CSR LIMITED
SUSTAINABILITY REPORT 2014

BUILDING SUSTAINABILITY INTO OUR FUTURE
CSR IS COMMITTED TO SUSTAINABLE PRACTICES THROUGHOUT OUR BUSINESS – BUILDING STRONG FOUNDATIONS FOR THE FUTURE

CSR CONTINUED TO DRIVE ITS SUSTAINABILITY AGENDA OVER THE PAST YEAR

CSR RECOGNISES THAT A SUSTAINABLE WORKPLACE IS ONE THAT IS BOTH SAFE AND REWARDING FOR OUR EMPLOYEES
WORKPLACE HEALTH, SAFETY & ENVIRONMENT

OUR PRIMARY FOCUS REMAINS THE SAFETY AND WELL BEING OF OUR PEOPLE AND THE COMMUNITIES IN WHICH WE OPERATE

COMMUNITY

CSR CONTINUES TO ENGAGE WITH THE LOCAL COMMUNITIES IN WHICH WE OPERATE

ENVIRONMENT

WE REMAIN COMMITTED TO PROVIDING TRANSPARENT AND ACCURATE REPORTING ON HOW OUR OPERATING ACTIVITIES IMPACT THE ENVIRONMENT AND THE COMMUNITY
CSR IS A LEADING BUILDING PRODUCTS COMPANY ACROSS AUSTRALIA AND NEW ZEALAND WITH AN INVESTMENT IN A GLOBALLY COST COMPETITIVE ALUMINIUM SMELTER

CSR – BUILT ON KNOWLEDGE AND EXPERIENCE FOR
160 YEARS

CSR CONTRIBUTES TO AUSTRALIA’S ALUMINIUM PRODUCTION
25%

CSR EMPLOYEES ACROSS AUSTRALIA AND NEW ZEALAND
3,059

LEADING BUILDING PRODUCT BRANDS

We are focused on building shareholder value by investing in, and growing our businesses, while operating in a sustainable manner.

CSR is the name behind some of the market’s most trusted and recognised brand names in providing building products for residential and commercial construction.

Our businesses include some of the industry’s most highly regarded brands such as Gypsum™ plasterboard, Cemintel™ fibre cement, Bradford™ insulation, PGH™ bricks and pavers, Hebel® autoclaved aerated concrete panels, AFS® walling solutions, Monier™ rooftiles and Viridian™ glass.

We manufacture and supply a wide range of building products, with a particular focus on energy efficiency and sustainability in the built environment.

This range includes energy efficient Viridian™ glass, Bradford™ insulation and lightweight Hebel® concrete panels to make buildings more energy efficient.

Through our innovation centre, we are also developing more innovative products and systems right 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 NSW. Tomago is a globally cost competitive smelter which produces around 550,000 tonnes of aluminium annually, some 25% of Australia’s primary aluminium production.

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

CSR employs approximately 3,000 people in Australia and New Zealand.

TOTAL REVENUE AS AT 31 MARCH 2014

- 1% PROPERTY
- 15% VIRIDIAN
- 16% BRICKS & ROOFING
- 26% ALUMINIUM
- 42% LIGHTWEIGHT SYSTEMS
CSR’S SUSTAINABILITY AGENDA IS DRIVING A SIGNIFICANT IMPROVEMENT IN PERFORMANCE

OVERVIEW

**LOST TIME INJURY FREQUENCY RATE**

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
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<td>2012</td>
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<tr>
<td>2011</td>
<td>4.93</td>
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<tr>
<td>2010</td>
<td>6.06</td>
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**TOTAL RECORDABLE INJURY FREQUENCY RATE**

<table>
<thead>
<tr>
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<th>Rate</th>
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<tbody>
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<td>16.81</td>
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<tr>
<td>2011</td>
<td>27.34</td>
</tr>
<tr>
<td>2010</td>
<td>33.41</td>
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</table>

**TONNES OF CO₂-e**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>540,031</td>
</tr>
<tr>
<td>2013</td>
<td>626,734</td>
</tr>
<tr>
<td>2012</td>
<td>644,959</td>
</tr>
<tr>
<td>2011</td>
<td>668,724</td>
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**TOTAL WATER CONSUMED**

<table>
<thead>
<tr>
<th>Year</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>766,363</td>
</tr>
<tr>
<td>2013</td>
<td>752,692</td>
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<tr>
<td>2012</td>
<td>881,732</td>
</tr>
<tr>
<td>2011</td>
<td>1,018,194</td>
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**TOTAL SOLID WASTE PRODUCED**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnage</th>
</tr>
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<tbody>
<tr>
<td>2014</td>
<td>21,679</td>
</tr>
<tr>
<td>2013</td>
<td>22,549</td>
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<tr>
<td>2012</td>
<td>32,257</td>
</tr>
<tr>
<td>2011</td>
<td>36,658</td>
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**NUMBER OF CSR EMPLOYEES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>3,069</td>
</tr>
<tr>
<td>2013</td>
<td>3,134</td>
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<tr>
<td>2012</td>
<td>3,300</td>
</tr>
<tr>
<td>2011</td>
<td>3,737</td>
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**PERFORMANCE OVER THE LAST THREE YEARS**

- **CSR’s Total Recordable Injury Frequency Rate** reduced by 31%
- **Greenhouse Gas Emissions** reduced by 16%
- **Water Usage** reduced by 13%

**KEY HIGHLIGHTS**

- CSR’s safety record continued to improve with the number of total recordable injuries (lost time; restricted work and medical treatment injuries) per million work hours decreasing by 31% over the last three years.
- CSR conducted 6,617 toolbox talks across its sites.
- CSR’s total greenhouse gas emissions were 540,031 tonnes of CO₂-e – a reduction of 16% over the last three years.
- CSR consumed 766,363 kilolitres of potable water – a reduction of 13% over the last three years.
- CSR produced a total of 21,679 tonnes of solid waste – a reduction of 33% over the last three years.
- CSR reinforced its commitment to sustainable building with ongoing building science research at the 8 star CSR House.
- CSR continued development of its Australian designed Odyssey™ an intelligent, energy efficient, air cooling system that provides thorough ventilation of the home which can lower cooling costs.
- Bradford Energy Solutions expanded its services providing homeowners comprehensive energy assessments and professional installation of CSR’s energy efficiency product solutions.
- CSR renewed support for the CSR Values Champions recognition scheme to recognise the outstanding performance of its people.
- CSR and its employees donated $81,868 in the last year to a range of charitable organisations through its community support program.
As we see building activity increasing across Australia and New Zealand it is clear that housing needs are changing.

People want to live closer to where they work and have access to public transport and more amenities. This inevitably raises issues around affordable housing, dwelling size, infill development and density.

Higher energy costs are also having a significant impact on the cost of living. With ten years of energy efficiency standards included in the Building Code and National Construction Code under our belts, we are now building higher performing, more comfortable, contemporary homes and buildings – however there is still much to do.

CSR is helping to drive change in design and aesthetics and enhance the energy efficiency, comfort and performance of homes and buildings by:

- Continuing research in sustainable housing design from CSR House, an 8-star state-of-the-art building research centre in Western Sydney
- Expansion of Bradford Energy Solutions providing better energy solutions and lower energy bills to business and homeowners
- Innovative product development across the portfolio including Optimo underfloor insulation, Monier solar roof tiles and Hebel powerfloor
- Good Environmental Choice Australia (GECA) certification across standard and specialty Gyprock ranges

We understand that a sustainable business must ensure that it minimises its’ impact on the environment and the community.

In the past year, we have progressed a number of projects which lower energy use, reduce waste and improve recycling of water.

Our primary focus remains the safety and well being of our people and the communities in which we operate.

Over the last five years, CSR has seen major improvements in its safety performance with the rate of total recordable injuries (lost time; restricted work and medical treatment injuries) per million work hours declining by almost 50%. For the twelve months to June 2014, there was a slight increase in the total recordable injury rate, impacted by a 10% decline in the number of work hours.

This report also includes information on emissions, water use and waste production across our businesses.

MESSAGE FROM THE CHAIRMAN OF WORKPLACE HEALTH, SAFETY & ENVIRONMENT COMMITTEE AND MANAGING DIRECTOR

WE ARE VERY PLEASED TO SHARE OUR PROGRESS ON OUR SUSTAINABILITY AT CSR

As we see building activity increasing across Australia and New Zealand it is clear that housing needs are changing.

People want to live closer to where they work and have access to public transport and more amenities. This inevitably raises issues around affordable housing, dwelling size, infill development and density.

Higher energy costs are also having a significant impact on the cost of living. With ten years of energy efficiency standards included in the Building Code and National Construction Code under our belts, we are now building higher performing, more comfortable, contemporary homes and buildings – however there is still much to do.

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We understand that a sustainable business must ensure that it minimises its’ impact on the environment and the community.
“CSR IS HELPING TO DRIVE CHANGE IN DESIGN AND AESTHETICS AND ENHANCE THE ENERGY EFFICIENCY, COMFORT AND PERFORMANCE OF HOMES AND BUILDINGS.”

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

In the twelve months to 30 June 2014, we have continued to make progress to ensure CSR is on track to meet its 2020 goal of a 20% reduction per tonne of saleable product using 2009/10 as the base year:

• Total greenhouse gas emissions down 14%
• Potable water usage up 2%
• Solid waste produced down 4%

To achieve these targets, CSR progressed a number of initiatives to improve operational performance and efficiency with over 200 energy reduction initiatives underway across our sites.

Good safety and environmental performance is an indicator of good culture and employee engagement. At CSR our target is to meet or exceed community expectations.

We hope you find this report informative and encourage you to provide feedback to us via the CSR website (www.csr.com.au).
CSR research developed construction techniques to deliver energy savings in housing.

In November 2012, CSR launched the CSR House, a state-of-the-art building research centre in Schofields, Western Sydney. Its 8 Star design continues to yield important research results for architects, builders and homeowners nationally.

An 8 Star NatHERS rated home like CSR House has a theoretical heating and cooling load approximately 50% lower than a comparative 6 Star home.

CSR’s research shows that by improving the air tightness of the 8 Star home, the actual energy required for heating and cooling can be as much as 72% lower than a standard 6 Star house.

This research on ventilation and air leakage in buildings is part of a wide range of data collection and testing which is shared with our customers and the wider industry.

Publications such as CSR’s Building Knowledge e-zine, launched in September 2013, examine topics ranging from design and aesthetics to enhancing energy efficiency, comfort and performance of homes and buildings and features interviews with key experts from the building industry.

Future editions will continue to investigate the policy and regulatory framework for the building industry and is available from CSR’s website www.csr.com.au.

CSR continues to research and develop new products across its portfolio. In the last year, CSR has filed patent applications for 22 separate innovations as part of its research and development activities.
CSR’s Innovation Project Manager Scott Clarkson and CSR Building Scientist Jesse Clarke with government representatives from China in the CSR House at Schofields in western Sydney.

CSR House hosts Chinese government delegation

In August 2014, CSR hosted a high level delegation of 25 representatives from various government agencies in China investigating Australian viewpoints and issues in environmental sustainability development and energy savings.

The group toured CSR House and discussed issues regarding government policy impacting innovation and production and the relationship between the government and private sector.

INNOVATION IN PRACTICE

CSR Edmonds – Excellence in Sustainability Award

CSR EDMONDS WON THE EXCELLENCE IN SUSTAINABILITY AWARD AT THE 2013 AUSTRALIAN INSTITUTE OF REFRIGERATION AIR CONDITIONING AND HEATING AWARDS FOR THE ODYSSEY™ VENTILATION SYSTEM.

ODYSSEY™ IS AN INTELLIGENT, ENERGY EFFICIENT, AIR COOLING SYSTEM THAT PROVIDES THOROUGH VENTILATION OF THE HOME TO REMOVE ODOURS, ALLERGENS AND FRESHEN THE AIR. DESIGNED AND BUILT IN AUSTRALIA TO MEET THE DEMANDS OF THE HARSH AUSTRALIAN CLIMATE, ODYSSEY CAN LOWER COOLING COSTS BY TAKING TIMELY ADVANTAGE OF THE NATURAL TEMPERATURE DIFFERENCES BETWEEN OUTSIDE AND INSIDE HOMES.

To quantify the impact of Odyssey, air conditioning use reduction was modelled when two Odyssey units are combined with a ducted air conditioning system on a typical single storey 190m² house. Performance in numerous climate zones around Australia was modelled then validated against actual measured data. The study found Odyssey contributed to a reduction in air conditioning cooling requirements of 41% when averaged across major Australian cities.
This report covers CSR’s activities (including safety performance, emissions and energy data, waste and water use) for the period of 1 July 2013 to 30 June 2014 to be consistent with the National Greenhouse and Energy Reporting (NGER) scheme.

Data for water usage and waste produced by CSR’s businesses has been categorised into the three operating business divisions:

- Lightweight Systems’ major brands include Bradford™ insulation, Hebel® panels, Edmonds™ ventilation, Gyprock™ plasterboard, Cemintel™ fibre cement and Ceilctor™ ceiling systems
- Viridian™ includes the Viridian glass business
- Bricks and Roofing’s major brands include PGH™ bricks and pavers and Monier™ roof tiles.

This report covers only activities in which CSR has a majority equity interest. For these activities CSR has reported 100 per cent of emissions. This report does not include activities where CSR is not the majority shareholder. For example, the activities of Tomago Aluminium Company, in which CSR has an effective 25.2 per cent interest, through its 70 per cent shareholding in Gove Aluminium Finance Limited, are not included in this report. Data from these activities is reported directly by other entities.

All physical measurements in this report are in metric units. All financial figures are in Australian dollars, unless stated otherwise. In creating this report we continued to reference a wide range of material including:

- Reviewing CSR’s activities and operations across each business to collect data on energy use and emissions and prepare an inventory of greenhouse gas emissions.
- Reviewing best practice sustainability reports both in Australia and globally. We monitored and reviewed feedback from CSR’s previous sustainability reports and continued to gauge feedback from stakeholders including investors, corporate governance advisers, analysts, media and staff.
Our corporate governance is the system by which the company is directed and managed. It is the framework of rules, relationships, systems and processes which underpin CSR’s long established values and behaviours and the way we do business. It is also the framework within which the CSR board of directors is accountable to shareholders for the operations, profit performance and growth of the company and how the risks of the business are identified and managed.

The directors of CSR are committed to ensuring that the company maintains an effective system of corporate governance and that good corporate governance is an integral part of the culture and business practices of the CSR group.

**CODE OF BUSINESS CONDUCT AND ETHICS**

The CSR board has endorsed a Code of Business Conduct and Ethics that formalises the longstanding obligation of all CSR people, including directors, to behave ethically, act within the law, avoid conflicts of interest and act honestly in all business activities.

CSR’s Code of Business Conduct and Ethics reinforces the company’s commitment to giving proper regard to the interests of people and organisations dealing with the company. Each CSR employee is required to respect and abide by the company’s obligations to employees, shareholders, customers, suppliers and the communities in which we operate.

In addition, the board has adopted specific policies in key areas, including trade practices; workplace health, safety and the environment; fairness, respect and diversity in employment; dealing with price sensitive and other confidential information; trading in CSR shares; privacy; indemnification of employees; and requirements for authorising and entering into business transactions on behalf of CSR.

CSR employees are required to sign a certificate of compliance each year signifying that they have read and complied with the Code of Business Conduct and Ethics and are not aware of any breaches.

**RISK MANAGEMENT**

CSR has a sound system of risk oversight and management and internal control. There are many risks in the markets in which CSR operates. A range of factors, some of which are beyond CSR’s control, can influence performance across CSR’s businesses.

In many of these businesses, CSR constantly and deliberately assumes certain levels of risk in a calculated and controlled manner. CSR has in place authority limits and a range of policies and procedures to monitor the risk in its activities and these are periodically reviewed by the board.

CSR’s Risk Management Policy sets out the framework for risk management, internal compliance and control systems. There are several layers that assist the board in ensuring the appropriate focus is placed on the risk management framework.

The Risk & Audit Committee reviews and reports to the board in relation to the company’s financial reporting, internal control structure, risk management systems and the internal and external audit functions. The Risk & Audit Committee recommends to the board the appointment or dismissal of the internal auditor, who is independent of the external auditor.

The Workplace Health, Safety & Environment (WHSE) Committee reviews and reports to the board on the management of the company’s safety, health and environment liabilities and legal responsibilities; and the senior management team manages and reports to the board on operational, financial and business risks.

Risk management is sponsored by the board, and is a top priority for senior managers, starting with the managing director.

It is the policy of the board that the majority of members of each board committee be independent directors, that all Risk & Audit Committee members be independent directors and that the Remuneration & Human Resources Committee and the WHSE Committee be chaired by independent directors.
KEY RISKS
CSR’s business segments are in building products (including architectural glass), aluminium and property development. As such, CSR’s long term profitability and cash flows are responsive to domestic and international economic conditions, outlook and sentiment. Specifically, building products demand is driven by movements in residential and non-residential construction activity in Australia and New Zealand, and aluminium results are responsive to movements in the global US dollar price for aluminium. Building Products also imports certain products and raw materials and has businesses that are exposed to import competition and currency fluctuations. As a result, Building Products, Aluminium and the asbestos provision are exposed to movements in foreign currency and, in particular, to movements in the Australian and US dollar exchange rates.

PERFORMANCE IN RELATION TO ENVIRONMENTAL REGULATION
The board places a high priority on environmental issues and is satisfied that adequate systems are in place for the management of CSR’s compliance with applicable environmental regulations under the laws of the Commonwealth, States and Territories of Australia and of New Zealand.
CSR RECOGNISES THAT A SUSTAINABLE WORKPLACE IS ONE THAT IS BOTH SAFE AND REWARDING FOR OUR EMPLOYEES

CSR VALUES
CSR’s values reflect the company’s commitment to sustainability. They have been developed to ensure CSR acts as a responsible corporate citizen for the benefit of all of our stakeholders. By living the CSR values, we are building our future together. We value our reputation, and focus on delivering great outcomes for our stakeholders in a sustainable manner.

The CSR values are communicated across the company through a variety of formal and informal channels.

Workplace Health, Safety & Environment (WHSE)
We care for and protect each other, our business and our environment.

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

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

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

Customers
We listen to our customers to understand and meet their needs.

OUR PEOPLE
CSR Values Champions

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 2014, the CSR Values Champions were chosen from over 200 nominations, with every CSR business and the majority of sites nominating at least one of their colleagues.

In addition, 20 outstanding employees were awarded the Managing Director’s Award reflecting their extra effort in meeting a customer’s need, commitment to health, safety & environment, working together, innovation or company results.

Rob Sindel said, “The night was an opportunity to recognise some wonderful achievements by our employees and there is no greater honour bestowed than being nominated by your work colleagues. It’s these achievements that make CSR a strong successful organisation.”

CSR Values drawing competition

Over the past few years children of employees are also given the opportunity to draw a picture, depicting CSR values, which are showcased in the CSR’s internal newsletter.
CSR EMPLOYEES
As at 30 June 2014, CSR had 3,059 full time equivalent (FTE) employees across its operations in Australia and New Zealand. This total is down 2.4% from the equivalent figure last year.

The average length of service for CSR employees is 9.6 years, slightly below the prior year. Employee turnover was down to 8.4% from 11% in the prior year.

Building CSR’s intellectual property (IP)
CSR applies for approximately 20 new patents per year. In 2013, CSR consolidated its IP generation and patent application processes to ensure all business units were operating in a consistent manner and using common tools and resources.

For all new products, systems and services launched into the market, we actively track sales revenue, market share by segment, operational processes, profitability and market sentiment. This level of analysis is maintained for the first 2 years of the product’s life before being transferred to “business as usual” status.

CSR’S REMUNERATION FRAMEWORK IS BASED ON THE FOLLOWING PRINCIPLES:

<table>
<thead>
<tr>
<th>PRINCIPLES</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance driven</td>
<td>Remuneration should reward executives based on annual performance against business plans and longer term shareholder returns. A significant proportion of executive remuneration should be ‘at risk’ and performance dependent. Performance measurement is mainly focused at the organisational level which best reflects the role’s influence.</td>
</tr>
<tr>
<td>Alignment with shareholder interests</td>
<td>Incentive plans and performance measures are aligned with CSR’s short and long term success. Ownership of CSR shares is encouraged through the use of equity as the vehicle for the Long Term Incentive (LTI) plan and the ability to forgo part of fixed remuneration to acquire shares.</td>
</tr>
<tr>
<td>Market competitive remuneration</td>
<td>Remuneration, including those elements which can be earned subject to performance, is set at competitive levels that will attract, motivate and retain high quality executives.</td>
</tr>
</tbody>
</table>

We encourage our people to own a stake in CSR to align their interest with those of our shareholders. The Employee Share Acquisition Plan (ESAP) allows staff employees to forgo up to $5,000 of their cash remuneration to acquire shares in the company. Under the Universal Share Ownership Plan (USOP), eligible employees can buy shares which are then matched one-for-one by the company at no additional cost up to a maximum value of $1000. In total, 47% of employees participate in at least one of the employee share plans sponsored by the company.
IMPROVING DIVERSITY AT CSR

LEADERSHIP AND CULTURE
- 24% female participation in CSR’s leadership programs.
- Completed a gender pay equity review as part of the annual salary review.
- Continued investment in specific diversity training as part of CSR’s leadership programs.

CAREER MANAGEMENT
- 26% of internal promotions were women including appointments to line management roles.
- Supported senior women to attend peak industry networking forums.

RECRUITMENT AND RETENTION
- Promoted inclusion of women on shortlists for vacant roles.
- Conducted a quarterly analysis and review of attraction, appointment and retention of staff by gender, to support decision making.

DIVERSITY
CSR strives to ensure diversity within the organisation. CSR’s policy on diversity is contained within the Fairness, Respect & Diversity Policy. A summary of this policy is available on CSR’s website in the “Careers” section under “Our People”. CSR recognises that improving diversity is important to improving and sustaining a workforce capable of generating better relationships and more innovative solutions for its customers. Ultimately, this improves the results of CSR. CSR has adopted the ASX CGC’s revised Principles and Recommendations (including the 2010 amendments) in respect of diversity. CSR recognises that improving diversity requires cultural change driven by the leadership and commitment of the board and senior management. The culture change themes have been used by CSR to structure its measurable objectives.

The objectives and achievements for the year ended 31 March 2014 and a brief outline of the objectives for the year ending 31 March 2015 are included in the Corporate Governance section of CSR’s 2014 Annual Report which can be accessed from CSR’s website www.csr.com.au.

At board level two of the five or 40% of non-executive directors are women. 12.5% of employees in senior management positions are women including the company secretary, general manager investor relations & corporate communications and the group treasurer. During the year ended 31 March 2014, the percentage of women in the CSR workforce increased from 15.6% to 16.4%.

% OF WOMEN IN THE CSR WORKFORCE AS AT 31 MARCH (% OF WORKFORCE)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>14.3</td>
</tr>
<tr>
<td>2013</td>
<td>15.6</td>
</tr>
<tr>
<td>2014</td>
<td>16.4</td>
</tr>
</tbody>
</table>

CSR Innovation – Knowledge you can build on

INNOVATION IS A KEY VALUE FOR CSR AND TO FOSTER INNOVATIVE THINKING ACROSS THE COMPANY, WE HAVE AN INNOVATION NETWORK ACROSS CSR OF APPROXIMATELY 60 TECHNICAL, ENGINEERING & MARKETING STAFF.

THE INNOVATION GROUP INTERACTS THROUGH VARIOUS MEETINGS TO DISCUSS R&D PROJECTS, CONDUCT TRAINING SEMINARS AND COORDINATE RESOURCE ALLOCATION ACROSS WHOLE OF BUSINESS PROJECTS.

SUPPORTING THE INNOVATION NETWORK IS A DEDICATED INNOVATION TEAM, COMPRISING A DIVERSE ARRAY OF SKILLS INCLUDING CHEMICAL, STRUCTURAL & MECHANICAL ENGINEERING, BUILDING SCIENCE, BUILDER & TRADE, MARKETING AND ECONOMICS. THE INNOVATION TEAM MEMBERS WERE RECRUITED INTERNALLY FROM CSR’S BUSINESS UNITS, BRINGING EXTENSIVE EXPERIENCE OF BUILDING SYSTEMS AND PRODUCTS. THE CSR INNOVATION TEAM HAVE OVER 90 YEARS COMBINED INDUSTRY & PROFESSIONAL EXPERIENCE.

THROUGH CSR’S INNOVATION TEAM, WE ARE CONTINUALLY CHALLENGING THE STATUS QUO AND ARE IDENTIFYING AREAS IN WHICH FURTHER RESEARCH IS NEEDED TO IMPROVE THE BUILDABILITY, SPEED OF CONSTRUCTION, COST OF CONSTRUCTION AND OPERATIONAL EFFICIENCY OF BUILDINGS IN AUSTRALIA.
In January 2014, CSR formed a joint venture with Martini, a manufacturer of premium polyester products specialising in commercial acoustic solutions. Martini has been used in a number of major developments including being the only specified insulation supplier of the Barangaroo development site in Sydney. CSR Martini brings new diversity to CSR:

- 35% of operational team are women
- Over 10 languages spoken by the team
- Loyal team of staff with some people part of the team since the business was formed in 1995

CSR recognises that improving diversity requires cultural change driven by the leadership and commitment of the board and senior management.

Monier supporting apprentice training programs

Monier is continuing its support for roof tiling apprenticeship programs, as the number of apprentices in key trades including bricklaying and roof tiling continues to be under pressure from other industries, CSR is supporting programs developed by TAFE NSW to provide site tours for apprentices to learn more about roof tile production and design. Further programs are underway including a TAFE/Monier roof tiling apprentice of the year award in 2015.
ENGAGEMENT, LEADERSHIP AND DEVELOPMENT

At CSR we are committed to investing in our people. Over the last three years we have developed a suite of leadership development programs designed to provide our leaders with the knowledge, skills & support to enable them to perform at their best.

TOTAL HOURS OF TRAINING
YEAR ENDED 31 MARCH

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
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<tbody>
<tr>
<td>Hours</td>
<td>15,713</td>
<td>14,076</td>
<td>12,755</td>
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</table>

We have 3 leadership development programs in our suite to invest in leaders at all levels within CSR:

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

Expanding workplace health and safety leadership training

In the last 12 months, over 100 CSR people participated in a two day workplace health and safety leadership training program. The specialised course focuses on leadership, risk management, behavioural based safety, leading indicator actions and accident investigation and is part of CSR’s safety journey to promote continuous improvement across the company.

**Leaders Program**

Initiated in 2011, the Leaders Program is designed for senior leaders in CSR to develop skills to grow and expand the business targeting leadership, strategic thinking and innovation.

**Constructive Leaders Program**

Initiated in 2012, the CSR Constructive Leaders Program is focused on developing business leaders now and into the future who are capable of improving our business and the way we work together.

**Foundations of Leadership Program**

The newest program in our suite is the CSR Foundations of Leadership Program which was developed in conjunction with feedback from the businesses. The program is designed to provide insights and tools to build personal, team and organisational effectiveness. Participants also learn to delegate effectively, set realistic goals and coach and provide feedback to others in order to achieve positive and sustainable outcomes.
IN 2014, CSR CONTINUED A MAJOR CAMPAIGN TO ENGAGE EMPLOYEES IN THE DEVELOPMENT OF CSR’S STRATEGY.

THROUGHOUT THE YEAR, EMPLOYEES PARTICIPATED IN REDBOX WORKSHOPS TO DEVELOP A BETTER UNDERSTANDING OF WHY CSR EXISTS AND WHAT IT STANDS FOR, WHERE THE COMPANY IS HEADING AND MOST IMPORTANTLY ENABLE EMPLOYEES TO DETERMINE HOW THEY CAN CONTRIBUTE TO THE COMPANY’S FUTURE.

REDBOX DEFINES HOW WE WILL GRASP NEW OPPORTUNITIES AND CHALLENGES. IT PROVIDES THE DIRECTION AND FOCUS FOR OUR BUSINESS AND HOW WE WILL GROW.
HIGHLIGHTS

• CSR’s safety record has plateaued in the last year with the number of injuries declining but the rate of injuries (both lost time and total recordable injuries) as measure by per million work hours increasing due to a 10 per cent decline in the number of work hours.

• In the last five years, CSR has seen an almost 50% reduction in the total recordable injury rate.

• There were no fatalities at CSR during the year – the last fatality at CSR was in 2002.

While CSR’s safety record continues to improve year on year, there is considerable work still required to achieve our ambition of zero harm across all of our operations.

All employees are expected to take personal responsibility and be involved with setting and complying with the company’s standards and driving improvement initiatives.

OUR PRIMARY FOCUS REMAINS THE SAFETY AND WELL BEING OF OUR PEOPLE AND THE COMMUNITIES IN WHICH WE OPERATE

WORKPLACE HEALTH AND SAFETY

LOST TIME INJURY FREQUENCY RATE
AS AT 30 JUNE (PER MILLION WORK HOURS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>4.50</td>
</tr>
<tr>
<td>2013</td>
<td>3.24</td>
</tr>
<tr>
<td>2012</td>
<td>5.84</td>
</tr>
<tr>
<td>2011</td>
<td>4.93</td>
</tr>
<tr>
<td>2010</td>
<td>6.06</td>
</tr>
</tbody>
</table>

TOTAL RECORDABLE INJURY FREQUENCY RATE
AS AT 30 JUNE (PER MILLION WORK HOURS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
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<td>16.92</td>
</tr>
<tr>
<td>2013</td>
<td>16.81</td>
</tr>
<tr>
<td>2012</td>
<td>24.60</td>
</tr>
<tr>
<td>2011</td>
<td>27.34</td>
</tr>
<tr>
<td>2010</td>
<td>33.41</td>
</tr>
</tbody>
</table>

IMPROVEMENT IN TOTAL RECORDABLE INJURIES IN FIVE YEARS

50%
MANAGING SAFETY
While CSR’s safety record continues to improve, there is considerable work still required to achieve our ambition of zero harm across all our operations. 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 our standards and instigating improvement initiatives.

CSR will continue the drive to achieve zero harm in respect to workplace health and safety by:

- Complying with the laws, regulations and CSR operational policies and standards
- Establishing measurable WHSE objectives and targets, recognising and celebrating excellent results
- Identifying, assessing and controlling hazards and impacts, and eliminate or reduce the risk to an acceptable level
- Informing employees, contractors, visitors and the public of hazards and impacts that may cause potential harm or affect the environment
- Identifying, implementing, monitoring and reinforcing the safe behaviours we expect in our business to eliminate unsafe acts and practices
- Providing appropriate workplace health, safety and environmental training to employees and contractors
- Investigating incidents and sharing lessons learned with applicable stakeholders to prevent re-occurrences
- Consulting and communicating with employees and contractors to continually improve the work health, safety and environmental performance in our workplaces.

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. Managers and supervisors are required to provide leadership in relation to workplace health and safety by:

- Effectively implementing the requirements of the appropriate legislative standard
- Developing and sustaining a strong culture of working safely and continuous improvement
- Setting stretching improvement goals
- Allocating sufficient resources to achieve the goals

The CSR WHSE Management Standards are divided into the sections shown below to incorporate the continuous improvement required to management standards for Safety (AS/NZ 4801 & OHSAS 18001), Quality (ISO 9001) and Environment (ISO 14001).

Targeting unsafe behaviours

Almost half of CSR’s safety incidents are caused by unsafe behaviours.

In addition to initiatives including Tool Box talks, Safety Walks and Leadership training, CSR has initiated a new campaign targeting changing behaviour with the following key targets for the current year:

- Develop leadership networks to support and maintain safety projects at site level
- Publish annual CSR Way leadership training schedule for all regions
- Targeted manual handling program which includes risk assessments and movement awareness in training
- Improve workplace health and safety SharePoint site resources
- Online lead indicator reporting project
- Preventative programs to communicate healthy body and mind themes throughout the business
- Develop plans to target three high influence elements to improve well being
THE CSR WHSE SYSTEM PROVIDES THE FRAMEWORK FOR MANAGEMENT OF WORKPLACE HEALTH AND SAFETY AND ENVIRONMENT AT CSR

WORKPLACE HEALTH AND SAFETY & ENVIRONMENT MANAGEMENT SYSTEM

There are three primary drivers behind CSR’s WHSE Management System:
• Protect the health and safety of people by providing a safe place of work and safe systems of work and protect the environment
• Operate within the law and meet corporate objectives
• Ensure people know their WHSE responsibilities and how they are to be met
THE FIVE SECTIONS OF THE CSR WHSE MANAGEMENT SYSTEM ARE:

1. COMMITMENT AND POLICY
CSR’s WHSE Policy Commitments demonstrate the commitment to improving the workplace, health, safety and environmental performance at CSR. These policy commitments form the basis of our personal responsibilities and accountabilities at each level of the organisation.

2. PLANNING
To ensure that it is effective, the planning process at each level of the business takes into consideration:

- Identification, access and communication of legal and company requirements
- Setting challenging improvement targets and objectives, developing and maintaining WHSE improvement plans with clearly defined actions, allocation of responsibilities and completion dates

Plans are developed annually in line with the five year strategy of the business, including agreed objectives and targets. These objectives and targets are reviewed quarterly and tracked in regular reports.

3. IMPLEMENTATION
Effective implementation will ensure that health, safety, and environment focus is maintained on critical activities ensuring:

- Responsibilities and accountabilities are in place and understood at each level of the business, in line with our WHSE Policy statement commitments
- Our people are trained to complete the tasks associated with their jobs competently
- Effective communication and consultation mechanisms are in place

- Effective identification, assessment and control of workplace health, safety and environmental hazards and their associated risk
- Control of documentation to maintain its relevance and its regular review
- Emergency situations are identified and managed appropriately

A suite of leading indicators are tracked on a monthly basis. These include:

- Number of monthly safety meetings conducted (actual v planned) – communication/consultation
- Number of toolbox sessions undertaken (actual v planned) – communication/consultation
- Safety walks conducted in the workplace (actual v planned) – behavioural intervention
- Task observations (review of tasks in line with work instructions) – behavioural intervention
- Environmental inspections conducted at sites (actual v planned)
- Workplace inspections (actual v planned) – hazard identification
- Tracking of hazards reported and closed out – risk management
- Tracking of corrective actions from incidents – incident management

Safety performance is one of the key criteria in determining short term incentives of management across business units. Managers are responsible for leading safety in the workplace and actively demonstrating commitment as safety role models.

4. MEASURE AND EVALUATION
By measuring, monitoring and evaluating WHSE performance, business units are able to take preventative or corrective action to improve performance, including:

- CSR is increasingly focusing on the fitness and wellbeing of its workforce. As part of this commitment, CSR sponsored its employees to participate in the Global Corporate Challenge, the world’s largest corporate health and wellbeing initiative that combines exercise, fun and virtual interactive experiences. In 2014, CSR entered 80 teams in the challenge representing 560 employees across the company for the fifth consecutive year
- Auditing of our systems and tracking of actions to address non compliance identified. External auditors inspect CSR operations to ensure compliance with the WHSE Standards, to identify any systemic deficiencies and compliance issues. Recommendations from these audits are reviewed, actions developed, assigned to applicable personnel, time framed and monitored to completion
- Injury/incident reporting, recording, investigation and corrective actions – to assess the root cause of the incident and provide an insight to what trends are occurring and need to be addressed
5. MANAGEMENT REVIEW

All sites are required to undertake regular reviews of performance to improve the WHSE management system. CSR safety and environment performance is afforded the highest priority through formal reporting to the board WHSE committee. It is the policy of the board that a majority of the members of this committee be independent directors, and that the committee is chaired by an independent director. The committee receives regular reports from management and regularly visits and inspects sites. The committee reviews the adequacy of management systems and performance, ensures that appropriate improvement targets and benchmarks and monitors, changes in legislation, community expectations, research findings and technological changes.

Performance is measured using both lead and lag indicators and monthly data is then consolidated quarterly reporting to the board WHSE committee.

Regular reviews of business performance are conducted, with actual performance measured against the agreed annual targets. Reports are reviewed by the senior leadership team, as well as by the divisional, business unit and site leadership teams.
Get your game on to reduce manual handling injuries

MANUAL HANDLING IS ONE OF CSR’S BIGGEST INJURY RISKS ACCOUNTING FOR 37% OF INJURIES. AN INNOVATIVE MANUAL HANDLING RISK ASSESSMENT PROCESS WAS DEVELOPED AND ROLLED OUT ACROSS THE COMPANY OVER THE LAST YEAR. THIS PROCESS ENABLED EMPLOYEES TO DEMYSTIFY RISK MANAGEMENT AND FOCUS ON COACHING AND SETTING CONTROLS. AS A RESULT CSR ACHIEVED A 45% REDUCTION IN RECORDABLE INJURIES DUE TO MANUAL HANDLING.

TO COMPLEMENT THE PROGRAM, A SPORT BASED INTERACTIVE TRAINING SESSION IS BEING RUN AT ALL SITES TO PROVIDE EMPLOYEES A GAME PLAN TO KEEP SAFE AND MINIMISE FUTURE MANUAL HANDLING RISKS.

Improving safety of handling bulk glass

HANDLING BULK GLASS IS AN IMPORTANT SAFETY ISSUE UNIQUE TO THE GLASS INDUSTRY AND ONE THAT IS CRITICAL TO THE SAFETY OF GLASS WORKERS. VIRIDIAN COLLABORATED WITH VICTORIAN WORKCOVER TO DEVELOP A MAJOR PROGRAM TARGETING LIFTING OF BULK GLASS WHICH INCLUDED:

• COMPREHENSIVE TRAINING PACKAGE DESIGNED FOR WORKERS WHO UNDERTAKE TASKS MOVING GLASS. THE TRAINING INCLUDES WORK INSTRUCTIONS, VIDEO FOOTAGE, TOOL BOX TALKS AND OTHER MATERIALS WHICH IS BEING PROVIDED BY VIRIDIAN TO THE WIDER GLASS INDUSTRY

• INVESTMENT OF $130,000 IN A PROJECT WITH BREMNER GLASS EQUIPMENT TO DEVELOP SAFE LIFT SYSTEM WHICH INCLUDES VISUAL AND AUDIBLE ALERTS COMBINED WITH AN ELECTRICAL INTERLOCK SYSTEM TO PREVENT MOVEMENT OF UNSAFE LOADS. THE SLS WAS A FINALIST FOR HEALTH AND SAFETY INVENTION OF THE YEAR AT THE VICTORIAN WORKSAFE 2013 AWARDS.
Our goal is to ensure our businesses remain compliant with their operating licences and reduce their 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

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.

By 2020, CSR is targeting a 20 per cent reduction in the following categories using 2009/10 as the base year:

- Scope 1 and scope 2 greenhouse gas emissions through a reduction in carbon dioxide equivalent per tonne of saleable product
- Energy consumption per tonne of saleable product
- Potable water use per tonne of saleable product
- Waste production disposed at landfill per tonne of saleable product.

Each CSR business sets goals to reduce their indicators over time and these are regularly reviewed by senior management and the WHSE board committee.

We provide information through a number of channels:

- Annual reporting as part of site licensing activities
- Emissions data to the National Pollutant Inventory
- Continuing our voluntary participation in the Carbon Disclosure Project.

CSR also continues its involvement with the Federal Government’s National Greenhouse and Energy Reporting scheme.

CSR continues to conduct Lifecycle Assessments (LCA) of products where appropriate.

CSR is also extending its analysis of its manufacturing operations to supply chain management. Group Procurement is continuing its supplier survey program to develop a better understanding of key vendors:

- organisational values
- management system capabilities and
- work they are undertaking within their businesses to create sustainable offerings for their customers.

This process ensures CSR can align more effectively with organisations with shared values, objectives and, as a result, collectively pursue and implement sustainable outcomes.

We remain committed to providing transparent and accurate reporting on how our operating activities impact the environment.
ENVIRONMENTAL INCIDENTS

We report environmental incidents based on five levels of breaches of compliance with regulatory and CSR requirements.

Level 1 – Minor
Level 2 – Significant
Level 3 – Serious
Level 4 – Severe
Level 5 – Extreme/catastrophic.

For the year ending 30 June 2014, CSR incurred 108 environmental incidents (compared to 78 incidents in the previous year). The increase in level 2 incidents is due to a number of minor licence breaches which are under review. The environmental incidents were categorised as follows:

• Level 1: 54
• Level 2: 53
• Level 3: 1

There were no level 4 or 5.

The level 3 incident occurred at the Viridian Morwell site in Victoria in March 2014. Trade waste water from the polishing machine was accidentally disposed to the stormwater system rather than the sewerage system. As the Morwell site is a leased building, it had been assumed that the indoor drainage system went to sewer when it actually was connected to stormwater. The practice has ceased. All waste water is now stored in tanks prior to being disposed of as liquid waste.
CSR SEEKS TO MINIMISE THE IMPACT OF GREENHOUSE GAS EMISSIONS BY IMPROVING ENERGY EFFICIENCY ACROSS ITS NETWORK OF MANUFACTURING FACILITIES

ENERGY
For the period 1 July 2013 to 30 June 2014, total greenhouse gas emissions from CSR’s majority owned businesses were 540,031 tonnes of CO$_2$-e – a reduction of 14% on the previous year.

The reduction reflects the closure of two operating sites in Viridian glass in 2013 to align production with demand. However, the reduction also reflects CSR’s continued focus on introducing initiatives to reduce energy consumption and GHG emissions across its various manufacturing facilities.

Scope 1 (direct) tonnes of CO$_2$-e in Australia for the period were 306,565 tonnes, a reduction of 15% on the prior year. For the same period, the Scope 1 (direct) greenhouse gas emissions of CSR’s majority-owned businesses operating in New Zealand was 6,896 tonnes – down 5% from last year.

Direct or Scope 1 emissions are emitted from sources within the plant or factory boundary.

Scope 2 (indirect) tonnes of CO$_2$-e emitted in Australia were 226,036 tonnes – a reduction of 13%.

For the same period, the Scope 2 (indirect) greenhouse gas emissions of CSR’s majority-owned businesses operating in New Zealand was 534 tonnes compared to 497 tonnes in the prior year. Indirect or Scope 2 emissions are associated with the consumption of imported electricity, heat or steam.

CSR engaged Deloitte Touche Tohmatsu to provide reasonable assurance over CSR Building Products 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 assurance statement is available to download in the Reasonable Assurance Report.

CSR also discloses its greenhouse gas emissions to the Carbon Disclosure Project, which also requires CSR to report on the management of risks and opportunities of climate change impact.

SCOPE 1 DIRECT EMISSIONS$^1$
AS AT 30 JUNE (TONNES OF CO$_2$-e)
AUSTRALIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnage</th>
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</thead>
<tbody>
<tr>
<td>2014</td>
<td>306,565</td>
</tr>
<tr>
<td>2013</td>
<td>359,861</td>
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<td>2012</td>
<td>361,805</td>
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<tr>
<td>2011</td>
<td>382,248</td>
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</table>

OUTSIDE AUSTRALIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
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<td>6,896</td>
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</tr>
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<td>2012</td>
<td>8,203</td>
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<tr>
<td>2011</td>
<td>12,150</td>
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</tbody>
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SCOPE 2 DIRECT EMISSIONS$^1$
AS AT 30 JUNE (TONNES OF CO$_2$-e)
AUSTRALIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>226,036</td>
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<tr>
<td>2013</td>
<td>259,124</td>
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<tr>
<td>2012</td>
<td>273,915</td>
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<tr>
<td>2011</td>
<td>288,239</td>
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</table>

OUTSIDE AUSTRALIA

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnage</th>
</tr>
</thead>
<tbody>
<tr>
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<td>534</td>
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<td>2013</td>
<td>497</td>
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<td>2012</td>
<td>1,036</td>
</tr>
<tr>
<td>2011</td>
<td>4,087</td>
</tr>
</tbody>
</table>

$^1$ Data excludes contractor emissions over which CSR has operational control
CSR completes 12 projects with Clean Technology Investment Program to reduce energy across operating sites

THE CLEAN TECHNOLOGY INVESTMENT PROGRAM (CTIP) PROVIDED A MAJOR OPPORTUNITY FOR CSR TO TARGET ENERGY REDUCTION OPPORTUNITIES ACROSS ITS SITES. IN TOTAL, CSR COMPLETED 12 PROJECTS WITH THE PROGRAM WHICH INCLUDED INVESTMENT OF $2.3 MILLION TO REDUCE CARBON EMISSIONS AND IMPROVE ENERGY EFFICIENCY. THESE PROJECTS HAVE A PAYBACK OF UNDER THREE YEARS ON AVERAGE. CSR’S CTIP PROJECTS INCLUDED:

• ENERGY EFFICIENT 250W INDUCTION LIGHTS AT CSR FACTORIES ACROSS AUSTRALIA
• HIGH TEMPERATURE OFF-TAKE ON KILNS TO UTILISE WASTE HEAT TO FEED A TUNNEL DRYER SYSTEM
• DRYER END SEALS AND GAS METERING EQUIPMENT
• AIR COMPRESSOR TECHNOLOGY IMPROVEMENTS

WHILE THE CTIP PROGRAM IS NOW CLOSED, CSR CONTINUES TO IDENTIFY SIMILAR PROJECTS AT ITS SITES INCLUDING IMPROVED LIGHTING, SOLAR PV INSTALLATION AND ENERGY MONITORING SYSTEMS.

ENERGY IMPROVEMENT FUND

To recognise the criticality of energy in our business, and further improve our energy efficiency and the sustainability of our business, a corporate Energy Improvement Fund has been established. The purpose is to fund implementation of energy improvement focused projects in business operations.

Returns from investment in energy improvement are not directly exposed to market risks when efficiency expenditure displaces other forms of operating expenditure in sound businesses, driving returns that can be more certain, and lowering financial risk.

It is intended to provide additional capital over and above the business’ operating capital expenditure budget for projects that have a specific energy improvement and efficiency focus to reduce overall energy costs through projects that will:

➔ reduce energy consumption per unit of production, or increase output per unit of energy
➔ reduce fixed energy costs
➔ reduce risks associated with reliance on specific energy sources

Businesses will have a range of maintenance projects or projects that have the potential for energy improvement as an incidental benefit of the project. Where a project can be modified to provide a reduction in overall site specific energy costs, the proportion of additional expenditure that is attributable to achieving energy efficiency will be eligible for this Fund.
CSR RECOGNISES THE REQUIREMENT TO USE WATER EFFICIENTLY

WATER
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 766,363 kilolitres of potable water during the year ended 30 June 2014 – an increase of 2% from the prior year.

The bulk of water consumption continues to be in the Lightweight Systems division which comprised 79% of the total.

Viridian comprised 11% and Bricks and Roofing accounted for 10%.

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

CSR RECOGNISES THE REQUIREMENT TO USE WATER EFFICIENTLY

<table>
<thead>
<tr>
<th>WATER CONSUMED BY BUSINESS¹</th>
<th>LIGHTWEIGHT SYSTEMS</th>
<th>AS AT 30 JUNE (KILOLITRES)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>606,355</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>568,392</td>
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</tr>
<tr>
<td>2012</td>
<td>630,176</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>705,739</td>
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</table>

<table>
<thead>
<tr>
<th>VIRIDIAN</th>
<th>AS AT 30 JUNE (KILOLITRES)</th>
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<tbody>
<tr>
<td>2014</td>
<td>85,143</td>
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<td>2013</td>
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<tr>
<td>2012</td>
<td>155,717</td>
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<table>
<thead>
<tr>
<th>BRICKS AND ROOFING</th>
<th>AS AT 30 JUNE (KILOLITRES)</th>
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<tbody>
<tr>
<td>2014</td>
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<td>2013</td>
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<td>95,836</td>
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<td>2011</td>
<td>103,362</td>
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<table>
<thead>
<tr>
<th>TOTAL WATER CONSUMED</th>
<th>AS AT 30 JUNE (KILOLITRES)</th>
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</thead>
<tbody>
<tr>
<td>2014</td>
<td>766,363</td>
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<tr>
<td>2013</td>
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</tr>
<tr>
<td>2012</td>
<td>881,732</td>
</tr>
<tr>
<td>2011</td>
<td>1,018,194</td>
</tr>
</tbody>
</table>

¹ Only metered water data is included.

Monier’s Darra roof tile recycling all water use

MONIER’S ROOF TILE FACTORY AT DARRA IN QUEENSLAND IS NOW RECYCLING ALL WATER USED AT THE SITE. FOLLOWING INSTALLATION OF A 275,000 LITRE UNDERGROUND STORAGE TANK, MONIER IS HARVESTING RAINWATER TO BE USED THROUGHOUT THE MANUFACTURING PROCESS.

IN ADDITION, NEW SYSTEMS ENABLE WATER USED IN MANUFACTURING AND EQUIPMENT MAINTENANCE TO BE RECYCLED TO ENSURE THAT NO WASTE WATER LEAVES THE SITE.
REDUCING WASTE REMAINS A KEY PRIORITY ACROSS ALL OF OUR BUSINESSES

WASTE
CSR produced a total of 21,679 tonnes of solid waste in the year ended 30 June 2014 – decrease of 4% on the prior year.

The majority of waste is produced by Lightweight Systems with 43%, Viridian 35% and 22% by Bricks and Roofing.

The Bricks and Roofing data for 2012 has been restated due to a change in classification of some waste types and to ensure consistency with the 2013 data. The increase in waste in Bricks and Roofing in 2012 was due predominately to a programme to rationalise inventory which resulted in a one-off material increase in waste being sent to landfill.

### WASTE PRODUCED BY BUSINESS1

<table>
<thead>
<tr>
<th></th>
<th>AS AT 30 JUNE (TONNES)</th>
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<tr>
<td>LIGHTWEIGHT SYSTEMS</td>
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<td>2014</td>
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<td>TOTAL SOLID WASTE PRODUCED1</td>
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<tr>
<td>2011</td>
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1 Only metered water data is included.

Gyprock changing the way we work to reduce waste

GYPROCK LAUNCHED A MAJOR INITIATIVE TO REDUCE THE AMOUNT OF MATERIAL WASTAGE CREATED DURING THE MANUFACTURING PROCESS. WORKING CLOSELY TOGETHER, THE PRODUCTION TEAMS FOCUSED ON OPTIMISING AND STANDARDISING THEIR CHANGEOVER PROCEDURES. THIS RESULTED IN REDUCED CHANGEOVER TIMES, MORE CHANGEOVERS BEING COMPLETED WITHOUT NEEDING TO STOP THE PLANT AND MORE EFFICIENT STARTUPS. AS A RESULT OF THESE AND OTHER SUCH IMPROVEMENTS, GYPROCK WAS ABLE TO REDUCE ITS PRODUCT WASTAGE BY SOME 6,500 TONNES IN THE YEAR ENDED 31 MARCH 2014.

CSR joins Clean Up Australia Business Day

AS PART OF CSR’S COMMITMENT AS A SIGNATORY TO THE AUSTRALIAN PACKAGING COVENANT (APC), IN FEBRUARY 2014, CSR JOINED 22 OTHER COMPANIES FROM ACROSS AUSTRALIA TO CLEAN UP BUSINESS SITES AND SURROUNDING GROUNDS. THE EVENT WAS PART OF THE WIDER CLEAN UP AUSTRALIA DAY HELD IN MARCH 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.
There are three components to CSR’s community support program. Employees can make donations to our three partner charities; volunteer their time by participating in one of the student mentor programs; or our businesses donating building products to specific charitable projects.

**OUR PARTNERSHIPS**

We continue to partner with a number of organisations in line with our commitment to operate in a sustainable manner to work with the communities in which we operate. 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 $2.6 million to charity. In the year to 30 June 2014, CSR and its employees donated $81,868 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.

**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.

**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.

**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.

**WORKING IN THE COMMUNITY**

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 needs areas. For the year up to 30 June 2014, 104 employees have mentored 268 students and school leaders, and volunteered 970 hours.

With assistance of CSR mentors, we continued supporting reading programs at a number of primary schools close to CSR’s operating manufacturing facilities in New South Wales, Queensland and Victoria. CSR mentors partner with the school students weekly for one or two terms to offer one-on-one reading and support at school.

CSR EMPLOYEES VOLUNTEERED IN MENTORING IN THE COMMUNITY

970hrs
**The ‘Spark’ program**

The Spark program is designed to address literacy challenges faced by students in primary schools. Whilst the focus of the program is on reading and comprehension, there is a critical element of socialisation whereby reading mentors act as positive role models to students. The weekly one-to-one sessions offer an opportunity to introduce sustained adult conversations in English, encourage the student personally and offer an additional role model in their lives.

“It was wonderful to see them chatting and enjoying books together. It has been really important to have these positive adult role models who present reading in an encouraging way. For many of the children this has not been the case in their own lives. It was also wonderful to hear the comments from the mentors, that they valued the time spent with the children. There was a sense from them, that they were doing something really significant and, of course they were.” School Principal

**The ‘Aspirations’ program**

The Aspirations program is designed to enable high school students from high needs schools to engage in the workplace. It also allows students to start to build an understanding of the skills which will be required of them in a modern work environment.

Over four separate days over term 2, students travelled from Minto, NSW to CSR’s head office in North Ryde to participate in skills based workshops. Through the program, students engaged with mentors, to provide skill development and advice to students to assist them as they start their life journey. The final session was held at CSR’s brick manufacturing plant, Schofields. The students toured the brick plant, the brick and roof tile selection centre and CSR’s 8 star energy house, a highlight of the day.

“It has taught me important skills that I am going to need in life. I was able to be myself in such a welcoming environment surrounded by brilliant people. I loved visiting the CSR house as I want to one day build my own house.” Aspirations student

Students receiving their completion certificates from their mentors

Students visit to the brick and roof tile selection centre, Schofields, NSW
The ‘InterACT’ Program

INTERACT HAS BEEN DESIGNED TO ASSIST STUDENTS FROM A MIGRANT/REFUGEE BACKGROUND TO GAIN CULTURAL AND VOCATIONAL LITERACY IN ORDER TO PARTICIPATE IN AUSTRALIAN LIFE.

WHILE THE FOCUS IS 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.

The ‘GOALS’ program

GOALS AIMS TO RAISE AWARENESS OF THE WIDER RANGE OF PERSONAL, EDUCATIONAL AND VOCATIONAL CHOICES FOR HIGH SCHOOL STUDENTS, THROUGH STRUCTURED GROUP MENTORING SESSIONS OVER THREE SCHOOL TERMS, BY BUSINESS PEOPLE WORKING IN A RANGE OF ROLES AND BUSINESSES.

STUDENTS ARE CAREFULLY CHOSEN BY THE SCHOOL AS THOSE MOST LIKELY TO BENEFIT FROM PARTICIPATING IN THIS MENTORING PROGRAM AFTER A PROCESS OF PROFILING AND INTERVIEWS. THEY ARE THEN MATCHED WITH A CORPORATE MENTOR WHO HAS SHARED INTERESTS AND EXPERIENCES.

Partners in Learning

AT THE END OF TERM 4 IN 2013, CSR RAN AN EMPLOYABILITY SKILLS AND INTERVIEW TECHNIQUE WORKSHOP FOR 60 TEACHERS, AS PART OF THEIR COMMITMENT TO DEVELOPMENT AND TRAINING. THE TEACHERS WERE GIVEN A TOUR OF THE BRADFORD INSULATION FACTORY, INGLEBURN, NSW. THEY WERE ALSO TAKEN THROUGH ‘MOCK’ INTERVIEWS, THE GOOD, THE NOT SO GOOD AND THE UGLY, TO DEMONSTRATE IN A PRACTICAL WAY, TECHNIQUES THAT TEACHERS CAN IMPART TO THEIR STUDENTS.
SUPPORT FOR ASBESTOS DISEASES RESEARCH INSTITUTE

CSR supports the Asbestos Diseases Research Institute’s tissue biobank study. The building of a comprehensive nationwide tissue biobank of considerable size incorporating serum, plasma, DNA, RNA and tumour tissue will permit the construction of a comprehensive catalogue of genomic abnormalities associated with mesothelioma in both tumour and control tissue, which will help researchers better understand the biology of the disease in an effort to try and achieve better clinical outcomes. Information on the tissue bank (which will be very high quality and quite rare) will be made available to the international research community.

The resources needed to establish the tissue bank are considerable and include the initial equipment, as well as access to trained nursing staff on site around the country to be ready to collect samples from mesothelioma sufferers.

COMMUNITY (CONTINUED)

WE CONTINUE TO PARTNER WITH A NUMBER OF ORGANISATIONS IN LINE WITH OUR COMMITMENT TO OPERATE IN A SUSTAINABLE MANNER TO GAIN THE CONFIDENCE OF THE COMMUNITIES IN WHICH WE OPERATE.

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<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASX</td>
<td>Australian Securities Exchange</td>
</tr>
<tr>
<td>CGC</td>
<td>Corporate Governance Council</td>
</tr>
<tr>
<td>Bricks and Roofing</td>
<td>Bricks and Roofing – includes CSR’s building product brands – PGH™ bricks and pavers Monier™ rooftiles</td>
</tr>
<tr>
<td>Carbon dioxide equivalent (CO₂-e)</td>
<td>Unit for comparing the radiative forcing of a greenhouse gas to carbon dioxide. It is calculated using the mass of a given greenhouse gas multiplied by its global warming potential</td>
</tr>
<tr>
<td>CSIRO</td>
<td>Commonwealth Scientific and Industrial Research Organisation</td>
</tr>
<tr>
<td>ESAP</td>
<td>Employee Share Acquisition Plan</td>
</tr>
<tr>
<td>FTE</td>
<td>Full Time Equivalent</td>
</tr>
<tr>
<td>GAF</td>
<td>Gove Aluminium Finance</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative – guidelines for sustainability reporting</td>
</tr>
<tr>
<td>ISO 9000</td>
<td>International Organisation for Standardisation. ISO 9000 family of standards that address quality management systems</td>
</tr>
<tr>
<td>ISO 14001</td>
<td>International Organisation for Standardisation. Standard which outlines Environment Management Systems requirements with guidance for use</td>
</tr>
<tr>
<td>Lightweight Systems</td>
<td>Lightweight Systems’ – includes CSR’s building product brands – Bradford™ insulation, Hebel® panels, Edmonds™ ventilation, Gyprock™ plasterboard, Cemintel™ fibre cement</td>
</tr>
<tr>
<td>LTI</td>
<td>Long Term Incentive</td>
</tr>
<tr>
<td>LTIFR</td>
<td>Lost Time Injury Frequency Rate – per million hours worked</td>
</tr>
<tr>
<td>NGER</td>
<td>National Greenhouse and Energy Reporting scheme</td>
</tr>
<tr>
<td>STI</td>
<td>Short Term Incentive</td>
</tr>
<tr>
<td>Viridian™</td>
<td>Viridian glass business</td>
</tr>
<tr>
<td>WHSE</td>
<td>Workplace Health, Safety and Environment</td>
</tr>
<tr>
<td>USOP</td>
<td>Universal Share Ownership Plan</td>
</tr>
<tr>
<td>TRIFR</td>
<td>Total Recordable Injury Frequency Rate – per million hours worked</td>
</tr>
</tbody>
</table>
The Directors  
CSR Limited  
Triniti 3, 39 Delhi Road  
North Ryde, NSW 2113  

22 October 2014  

Dear Directors  

Re: Reasonable assurance engagement report on CSR Limited’s compliance with Section 19 of the National Greenhouse and Energy Reporting Act 2007 (“NGER Act”) for the reporting period ended 30 June 2014 to the Directors of CSR Limited  


**Audited Body**  

<table>
<thead>
<tr>
<th>Name of audited body:</th>
<th>CSR Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audited body contact details:</strong></td>
<td></td>
</tr>
<tr>
<td>Audited body contact</td>
<td>Ms Linden Birch, Group Sustainability Manager</td>
</tr>
<tr>
<td>Phone number</td>
<td>(02) 9235 8358</td>
</tr>
</tbody>
</table>
| Address | Triniti 3, 39 Delhi Road  
North Ryde, NSW 2113 |  

**Audit description**  

<table>
<thead>
<tr>
<th>Kind of Audit:</th>
<th>Reasonable assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Audit Objective:</strong></td>
<td>To provide reasonable assurance on scope 1 emissions/scope 2 emissions/energy production/energy consumption in CSR Limited’s Section 19 2014 NGER Report</td>
</tr>
<tr>
<td><strong>Time period audited:</strong></td>
<td>1 July 2013 to 30 June 2014</td>
</tr>
<tr>
<td><strong>Date terms of engagement signed:</strong></td>
<td>5 March 2014</td>
</tr>
</tbody>
</table>
**Date Audit report Signed:** 22 October 2014

<table>
<thead>
<tr>
<th>Auditor Details</th>
<th>Name of Auditor:</th>
<th>Paul Dobson</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auditor Details</td>
<td>GEA Registration number:</td>
<td>0208/2012</td>
</tr>
<tr>
<td></td>
<td>Organisation:</td>
<td>Deloitte Touche Tohmatsu</td>
</tr>
<tr>
<td></td>
<td>Phone number:</td>
<td>(02) 9322 5422</td>
</tr>
<tr>
<td></td>
<td>Address:</td>
<td>Grosvenor Place 225 George Street Sydney NSW 2000</td>
</tr>
</tbody>
</table>

**Names and contact details of audit team other persons working with the audit team leader**

- Shailesh Tyagi (02) 9322 7000
- Victor Kalimu-gogo (02) 9322 7000
- Jennifer Foo (02) 9322 7000
- Lubna Sharmeen (02) 9322 7000

**Details of exemptions under section 6.71 of the NGER Regulations for the audit team leader or professional member of the audit team. This includes:**

- 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.

None.

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

Yours sincerely

PR Dobson
Partner
Reasonable assurance engagement report on CSR Limited’s compliance with Section 19 of the National Greenhouse and Energy Reporting Act 2007 (“NGER Act”) for the reporting period ended 30 June 2014 to the Directors of CSR Limited

Part A – Auditor’s Report

We have conducted an audit to provide reasonable assurance pursuant of the NGER Act regarding the compliance of CSR (“CSR”) with Section 19 of the National Greenhouse and Energy Reporting Act 2007 (the “NGER Act” or “matter being audited”). The NGER Report consists of the following:

- scope 1 greenhouse gas emissions of 308,605 tonnes of CO2-e
- scope 2 greenhouse gas emissions of 226,040 tonnes of CO2-e
- energy production of 0 GJ
- energy consumption of 5,933,439 GJ

for the period 1 July 2013 to 30 June 2014. The CSR Limited head office is located at Triniti 3, 39 Delhi Road, North Ryde, NSW 2113.

Management’s responsibility

Management of CSR are responsible for the preparation and fair presentation of the CSR NGER Report in accordance with Section 19 of the NGER Act, in all material respects. This responsibility includes 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 NGER (Measurement) Determination (“the 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.

Auditor’s responsibility

Our responsibility is to express a reasonable assurance opinion on CSR’s compliance with Section 19 of the NGER Act for the period 1 July 2013 to 30 June 2014, in all material respects. The procedures selected depend on our judgment, including an assessment of the risks of material misstatement or
material non-compliance of the matter being audited. We conducted our engagement in accordance with the National Greenhouse and Energy Reporting (Audit) Determination 2009 (the “NGER Audit Determination”) and Standard on Assurance Engagements ASAE 3410 Assurance Engagements on Greenhouse Gas Statements (“ASAE 3410”).

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 matter being audited. Our responsibilities did not extend to any other information.

An assurance engagement involves performing procedures to obtain assurance evidence about the matter being audited. The procedures selected depend on the audit team leader’s judgement, including the assessment of the risks of material misstatement or material non-compliance of the matter being audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to CSR’s compliance with the NGER Act in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CSR’s internal control. 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 the company
- 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.

Reasonable assurance means a high but not absolute level of assurance. Absolute assurance is very rarely attainable as a result of factors such as the following: the use of selective testing, the inherent limitations of internal control, the fact that much of the evidence available to us is persuasive rather than conclusive and the use of judgement in gathering and evaluating evidence and forming conclusions based on that evidence.

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

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.

**Use of our reasonable assurance engagement report**

This report has been prepared for the directors of CSR for the sole purpose for reporting on the matters being audited 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 assurance - for example, assurance engagements are based on selective testing of the information being examined - 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. The conclusion expressed in this report has been formed on the above 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. We specifically note that CSR’s has used estimates or extrapolated underlying information to calculate certain amounts included within the greenhouse and energy information.

Summary of procedures undertaken

A reasonable assurance engagement involves performing assurance procedures to obtain evidence about the greenhouse gas emissions, energy production and energy consumption disclosures in the CSR NGER Report. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the CSR NGER Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the CSR NGER Report in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control as it relates to the CSR NGER Report. These include such procedures as analysing procedures that the audited body used to gather data, performing site visits to a number of CSR facilities, testing of calculations that the audited body performed, and identifying and testing assumptions supporting the calculations performed by management.

Our independence

We have complied with the relevant ethical requirements of the Australian professional accounting bodies relating to assurance engagements, which include independence and other requirements founded on 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.

The conclusion expressed in this report has been formed on the above basis.
Our conclusion

In our opinion, CSR has reported its greenhouse gas emissions, energy production and energy consumption in accordance with Section 19 of the NGER Act, in all material respects, for the period 1 July 2013 to 30 June 2014.

DELOITTE TOUCHE TOHMATSU

PR Dobson
Partner

Registered Greenhouse and Energy Auditor
Sydney
22 October 2014
Reasonable assurance engagement report on CSR’s compliance with Section 19 of the National Greenhouse and Energy Reporting Act 2007 (“NGER Act”) for the reporting period ended 30 June 2014 to the Directors of CSR

Part B – Detailed Findings

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

Audit Findings and Conclusions Table

The results that are provided in the table below should not be construed as providing an opinion on the matter being audited 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 the corporation 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.

<table>
<thead>
<tr>
<th>Issue/Risk area investigated</th>
<th>Testing conducted</th>
<th>Findings</th>
<th>Conclusion</th>
<th>Recommendations</th>
</tr>
</thead>
</table>
| Operational control / facility boundaries | Regarding corporate boundaries, facility identification and operational control, we performed the following:  
- Assessed CSR’s documented position in respect to decisions reached in determining their corporate boundaries to ensure compliance with NGER  
- Performed site visits to material sites and held discussions with CSR personnel  
- Reviewed CSR’s definition of facilities to ensure that facilities have been determined in accordance with NGER. | We have not identified any material issues. | Risk area has been appropriately addressed as part of our NGER assurance engagement. | None. |
<table>
<thead>
<tr>
<th>Issue/Risk area investigated</th>
<th>Testing conducted</th>
<th>Findings</th>
<th>Conclusion</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial process emissions</td>
<td>We performed the following procedures:</td>
<td>We have not identified any material issues. However we did note the following:</td>
<td>Risk area has been appropriately addressed as part of the NGER assurance engagement.</td>
<td>At the glass production (Viridian) facility, emissions should be estimated using NGER MD Division 4.3.5 for the full inputs into the process. We note the improvement from last year in reporting some of these inputs (carbon reductant) using Division 4.3.5; however, the correct approach would be to report all other inputs using this Division.</td>
</tr>
<tr>
<td>The nature of CSR’s operations means that a number of its major divisions produce industrial process emissions at material facilities, including:</td>
<td>• site visits to the following sample of material facilities to assess the completeness of emission and energy sources and the data capture and reporting processes:</td>
<td>• At the glass production (Viridian) facilities CSR has calculated emissions under the NGER MD Divisions 4.3.5 for Anthracite and 4.2.3 and 4.2.4 for the other inputs into the manufacture of glass. Emissions for all inputs in the glass production should be calculated using Division 4.3.5. We have assessed the difference which is immaterial at 700 t CO2-e which represents 0.23% of overall Scope 1 emissions.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Glass production</td>
<td>• Bricks: Oxley;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Insulation manufacturing</td>
<td>• Insulation: Ingleburn</td>
<td></td>
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<tr>
<td>These emission sources can be complex.</td>
<td>• sample testing of material data streams to source documentation including invoices and stocktake records across these sites</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>• assessment of emission calculation methodologies at these major facilities against the NGER Measurement Determination (NGER MD) requirements.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural gas – completeness and accuracy of material emission stream</td>
<td>We performed the following procedures:</td>
<td>We have not identified any material issues.</td>
<td>Risk area has been appropriately addressed as part of our NGER assurance engagement.</td>
<td>Not applicable.</td>
</tr>
<tr>
<td>Natural gas is CSR’s largest emission and energy source and is used across all divisions. Therefore it is important that the natural gas consumption data is complete and accurate and that emissions are calculated correctly.</td>
<td>• At the site visits referred to above we assessed the process used to record natural gas consumption from the operation of the facilities</td>
<td></td>
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<tr>
<td></td>
<td>• We assessed emission calculations and performed testing of reported data to supporting documentation, including invoices on a sample basis.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue/Risk area investigated</td>
<td>Testing conducted</td>
<td>Findings</td>
<td>Conclusion</td>
<td>Recommendations</td>
</tr>
<tr>
<td>-----------------------------</td>
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</tbody>
</table>
| Completeness of emission and energy sources | We performed the following procedures:  
  • Conducted site visits across a sample of material facilities (as noted above)  
  • Performed walk through testing of managements’ mapping of energy and GHG emission sources for visited sites  
  • Performed sample testing of reported data to supporting documentation (for all significant facilities across the CSR Group, not just those where actual site visits were completed)  
  • Performed analytical review procedures to identify unusual relationships and data trends and obtained explanations from management.  
  • Assessed the emission calculation methodologies applied against the requirements of the NGER MD. | We have not identified any material issues. | Risk area has been appropriately addressed as part of our NGER assurance engagement. | Not applicable. |

**Other matters to be reported**

N/A
Peer reviewer conclusion

<table>
<thead>
<tr>
<th>Name of the peer reviewer</th>
<th>David Newman</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer Reviews Credentials</td>
<td>Partner, Registered Company Auditor</td>
</tr>
<tr>
<td>Peer reviewer contact details</td>
<td>Deloitte Touche Tohmatsu (08) 9365 7000</td>
</tr>
<tr>
<td>Outcome of the evaluation undertaken by the peer reviewer</td>
<td>I concur with the assurance conclusion contained in the limited assurance report above.</td>
</tr>
</tbody>
</table>

DELOITTE TOUCHE TOHMATSU

Paul Dobson
Partner

Registered Greenhouse and Energy Auditor
Sydney
22 October 2014
THE CSR ANNUAL REPORT AND SUSTAINABILITY REPORT ARE AVAILABLE TO VIEW ONLINE OR DOWNLOAD

CSR Limited
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North Ryde NSW 2113 Australia
Locked Bag 1345, North Ryde BC
NSW 1670
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International +61 2 8362 9013
E-mail investorrelations@csr.com.au

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