provide accommodation and services for up to 7,000 athletes and officials during the games. Incorporated in the development plan will be over seven hectares of green and open space, including community areas and landscaped spaces.

It is expected that the construction of the village will inject \$550 million into the local economy and 1,500 jobs throughout design and construction.

On conclusion of the Commonwealth Games, Grocon will prepare the development for a mixed-use residential community with apartments and town houses becoming available for rent from early 2019.



“Cemintel is bringing bright and attractive colours to the 2018 Gold Coast Commonwealth Games Village”. *Michelle Rossi, Cemintel Design and Business Development Manager; Matt Mahoney, Account Manager; and Charli Bye, Colour and Design Co-ordinator*

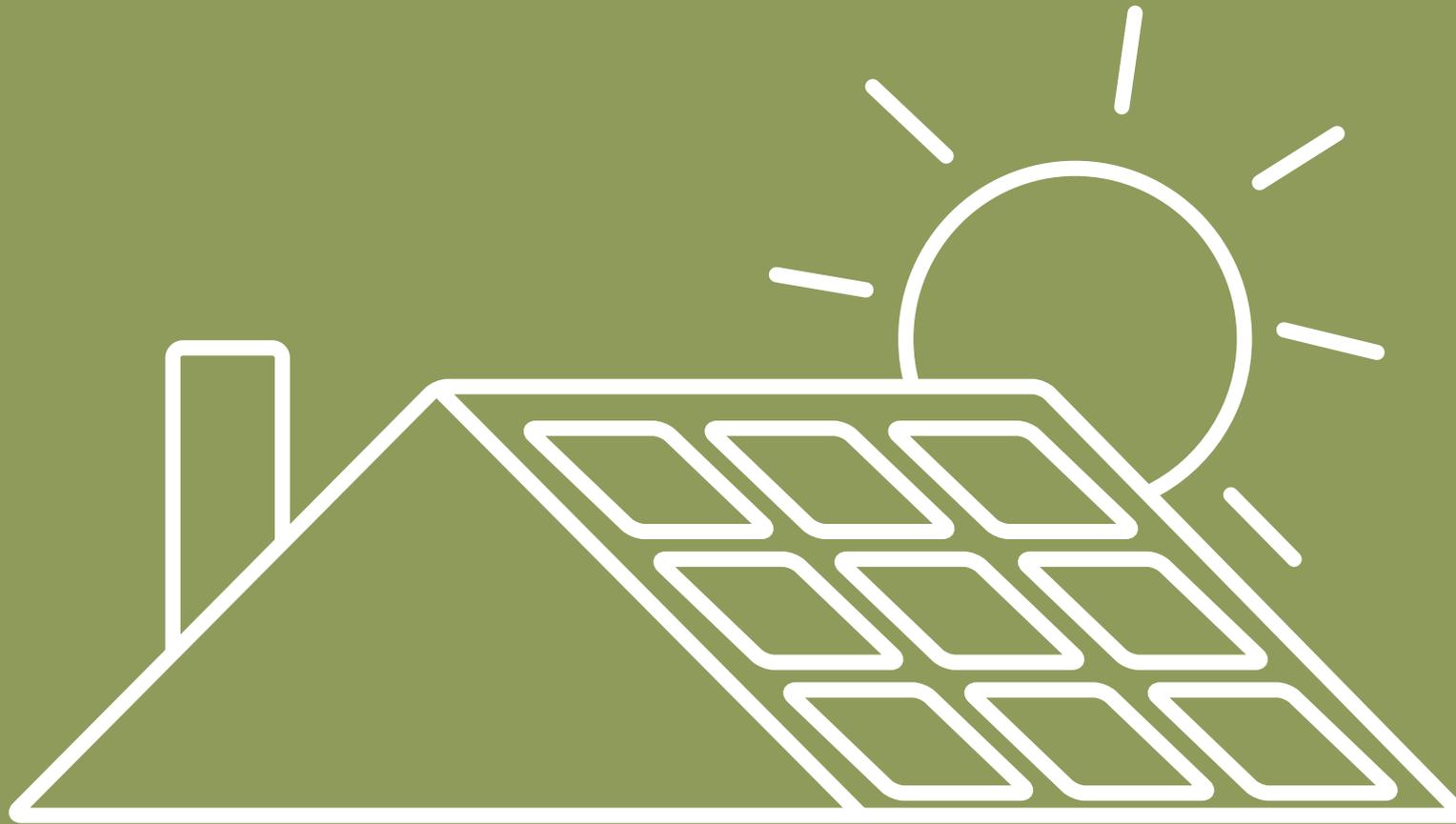


CEMINTEL PRODUCT INSTALLED AT THE GOLD COAST COMMONWEALTH GAMES VILLAGE



60,000m²

of Cemintel supplied for the Commonwealth Games Village in the Gold Coast



ENVIRONMENT

OUR ENVIRONMENTAL COMMITMENT

Our goal is to ensure our businesses remain compliant with our operating licences and minimise our impact on the environment and have a positive impact on the communities in which we operate.

CSR has an active program to reduce its impact on the environment which is overseen by the Board and the Workplace Health, Safety & Environment Committee. Each business in CSR has a plan which commits site management to:

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

Environmental performance of joint ventures

This report covers activities in which CSR has a majority equity interest. For these activities CSR has reported 100% of emissions.

This report does not include activities where CSR is not the majority shareholder as data from these activities is reported directly by other entities.

For example, the activities of Tomago Aluminium Company, in which CSR has an effective 25.2% interest, through its 70% shareholding in Gove Aluminium Finance Limited, are not included in this report.

Tomago Environmental Commitment

Tomago Aluminium has a team of environmental specialists who are dedicated to improving environmental standards. The company is committed to a rigorous monitoring program to help constantly improve environmental performance and is accredited with ISO 14001 Certification. Further information is available via the Tomago website www.tomago.com.au.



BRADFORD'S SOLAR CHARGEPAK INCLUDING TESLA POWERWALL 2. POWERWALL IS TESLA'S REVOLUTIONARY HOME BATTERY THAT STORES THE SUN'S ENERGY AND INTELLIGENTLY DELIVERS THIS CLEAN, RELIABLE ELECTRICITY WHEN THE SUN IS NOT SHINING



Exceeded 2020 target for waste production and CO₂-e emissions

PROGRESS TOWARDS 2020 GOAL

We have articulated our commitment to minimise the impact on our environment with specific targets to reduce greenhouse gas emissions and waste production and the consumption of energy and water used in production.

Each CSR business unit sets goals to improve performance and reduce their environmental impact and these are regularly reviewed by senior management and the WHSE committee.

CSR'S operations are making good progress towards our 2020 goal of a 20% reduction per tonne of saleable product in energy consumption, in CO₂-e emissions, solid waste to landfill and potable water usage using 2009/10 as the base year.

To date we have exceeded our targets for waste and CO₂-e emissions with further work underway to reduce water consumption and energy use in the year ahead.



JOSEF CHROMY VINEYARD, TASMANIA



\$20m

targeting energy saving reduction projects

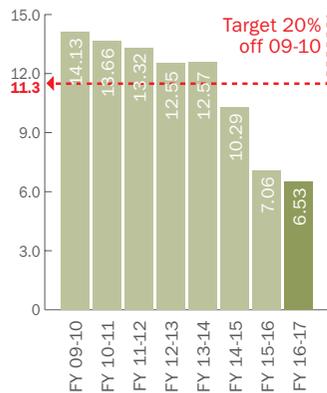
CSR ENERGY IMPROVEMENT FUND

CSR has established a \$20 million fund specifically targeting energy saving reduction projects to reduce reliance on external providers. The key aim of the fund which is overseen by CSR's Energy and Carbon Management Committee, is to bring forward projects that may not normally have met the internal business benchmarks and payback periods.

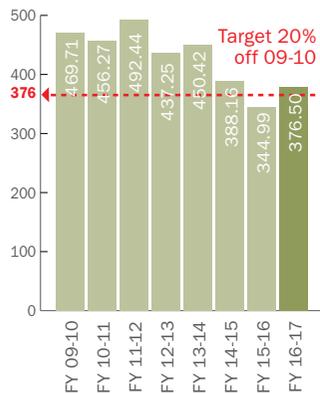
Four projects currently underway:

- A solar project at Bradford Insulation – Ingleburn, NSW
- A biomass project at PGH Bricks – Cecil Park, NSW
- A solar project at PGH Bricks – Golden Grove, SA
- An off-peak electricity management project at Hebel – Somersby NSW

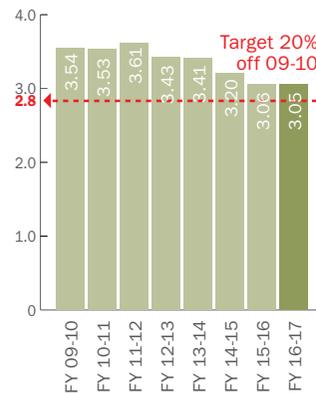
WASTE PRODUCTION TO LANDFILL
Kg/Tonne of Product



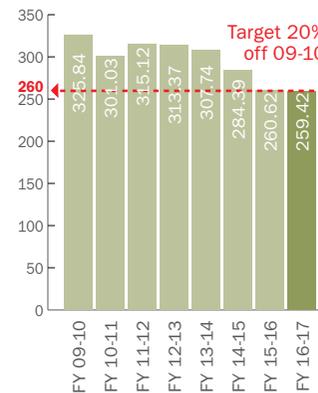
POTABLE WATER CONSUMPTION
Ltr/Tonne of Product



ENERGY CONSUMPTION
GJ/Tonne of Product

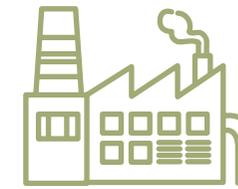


TOTAL SCOPE CO₂-e
Kg/Tonne of Product



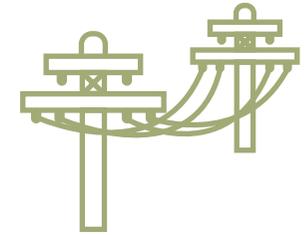
ENERGY

CSR seeks to reduce greenhouse gas emissions and reducing energy use by improving energy efficiency across its network of manufacturing facilities through the roll-out of renewable energy solutions to its industrial sites.



SCOPE 1 OR DIRECT

Emissions emitted from sources within the plant or factory boundary.



SCOPE 2 OR INDIRECT

Emissions associated with the consumption of imported electricity, heat or steam.

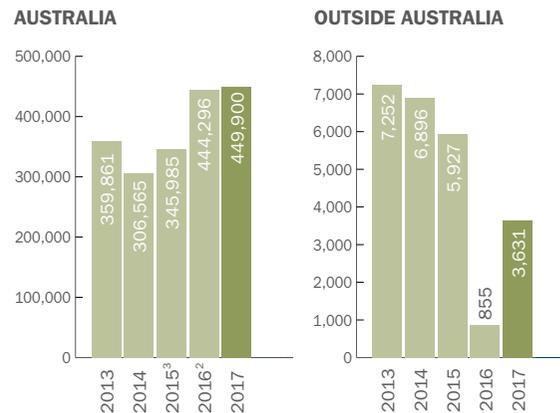


The built environment (covering residential, commercial and all other construction) accounts for around 20% of Australia's greenhouse gas emissions and will play a critical role in ensuring Australia can deliver its 26-28% reduction in greenhouse gas emissions between 2005 and 2030.

For the period on 1 July 2016 to 30 June 2017, total greenhouse gas emissions from CSR's majority owned businesses were 719,184 tonnes of CO₂-e – 1% higher than the previous year due to higher levels of production in line with increased construction market activity.

SCOPE 1 DIRECT EMISSIONS¹

As at 30 June (Tonnes of CO₂-e)

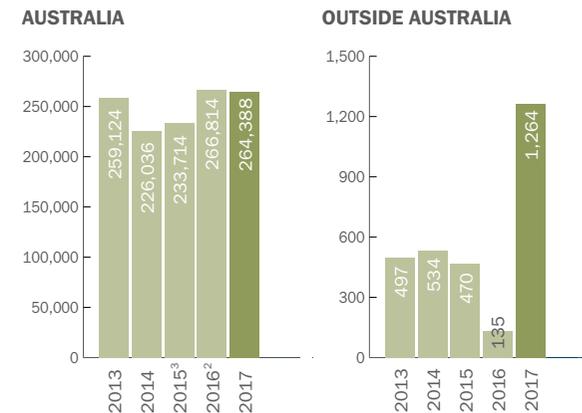


The increase in Scope 2 emissions outside of Australia in 2017 is due to additional factories associated with CSR's acquisition of the remaining 42% stake in the New Zealand Viridian Glass Limited Partnership completed on 30 June 2016.

CSR engaged Deloitte Touche Tohmatsu to provide limited assurance over CSR Limited's total Scope 1 and 2 greenhouse gas emissions, energy consumed and energy produced for Australia prepared in accordance with the National Greenhouse and Energy Reporting (NGER) Act 2007. A copy of the unqualified limited assurance statement is found on pages 38 to 42.

SCOPE 2 INDIRECT EMISSIONS¹

As at 30 June (Tonnes of CO₂-e)



CSR FACTORIES SET GOALS EACH YEAR TO REDUCE ENVIRONMENTAL IMPACT

1 Data excludes contractor emissions over which CSR has operational control
 2 Includes 12 months data for the six additional factories from the PGH Brick JV
 3 Includes 2 months data for the six additional factories from the PGH Brick JV

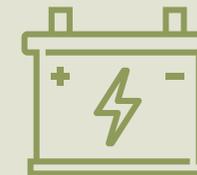
ENERGY INNOVATION

Bradford first off grid commercial solar and battery system in Australia powered by Tesla Powerpack.



“The project involved the Bradford team working with Tesla to design and install a solar PV and commercial battery solution which works harmoniously in response to the site’s real-time energy requirements, and its success signals further potential to roll this technology out across the country”.

Ashleigh O'Brien, Bradford Energy Business Manager



\$1.9m

capital cost saving delivered
to Logan City Council

STRATEGIC PARTNERSHIP BETWEEN BRADFORD AND TESLA

In May 2017, Bradford has enabled Logan City Council to combine emerging solar power and Tesla battery storage technology to deliver a reliable, safe solution for water disinfection in the city’s fast growing south west corner.

Installed by Bradford, the project is the first micro grid system powered by Tesla Powerpack products in Australia, and has already delivered the Logan City Council a capital cost saving of \$1.9 million and operational cost savings valued at almost \$50,000 per year.

The project also becomes the world’s first solar and battery supply and installation for a chlorination process water treatment plant.

The Tesla-supported micro-power grid and electro-chlorinator will provide around the clock solar-power to help maintain local drinking water quality 24 hours a day. Up to 200,000 people will benefit from the solution by the time the region is fully developed.

The project was the first off-grid commercial solar and battery system in Australia powered by Tesla Powerpack, and showcased the growing potential for Australian assets to achieve energy security through solar and battery technology.

The Bradford team worked closely with Tesla to design and install a solar PV and commercial battery solution which will work harmoniously in response to the site’s real-time energy requirements, and its success signals further potential to roll this technology out across the country.



LOGAN CITY COUNCIL IN BRISBANE HAS COMBINED EMERGING SOLAR POWER AND TESLA BATTERY STORAGE TECHNOLOGY TO DELIVER A RELIABLE, SAFE SOLUTION FOR WATER DISINFECTION IN THE CITY’S FAST GROWING SOUTH WEST CORNER

WATER

With Australia as the driest country on earth, CSR recognises the importance of using water efficiently.

Our storm water and groundwater management, together with the treatment and disposal of water used at our manufacturing facilities is central to our on-site environmental plans.

CSR consumed 1,037,835 kilolitres of potable water during the year ended 30 June 2017 – an 11% increase on the previous year due to higher levels of production activity in line with increased construction demand and the requirement by one council to cease the use of recycled water.

CSR continued to implement water saving measures across manufacturing sites to reduce usage.

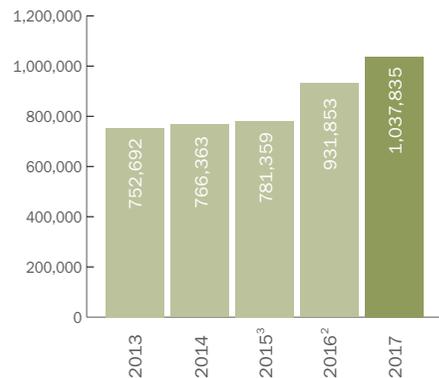


↑ **11%**

increase in potable water following increased production

TOTAL POTABLE WATER CONSUMED¹

As at 30 June (Kilolitres)



¹ Only metered water data is included

² 2016 and 2017 includes 12 months of data for the six additional factories from PGH Brick JV

³ 2015 includes 2 months data for the six additional factories from the PGH Brick JV



WASTE WATER RECYCLING AT GYPROCK

Gyprock's Welshpool, WA operations have re-engineered their production process to utilise waste water from the laminate cleaning process back into the system. This new approach saves over 14,000 litres of water per year.



14,000L

of water saved each year at Gyprock Welshpool, WA

WASTE

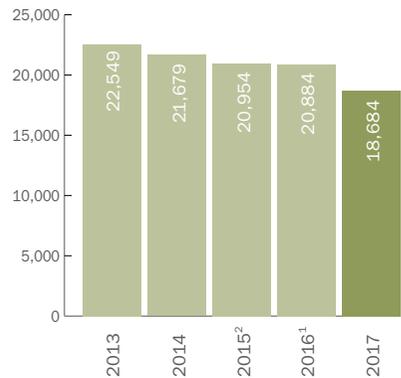
Reducing waste remains a key priority for the company.

CSR produced a total of 18,684 tonnes of solid waste to landfill in the year ended 30 June 2017 – 11% down on the previous year despite higher levels of production activity in line with increased construction demand

Where possible, CSR uses recycled materials in production including the use of recycled glass cullet in the production of Bradford glasswool insulation and recycled paper used in Gyprock plasterboard.

TOTAL SOLID WASTE TO LANDFILL

As at 30 June (Tonnes)



↓ 11%
reduction in waste sent to landfill



BRADFORD GLASSWOOL BATTS PRODUCED AT INGLEBURN, NSW



“Our ability to provide waste glass from Viridian to Bradford’s glasswool production process is a great example of how CSR can utilise resources from across its network of operations to minimise waste”.
Magda King, Viridian Process Improvement Engineer

REDUCING WASTE AT CSR

CSR has a number of programs to minimise waste through the transfer of waste materials into the production of other products.

- Waste glass from our Viridian glass factory is used as an input to our Bradford glasswool production process thereby reducing the use of virgin raw materials
- Glasswool production uses 80% recycled glass and we source around 15% (80 tonnes per week) of our recycled glass requirements from our Viridian factories and Viridian customers
- Gyprock transfers waste plasterboard to manufacturers of gypsum based gardening supplies and soil conditioners
- Gyprock also has a recycling facility which takes waste plasterboard from building sites back to the factory for recycling and reuse in the plasterboard production process
- Cemintel fibre cement waste is used in the production of road base
- Other projects are under review including using the dust collected from air pollution control equipment as an input into the brick manufacturing process



WHSE LEADERS REVIEWING BRADFORD'S PRODUCTION PROCESS

¹ 2016 and 2017 includes 12 months of data for the six additional factories from PGH Brick JV
² 2015 includes 2 months data for the six additional factories from the PGH Brick JV

ENVIRONMENTAL INCIDENT REPORTING

CSR's goal remains zero environmental incidents.



MARTINI BLACK ABSORB INSTALLATION

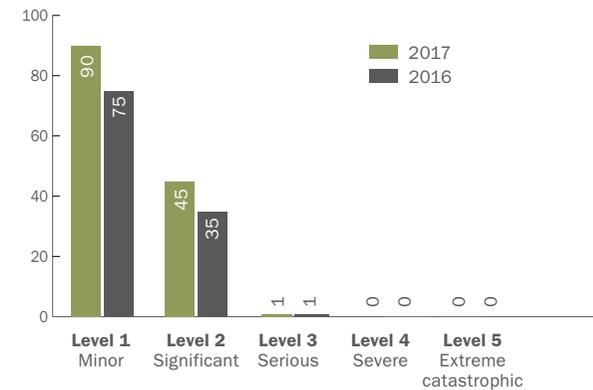
We report environmental incidents based on five levels of breaches which are reported to regulatory authorities as required.

For the year ending 30 June 2017, CSR incurred 136 environmental incidents compared to 111 incidents in the previous year following increased levels of production.

The level 3 incident occurred on 6 June 2017 when Dam 1 and 5 at the PGH Bringelly brick factory overspilled due to heavy rain and breached the discharge limits for turbidity. The incident was reported to the NSW EPA as required under the licence. To prevent a re-occurrence, an interim solution was put in place allowing water to be collected and placed into the quarry pit. A long term solution is currently being progressed.

ENVIRONMENTAL INCIDENT REPORTING

As at 30 June



136
environmental incidents
across CSR



↑19%
increase in
environmental incidents



PEOPLE

OUR PEOPLE

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

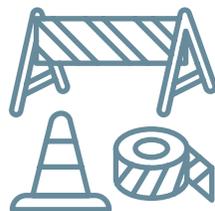
CONSTRUCTIVE LEADERS PROGRAM

BACK ROW LEFT TO RIGHT: NADA ZHR, KAY DAVIS, EDMUND KING, DARRYL O'SULLIVAN, ANDREW WILLIAMSON, FABIO VALENTE, DALLAS WOODS, DIANNE BRISTOL, SARAH JENSEN, VERONICA WESTLAKE

FRONT ROW LEFT TO RIGHT: DILSHAN EDIRIWICKRAMA, GERALDINE CHIN, ROB WELLS, JASON AYRE, SJOLKE BOOMSMA, CIARA HORGAN, MARTIN SCOTT, ANDREW MOORE



WORKPLACE HEALTH AND SAFETY



CSR places the same emphasis and importance on managing safety as any other business imperative

DIVERSITY



CSR believes that a diverse workforce improves business decision making as well as increasing workforce sustainability, leading to better organisational relationships and ultimately better solutions for our customers

TRAINING AND DEVELOPMENT



Over the past six years we have developed a suite of training programs designed to provide our people with the knowledge, skills and networks to enable them to perform at their best.

CSR is committed to investing in its employees and developing leadership skills

CULTURE



Good safety and environmental performance is an indicator of good culture and employee engagement

WORKPLACE HEALTH AND SAFETY

CSR places the same emphasis and importance on managing safety as any other business imperative.

Reinforcing safe behaviours at work

We acknowledge that we have more work to do to achieve our aim of ensuring that all employees remain safe – each and every day. To that end, we are using the same continuous improvement philosophy as we do in other parts of our business.

CSR management is held accountable for safety performance and all employees are expected to take personal responsibility and be involved in setting and complying with CSR's standards and by instigating improvement initiatives.



IMPROVING FORKLIFT SAFETY

Forklifts are responsible for over 60% of incidents over the last six years in Lightweight Systems. A new initiative to improve performance involves a three phase safety program.



DRIVE TO ACHIEVE ZERO HARM

Complying laws, regulations and CSR operational policies

Establishing measurable WHSE objectives and targets and recognizing and celebrating achievement

Identifying, assessing and controlling hazards and impacts

Informing stakeholders of hazards and impacts that may cause potential harm or affect the environment

Coaching for the right behaviours, actions and practices

Providing appropriate WHSE training to all employees and contractors

Investigating incidents and sharing experience

Consulting and communicating with employees and contractors to improve WHSE performance

TOOLBOX TALK STATISTICS

Teams across CSR work continuously to identify, implement and monitor our activities to ensure we eliminate unsafe acts and practices. These activities range from tool box talks with teams prior to the start of a new shift to detailed workplace inspections at all sites throughout the year.



10,823

Tool box talks* compared to **8,426** in 2016



1,857

Safety committee meetings* compared to **1,306** in 2016



11,481

Safety condition inspections* compared to **7,973** in 2016



7,894

Work instruction reviews* compared to **7,120** in 2016



10,031

Safety walks* compared to **6,255** in 2016

* Year to 30 June 2017

CSR WHSE SYSTEM

The CSR WHSE System provides the framework for management of workplace health and safety and environment at CSR, by clearly setting out the standards we require our people to meet.

The CSR WHSE System provides the framework for management of workplace health and safety and environment at CSR.

Today the rate of lost time injuries is down 16% from five years ago and many individual sites in CSR are performing well, despite higher levels of production during the last year. However, the overall performance in the past year did not reflect this improving trend.

The focus for the year ahead is to ensure all of CSR's businesses improve safety performance, supported by programs within four key themes: Leadership, Risk Management, Systems Performance and Healthy Body and Mind.

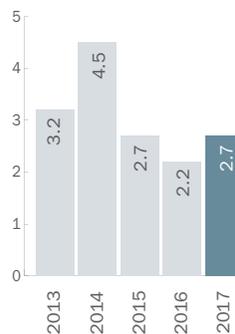
The total recordable injury frequency rate (TRIFR) improved by 2% to 14.2 – the lowest level in five years while the lost time injury frequency rate increased to 2.7 – up from 2.2.

On 2 July 2014, a worker employed by CSR Martini Pty Limited (a joint venture owned 70% by CSR) sustained a serious injury to his right foot, at Martini's premises at Ingleburn, when he was working on a carding machine.

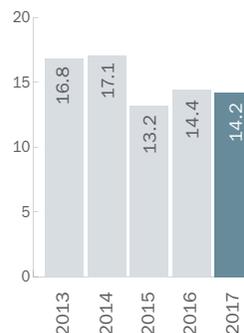
The WorkCover Authority of NSW investigated the incident and subsequently alleged that CSR Martini Pty Limited contravened sections 19(1) and 32 of the Work Health and Safety Act 2011.

In March 2017, CSR Martini entered into an enforceable undertaking with Safework NSW. The undertaking requires CSR Martini to undertake a number of activities, including additional training, plant and process improvements and additional audits.

LOST TIME INJURY FREQUENCY RATE
As at 30 June
(per million work hours)

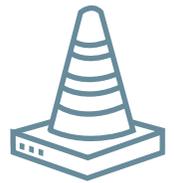
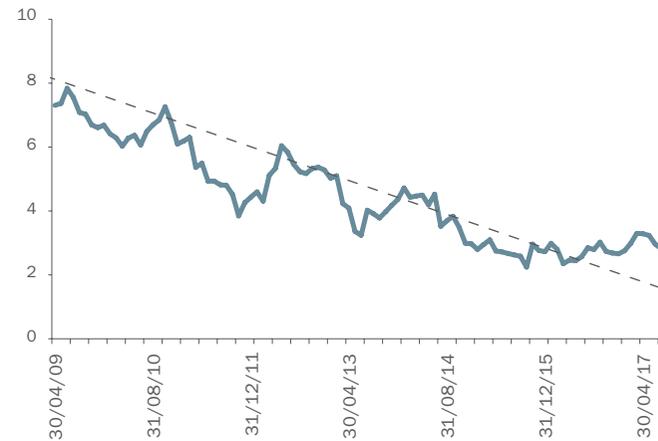


TOTAL RECORDABLE INJURY FREQUENCY RATE
As at 30 June
(per million work hours)



LOST TIME INJURY FREQUENCY RATE (LTIFR)

Hours worked



↑ **2%**

improvement in safety TRIFR from 14.4 in 2016

WHSE LEADERSHIP TRAINING

Managers and supervisors are required to provide leadership in relation to workplace health and safety and protection of the environment.

Theme	Approach	2018 areas of focus
Leadership Behaviour 	Building leadership capability and performance measures	<ul style="list-style-type: none"> • WHSE leadership certification program
Risk Management 	Eliminate or reduce risk with simple and pragmatic approach	<ul style="list-style-type: none"> • WHSE live system implementation
Systems Performance 	Maintain a robust CSR WHSE System and increase focus on managing risk	<ul style="list-style-type: none"> • Chain of responsibility and manual handling
Healthy body and mind 	High performance environment with high performance people	<ul style="list-style-type: none"> • Young and new starters • Safety behaviour program – “read the play”

SUPPLY CHAIN – CHAIN OF RESPONSIBILITY

CSR is committed to the manufacturing, distribution and delivery of building products in the safest way possible for our employees, people working within our supply chain and the general public.

LOAD RESTRAINT AND CHAIN OF RESPONSIBILITY (COR)

In most states across Australia once the gross mass of a vehicle (GMV) exceeds 4.5 tonne then that vehicle is defined as a 'Heavy Vehicle' and is subject to Chain of Responsibility law.

Chain of Responsibility means that even though contractors deliver most of CSR's products, we are still responsible for making sure that they are transported and delivered safely.

A number of serious incidents over the past two years identified that we needed to review our load restraint guidelines and procedures.

Over the past six months, we have been working with Engistics, who are experts in this area, to design and update our bulk load restraint configurations. We are implementing many new restraint configurations.

The aim is a restraint design that will give better protection in the event of a serious incident where the load has the potential to move.

“ Over the past six months we have been working with Engistics, who are experts in load restraints, to design and update our bulk load restraint guide. We are implementing many new restraint configurations”.

Michael Verheyen, Lightweight Systems Safety Projects Manager



CSR IS WORKING WITH ITS CONTRACTORS TO DELIVER SAFE LOADS ACROSS THE COUNTRY TO OUR CUSTOMERS.

DIVERSITY

A more diverse workforce leads to better decision making and better solutions for our customers.

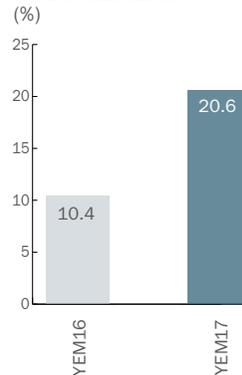
A diverse workforce improves decision making

CSR believes that a diverse workforce improves business decision making as well as increasing workforce sustainability, leading to better organisational relationships and ultimately better solutions for our customers. Each of these helps to improve the financial results at CSR.

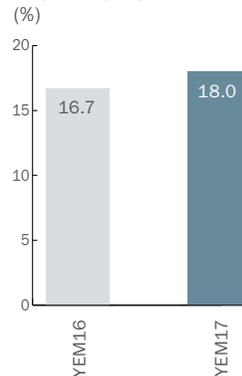
Measurable objectives

Improving diversity requires cultural change driven by the leadership and commitment of the board and senior management. CSR has structured its measurable objectives around this commitment which are included in CSR's 2017 Annual Report.

WOMEN IN SENIOR MANAGEMENT (%)



WOMEN IN CSR WORKFORCE (%)



ATTENDEES FROM A SUPERANNUATION SESSION HELD AT NORTH RYDE, NSW

2017 DIVERSITY ACHIEVEMENTS

Leadership and culture

- 32% of attendees at CSR leadership programs were women
- Achieved gender pay equity through established bi-annual processes
- Senior executives were assessed on diversity achievements and performance in this area impacted short term incentives
- Diversity reporting within the organisation was further improved to drive more informed recruitment decisions
- The CEO led diversity council meets every two months to drive and review diversity initiatives
- Diversity initiatives are promoted, shared and leveraged throughout the organisation through targeted communication

Career management

- Insights from the female talent review were leveraged to further support female talent within their business unit
- Career opportunities and development of women were promoted (in YEM17, 34% of internal promotions were women, compared with 33% in YEM16)
- CSR participated in multiple industry projects to attract more female candidates to the building industry

Recruitment and retention

- Achieved a 36% increase in number of female applications through better attraction strategies, and industry partnerships
- Appointed 43% more female staff compared to the prior year
- Partnered with labour hire and recruitment providers to source more female applicants especially in operational roles
- Achieved target range for voluntary turnover of women
- Completed nine workshops with senior leaders in the organisation to discuss and identify any potential biases that might affect recruitment decisions

TRAINING AND DEVELOPMENT

CSR recognises that a sustainable workplace is one that is both safe and rewarding for our employees.

LEADERSHIP DEVELOPMENT

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

We have three leadership development programs in our suite:

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

In addition, additional training is provided across a wide range of areas including:

- Strengthening your leadership
- Diversity – breaking bias
- Finance
- Compliance
- Workplace health, safety and environment

TRAINING HOURS AND INVESTMENT



\$2.6m

invested in training programs throughout 2017



23,850

hours of training completed in 2017



VIRIDIAN'S AUDREY NICHOLAS FOLLOWING COMPLETION OF THE EXPERIENCE DEVELOPMENT PROGRAM

CAREER DEVELOPMENT EXPERIENCE BROADENS OPPORTUNITIES

Viridian Experience Development Program develops our current employees by creating a secondment program to enable the participants to gain experience in a range of roles, locations and areas across Viridian.

The program has played a role in improving agility and depth of talent within Viridian, whilst encouraging a greater understanding of the scope of the business.

Underpinning the program is the belief in learning through doing, having to adapt and apply learning in real roles in a compressed, but meaningful period of time to complete their work assignment.

“The program has been both rewarding, but also challenging, as it requires participants to adapt and learn new skills in an accelerated cycle, with participants undertaking placements in marketing, customer service, operations, business improvement and logistics”.

Audrey Nicholas, Viridian Operations Manager

CSR VALUES CHAMPIONS AWARDS

Our values are important to our culture, to the sustainability of our business and how we deliver great outcomes to our internal and external customers. The CSR Values Champions Awards is a great way to recognise the achievements of CSR employees.



Annually, CSR employees nominate colleagues for an award as part of the CSR values champions recognition scheme, which encourages our employees to demonstrate the CSR values. The nominations are judged by the executive management team, culminating in an awards dinner to acknowledge the achievements of successful champions.

In 2017, the CSR values champions were chosen from over 300 nominations, with the majority of sites nominating at least one of their colleagues.

In addition, 50 outstanding employees were awarded the Managing Director's award reflecting their extra effort in meeting a customer's need, commitment to workplace health, safety & environment, working together, innovation or company results.



VALUES CHAMPIONS WINNERS 2017



7 years
Value Champion Awards

"This is the seventh year of the values champions awards and this year we received our highest number of nominations, well over 300. These awards are for an extraordinary effort or achievement in one of our values". *Rob Sindel, Managing Director*

CSR VALUES

 **WORKPLACE HEALTH, SAFETY & ENVIRONMENT (WHSE)**

We care for and protect each other, our business and our environment

 **WORKING TOGETHER**

We respect one another and achieve more by working together across CSR

 **CUSTOMERS**

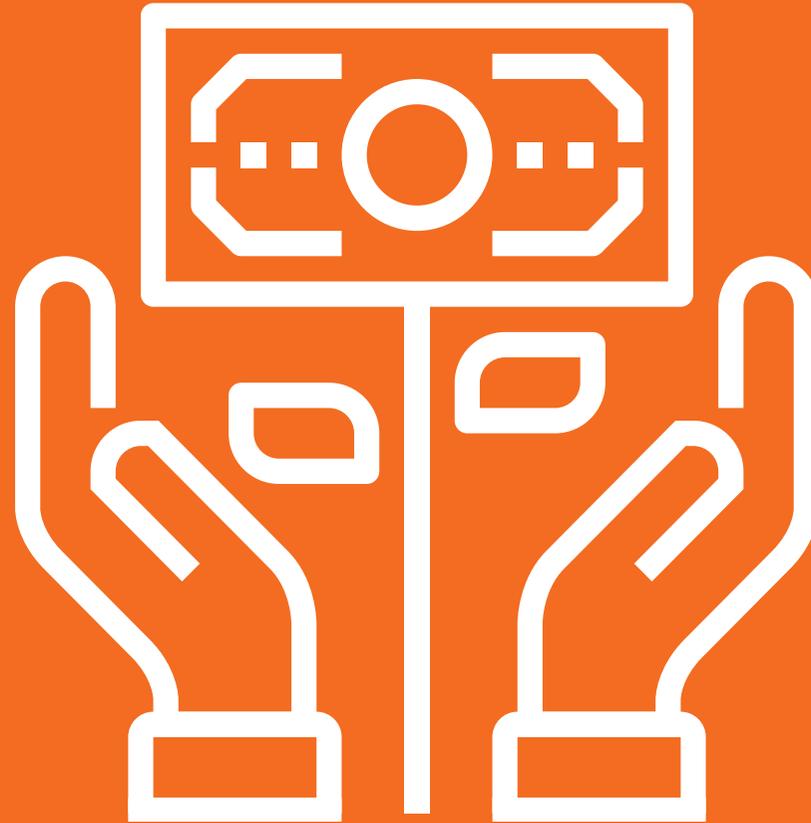
We listen to our customers to understand and meet their needs

 **INNOVATION**

We strive to develop new ideas and continuously improve the way we do business

 **RESULTS**

Together we achieve positive and sustainable results for each other and our stakeholders



COMMUNITY

ENGAGEMENT WITH LOCAL COMMUNITIES

Our relationship with the community can have a significant impact on our ability to operate each of our sites successfully.



SARAH REDFERN HIGH SCHOOL, NSW ASPIRATIONS

Businesses today need a “licence to operate” from their communities or they may be unable to achieve their business objectives. We actively manage our interaction with the communities affected by our operations.

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



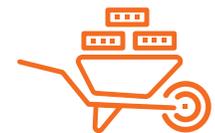
Community relations site planning underway at key sites



\$3m donated to charities over the last 13 years



758 hours volunteered with ABCN Student Mentor Program



Product donations to various charity projects



COMMUNITY RELATIONS

Site level engagement with local communities and neighbours affected by our operations

COMMUNITY SUPPORT PROGRAM

Launched in 2003, CSR matches employee contributions dollar for dollar to three charitable organisations

\$3 million donated to charities over last 14 years

Provides volunteer support for various activities and campaigns and activities during the year

STUDENT MENTOR PROGRAM

CSR commenced working with the Australian Business and Community Network (ABCN) in 2011 to provide mentoring and coaching programs in schools in high need areas

For the year to 30 June 2017, CSR volunteers donated 758 hours providing mentoring support to over 200 students

BUILDING PRODUCT DONATIONS

CSR supports a number of charities to build new facilities with product donations as well as technical support and installation expertise

COMMUNITY RELATIONS

CSR seeks to engage with communities around all of our sites to improve communication and address key issues.

BRINGELLY COMMUNITY CONSULTATIVE COMMITTEE

In 2016, PGH Bricks formed a new Community Consultative Committee of key stakeholders of the brick manufacturing site at Bringelly, NSW.

This committee is open to community members, local clubs and interest groups as well as indigenous, conservation and business groups and local government representatives.

This group provides a forum for the PGH team to resolve matters raised by the community and minimise impact on the surrounding areas.



“The diversity of perspectives voiced at our meetings allows PGH to be better informed and engage with the local community. Open and transparent communication coupled with initiatives such as site tours has provided members with a more balanced view of our business”. *Debbie Cook – National WHSE Manager, PGH Bricks*

COOPERS PLAINS CREW

LEFT TO RIGHT: ASHLEY PAYNE, CHLOE REYNOLDS, BEV FLEMMING, JOE ABELA, KAZ GATEZIA AND LORRAINE BELL



BUSINESS CLEAN-UP DAY

As part of CSR's commitment as a signatory to the Australian Packaging Covenant (APC), various CSR sites across Australia participate in Business Clean Up Day each year. The APC is a sustainable packaging initiative which aims to encourage businesses to design more sustainable packaging, increase recycling rates and reduce packaging litter.

This is the fourth year CSR has participated with volunteers cleaning our sites and surrounding areas and is a great way to promote a clean, healthy and sustainable work environment.

Business Clean Up Day is part of the broader Clean Up Australia movement which has been running events across Australia for over 25 years.



NORTH RYDE CREW LEFT TO RIGHT: LINDEN BIRCH, SARA LOM, ANDRÉE TAYLOR, JOHN DENYER, DEBBIE SCHROEDER



4 years

CSR volunteers have donated their time for Business Clean Up Day over the last four years

COMMUNITY SUPPORT PROGRAM

A core component of our community involvement is the CSR Community Support Program, under which CSR matches employee contributions dollar for dollar to three charitable organisations.

CSR launched the CSR Community Support Program in 2003 and during that time CSR and its employees have donated over \$3 million to charity.

In the year to 30 June 2017, CSR and its employees donated \$101,635 to three charitable organisations, The Salvation Army, Youth Off The Streets and Assistance Dogs Australia. CSR extends its relationship with its partnership charities by providing volunteer support for various campaigns and activities during the year.



ASSISTANCE DOGS AUSTRALIA is a national charity which trains Labradors and Golden Retrievers to help people with physical disabilities. They currently have over 90 dogs around Australia, with over 50 dogs currently in training. The charity requires significant funding to achieve its goal of placing at least 30 dogs per year with recipients.



YOUTH OFF THE STREETS is a youth-specific charity, assisting young people dealing with issues of substance and other abuse, alienation from family and community and homelessness. Youth Off The Streets offers a continuum of care from assistance on the streets; crisis and short term accommodation to long term residential care, treatment and secondary schooling.



THE SALVATION ARMY is a national charity, offering caring support for every problem "from the cradle to the grave." Their services are as wide-ranging and diverse as the areas of need in the community. They offer services to aged care, crisis accommodation, suicide prevention, youth and families at risk, telephone counselling, to name just a few.



SUNSHINE, ASSISTANCE DOG AMBASSADOR, VISITS NORTH RYDE



\$101,635

donated in 2017 across three charitable organisations

"Every dog undergoes tailored training to meet the individual needs of their new owner. Assistance Dogs support people living with physical disabilities, autism, post-traumatic stress and dementia, as well as schools and care facilities. It can take up to two years and costs over \$30,000 to train each dog". *Mili Simic, Community Relations Assistance Dogs*

WORKING IN THE COMMUNITY

CSR has a number of programs to assist in the community and provide volunteer opportunities for our employees.



200
students mentored
by CSR employees in 2017

AUSTRALIAN BUSINESS AND COMMUNITY NETWORK

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

It is a partnership of highly committed national business leaders and companies working on mentoring and coaching programs in schools in high need areas. For the year to 30 June 2017, CSR volunteers donated 758 hours, providing mentoring support to over 200 students from disadvantaged schools in New South Wales, Queensland and Victoria.

CSR is part of ABCN's InterACT program which is designed to assist students from a migrant or refugee background to gain cultural and vocational literacy in order to participate in Australian life. The program focuses on 'soft skills' such as communication and building relationships. There is also a critical socialisation aspect through which students learn to sustain a conversation with a positive role model outside their immediate community. CSR has a team of mentors who meet with the students over six weeks as part of the program.



HELPING BUILD OUR COMMUNITIES

CSR Gyprock, together with Cowra Plasterworks, donated volunteer time and products to install the plasterboard and insulation for a new home for the Read family.

Gyprock joined many other volunteers to help build an accessible house for the three Read children who have a rare genetic condition which requires the use of wheelchairs in their home in Canowindra, NSW.

"Our annual community day is a great opportunity to spend time as a team and give back to the community. It was great to work closely with our key reseller who has been loyal to CSR for 50 plus years – and to support the Read family – a very worthy cause".
Craig Sweeny, Regional Segment Manager NSW.



RISK AND ASSURANCE

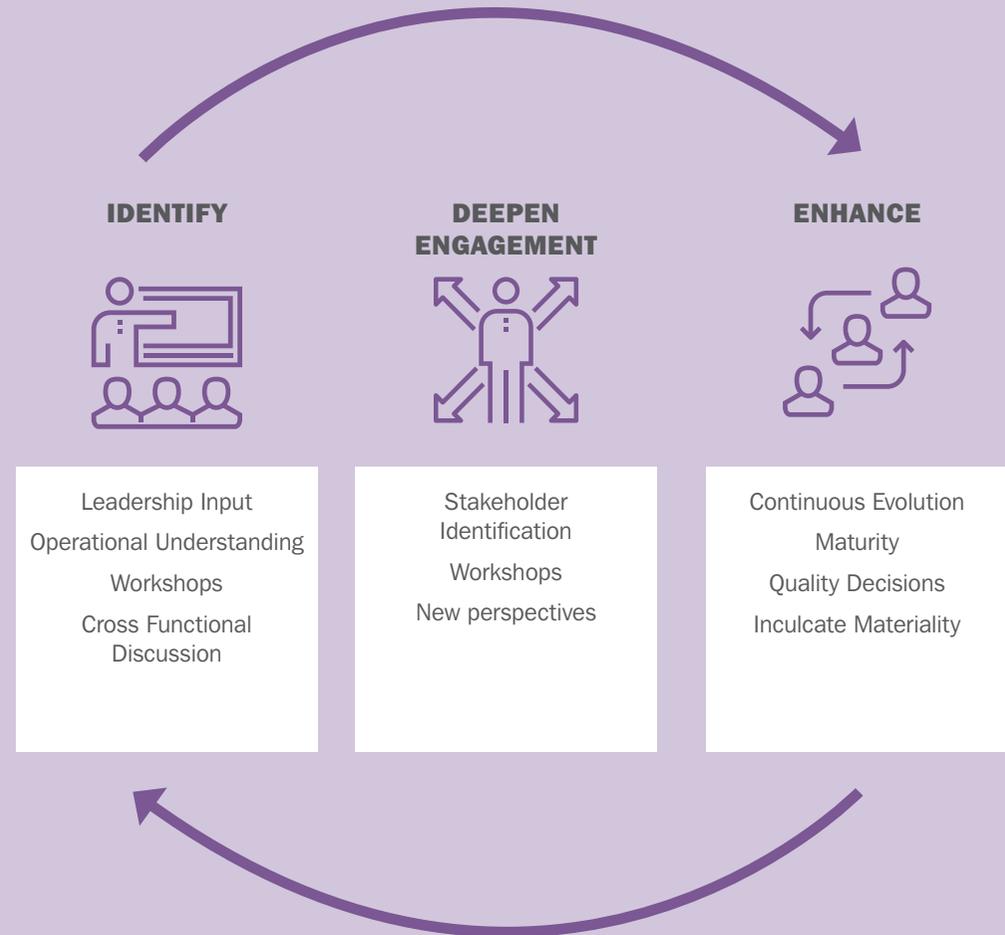
RISK MANAGEMENT

There are a number of risks in the markets in which CSR operates. A range of factors, some of which are beyond CSR's control, can influence performance across CSR's businesses.

Risk Management at CSR is an iterative process, each cycle enhances our understanding of our risks and deepens our engagement with stakeholders including employees, contractors, regulatory bodies, government, shareholders and the community.

A range of factors, some of which are beyond CSR's control, can influence the performance of CSR. CSR's risk management policy is available on our website at <http://www.csr.com.au/investor-relations-and-news/corporate-governance>

ENGAGEMENT FRAMEWORK TO ASSESS MATERIAL RISKS



KEY AREAS OF MATERIALITY

Key areas of materiality	Risks	Monitor and manage risk
Aluminium and currency markets	<ul style="list-style-type: none"> CSR's results are impacted by movements in the global US dollar price for aluminium and currency fluctuations 	<ul style="list-style-type: none"> CSR has a policy to hedge both US dollar sales and foreign currency exposure when specific targets are met, with the primary objective of reducing short-to-medium term earnings volatility. This policy is monitored regularly by CSR's Finance Committee which includes CSR's CEO, CFO, Group Treasurer and the General Manager of Gove Aluminium Finance
Australian construction activity and higher density living	<ul style="list-style-type: none"> Approximately 50% of CSR's total revenue is generated from product and service supplied into the new residential construction sector of Australia and New Zealand which is impacted by several macro-economic factors As a supplier to the construction market, CSR is subject to a number of competitive forces including other domestic and international suppliers and new technologies which could replace existing building methods 	<ul style="list-style-type: none"> Reviews of market activity are factored into CSR's monthly reporting, quarterly forecasting and annual budget and planning cycles, which in turn drive capacity and capital planning. Furthermore, the nature of CSR's building products is that they are typically sold late in the construction process, giving CSR some visibility of changes in market conditions before specifically impacting demand CSR is actively developing and acquiring new products that increase CSR's exposure to the multi-residential segments The release of future land supply for residential development relies on the coordination of government and regulatory bodies with builders and developers to deliver infrastructure and services for new projects
Digital	<ul style="list-style-type: none"> Digital services are increasingly used by the construction sector. CSR's digital development program is critical to achieving growth in its key markets 	<ul style="list-style-type: none"> CSR has developed its CSR Connect digital platform which provides 24/7 access to all customer account pricing, ordering, delivery and invoicing data
Employee and community engagement	<ul style="list-style-type: none"> CSR recognises that it plays an important role in the success and prosperity of local communities as an employer, operator of major manufacturing sites and developer of its legacy property assets An engaged and diverse workforce is critical to CSR's long term success – to help develop new ideas and build a workforce more representative of our society 	<ul style="list-style-type: none"> CSR has developed a suite of leadership and training programs to provide our people with the knowledge, skills and support to enable them to perform at their best Further detail in the People and Community sections

KEY AREAS OF MATERIALITY

Key areas of materiality	Risks	Monitor and manage risk
Energy and climate change	<ul style="list-style-type: none"> • CSR's manufacturing operations use significant amounts of energy including electricity and gas • The transition to a low carbon economy and mitigating the potential impacts of climate change as well as government regulations and planning may impact the availability and nature of supply 	<ul style="list-style-type: none"> • CSR has committed to a 20% per tonne reduction of greenhouse gas emissions, potable water consumption and solid waste production to landfill per tonne of saleable product by 2020 using 2009/10 as the base year • Where possible, CSR enters into long-term contracts to provide greater security of energy supply for its factories • Alternative energy sources including solar power are also under review in addition to site specific energy reduction initiatives
Product liability	<ul style="list-style-type: none"> • Previous involvement in asbestos in Australia and exporting asbestos to the United States • CSR ceased asbestos mining in 1966 and divested remaining interests in 1977 	<ul style="list-style-type: none"> • CSR meets all valid claims in both Australia and the United States • The asbestos provision is impacted by movements in claim numbers, settlement rates and values and movements in AUD/US\$ exchange rate • Refer Page 61 of the 2017 CSR Annual Report
Supply chain and product compliance	<ul style="list-style-type: none"> • CSR relies on an extensive supply chain to manufacture and distribute its products and services • This supply chain can be impacted by natural, political or technological disruptions which the company reviews to develop alternative supply options and minimise the risk of potential supply dislocation 	<ul style="list-style-type: none"> • CSR has a quality management system to ensure that all products manufactured or supplied consistently meet the requirements and specifications of international and national quality standards and customer expectations
Workplace health and safety	<ul style="list-style-type: none"> • CSR has a stated long term objective of achieving zero harm to CSR people across all operations 	<ul style="list-style-type: none"> • Refer to the People section for initiatives targeting improved safety performance across our businesses

DELOITTE S19 NGER LIMITED ASSURANCE



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S19 NGER Limited Assurance Conclusion

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

18 October 2017

Dear Directors

Re: Limited assurance engagement report on CSR Limited's ("CSR") compliance with Section 19 of the National Greenhouse and Energy Reporting Act 2007 for the reporting period ended 30 June 2017 to the Directors of CSR Limited

Please find herewith our limited assurance report and detailed findings in respect of CSR Limited's compliance with Section 19 of the *National Greenhouse and Energy Reporting Act 2007* ('NGER Act') in accordance with the *National Greenhouse and Energy Reporting (Audit) Determination 2009* ('NGER Audit Determination'), Standard on Assurance Engagements ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* ('ASAE 3410'), Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* ('ASQC 1') and the guidance contained in the NGER Audit Determination Handbook.

Audited Body

Name of audited body:	CSR Limited	
ABN of audited body:	90000001276	
Audited body contact details:	Audited body contact	Ms Linden Birch, Group Sustainability Manager
	Phone number	(02) 9235 8358
	Address	Trinity 3, 39 Delhi Road North Ryde, NSW 2113

Reporting Requirements

Total scope 1 emissions for audited body	459, 936 tonnes of CO ₂ -e
Total scope 2 emissions for audited body	264,388 tonnes of CO ₂ -e

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Total energy consumption for audited body	8,530,097 GJ
Total energy production for audited body	0 GJ

Audit Description

Kind of audit	Limited assurance
Audit objective	To provide limited assurance on scope 1 emissions, scope 2 emissions, energy production and energy consumption as reported in CSR's Section 19 2017 NGER Report.
Time period audited	1 July 2016 to 30 June 2017
Date terms of engagement signed	20 April 2017
Date audit report signed	18 October 2017

Auditor Details

Auditor Details	Name of Audit Team Leader	P R Dobson
	GEA Registration number	0208/2013
	Organisation	Deloitte Touche Tohmatsu
	Phone number	(02) 9322 5422
	Address	Grosvenor Place 225 George Street Sydney NSW 2000
Names and contact details of audit team other persons working with the audit team leader	Victor Kalimugogo (02) 9322 7000 Nikhil Sreekumar (02) 9322 7000 Lubna Sharmeen (02) 9322 7000	
Details and evidence of exemptions under section 6.71 of the NGER Regulations for the audit team leader or professional member of the audit team. This includes:		
<ul style="list-style-type: none"> • conflict of interest and details of the procedures for managing conflict of interest; • relevant relationships; and • exemptions for an audit team leader to carry out more than five consecutive greenhouse and energy audits in relation to the audited body. 		

DELOITTE S19 NGER LIMITED ASSURANCE

Deloitte.**Peer Reviewer Details**

Name of peer reviewer	David Newman
Organisation	Deloitte Touche Tohmatsu
Phone number	(08) 9365 7000
Address	Deloitte, Tower 2, Brookfield Place 123 St Georges Terrace, Perth, WA, 6000, Australia

Should you have any questions with the above please contact me on (02) 9322 5422 or at padobson@deloitte.com.au.

Yours sincerely



P R Dobson
Partner

Deloitte.

Limited assurance engagement report on CSR Limited's compliance with Section 19 of the National Greenhouse and Energy Reporting Act 2007 for the reporting period ended 30 June 2017 to the Directors of CSR Limited

Part A – Auditor's Report

We have conducted an engagement to provide limited assurance regarding the compliance of CSR Limited's ("CSR") Section 19 of the National Greenhouse and Energy Reporting Act 2007 ("NGER Act") ("NGER Report"). The NGER Report consists of the following:

- Scope 1 greenhouse gas emissions of 459,936 tonnes of CO₂-e
- Scope 2 greenhouse gas emissions of 264,388 tonnes of CO₂-e
- Energy production of 0 GJ
- Energy consumption of 8,530,097 GJ

for the period 1 July 2016 to 30 June 2017.

Details of audited body

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

Management's Responsibility

Management of CSR is responsible for the preparation and fair presentation of CSR's NGER Report in accordance with section 19 of the NGER Act. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the NGER Report that is free from material misstatement, whether due to fraud or error; selecting and applying measurement methodologies in accordance with the *National Greenhouse and Energy Reporting (Measurement) Determination 2008* ('NGER Measurement Determination') and making estimates that are reasonable in the circumstances.

CSR has developed a Basis of Preparation which details how CSR has interpreted and applied the requirements of the NGER Act, which for the purposes of our engagement represents the criteria.

Assurance Practitioner's Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, which are founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. This includes all of the requirements as defined in the NGER Regulations regarding the Code of Conduct, independence and quality control.

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The firm applies Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion, on CSR's compliance with Section 19 of the NGER Act for the period 1 July 2016 to 30 June 2017, based on the procedures we performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the *National Greenhouse and Energy Reporting (Audit) Determination 2009* ('NGER Audit Determination') and the Standard on Assurance Engagements ASAE 3410 *Assurance Engagements on Greenhouse Gas Statements* ('ASAE 3410'). The NGER Audit Determination and ASAE 3410 require that we plan and perform the engagement to obtain limited assurance about whether the NGER Report is free from material misstatement.

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

A limited assurance engagement in accordance with the NGER Audit Determination and ASAE 3410 involves assessing the suitability in the circumstances of CSR's selection of measurement methods and criterion provided in the NGER Measurement Determination as the basis for the preparation of the NGER Report, assessing the risks of material misstatement or material non-compliance of the NGER Report, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the NGER Report. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an assessment of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included enquiries, observations of processes performed, inspection of documents, site visits to a sample of CSR facilities, analytical procedures, evaluating appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. An assurance engagement also includes:

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly we do not express a reasonable assurance opinion about whether CSR's NGER Report has been prepared, in all material respects, in accordance with Section 19 of the NGER Act.

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As audit team leader, I attest that the assurance engagement was carried out in accordance with the assurance engagement terms, the requirements of the NGER Regulations, the NGER Audit Determination and ASAE 3410.

Limitation of Use

This report has been prepared for the Directors of CSR for the sole purpose of reporting on the NGER Report in accordance with Section 19 of the NGER Act. We understand that a copy will be provided to the Clean Energy Regulator ('CER') for the purpose of reviewing CSR's compliance with the NGER Act and NGER Regulations. We agree that a copy of the report may be provided to the CER for this purpose.

We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than CSR, or for any purpose other than that for which it was prepared.

Inherent Limitations

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

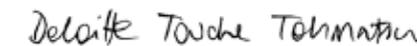
Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

Emissions quantification is subject to inherent uncertainty because incomplete scientific knowledge has been used to determine emission factors and the values needed to combine emissions due to different gases.

A limited assurance engagement is restricted primarily to enquiries and analytical procedures and the work is substantially less detailed than undertaken for a reasonable assurance engagement. As such the level of assurance is lower than would be the case for a reasonable assurance engagement.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the reported greenhouse gas emissions, energy production and energy consumption are not prepared, in all material respects, in accordance with Section 19 of the NGER Act, for the period 1 July 2016 to 30 June 2017.



DELOITTE TOUCHE TOHMATSU


P R Dobson
Partner

DELOITTE S19 NGER LIMITED ASSURANCE



Limited assurance engagement report on CSR Limited’s compliance with Section 19 of the National Greenhouse and Energy Reporting Act 2007 for the reporting period ended 30 June 2017 to the Directors of CSR Limited

Part B – Detailed Findings

In accordance with NGER Audit Determination we report our key findings from our limited assurance engagement over CSR’s NGER Report.

Issues requiring particular attention

None noted

Aspects impacting on assurance engagement

None noted

Contraventions of the NGER legislation

None noted

Other matters

None noted

Audit Findings and Conclusions Table

The results that are provided in the table below should not be construed as providing a conclusion on the NGER Report being as a whole, instead they should be read in the context of providing evidence to support the conclusion. These findings, conclusions and recommendations are designed to inform CSR and the Clean Energy Regulator of any compliance issues and will be used, in part, to better inform regulatory decisions and broader advice to the regulated community.

Issue/Risk area investigated	Testing conducted	Findings	Conclusion	Recommendations
<p>Operational control/facility boundaries</p> <p>CSR is required to apply the NGER Act definition of operational control in order to determine which facilities,</p>	<p>We have:</p> <p>1) Assessed CSR’s documented positions in respect to decisions reached in determining CSR’s corporate boundaries to ensure compliance with NGER</p> <p>2) Assessment included consideration of the determination of group</p>	<p>No material issues were identified.</p>	<p>Risk area has been appropriately addressed as part of our NGER limited assurance engagement.</p>	<p>None.</p>

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Issue/Risk area investigated	Testing conducted	Findings	Conclusion	Recommendations
<p>operations and activities should be reported in the 2017 NGER Report.</p>	<p>members, activities of contractors and joint venture arrangements</p> <p>3) Reviewed CSR’s definition of facilities to ensure that facilities have been determined in accordance with NGER</p> <p>4) Reviewed changes to the corporate structure during the year, and reasons for inclusions and exclusions.. Also reviewed documented position on such changes.</p>			
<p>Industrial processes emissions – glass production – Viridian</p> <p>Glass production and processing is an energy intensive manufacturing process and results in emissions through the conversion of carbon oxidation-reduction reactions during the melting phase.</p>	<p>We have:</p> <p>1) Reviewed CSR’s process used to measure carbonates and carbon oxidation-reduction reaction activity data, and in particular how CSR reconciled the data to operational production reporting outputs</p> <p>2) Site visit to Viridian’s Dandenong site to review these processes on site</p> <p>3)Performed substantive testing of the activity input data focusing on soda ash, dolomite and natural gas</p> <p>4) Reviewed the calculations of the carbon-oxidation reaction against the requirements stipulated in the NGER Measurement Determination</p>	<p>No material issues were identified.</p>	<p>Risk area has been appropriately addressed as part of our NGER limited assurance engagement.</p>	<p>None.</p>

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Issue/Risk area investigated	Testing conducted	Findings	Conclusion	Recommendations
	5) Where estimates were used, we reviewed the assumptions used and assessed these for reasonableness.			
Industrial process emissions – Bricks and Roofing The Bricks and Roofing division has a complex emission profile as a result of the manufacturing of a range of bricks and roofing materials. Inputs that generate GHG emissions include coal slurry, coal stone and natural gas.	We have: 1) Assessed CSR’s process used to calculate emissions from the inputs into the Bricks and Roofing division, particularly relating to the coal slurry, coal stone and natural gas. 2) Assessed the technical measurement methodologies and performed a site visit to a nominated site (Bringelly) in order to assess the processes in place and considered completeness of emissions sources 3) Performed substantive testing of activity data to source documentation such as invoices to ensure that the data is complete and accurate testing of this data.	No material issues were identified.	Risk area has been appropriately addressed as part of our NGER limited assurance engagement.	None.
Industrial process emissions- Light Weight Systems The Light Weight Systems division generates significant emissions as a result of the manufacture of Gyprock and fibre cement products particularly relating to the use of natural gas.	We have reviewed the process CSR has in place to calculate emissions from the Light Weight Systems division, focusing on natural gas consumption and related emissions calculations.	No material issues were identified.	Risk area has been appropriately addressed as part of our NGER limited assurance engagement.	None.
Completeness and accuracy of data across multiple sites	We have: 1) Reviewed the process used by CSR to capture, collate and	No material issues	Risk area has been appropriately addressed as	None.



Issue/Risk area investigated	Testing conducted	Findings	Conclusion	Recommendations
CSR has a significant number of sites located throughout Australia operating a diverse range of businesses. Management of the data collation process in these circumstances can be challenging and requires the co-ordination and co-operation of personnel across multiple departments across the business.	compile data across multiple sites to ensure that the data is complete and accurate, including assessment of any IT or spreadsheet based system used 2) Performed substantive testing of a sample of data to source documentation as well as analytical reviews and enquiries of the Sustainability and Finance teams regarding the controls in the process.	were identified.	part of our NGER limited assurance engagement.	

Other matters to be reported

Nil.

Peer reviewer conclusion

Name of the peer reviewer	David Newman
Peer reviewer’s credentials	Registered Company Auditor
Peer reviewer contact details	Deloitte Touche Tohmatsu, (08) 9365 7000
Outcome of the evaluation undertaken by the peer reviewer	I concur with the assurance conclusion contained in the limited assurance report above.

Deloitte Touche Tohmatsu
 DELOITTE TOUCHE TOHMATSU

P R Dobson

P R Dobson
 Partner
 Registered Greenhouse and Energy Auditor
 Sydney
 18 October 2017

CONTACT US

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

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