Building solutions for a better future

CSR LIMITED | ANNUAL REPORT 2022


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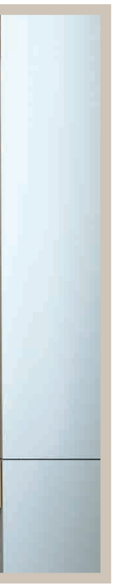


Building solutions for a better future

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

Contents

AGM Details

CSR's Annual General Meeting (AGM) will be held on 30 June 2022 at 10am (AEST). Details on arrangements for the AGM are included in the Notice of Meeting.

Cover photo: Charlotte by Graya

CSR Dwelling – the new hub for design inspiration

During the year, CSR also launched Dwelling, a new content hub which provides inspiration, information and consultation to apply to renovations and new building projects. Dwelling combines products, insights and expert advice for CSR's entire suite of brands.

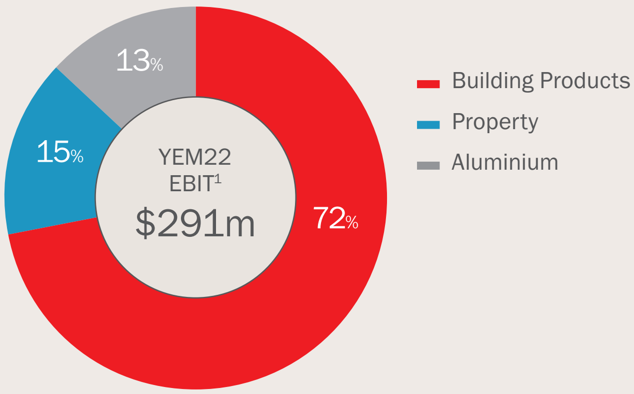
dwelling.csr.com.au

CSR at a glance

CSR is a leading building products company in Australia and New Zealand.

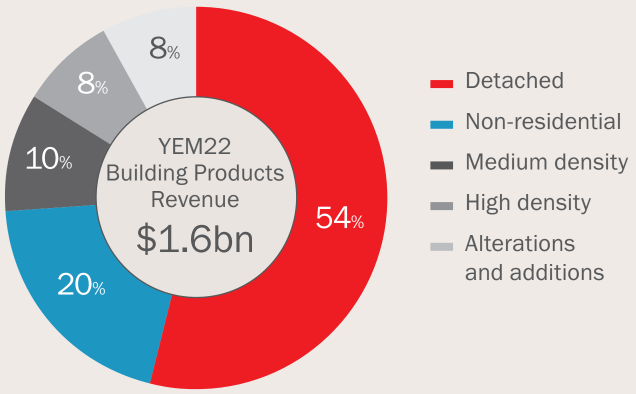
Formed in 1855, CSR is one of Australia's oldest manufacturing companies. Today it is a leading building products company in Australia and New Zealand and is the name behind some of the market's most trusted and recognised brand names.

Business segment overview



[1] Before significant items

Construction market diversification



Building Products

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

CSR continues to invest in new solutions to reduce construction time and improve the comfort and design of homes and buildings.

Masonry & Insulation

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

Interior Systems

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

Construction Systems

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

Strong financial position[1]

↑ 9%
$2.3bn
Revenue

↑ 22%
$291m
Earnings Before Interest and Tax (EBIT)

↑ 20%
$193m
Net profit after tax

↑ 20%
39.7c
Earnings per share

18.0c
Final dividend (fully franked)

31.5c
Full year dividends (fully franked)

[1] Before significant items, unless stated.

Operational excellence with a strong foundation

2,573
CSR employees

170+
Manufacturing and distribution sites across Australia and New Zealand

50+
Property sites owned across Australia

18,000+
Customers across Australia and New Zealand

$178m
Net cash

$2.4bn
Total assets

Property

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

The Property team also provides the CSR businesses with strategic property advice on future impacts of urban expansion on key CSR sites as well as managing CSR's extensive leased and owned property portfolio in excess of 170 sites across Australia and New Zealand.

Aluminium

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

Tomago Aluminium is a leading manufacturer of aluminium products, including extrusion billet, rolling slab, and aluminium ingot with annual capacity of around 600,000 tonnes of aluminium.

Chair's message

An outstanding performance from CSR's employees; supporting customers, maintaining supply and delivering a strong operational performance.

I am pleased to report that CSR has continued its track record of strong operational and financial performance while improving the sustainability of the business.

The CSR team deserve great credit for working through all manner of significant business-wide challenges during the year - including covid restrictions and lockdowns - to maintain a strong product flow to customers whilst well advancing the longer-term strategic agenda.

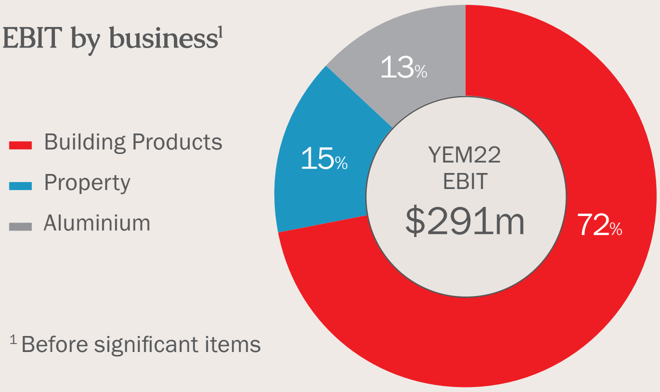
CSR has increased its group earnings for the second consecutive year with net profit after tax (before significant items) of $193 million; up 20% when compared to last year's net profit of $160 million. Note that final statutory net profit after tax of $271 million includes a significant item relating to the recognition of carry forward capital tax losses.

The lift in net profit was driven by a 24% increase in Building Products earnings to a record $228 million, reflecting strong market activity driving higher volumes, improved factory performance and continued cost discipline.

Property delivered earnings of $47 million following completion of several transactions. During the year, CSR secured the final sale of industrial land at the Horsley Park, NSW site. This is a great example of how CSR's Property business plays a crucial role in our strategy to realise strong long-term shareholder value. This PGH Bricks site operated for over 50 years before becoming surplus to requirements. The Property team led a very complex rehabilitation program to regenerate the site for industrial use which will generate proceeds over $408 million over six years.

Earnings from our investment in Aluminium were up 70% to $40 million following improved pricing, with hedging in place over the next five years to reduce volatility and provide greater visibility of future earnings.

EBIT by business[1]



[1] Before significant items

Strong cash position supports dividends at top end of range

CSR's strong performance and financial position has enabled the company to pay fully franked dividends at the top end of our range of 60-80% of net profit after tax (before significant items).

We have declared a final dividend of 18 cents per share (fully franked). This will bring the full year dividend to 31.5 cents per share (fully franked). This compares to total dividends of 36.5 cents (fully franked) in the previous year which included the payment of two special dividends.

We ended the year with a very healthy financial position, which provides significant opportunity to invest in the business over the coming years.

Progressing strategic initiatives across the business

As mentioned above, this year's record result in Building Products was delivered in a challenging environment. Julie and the team ensured we prioritised the health and safety of our employees and product flow to customers, which maximised the market opportunity from strong detached housing demand.

The team have also progressed CSR's strategy to drive market share growth in new segments as well as increased investment this year at key sites to improve productivity, workplace safety, sustainability and optimise operations.

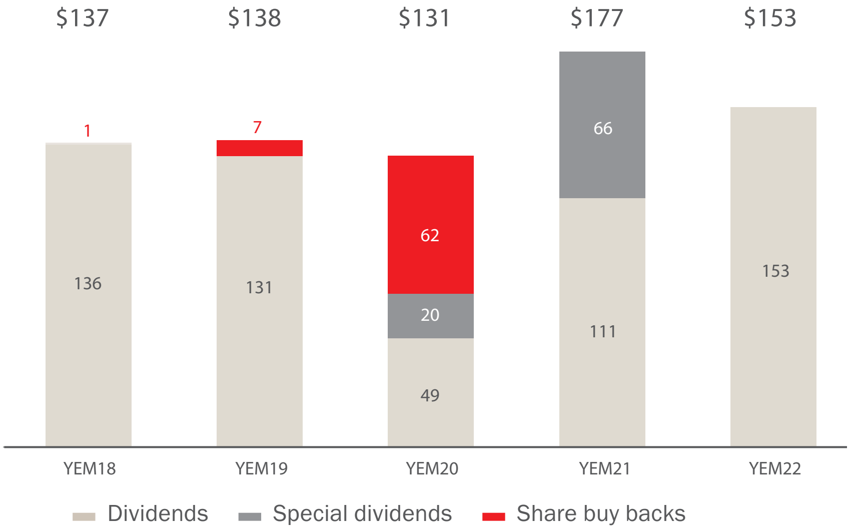
Capital management increasing returns for shareholders

CSR's strong financial performance is backed by our operational discipline, cost control and investment in growth which has provided the opportunity for the company to deliver consistent returns to shareholders both through dividends and capital management over the past five years.

$153m

In total dividends to be paid for YEM22

Capital management (dividends and share buy backs) $ million



Sustainability a core foundation of our strategy

Climate change is a key priority area for CSR in two distinct ways. Firstly, in how we operate our business and, secondly by our supply of products that reduce emissions in the built environment. During the year we have enhanced our design and technical support for energy efficient solutions across insulation, construction fabrics and ventilation with further investment in compliance across all of CSR's systems, products and operations. This has set up the business well ahead of the 2022 National Construction Code.

CSR is also making good progress with its 2030 sustainability targets. These cover a range of metrics to improve performance and reduce environmental impact which follows significant progress made over the decade to 2020 in improving our scope 1 and 2 emissions which are now 34% lower per tonne of saleable product.

At this early stage in the pathway to 2030, we have made good progress with both energy use and emissions down 3% in the first year to 30 June 2021. We are also working through a detailed analysis of our current trajectory to the 2030 targets which include a reduction in emissions by another 30% per tonne of saleable product.

In addition, we are extending our decarbonisation pathway with work on near-term emission reduction opportunities and a longer-term review of technology trends, innovations and pilots from partners for future integration into CSR's operations.

Further details on our approach to sustainability over the past year are included in the 2021 CSR Sustainability Report which was published in December 2021.

> "We are increasing our position across more diverse construction segments and markets to drive improved performance through the housing cycle and scale for growth."

Thank you to the CSR team

On behalf of the board, I want to commend the over 2,500 CSR employees across Australia and New Zealand for their endeavour and commitment across the year. The great progress we have made in our operational, strategic and financial results is a strong endorsement of the skills and resilience of the team.

Thank you to all of our teams for your support for each other and our customers during the year.

Finally, sincere thanks also to our shareholders for your ongoing support.

JOHN GILLAM
CHAIR

Managing Director's Review

JULIE COATES MANAGING DIRECTOR AND CEO

Strong financial and operating performance while continuing to drive strategy.

All of CSR's businesses have performed very well during the year. The team have achieved strong operational performance to deliver a great result – particularly with a strong pipeline of detached housing projects expected to continue in the year ahead.

We have also made good progress on our strategy while minimising disruption to our current business and delivered for our customers. This was achieved while managing our businesses in a COVID safe environment with industry-wide supply chain constraints.

Building Products earnings up 24%

Record Building Products earnings of $228 million were up 24% reflecting operational efficiency and cost discipline across the network. We are also seeing the benefits of structural and organisational changes completed in the previous year, all of which has improved our EBIT margin to 14.1%.

All of CSR's business units delivered revenue growth this year with continued volume growth following strong detached market activity.

Interior Systems which includes CSR's largest business in Gyprock, increased earnings as it delivered volume growth while managing industry disruptions through the strength of its leading market position. This year Gyprock celebrates 75 years of innovation and performance in this market and is featured in the Australian Made and Owned Makers Series.

Masonry & Insulation which includes PGH Bricks, Bradford Insulation and Monier Roofing also increased earnings reflecting strong detached market demand, domestic manufacturing capacity and increasing demand for energy efficient products. Our earnings in New Zealand also grew following market share gains and improved business performance following site consolidation completed last year.

Construction Systems also performed well, particularly in the second half of the year as more multi-residential projects commenced. AFS, Cemintel and Hebel are all building diversification and share growth across new markets with further investment in our technical service offering.

Investing in our People and Safety

During the year we launched a three year Workplace Health, Safety and Environment (WHSE) strategy with three core principles: Hearts & Minds, Systems and Risk. These principles are interconnected and build on our significant investment in systems over the past few years.

Last year we moved to a centralised (WHSE) team to drive a consistent approach across all of CSR supported by our executive leadership team and operational leaders. We have seen significant improvement this year with our total recordable injury frequency rate improving by 27% from 13.4 to 9.8 in March 2022 (per million work hours). Over 80% of our 143 sites achieved zero recordable injuries in the 12 months to 31 March 2022.

To support our people and keep our workplaces and teams safe, we provided paid leave for COVID vaccinations for all employees. During the year, we also launched a new mental health and wellness program to support our employees and their families. This was particularly important during the lockdowns experienced across Australia and New Zealand in 2021.

Outlook for the year ending 31 March 2023 (YEM23)

The strong pipeline of detached housing projects is expected to continue in the year ahead as completion times lengthen with supply chain and trade capacity impacting the broader industry.

Activity in the apartment and non-residential markets has improved after an extended slowdown in the last few years.

Building Products is well positioned to continue to grow, with a clear strategy to drive improved performance from a strong portfolio of brands and customer solutions. In YEM23, the business expects to return to more normal levels of investment to support the delivery of its strategy.

“ All of CSR’s businesses have performed very well during the year. The organisational change we have made streamlining the business over the last 18 months along with the initiatives aligned to our supply chain strategy have supported our ability to deliver for CSR’s customers against a challenging backdrop.

“We will continue to support our strategy this year by increased investment at key sites to further improve productivity, workplace safety, sustainability and optimise operations.”

In Property, EBIT for YEM23 is expected to be approximately $52 million which includes completion of the next tranche at Horsley Park as well as completion of the sale of the Warner, QLD site.

In Aluminium, CSR has a significant hedge position for YEM23. At this early point in the year, an indicative earnings range for YEM23 of $33 million to $49 million is based on current pricing and cost scenarios. Significant aluminium price and cost volatility (in particular carbon based inputs) will impact the final result.

A further update on current trading for the CSR Group will be provided at the company’s AGM on 30 June 2022.

Thank you to the team for their dedication to CSR this year

In closing, I want to echo John’s comments about the dedication of the CSR team this year in what has been a very busy and challenging year. Right across the business our teams have focused on continuous improvement from optimising manufacturing capability through to minimising disruptions to our customers to deliver a great result.

We are continuing to maximise the opportunities in the current market and drive the growth and development of the business for the long-term. We look forward to sharing more with you on our strategy in the year ahead.

Julie Coates

JULIE COATES
MANAGING DIRECTOR AND CEO

Building solutions for a better future

A key part of developing our strategy is establishing our purpose. This captures both what we are doing across the organisation with an eye on the future, with innovation and sustainability for all stakeholders. CSR’s purpose informs our decision making in our day-to-day activities, drives advocacy for ourselves and our customers and provides our platform for growth.

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

Strong foundation

- 2,500+ experienced team
- Trusted brands with leading market positions
- 18,000+ customers across Australia & New Zealand

Supply chain excellence

- 40+ manufacturing sites – operations excellence and innovation
- Extensive network of 100+ CSR branded and distribution outlets (metro and regional reach)
- Significant upside from supply chain integration across CSR

Customer engagement

- Highly credentialed CSR team to unlock value and deliver strategy
- CSR’s leading range of building products and systems serve a broad range of construction segments
- Sales, marketing and technical expertise in building technology, compliance, energy efficiency and architectural design

Sustainable platform

- Strong balance sheet
- Strong Building Products Return on Funds Employed (ROFE) with track record of financial discipline
- 50+ Property sites owned across Australia with significant EBIT locked in for the next three years

Masonry & Insulation

Monier Lookbook – the latest trends in home design & roofing

The Monier Lookbook showcases the latest trends in Australian home design. The Lookbook contains eight stunning Australian façade design trends, all the way from the Hamptons to Designer and Scandi Style. Each look contains key roof tiles and colour selections required to create and achieve a great look, from the roof down.

monier.com.au

PGH Bricks Style Guide – find your inspiration

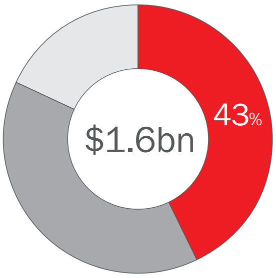
The PGH Style Guide, launched in 2021, is the ultimate trends forecast. It is designed to inspire, identify the best style, and help achieve an exterior colour scheme without the stress. The PGH guide has nine curated material colour palettes including Dark & Stormy, Grey All The Way, Hamptons at Home, Luxury Noir, Modern Industrial, Natural Habitat, Painted Whites and Warm Earth. These styles cover key exterior material finishes including roofing, bricks, fascia, gutter, render, cladding, timber trims and even garage door colours.

pghbricks.com.au/inspiration/styles

Bringing together established brands with leading market positions, backed by our manufacturing expertise and technical and engineering teams.

CSR provides a unique depth of product offering, ranges, colours and textures to complete the look and feel of the home.

YEM22 Building Products revenue by business



Masonry & Insulation

$688m

↑3%

Unique depth of product range and systems
Our offering includes leading solutions in exterior design, home health and comfort and energy efficiency. As part of the path to establishing net-zero in the Australian National Construction Code (NCC), we are providing improvements in energy efficiency, condensation control and internal air quality in new homes through our suite of systems across insulation, construction fabrics and ventilation.

Extensive distribution and selection centres
The Masonry & Insulation businesses include an extensive range of selection centres and distribution networks that support our builder customers, approved resellers, retail hardware partners and a network of installers and tradespeople.

Sustainability of operations
Sustainability is core to our operations with Bradford glasswool insulation produced from up to 80% recycled glass. Monier is extending its use of waste by-product fly ash to incorporate 15-20% of its cement requirements, while PGH continues to assess biosolids as a feedstock for the kiln system to reduce gas consumption.

Leading brands

Manufacturing and supplying insulation materials to the Australian market for over 80 years, critical to a more comfortable, sustainable and energy-efficient building.

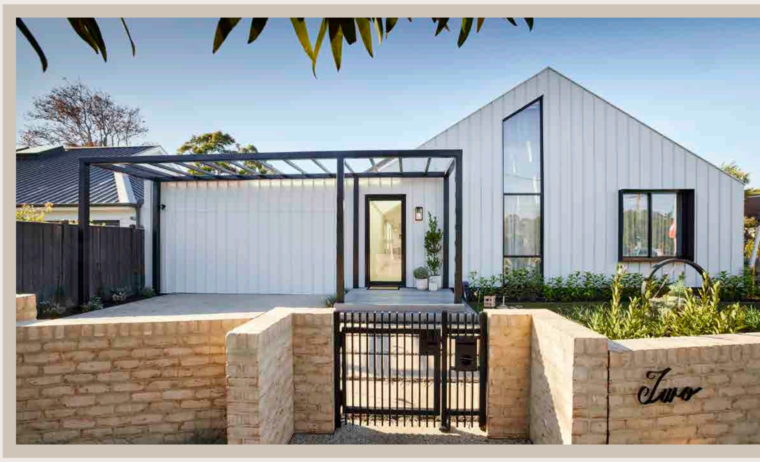
Bradford™

With over 100 years experience Monier is the roofing expert manufacturing quality roofing products, underpinned by a commitment to innovation.

Monier™ ROOFING

PGH is a leading manufacturer and innovator of clay bricks, walling systems and façade solutions.

PGH BRICKS & PAVERS



CSR sponsor of The Block TV series

The 2021 season of The Block saw the teams use CSR products to create their own unique styles and home designs.

The Block showcased the versatility of PGH Bricks including a variety of design styles from Classic to Contemporary, Luxury to Hamptons and Federation-Style to Mid-Century Modern. Bradford also was used throughout every room in The Block, as insulation solutions are key to ensuring comfort and sustainability.

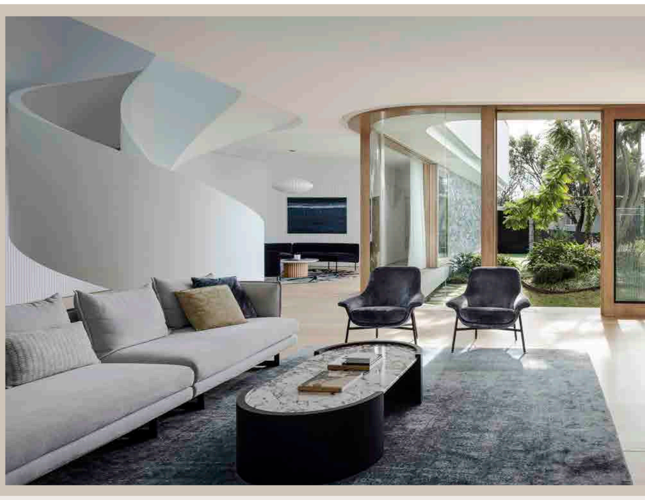
CSR PROUD SUPPLIER THE BLOCK

Interior Systems

Gyprock – Australian Owned and Made for 75 Years

This year, Gyprock celebrates 75 years of innovation and performance as the country's leading plasterboard manufacturer. Throughout that time, our plasterboards, cornices and compounds have been Australian Owned and Made with Gyprock featuring in the Australian Made's Makers Series.

Gyprock is an Australian icon having led innovation in plasterboard and design including the Gyprock Red Book. The Gyprock Red Book is considered a construction industry bible across all performance, technical guidance, compliance, fire and acoustic ratings across CSR's building systems.



Simple to Stunning with Gyprock Living

Gyprock Living highlights that there is no limit on what can be done with walls and ceilings when you combine innovative design and superb craftmanship. Gyprock fills the need for both form and function with a variety of boards such as Superchek for acoustic and impact requirements as well as cornice for ornate feature work. These features are included in Gyprock Living's second edition of Simple to Stunning launched for 2022.

gyprockliving.com.au

Building on Gyprock's leading brand position with the Interior Systems expertise of Martini, Himmel and Potter to provide a complete residential and commercial offering.

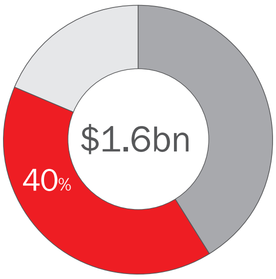
Gyprock – Australia's leader in plasterboard

For 75 years, CSR has led the innovation of plasterboard in the Australian market. The business is backed by four strong, low cost manufacturing sites in Brisbane, Sydney, Melbourne and Perth. A key channel to market is the 56 Gyprock Trade Centres and 38 aligned distributors and retail partners across Australia. Our customers have a strong connection to the Gyprock brand and have referred to themselves as Gyprockers for decades. Gyprock's leading position is bolstered by a stronger presence in the commercial segment to provide complete interior lining systems for our customers.

Martini manufactures a range of acoustic insulation products with thermally-bonded polyester fibres made from up to 80% recycled PET packaging.

Himmel in Australia and **Potter** in New Zealand are leading interior systems businesses supplying ceiling tiles, aluminium partitions and architectural hardware across social, infrastructure and commercial projects. All of the businesses have extensive technical expertise which we use to work with architects and specifiers to deliver solutions for the unique challenges and specifications for their projects.

YEM22 Building Products revenue by business



Interior Systems

$645m

↑9%

Leading brands

Gyprock is Australia's leading manufacturer of gypsum based products including plasterboard, cornice and compounds.

Designs and manufactures high quality thermal and acoustic polyester fibre products.

Leading brands in aesthetic and acoustic interior solutions.

GYPROCK® | martini | HIMMEL INTERIOR SYSTEMS | POTTER INTERIOR SYSTEMS

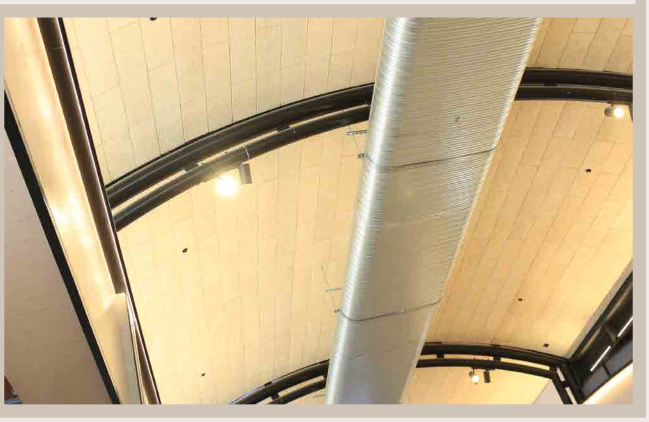
Himmel's acoustic functionality with design freedom

Himmel's Troldtekt design is featured at the upgrade of the T2 terminal at Sydney's International Airport. The design specified significant acoustic requirements for the busy airport combined with a finished product to feature in the large open space.

The superior acoustic properties of Troldtekt help to absorb reverberant airborne sound. The panels are mounted on the curved ceiling within the terminal walkway to pick up reflected sound and improve acoustics.

Troldtekt is sourced from wood and cement making it a naturally strong product with an internationally recognised standard.

himmel.com.au



Martini featured with CSR products at the new Log Cabin

Martini acoustic insulation boards dECO Quiet Boards and Soffit XHD75 Black were featured as part of a suite of CSR products in the new Log Cabin restaurant and function centre re-built on the Nepean River in Penrith, NSW. This project featured the exterior timber look of Cemintel Territory Woodlands as well as Gyprock's new Rigitone ceiling tiles which provide acoustic insulation that complements the interior architecture.

martini.com.au

" Martini is the 'go-to' solution because it always looks great and provides the sound insulation we need on our projects."
Jonathan Parker, Team2 Architects

Construction Systems

AFS and Hebel – a powerful combination

CSR worked with JMH Living Design to create a resort style home, featured above, which included a substantial basement. This project required consideration on how to manage the site with limited access. AFS Rediwall enabled a fast and simple construction process compared to blockwork, while Hebel was selected to provide a high-quality rendered finish with durability, thermal and acoustic properties.

afsformwork.com.au | hebel.com.au

"By using Hebel and AFS on this award winning project, the designer estimated saving 6 or 7 months in terms of construction time."
John Hatch, JMH Living Design

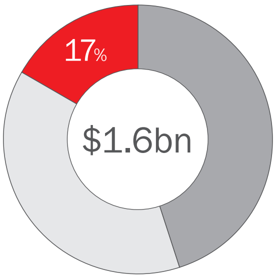
Cemintel brings natural and contemporary look to Sydney high school

Cemintel was a key design element in the new Integrated Studies Centre at Macarthur Anglican School in southwest Sydney. Cemintel Barestone and Surround were used on the internal and external elements to create a cohesive design with a modern look in touch with nature. With the school located in a bushfire zone, Barestone was chosen for its unique combination of being a beautiful, prefinished, non-combustible, low-maintenance cladding with the added benefits of being manufactured in Sydney. Other CSR products integrated into the build included Bradford insulation and Gyprock.

cemintel.com.au

Construction systems is targeting a number of new markets in structural systems and facades and cladding. An unparalleled suite of products to deliver beautiful buildings, ease of installation and lower cost construction.

YEM22 Building Products revenue by business



Construction Systems

$281m

↑2%

AFS is a leader in load bearing permanent formwork walling solutions with codemarked concrete walling and permanent PVC formwork systems. For over two decades, AFS has contributed to the swift construction of apartments, offices, warehouses and more. Utilising cutting edge technologies, AFS are constantly researching new opportunities for innovation for load-bearing, hand-erected walls.

Cemintel provides the Australian market with an alternative fibre cement range of traditional and prefinished fibre cement products and systems. Through research, analysis of trends and customer feedback, Cemintel has delivered innovative fibre cement products to the market for external and internal applications. Its diversified range includes products that are suitable for facades and cladding, internal linings, ceilings, compressed flooring and decking products.

Hebel is a strong, versatile, high performance building product made from Autoclaved Aerated Concrete (AAC). CSR has developed the expansion of Hebel across Australia and New Zealand over the past 30 years as an innovative product. Hebel systems are non-combustible, thermally efficient and have inherent acoustic performance properties. The systems are lightweight and easy to install.

Leading brands

Australia's only manufacturer of Aerated Autoclaved Concrete (AAC) products commonly used in intertenancy, boundary wall and cladding solutions.

hebel® The better way to build

A leader in load bearing permanent formwork walling solutions with concrete walling and permanent PVC formwork systems.

afs smarter permanent formwork.™

Traditional and prefinished fibre cement solutions for facades and cladding, internal linings, ceilings and soffits, flooring and decking.

CEMINTEL®

Hebel Powerpanel^{XL} and Cemintel Territory Performance

Hebel is known for its versatility, thermal benefits and ease of installation. This made it the natural choice for this designer home on the Gold Coast in Queensland. The black rendered finish of Hebel with Cemintel's timber Territory Woodlands product delivered an engaging contrast which will also be low maintenance for the homeowners. CSR brings integrated solutions to its projects to provide a seamless look that delivers across priorities of sustainability, acoustic, thermal and fire resistance with faster installation and lower ongoing maintenance.

hebel.com.au

Property

Property delivering strong returns

Property has delivered over $180 million in earnings in the last five years bringing complex projects to the market.

CSR has over 50 Property sites owned across Australia which is almost 1,400 hectares of freehold land, and over 1,000 hectares of that sits in urban areas. Property also manage a significant network of leased sites to support the operational businesses.

The Property team works with the CSR business units to understand their requirements to grow and expand their operations. This team has extensive experience in managing large scale property projects including: site rezoning, remediation, biodiversity, civil earthworks, road construction and infrastructure and services. This team also leads CSR's strategic property decisions to identify, plan and execute large-scale projects including:

- Maximising value of operational footprint
- Generating returns through various stages of the development cycle
- Providing an opportunistic approach to the staged development process
- Managing numerous projects through rehabilitation, zoning and planning consent

Final sale secured at Horsley Park, NSW industrial site

In July 2021, CSR secured the final sale of land at its Horsley Park, NSW industrial site. CSR has now sold all available sites at Horsley Park generating proceeds of $408 million. The total of completed and contracted transactions, delivered over a six year period, is expected to generate EBIT in excess of $230 million from the 52 hectare site.

Horsley Park is located in a very attractive area within the western Sydney industrial market strategically positioned relative to major transport, power and infrastructure links. CSR has rehabilitated this site over a number of years to prepare the land for industrial use with the final transactions to be completed over the next three years.

Aluminium

CSR is a joint venture participant to the Tomago Aluminium Smelter – one of Australasia's largest aluminium smelters.

Through its 70% shareholding in Gove Aluminium Finance Limited (GAF), CSR holds an effective 25.2% interest in the Tomago Aluminium Smelter, located near Newcastle, NSW. Tomago produces around 600,000 tonnes of aluminium each year. CSR was one of the founding partners in the smelter in 1983 which today employs approximately 1,000 people. Tomago is managed independently with joint venture partners Rio Tinto, GAF and Hydro Aluminium.

tomago.com.au

GAF aluminium hedge position

In order to reduce volatility and lock-in profitable returns, GAF has a significant hedge book in place over the next few years.

AS OF 29 APRIL 2022	YEM23	YEM24	YEM25	YEM26	YEM27
Average price A$ per tonne (excludes premiums)	A$3,061	A$3,032	A$3,149	A$3,365	A$3,938
% of net aluminium exposure hedged	95%	79%	70%	57%	4%

Tomago signs agreement with Capral Aluminium to reuse scrap aluminium

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

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

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

Sustainabililty at a glance

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

We continue to improve the sustainability of our operations across CSR.

During the year, we launched many important initiatives across CSR and further integrated sustainability into how we operate and how we will grow.

Further details on CSR's approach to sustainability over the past year are included in the 2021 CSR Sustainability Report which was published in December 2021.

Addressing the risks and opportunities of climate change

Identifying, managing and reporting on climate change is a key part of CSR's risk management and governance framework. CSR was one of the first manufacturing companies in Australia to set environmental targets back in 2010.

We have now achieved a significant reduction in our use of energy, water and waste production with our Scope 1 and 2 emissions 34% lower per tonne of saleable product since 2010. For 2030, we have set challenging targets to transform our business and further reduce emissions by another 30% per tonne of saleable product.

The work underway on our 2030 targets is part of developing our longer term strategy beyond 2030. This work includes detailed analysis of the current trajectory to the 2030 targets and extending this to CSR's overall decarbonisation approach. This includes research of technology trends, innovations and pilots from partners and pathways for integration into CSR's operations.

We also continue to evolve our overarching sustainability strategy and framework with reference to best practice, industry and regulatory changes and ensuring we maintain a strong linkage to CSR's broader corporate purpose and strategy. This work will be progressed during the year with further details to be included in the 2022 CSR Sustainability Report to be published in December 2022.

> "CSR has set challenging targets to reduce emissions to 2030 and is extending its ambition to investigate how we may set a decarbonisation pathway"

CSR's sustainability focus areas

People and safety

Inspiring our people by creating a safe and diverse place to work and grow.

81%

Safety performance improving: zero recordable injuries at 81% of CSR sites

24/7

Wellbeing@CSR program providing 24/7 support for employees and their families

Supporting diversity and inclusion: updated parental leave options and flexible working arrangements

Climate change

Managing the risks and opportunities of climate change.

↓34%

reduction in CSR's Scope 1 and 2 emissions since 2010 (per tonne of saleable product)

30%

Additional 30% emissions reduction target to 2030 (per tonne of saleable product)

CSR products delivering energy efficient design including thermal and acoustic insulation, ventilation, wall wraps and roof sarking

Environment

Reducing the impact of our operations on the environment.

2030

Targets to 2030 to reduce emissions, energy, water and waste underway

9yrs

of **Business Clean-up Day** to look after our sites and remove unwanted waste

Solar PV systems installed across 14 sites including $1m in projects completed in the last six months

Community

Engaging and supporting our local communities.

$16k

donated by CSR and its employees to support 2022 flood rebuild programs

$73k

donated by CSR and its employees in YEM22 to three charities: Youth Off The Streets, Salvation Army and Assistance Dogs

Continued to support charity projects with **CSR product donations**

Student mentoring program has facilitated over 6,000 volunteer hours by CSR employees over the past 10 years

Supply chain and modern slavery

Creating an efficient and sustainable supply chain to enhance our customers' experience.

1,200

tonnes of timber saved going to landfill with our timber pallet recovery program underway

5%

2030 target to spend 5% of indirect procurement with **social enterprises** including disability and indigenous suppliers

Integrating logistics capability across all of our brands helping to reduce the environmental impact of our networks

People and safety

Picture: Jay Town / Newspix

Workplace health and safety is our first and overriding priority for all of our people

During the year, CSR continued to work though the three year Workplace Health, Safety and Environment (WHSE) strategy established in 2020 with three core principles: Hearts & Minds, Systems and Risk.

These three principles are interconnected and depend on each other for success. We are addressing these key areas concurrently and this builds on our significant investment in systems over the past few years to improve reporting and analysis.

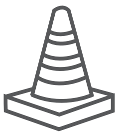
The second year of our plan continues to focus on ensuring that WHSE remains a top priority for CSR. We have made significant changes to the way that Senior Leadership engages with our people on WHSE and in particular their direct involvement with monitoring and discussing safety performance and high-risk WHSE events. In addition, we have prioritised embedding our Risk Reduction Plans across CSR and all of our sites. Each individual site is required to consider the CSR top risks and propose corrective actions that can be undertaken to reduce the potential risk to people or the environment that is within the site's control. The execution of these plans is critical to eliminate or reduce high potential severity events within our business.

CSR has modified its systems and processes to reflect the focus on risk reduction by introducing an additional metric of Revised Risk Rating for all events which must be completed by a WHSE professional. This additional metric is intended to ensure that risks are rated with a high degree of consistency and accuracy as well as provide a coaching opportunity to improve our operational understanding of risk assessment. We have also implemented assurance activities targeting the quality and execution of our Risk Reduction Plans to ensure we are rigorously building this process into our 'business as usual' activities.

Safety performance in YEM22

While progressing our risk reduction plans and providing clarity on our priorities, CSR has achieved a step change in our safety performance as measured by total recordable injury frequency rate (TRIFR) which improved from 13.4 in April 2021 to 9.8 in March 2022 (per million work hours).

We are very proud of the 116 sites who achieved zero recordable injuries in the 12 months to 31 March 2022.



116 sites

Zero recordable injuries
at 116 sites at 31 March 2022

Key highlights

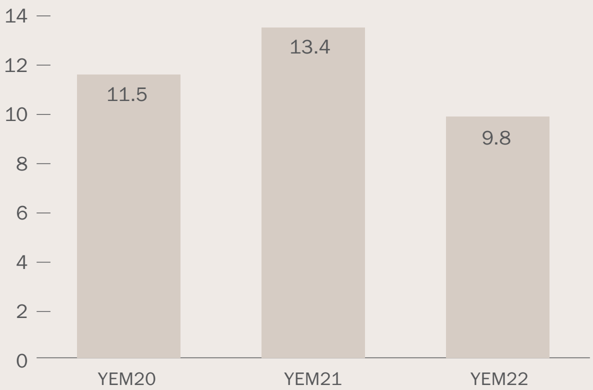
81%

81% (116 sites) achieved zero recordable injuries in the 12 months to 31 March 2022

27%

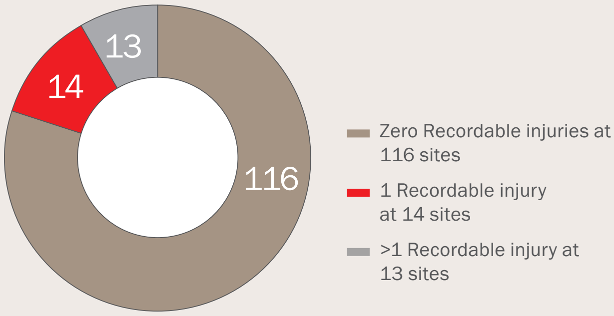
Significant improvement in safety in YEM22 with the total recordable injury frequency rate per million work hours improving by 27% to 9.8

Total recordable injury frequency rate per million work hours



Note: YEM20 data restated from previous year.

Safety performance (12 months to 31 March 2022)



Workplace health and safety in COVID

Throughout this year, we have operated within the COVID environment with the health and safety of our teams remaining our first priority. Following on from extensive planning completed in 2020, we continued to execute a number of business contingency plans, personal hygiene and social distancing measures at all sites in line with government guidelines.

During YEM22, we continued to evolve our COVID-safe plans to manage the risk of transmission in the workplace and operate in an environment where COVID was widespread in the community.

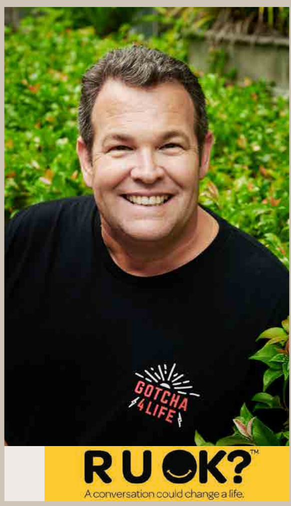
Paid leave for COVID vaccinations for all employees

To support our employees and to keep our workplaces and teams safe, CSR encouraged all employees to get vaccinated and ensured employees could attend vaccination appointments during work hours without loss of pay.

Mental Health and Wellness

During YEM22, CSR launched a new Wellbeing@CSR program to help support our employees and their families. This was particularly important during the lockdowns experienced across Australia and New Zealand during the year.

Wellbeing@CSR provides a number of tools and resources and provides 24/7 confidential, free assistance for any personal or work related issues that may impact our employees and their family's health and wellbeing.



Mental health awareness with R U OK? Day

CSR continued its support for mental health awareness in 2021 which included company wide activities for R U OK? Day in September.

R U OK? is a harm prevention charity that encourages people to stay connected and have conversations that can help others through difficult times.

In September 2021, many of CSR's employees were in lockdown so R U OK? Day provided a key opportunity to reach out to our teams. This included live town hall events which reached over 550 people and included guest speakers and Q&A sessions with television and radio host Gus Worland and psychologist Erin Hegerty.

Gus Worland (pictured) led a live Q&A session with CSR teams focused on mental health.

Climate change

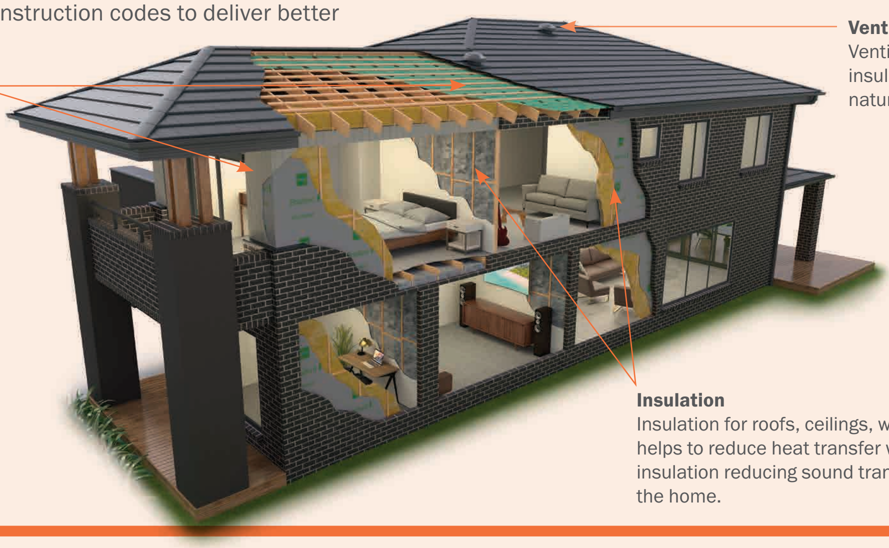
CSR delivering energy efficient design to reduce emissions in the built environment

We are continually reinvesting in our business to meet new opportunities and challenges in energy efficiency while leading in design, colour and product range.

CSR's unique product suite in energy efficient design will be a significant opportunity as we transition to a low carbon economy. CSR's full suite of energy efficient systems alongside internal linings and external cladding products can make a significant impact on the sustainability of homes and buildings. We are investing in innovative digital tools and technical resources to make it easier for our customers to choose the best and most sustainable solution for their requirements whilst being fully compliant with changing construction codes to deliver better energy efficiency.

The increase in time working from home has shown that many people are finding their homes less comfortable and more expensive to run. A significant amount of household energy is used for heating and cooling an average Australian home to achieve thermal comfort.

CSR brings a whole-of-home approach that will provide a more comfortable home and save energy from thermal and acoustic insulation to wall wraps and roof sarking, fire protection insulation and more. All of which will make a substantial difference to the comfort and energy efficiency of homes.



Sarking and wall wraps
Help contribute with reflective insulation benefits, reducing air leakage and adding a second skin of protection to homes.

Ventilation
Ventilation complements insulation to provide a natural and temperate home.

Insulation
Insulation for roofs, ceilings, walls and floors helps to reduce heat transfer with acoustic insulation reducing sound transfer within the home.

Managing the risks and opportunities of climate change

Over the last ten years, CSR has progressed its approach to climate risk and opportunities covering many of the key recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) framework to assess and disclose climate-related risks and opportunities.

We have developed a staged approach to assess these risks and opportunities and integrate them into our risk assessment approach which covers key areas of **Strategy, Governance, Risk Management and Metrics and Targets.**

CSR's risk management framework is intended to provide the basis for a systematic approach to the identification and management of risks. CSR's material economic, environmental and social sustainability risks are included in the Corporate Governance and Risk Statement commencing on page 42.

CSR's manufacturing operations use significant amounts of energy including electricity and gas. These energy costs are increasing which in turn impacts our cost competitiveness compared to other manufacturers. Where possible, CSR enters into long-term contracts to provide greater security of energy supply for its factories. CSR's Finance Committee oversees risks related to electricity and gas pricing and management.

The transition to a low carbon economy and mitigating the potential impacts of climate change, as well as government regulations and planning, may affect the availability and nature of energy supply as well as how CSR manages land assets and business processes. These risks are managed across a number of initiatives:

Internal risk processes were updated in 2017 to capture specific questions on climate risks. Physical climate risk (weather related) assessments are progressively updated for CSR's manufacturing sites.

CSR developed a staged approach to assess and disclose climate-related risks and opportunities using the TCFD framework in 2018.

In 2020, CSR set 10 year targets to 2030, which cover key areas of energy and emissions reduction, procurement, packaging, minimising water use and waste and preserving biodiversity.

In the last six months, CSR has invested over $1 million in Solar PV capacity at an additional 3 sites. This gives CSR a total of 14 sites with a solar PV at a total capacity of 2,600kWs.

Transition risk climate change scenario analysis has been completed for CSR's three largest businesses: Gyprock plasterboard, Bradford insulation and PGH bricks.

Monthly review of progress to 2030 targets and key projects is led by the Sustainability Steering Committee which includes the full executive team. This team is also developing detailed analysis of the current trajectory to the 2030 targets and extending this to CSR's overall decarbonisation pathway.

Progressing CSR's decarbonisation pathway

In March 2022, CSR launched a decarbonisation project with a climate and energy risk specialist. This project is targeting near-term emission reduction opportunities over the next five years as well as a longer-term review of technology trends, innovations and pilots from partners in Australia and internationally.

A key part of CSR's decarbonisation strategy is developing a roadmap for the potential integration of hydrogen, biogas and other primary fuels into CSR's manufacturing processes. This review will be taking a longer-term view to identify the commercial availability and technical feasibility of future fuels including storage, transportation, supply chain and process integration. This work is critical to CSR understanding what changes we may need to make to the way we work in the longer term in order to advance our decarbonisation ambition.

Environment

Cemintel reducing energy use

Compressed air systems use a lot of energy.

In Australia, this accounts for nearly 10% of industrial electricity use. Significant amounts of energy are wasted due to issues like oversized compressors, outdated controls and air leaks.

Like many industrial sites, the Cemintel Wetherill Park, NSW site relies on compressed air to drive its processes. With the support of the NSW Government Energy Saver scheme, CSR completed a major review and upgrade of their compressed air system. The review identified $83,000 in energy savings through leak repairs and improvements to controls. CSR has made many of these changes and repairs, and removed one compressor completely. The project has provided a reduction in energy use on site and is an important step in reaching Cemintel's energy and emission reduction targets.

Reducing the impact of our operations on the environment

CSR is progressing with its sustainability targets to 2030 which cover a range of metrics to improve performance and reduce environmental impact.

These targets are aligned to the UN Sustainable Development Goals (SDG) that are most relevant to CSR and the areas where we can make the greatest impact. All our businesses have three-year action plans underway to achieve or exceed their 2030 targets. These plans include yearly reduction or improvement targets as well as a list of projects to assist in achieving those targets. Progress and projects are regularly reviewed by the Sustainability Steering Committee, with progress reported to the Board's Safety & Sustainability Committee.

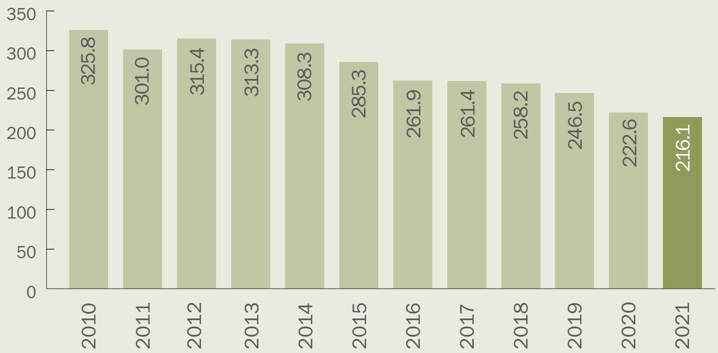
At this early stage in the pathway to 2030, CSR has made good progress across a number of major projects to help meet the targets. Both energy and emissions are down by 3% over the period to 30 June 2021. This is due to numerous operational efficiency projects, the benefits of investment in renewable energy systems at some sites, in addition to production changes due to COVID. Potable water use is also down slightly over the past 12 months with a number of new water saving projects under review. Further detail across all of the targets will be included in the 2022 CSR Sustainability Report to be published in December 2022.

Reducing greenhouse gas emissions

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

All metrics for energy and emissions have detailed project plans and are included in integrated performance dashboards. Progress to the targets is reviewed each month by the Sustainability Steering Committee which includes the full executive leadership team. This committee is chaired by CSR's managing director with the scope of work including developing priorities and targets to achieve CSR's sustainability ambitions and developing a company-wide sustainability roadmap.

GHG emissions (scope 1 and 2) since 2010 per kg/tonne of saleable product



↓34%

decrease in CO_2e emissions (per tonne of saleable product) since 2010

Note: 2020 data excludes Viridian Glass operations sold in January 2019.

SDG Goals	2030 Targets	Initiatives to help reach targets
GOAL 7 **Affordable and Clean Energy**	– Establish and implement a CSR connected power network. – **50%** of electricity generated by renewable energy.	– Since 2015, Solar PV systems installed across 14 sites with total capacity of 2,600 kWs including $1million in Solar PV projects completed in the last six months.
	– **20%** energy reduction (GJ) per tonne of saleable product.	– Examples include: Replacing wastewater pumps with high efficiency pumps at Bradford Ingleburn, NSW and installation of a more efficient boiler at Cemintel Wetherill Park, NSW.
GOAL 11 **Sustainable Cities and Communities**	– **5%** of indirect spend by Procurement to be spent with social enterprises.	– Develop tender/contract award procedures and evaluation. – Training and reporting to embed target across CSR. – Engaged with Social Traders and Givvable to identify and expand procurement with social enterprises.
GOAL 12 **Responsible Consumption and Production**	– CSR packaging to be closed loop (either 100% reusable; recyclable; compostable). – **75%** reduction in solid waste to landfill.	– Increase data analysis across all packaging to capture key opportunities. – Launched expanded timber pallet recycling program. – Waste, water and packaging reduction projects under review as part of the roadmap.
	– **30%** reduction of potable water consumed (ltr) per tonne of saleable product.	– An example is the redesign of water spray systems to reduce potable water use at Bradford ventilation at Sevens Hills, NSW.
GOAL 13 **Climate Action**	– **30%** reduction of greenhouse gas emissions (CO_2e) kg per tonne of saleable product.	– Viable projects rolled into the CSR wide capital allocation process. – All projects are assessed against the CSR targets to understand pathway to achieving the 2030 ambition.
GOAL 15 **Life on Land**	– Enhance biodiversity outcomes on CSR sites and developments.	– Key biodiversity outcomes underway at property sites including Warner, QLD and Horsley Park, NSW.

Community

Engaging and supporting our local communities

A key part of our sustainability strategy is based on proactively supporting our social license to work through greater interaction and positive impacts on the community.

To achieve this aim, 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.

Our community relations program covers four key areas:

- **Building Product donations:** CSR supports a number of charities to build new facilities with product donations as well as technical support and installation expertise.
- **Site level Community Engagement:** Engagement with the local communities and neighbours surrounding our sites.
- **Community Support Program:** Launched in 2003, CSR matches employee contributions dollar for dollar to three charitable organisations. Over $3.5 million has been donated by CSR and its employees over the last 19 years. CSR also provides volunteer support for various activities and campaigns 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.

Clean-up Business Day 2022

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 clean up in March 2022 was the ninth year CSR has participated with volunteers cleaning our sites and surrounding communities and is a great way to promote a clean and healthy work environment.

Supply chain and modern slavery

Creating an efficient and sustainable supply chain to enhance our customers' experience

CSR has a significant investment in warehousing, transport and distribution.

We have developed a supply chain model that integrates logistics activities across all of our brands. There are tangible benefits to customers, while increasing productivity of our distribution channels with better planning and collaboration across our sites and reduced environmental impacts from our transport networks.

Supporting sustainable cities and communities

We have developed a target to 2030 to apply 5% of our indirect procurement spend on social enterprises to align with this goal. CSR has now launched a program to track our social spending with existing suppliers. By working with our supplier network, we have identified key areas of social spending including:

- **Disability enterprises:** mostly packaging services and packaging materials (e.g. pallets)
- **Indigenous owned businesses:** largest spend with bulk materials haulage, but also other varied service providers

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

Modern Slavery

CSR's Modern Slavery Statement for the year ended 31 March 2021 was published in September 2021. CSR lodged its first Modern Slavery Statement in September 2020. Since that time, CSR has progressed a number of initiatives to assess and address modern slavery risks including:

- Engaged Fair Supply to analyse CSR's supply chains beyond Tier 1 suppliers who provided a modern slavery risk profile for suppliers up to Tier 10 for each of CSR's suppliers. This was mapped to country and industry ratings.
- Conducted an external review of vendors to provide a detailed analysis of crimes, infringements and sanctions across 95% of CSR's vendors (based on spend).
- Implementation of comprehensive vendor on-boarding process.
- Inclusion of key statistics regarding the number of screened vendors, number of incidents reviewed, number of staff trained and suppliers risk assessed during the year.

Financial Overview

Net profit after tax (before significant items) of $193 million, up 20% which reflects strong operational performance and continued cost management

FIVE YEAR PERFORMANCE SUMMARY [1] Year ended 31 March ($ million) unless stated	2022	2021	2020	2019	2018
Operating results					
Trading revenue	**2,311.6**	2,122.4	2,212.5	2,322.8	2,237.7
Earnings before interest and tax (EBIT)					
Building Products	**228.2**	184.3	170.5	206.5	214.1
Property	**46.9**	54.2	(1.5)	38.8	47.8
Aluminium	**39.7**	23.4	59.6	36.6	79.5
Segment total	**314.8**	261.9	228.6	281.9	341.4
Corporate and restructuring and provisions[2]	**(23.4)**	(24.0)	(11.8)	(16.9)	(21.1)
CSR EBIT	**291.4**	237.9	216.8	265.0	320.3
Net profit after tax (before significant items)	**192.6**	160.4	134.8	181.7	210.6
Statutory net profit after tax (after discontinued operations)	**270.6**	146.1	125.3	78.0	188.8
Financial position					
Total equity	**949.4**	1,157.8	1,125.5	1,231.1	1,274.1
Total assets	**2,447.0**	2,176.8	2,404.5	1,991.1	2,136.0
Net cash / (debt)	**177.7**	250.8	94.8	50.0	(14.3)
Key data per share					
Earnings before significant items (cents)	**39.7**	33.1	27.3	36.1	41.9
Earnings after significant items and discontinued operations (cents)	**55.8**	30.1	25.4	15.5	37.5
Dividend ordinary (cents)	**31.5**	23.0	10.0	26.0	27.0
Dividend special (cents)	–	13.5	4.0	–	–
Payout ratio on ordinary dividends (%)	**79.4**	69.5	36.6	72.0	64.4
Key measures					
Profit margin (EBIT/trading revenue) (%)	**12.6**	11.2	9.8	11.4	14.3
Return on funds employed (ROFE) (%)[3]	**27.3**	21.1	17.8	21.8	27.8
Employees (number of people employed)	**2,573**	2,538	2,823	2,960	2,861

1 From continuing operations for 2018 and 2019 unless stated, which excludes the Viridian Glass business which was sold on 31 January 2019.
2 Represents unallocated overhead expenditure and other revenues.
3 ROFE is calculated as EBIT before significant items for the 12 months to 31 March divided by average funds employed which excludes cash, tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed to net assets is contained in note 2 to the financial statements.

Operating and Financial Review

Group EBIT of $291.4 million, up 22% with improved earnings from Building Products and Aluminium

Trading revenue of $2.3 billion for the year ended 31 March 2022 (YEM22), up 9% on the prior year.

Earnings before interest and tax (EBIT before significant items) of $291.4 million, up 22% included the following results:

- **Building Products** - Record EBIT of $228.2 million, up 24%, reflecting strong detached housing activity driving higher volumes, improved factory performance and operational execution and continued cost discipline across all businesses. Return on funds employed increased to 27.3% from 20.6%.
- **Property** - EBIT of $46.9 million, down from $54.2 million, including the next stage at Horsley Park and the sale of 4.6 hectares of land at Badgerys Creek.
- **Aluminium** - EBIT of $39.7 million, up from $23.4 million, reflecting higher aluminium pricing partly offset by higher production costs.

Statutory net profit after tax of $270.6 million, up from $146.1 million which included a significant item relating to the recognition of $86.3 million in carry forward capital tax losses.

Earnings per share (before significant items) of 39.7 cents, up 20%.

Dividends - Final dividend of 18.0 cents per share (fully franked) declared, up from the previous final dividend of 14.5 cents per share (fully franked) and the previous final special dividend of 9.5 cents per share (fully franked).

A$m unless stated[1]	2022	2021	change
Trading revenue	**2,311.6**	2,122.4	9%
EBIT			
Building Products	228.2	184.3	24%
Property	46.9	54.2	(13%)
Aluminium	39.7	23.4	70%
Corporate (including restructure and provisions)	(23.4)	(24.0)	3%
Group EBIT	**291.4**	237.9	22%
Net finance costs	(9.5)	(6.1)	
Tax expense	(81.2)	(65.7)	
Non-controlling interests	(8.1)	(5.7)	
Net profit after tax before significant items[1]	**192.6**	160.4	20%
Significant items after tax	78.0	(14.3)	
Statutory net profit after tax	**270.6**	146.1	85%

1 All references are before significant items unless stated. These are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the year ended 31 March 2022 (YEM22). All comparisons are to the year ended 31 March 2021 (YEM21) unless otherwise stated.

Net profit after tax (before significant items) of $192.6 million for the year ended 31 March 2022, up 20% following an increase in earnings from Building Products and Aluminium.

Statutory net profit after tax of $270.6 million includes significant items of $78.0 million (after tax). This includes the recognition of deferred tax assets of $86.3 million in relation to carry forward capital tax losses, which arose primarily from the sale of the Viridian Glass business in 2019. This follows an assessment of the tax treatment of property sales which are expected to generate capital gains that will utilise these carry forward tax losses.

Tax expense of $81.2 million (before significant items) was up from $65.7 million due to higher pre-tax profits. CSR's effective tax rate for the year (before significant items) was 29% in line with the prior year.

Cash flow from operating activities of $215.3 million was down from $253.0 million, with working capital initiatives realised in the prior year.

Capital expenditure (excluding Property and acquisitions) was $40.0 million during the year. Of this total, $27.7 million was for stay-in-business projects and $12.3 million was development related capital expenditure. Capital expenditure (excluding Property and acquisitions) was down from $49.0 million in YEM21, which included the acquisition of the Bradford Brendale, QLD site for $16 million. Property invested $59.7 million during the year as part of rehabilitation of key sites.

Net cash of $177.7 million decreased from the net cash position of $250.8 million as of 31 March 2021 following payment of prior year income tax and dividends during the year.

Product liability – As at 31 March 2022, the asbestos provision fell to $213.3 million from $231.0 million as at 31 March 2021. This provision included a prudential margin of $38.5 million. CSR paid asbestos related claims of $22.9 million (including legal costs) compared to $20.6 million in the prior year.

BUILDING PRODUCTS PERFORMANCE

Construction market activity by segment

	2022	2021	change
Australia Residential (12 months – 000s)			
Detached[1]	149.5	104.1	44%
Medium density[1]	36.4	33.0	10%
High density[1]	43.3	37.2	16%
Total Residential Commencements	**229.3**	**174.4**	31%
Non-residential (A$B)[2]	48.0	47.7	1%
Alterations and additions (A$B)[2]	11.1	10.1	10%
NZ consents (12 months - 000s)[3]	47.3	37.7	25%

1 Source ABS data – (original basis two quarter lag – i.e. 12 months to September).
2 Source ABS, BIS Oxford Economic forecast (value of work done – 12 months to March).
3 Source Statistics New Zealand – (residential consents two quarter lag – 12 months to September).

The majority of CSR's Building Products are utilised towards the end of the construction process which historically results in product sales occurring on average two quarters after the start of a residential housing commencement. However, given the combination of very strong demand and capacity levels within the building construction sector being adversely impacted, detached house build times have increased by around 50% to over 12 months according to HIA research. As a result, CSR's revenues for YEM22 are more closely aligned to residential completions (up 6% for detached housing; down 11% for multi-residential for the year to December 2021).

Australian residential housing commencements on a two quarter lag basis of 229,300 were up 31% compared to the prior year. Detached housing on the east coast of Australia increased by 37%, while Western Australia starts have doubled. The medium and high density market also grew during the period, up 10% and 16% respectively with medium density continuing to attract owner-occupiers and high density activity recovering following renewed investor activity in anticipation of recovering inwards migration.

The non-residential market was up 1% with 4% growth in the social sector offset by a modestly weaker commercial sector. The alterations and additions market has performed strongly as larger renovation projects grew in the year. Trade retail was flat (in the year to February 2022) given the very strong activity in the early months of COVID lockdowns in mid 2020 but has since resumed a strong growth trend. The New Zealand market remained very strong as the sector emerged from COVID lockdowns. Like Australia, realisation of demand has been impacted by significant capacity constraints.

Strong detached activity, cost control and operational efficiency lift earnings by 24%

A$m unless stated[1]	2022	2021	change
Revenue	**1,614.1**	1,534.5	5%
EBITDA	302.4	265.7	14%
EBIT	**228.2**	184.3	24%
Funds employed[2]	830.0	843.8	(2%)
EBIT/revenue	14.1%	12.0%	
Return on funds employed[3]	27.3%	20.6%	

1 Before significant items.
2 Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed is included in Note 2 in the financial report.
3 Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed.

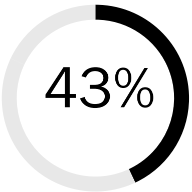
Trading revenue from Building Products was $1,614.1 million, up 5% with continued volume growth following strong detached market activity.

Building Products earnings of $228.2 million were up 24% reflecting strong detached activity driving higher volumes, improving factory performance and continued cost discipline across all businesses.

EBIT margin of 14.1% was up from 12.0% with benefits from operational efficiency and cost discipline across the network and organisational changes completed in the previous year. Return on funds employed of 27.3%, increased from 20.6%.

Building Products Business Performance

MASONRY & INSULATION



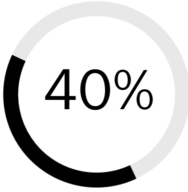
YEM22 Performance

- YEM22 revenue $688m (3% above YEM21)
- Volume growth reflects strong detached market demand, domestic manufacturing capacity and growth in energy efficient products
- Improved factory performance from process improvements and capacity management
- Margin improvement with disciplined pricing, cost control and manufacturing productivity improvements
- Earnings improved in PGH and Bradford reflecting strategy of optimising operations and factory performance to deliver for customers

YEM23 Priorities

- Manufacturing investment to improve productivity, sustainability and efficiency at existing sites
  - Bradford Brendale, QLD automating processes and improving productivity and safety, increasing capacity by 10% and reducing environmental impact (80% reduction in potable water use)
  - PGH Oxley, QLD investment to improve production speed and efficiency, will add 10 million units of bricks
- Optimising product ranges to drive incremental improvement in efficiency, capacity and customer service
- Integrated planning work continuing to provide improved visibility and order management, enhanced pricing discipline and better customer experience

INTERIOR SYSTEMS



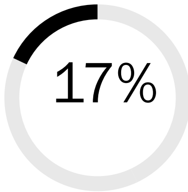
YEM22 Performance

- YEM22 revenue $645m (9% above YEM21)
- Continued revenue and volume growth in Gyprock reflected strong end markets, strength of market position and managing industry disruptions well
- Leveraging strength of the Gyprock brand as it celebrates 75 years of innovation and performance in Australia
- Higher value product mix and improved pricing discipline contributed to margin improvement
- Continuous operational improvement to maintain low cost position
- Higher EBIT reflects improved factory performance, increased volumes and cost discipline. Improvement in CSR's commercial interiors EBIT despite impact of COVID lockdowns

YEM23 Priorities

- Incremental manufacturing investment at Gyprock Wetherill Park, NSW to improve productivity and lower energy consumption
- Expanded presence in non-residential sector with dedicated technical and architectural teams
- Consolidating leadership of Gyprock through ongoing range optimisation and improved customer experience
  - New premium product range, ongoing innovation and product development with strategic management of product lines
  - Gyprock Trade Network ongoing improvement of in-store experience driving strong connection to customers
- Ongoing execution of supply chain initiatives to deliver further benefits in service and efficiency

CONSTRUCTION SYSTEMS



YEM22 Performance

- YEM22 revenue $281m (2% above YEM21)
- Volumes higher in Cemintel and Hebel reflecting category growth across the year, especially in the second half
- Cemintel established stronger position in cladding market with increased shifts and capacity to meet market demand
- AFS performance improving with diversification strategy and customer service improvements mitigating impact of subdued activity in apartment market
- Margin improvement largely driven by improved manufacturing performance
- Higher EBIT in Hebel and Cemintel reflects share growth coupled with disciplined cost management

YEM23 Priorities

- Strategy to diversify sector and customer base gaining traction (medium density housing in VIC, civil applications in QLD)
  - Improvements in dynamic planning have improved lead times, driving growth in repeat customers
  - Energy reduction with increased waste recycling and solar panels at Hebel factory to reduce energy consumption by 20%
- Build share across all markets, particularly amongst architects, key contractors and developers
- Strengthen existing Hebel and AFS operations, optimise Cemintel operational capability and expand capacity from local and import supply chains
- Progressive technology adoption at new Hebel plant to deliver product improvements and innovation (e.g. improved paintability)

Building Products Outlook

The strong pipeline of detached housing projects is expected to continue in the year ahead as completion times lengthen with supply chain and trade capacity impacting the broader industry.

Activity in the apartment and non-residential markets has improved after an extended slowdown in the last few years.

Building Products is well positioned to continue to grow, with a clear strategy to drive improved performance from a strong portfolio of brands and customer solutions. In YEM23, the business expects to return to more normal levels of investment to support the delivery of its strategy.

PROPERTY

Good progress on key development projects

A$m unless stated[1]	2022	2021	change
EBIT	**46.9**	54.2	(13%)
Funds employed[2]	166.1	139.5	19%
Return on funds employed[3]	30.7%	35.3%	

1 Before significant items.
2 Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed is included in Note 2 in the financial report.
3 Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed.

CSR's Property business continued to make good progress on key development projects. Property delivered EBIT of $46.9 million compared to $54.2 million in the previous year. The result includes the completion of a number of transactions during the year including Stage 2.2a at Horsley Park, NSW and the sale of 4.6 hectares of land at the site at Badgerys Creek, NSW for $20.7 million which was announced in February 2022.

Property Outlook

CSR has now sold all available sites at Horsley Park generating proceeds of $408 million. The total of completed and contracted transactions, delivered over a six year period, is expected to generate EBIT in excess of $230 million from the 52 hectare site.

Completed and contracted transactions at Horsley Park

Tranche	Size	Proceeds	Project EBIT	Completion
Stage 1	10.1ha	$58m	$32m	Completed
Stage 2.1	11.7ha	$80m	$52m	Completed
Stage 2.2a	4ha	$28m	$18m	Completed
Stage 2.2b	5ha	$34m	$22m	YEM23
Stage 3a	8.6ha	$84m	$48m	YEM24
Stage 3b/c	12.4ha	$124m	$62m	YEM25
Total	**52ha**	**$408m**	**$234m**	

EBIT for YEM23 is expected to be approximately $52 million which includes completion of the next tranche at Horsley Park as well as completion of the sale of the Warner, QLD site.

ALUMINIUM

EBIT higher with increased A$ aluminium price

A$m unless stated[1]	2022	2021	change
Sales (tonnes)	211,374	213,722	(1%)
A$ realised price[2]	3,300	2,751	20%
Revenue	**697.5**	587.9	19%
EBITDA	51.5	35.4	45%
EBIT	**39.7**	23.4	70%
Funds employed[3]	121.3	136.0	(11%)
EBIT/revenue	5.7%	4.0%	
Return on funds employed[4]	30.9%	16.9%	

1 Before significant items.
2 Realised price in A$ per tonne (including hedging and premiums).
3 Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March. A reconciliation of funds employed is included in Note 2 in the financial report.
4 Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed.

The realised aluminium price in Australian dollars (including hedging and premiums) of A$3,300 was up 20% following the sharp increase in the A$ aluminium price.

Gove Aluminium Finance (GAF – 70% CSR) sales volumes of 211,374 tonnes were down 1% from the prior year due to the timing of shipments. Trading revenue of $697.5 million was up 19% due to higher LME aluminium prices.

The Australian dollar averaged 74 US cents compared to 72 US cents in the prior year, while the average MJP ingot premium for the year was US$179 per tonne, compared to US$94 per tonne in the prior year (Platts Metals Week – Main Japanese Port ingot premium).

EBIT of $39.7 million was up from $23.4 million due to higher A$ aluminium prices. This was partly offset by higher alumina costs due to the linkage to the higher LME aluminium price, along with an increase in other input costs including coke. The overall cost of electricity also increased due to a higher coal cost pass through.

GAF has secured contracts for 100% of alumina requirements through to the end of calendar year 2024, all of which are effectively linked to the US$ LME aluminium price.

GAF Aluminium Hedge Book position - increase in forward hedge position

Given Tomago's high energy cost (which is not correlated to LME aluminium prices), CSR's approach is to take advantage of profitable pricing by hedging when possible. A significant hedge book is in place through to March 2027.

As of 29 April 2022	YEM23	YEM24	YEM25	YEM26	YEM27
Average price A$ per tonne (excludes premiums)	A$3,061	A$3,032	A$3,149	A$3,365	A$3,938
% of net aluminium exposure hedged	95%	79%	70%	57%	4%

Aluminium Outlook

YEM23 EBIT indicative scenario

CSR has a significant hedge position for YEM23. At this early point in the year, an indicative earnings range for YEM23 of $33 million to $49 million is based on current pricing and cost scenarios. Significant aluminium price and cost volatility (in particular carbon based inputs) will impact the final result.

As of 29 April 2022	Aluminium average spot price A$/t for YEM23		
	A$2,960	A$3,570	A$4,700
YEM23 EBIT A$m	A$33m	A$40m	A$49m

Corporate Governance Statement

Corporate Governance is the framework of rules, relationships, systems and processes by which CSR is directed and managed. It underpins the company's values and behaviours, the way we conduct business and provides clear guidance for effective decision making in all areas through:

- the role of the board of directors and their accountability to shareholders for the operations, financial performance and growth of the company;
- strategic and operational planning;
- ethical business practices and high standards of personal conduct;
- effective risk management and compliance; and
- constructive engagement with stakeholders.

This Corporate Governance Statement is current as at 11 May 2022 and has been approved by the board.

CSR actively reviews Australian and international developments in corporate governance and considers the views of shareholders, regulators and other stakeholders. The CSR board adopts those arrangements which it considers are in the best interests of CSR and its shareholders.

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

Throughout the reporting period, being 1 April 2021 through to 31 March 2022, CSR complied with the recommendations contained in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) (ASX CGC Principles).

Charters and policies referred to in this corporate governance statement are available on CSR's website in the 'Investors and News' section under **Corporate Governance**.

The board

The board strives to build sustainable value for shareholders whilst protecting the assets and reputation of the company.

CSR's Constitution sets out the provisions that govern the management of the company and can only be amended by special resolution of shareholders. Under the constitution, shareholders elect directors, whose function is to represent shareholders and to act in the best interests of the company.

Role of the board

The board has adopted a formal board charter, available on CSR's website on the **Corporate Governance** page which establishes those matters reserved for the board and authority delegated to management. The board's functions, as summarised in the board charter, include:

- approving CSR strategies, budgets, plans and policies;
- assessing performance against business plans to monitor both the performance of management as well as the continuing suitability of business strategies;
- reviewing operating information to understand the current status of the company;
- considering management recommendations on proposed acquisitions, divestments and significant capital expenditure;
- considering management recommendations on capital management, the issue or allotment of equity, borrowings and other financing proposals, guarantees of non-group liabilities, and restructures;
- ensuring that the company operates an appropriate corporate governance structure and culture, in particular ensuring that CSR acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- approving CSR's risk framework and appetite, as well as CSR's risk management strategy and monitoring whether the company is operating within that framework and appetite;
- considering the social, ethical and environmental impact of CSR's activities and monitoring compliance with CSR's sustainability policies and practices;
- ensuring that the company's governance processes, in particular, the remuneration and other reward structures, align with the company's values and risk appetite;
- maintaining a constructive and ongoing relationship with the Australian Securities Exchange (ASX) and regulators, and approving policies regarding disclosure and communications with the market and shareholders; and
- monitoring internal governance including delegated authorities, and monitoring resources available to senior executives.

Appointment and election of directors

CSR undertakes a rigorous process when selecting new directors.

The company aims to have a board which, as a whole, has the range of skills, knowledge, background and experience to govern CSR, made up of individuals of high integrity, with sound commercial judgement, inquiring minds and the ability to work cohesively with other directors. When considering director candidates, CSR seeks a combination of former chief executives and individuals experienced in manufacturing, supply chain, finance, the law and, ideally, the industries in which CSR participates as well as the areas in which it hopes to grow. CSR undertakes background checks on prospective candidates, covering the candidate's character, experience, education, criminal record and bankruptcy history.

External consultants are engaged, where appropriate, to advise on potential appointees. The potential appointees must have a strong reputation and high ethical standards. Prospective directors are required to confirm that they will have sufficient time to meet their obligations and that they will keep the company informed of their other commitments.

Non-executive directors are subject to re-election by rotation at least every three years. Newly appointed directors must seek election at the first general meeting of shareholders following their appointment. The relevant notice of meeting contains all material information for shareholders in relation to the election or re-election of a director.

Directors' independence

At all times throughout YEM22, the board comprised of a majority of independent directors. Each of the non-executive directors, including the chair, has been determined by the board to be independent of CSR and its management, having no business or other relationships that could compromise his or her autonomy as a director.

The board's framework for determining director independence is included in the board charter and operates in accordance with the considerations set out in the ASX CGC Principles. Any past or present relationship with the company is examined carefully to assess the likely impact on a director's ability to be objective and exercise independent judgement. Directors are required to disclose, on an ongoing basis, circumstances that may affect their ability to exercise independent judgement enabling the board to determine independence on a regular basis. The length of tenure of each director is set out below.

Table 1: Director tenure

Director	Date appointed	Date last re-elected
John Gillam (chair of the board)	December 2017	2021 Annual Meeting
Julie Coates (managing director)	September 2019	2020 Annual Meeting
Nigel Garrard	December 2020	2021 Annual Meeting
Christine Holman	October 2016	2020 Annual Meeting
Matthew Quinn	August 2013	2019 Annual Meeting
Penny Winn	November 2015	2021 Annual Meeting

The board charter states that non-executive directors will not seek re-election after serving for ten years.

Director letters of appointment

Letters of appointment are prepared for non-executive directors covering duties, time commitments, induction, company policies and corporate governance.

The managing director's responsibilities and terms of employment, including termination entitlements, are set out in a formal executive service agreement. A summary of the main elements and terms of the managing director service agreement is set out in the remuneration report and is disclosed to the ASX when the managing director is appointed.

Directors' induction, education and access to information

The board strives to ensure that directors and key executives have the knowledge and information needed to operate effectively.

The chair briefs new directors on their roles and responsibilities. New directors receive a comprehensive information pack as part of this induction, as well as briefings from management and visits to key operating sites to assist them to rapidly understand CSR's businesses, strategic direction and associated material risks.

Time is allocated at board and committee meetings for continuing education on significant issues facing the company and changes to the regulatory environment.

To help directors maintain their understanding of the businesses and to assess the people managing them, directors are briefed regularly by members of the senior management team. Directors also have access to a wide range of employees at all levels during inspections of operations and in other meetings.

Directors receive a comprehensive monthly business performance report regardless of whether a board meeting is scheduled. Directors have unrestricted access to company records and information.

Directors may obtain independent professional advice, at CSR's expense, on matters arising in the course of their board and committee duties, after obtaining the chair's approval. The board charter requires that all directors be provided with a copy of such advice and be notified if the chair's approval is withheld.

The board appoints and removes the company secretary. All directors have direct access to the company secretary who is accountable to the managing director and, through the chair, to the board, on all governance matters.

The work of directors

In addition to attending board and committee meetings, non-executive directors allocate time for, amongst other things, strategy and budget sessions, preparing for meetings and inspecting operations.

The chair commits additional time and meets regularly with the managing director to review business and strategic issues and to agree board meeting agendas. The directors usually meet with no management present at the commencement of board meetings and on other occasions as required. Non-executive directors also meet without the managing director present where it is appropriate to do so.

Except where the directors need to meet privately, the company secretary and chief financial officer attend all board meetings. Other members of management, such as business unit executive general managers, or other functional managers also attend board meetings by invitation, where appropriate. The board also invites external experts to present to it on key matters, where appropriate.

The directors regularly visit the company's operations, as COVID-19 travel restrictions allow, to better understand the issues facing each of the businesses and their people. These visits are conducted either as a full board, a board committee or with one or two directors.

Every meeting of the Safety & Sustainability Committee is held at a CSR site, either physically or virtually when restrictions have not enabled physical site visits.

In addition, directors may meet customers, business partners, suppliers and other stakeholders of the company as requested by management.

Size, composition and skills of the board

The board comprises directors with an appropriate mix of skills, experience and personal attributes that allow the directors individually, and the board collectively, to:

- discharge their responsibilities and duties under the law effectively and efficiently;
- understand the suite of CSR businesses and the external environment in which CSR operates so as to be able to agree with management the objectives, goals and strategic direction to maximise shareholder value; and
- assess the performance of management in meeting those objectives and goals.

The board currently comprises five non-executive directors and one executive director. Information about directors, including their skills, experience, expertise and their period in office is set out on pages 46 to 47 and is also available on CSR's website on the **Corporate Governance** page.

The chair is appointed by the board and provides leadership to ensure that a high standard of values, processes and constructive interaction is maintained by the board. The chair represents the views of the board to shareholders and canvasses the views of stakeholders, including through the annual general meeting.

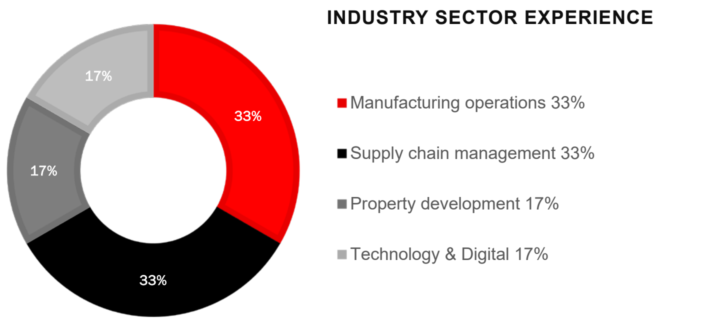
In YEM22 one change to the composition of the board took place, with Mike Ihlein retiring from the board on 25 June 2021.

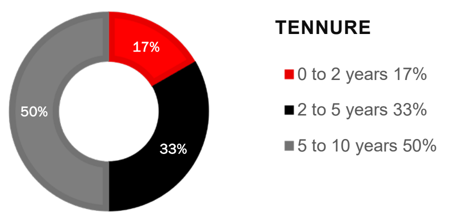
CSR has developed a matrix of required skills and experience of the board. This matrix is developed by taking into account CSR's desire to ensure a diverse range of gender, background and experience is maintained on the board at all times, and also ensuring directors are appropriately qualified.

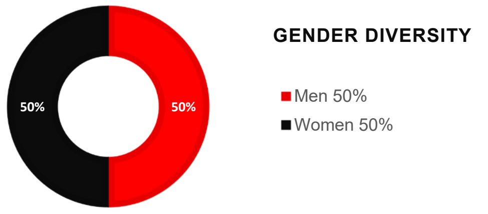
The board keeps the balance of skills and experience of its members, as well as their independence, under review. The board strives to achieve diversity in its composition as evidenced by the charts below.

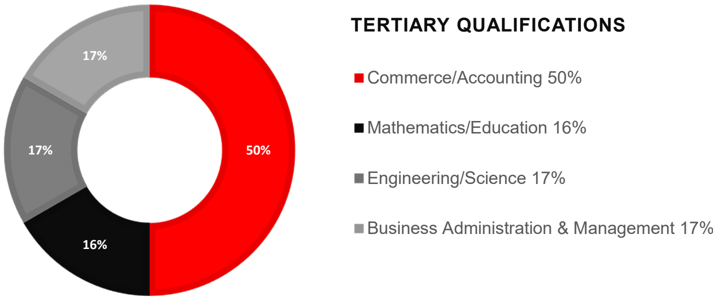
The table on the following page sets out the skills and experience the board considers essential for effective governance, including the current representation of those skills and experience on the board.

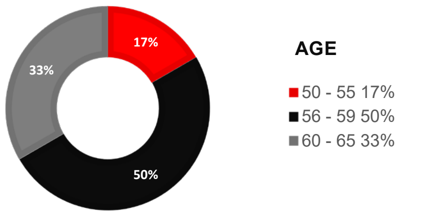
Figure 1: Board diversity











Size, composition and skills of the board (continued)

Table 2: Summary of board skills and experience

Skills	Relevant experience	Directors with skill/experience
Leadership and Governance		
Executive leadership	Sustainable success in business at a senior executive level and a proven track record of leadership to create long-term shareholder value.	6/6
Governance and Compliance	Commitment to the highest standards of governance, including experience with a major organisation that is subject to rigorous corporate governance standards, and an ability to assess the effectiveness of senior management.	6/6
Finance and Risk		
Financial acumen	Experience as a senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls, including an ability to probe the adequacies of financial and risk controls.	5/6
Strategy	Track record of developing and implementing a successful strategy, including appropriately questioning and challenging management on the delivery of agreed strategic planning objectives.	6/6
Risk management	Track record in developing a business portfolio over the long-term that remains resilient to systemic risk, including an ability to identify key business risks (both financial and non-financial) and mitigation strategies, as well as monitoring the effectiveness of risk management frameworks and controls.	6/6
Capital projects	Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons.	6/6
Operations and Technology		
Operations and Supply chain	Experience having led or overseen the management of complex operating assets, with a focus on business operations, end to end supply chain and the oversight of key processes.	5/6
Health, safety and environment	Experience related to workplace health and safety, environmental and social responsibility, including implementing and monitoring systems to ensure safe working conditions.	5/6
Sustainability and climate change	Experience or demonstrated understanding of key environmental impacts, including community concerns, climate change risks, and the governance of these impacts.	6/6
Innovation and digital platforms	Proven success creating more effective processes, products and ideas, leading to new growth platforms. For example, experience using digital platforms to improve the service offering and subsequent performance and customer experience; or understanding how to align existing digital touch points to improve performance and customer interfaces.	4/6
People		
Human Resources and Remuneration	Board remuneration committee membership or management experience in relation to remuneration, including incentive programs and relevant legislation and contractual frameworks governing remuneration.	6/6
Culture and People	Experience and ability to develop succession plans, develop talent, oversee people management, monitor culture and improve diversity.	6/6
Marketing and Customers	Senior executive experience in consumer and customer marketing and customer service delivery.	5/6

Dealing with conflicts of interest

The board has a process in place to ensure that conflicts of interest are managed appropriately. If a potential conflict of interest arises, the director concerned is excluded from all discussion and decision making on the matter. At all times, directors are required to keep the company secretary informed of all relevant interests and directors must advise the board immediately of any interests that could potentially conflict with those of CSR.

Performance evaluation of the board, its committees and individual directors

The performance of the board is reviewed regularly. The board undertakes a self-assessment of its collective performance and that of individual directors and its committees and seeks specific feedback from the executive management team on particular aspects of its performance.

The board establishes procedures and oversees this performance assessment program. The process may be assisted by an independent third party facilitator. The results and any action plans flowing from this assessment are documented, together with specific performance goals that are agreed for the coming year.

The performance of the managing director is reviewed, at least annually, through a formal performance appraisal process conducted by the non-executive directors.

In YEM22, no formal board or committee reviews were undertaken however the directors and executive management continued to provide regular feedback to the chair in relation to the processes and operation of the board and its committees. An external review of the board and its committees was commenced in April 2022.

Board Committees

To increase its effectiveness, the board has three committees consisting of the Risk & Audit Committee, Safety & Sustainability Committee and Remuneration & Human Resources Committee. It is the policy of the board that a majority of the members of each committee be independent directors, that all Risk & Audit Committee members be independent directors and that the Remuneration & Human Resources Committee and the Safety & Sustainability Committee be chaired by an independent director.

Each committee has a charter which includes a more detailed description of its duties, responsibilities and specific composition requirements. The charters are available on CSR's website on the **Corporate Governance** page. The Risk & Audit Committee, the Remuneration & Human Resources Committee and the Safety & Sustainability Committee each comprise at least three non-executive directors and are chaired by a director who is not the chair of the board. All committees meet at least four times per year.

The managing director attends meetings of board committees by invitation. Other members of management also attend committee meetings by invitation. All directors are welcome to attend committee meetings even though they may not be a member.

Committee papers are made available to all directors before the meetings. Minutes of committee meetings are included in the papers for the next board meeting and the chair of each committee reports to the board on matters addressed by the committee.

The specific responsibilities allocated to each committee are set out below and on the following page.

Risk & Audit Committee

The Risk & Audit Committee is chaired by Penny Winn. Until 10 June 2021 the committee was chaired by Mike Ihlein and the other members of the committee were Nigel Garrard, Christine Holman, Matthew Quinn and Penny Winn. From 11 June 2021 the committee continued to be chaired by Mike Ihlein and the other members of the committee were Nigel Garrard, Christine Holman and Penny Winn. From 26 June 2021 the committee has been chaired by Penny Winn and the other members of the committee are Nigel Garrard and Christine Holman. Each of these directors is deemed to be independent and their qualifications and experience are set out on pages 46 and 47 of the annual report, available on CSR's website on the **Annual Reports** page.

The external audit firm partner in charge of the CSR audit attends all Risk & Audit Committee meetings by invitation, together with relevant senior managers (also by invitation).

The committee advises the board on all aspects of internal and external audit, the adequacy of accounting and risk management procedures, systems, controls and financial reporting. A summary of CSR's material environmental, social and economic sustainability risks is set out on pages 42 and 43 of this statement.

The **Risk & Audit Committee Charter** sets out the committee's specific responsibilities, and includes:

- reviewing the scope of the annual audit plans of the external auditor and internal auditor and oversight of the work performed by the auditors throughout the year;
- considering and recommending to the board significant accounting policies and material estimates and judgements in financial reports;
- reviewing and monitoring internal controls and risk management across the group, including the risk management framework and risk appetite statements;
- reviewing and recommending to the board the adoption of the company's full-year and half-year financial statements; and
- reviewing the performance and effectiveness of the internal and external auditors.

The committee is a direct link for providing the views of internal and external auditors to the board, when necessary, independently of management influence. Time is allocated for detailed questioning of the material presented and for separate sessions with each of the external auditor, internal auditors, risk manager and chief financial officer.

Board Committees (continued)

Remuneration & Human Resources Committee

The Remuneration & Human Resources Committee is chaired by Matthew Quinn. The other members of the committee are Nigel Garrard, John Gillam and Penny Winn. Each of these directors is considered to be independent.

The committee's specific responsibilities are set out in the **Remuneration & Human Resources Committee Charter**, and include:

- advising the board on remuneration policies and practices;
- assessment of culture within the company;
- evaluating the performance of the managing director against pre-agreed goals;
- making recommendations to the board on remuneration for the managing director and executive managers reporting to the managing director; and
- overseeing CSR's human resources strategy, particularly succession and development planning for executive managers.

The committee considers independent advice on policies and practices to attract, motivate, reward and retain strong performers.

Safety and Sustainability Committee

An important part of CSR's governance commitments includes protection of its people's workplace health and safety, and protection of the environment (WHS&E). The board endorsed **WHS&E Policy** details the company's and individuals' obligations in respect of WHS&E.

The board's Safety & Sustainability Committee, previously known as the Workplace Heath, Safety & Environment Committee, oversees and reports to the board on the management of the company's WHS&E responsibilities. The Safety & Sustainability Committee is chaired by Christine Holman. Until 10 June 2021 the other members of the committee were John Gillam, Mike Ihlein and Penny Winn. From 11 June 2021 the other members of the committee were John Gillam, Mike Ihlein and Matthew Quinn, and from 26 June 2021 the other members of the committee have been John Gillam and Matthew Quinn. The managing director and other members of management attend meetings of the Safety & Sustainability Committee by invitation.

The committee's specific responsibilities are set out in the **Safety & Sustainability Committee Charter**, and include:

- receiving regular performance reports from management on WHS&E matters;
- monitoring the effectiveness of the WHS&E risk management framework and overseeing the risk management of WHS&E matters;
- reviewing the adequacy and effectiveness of CSR's WHS&E management systems and ensuring appropriate improvement objectives and targets are set and monitored; and
- monitoring potential liabilities, changes in legislation, community expectations, research findings and technological changes.

The committee conducts every meeting at a CSR site and such meetings include a presentation from local management and a site tour. During YEM22, two committee meetings were held virtually due to COVID-19 travel restrictions.

Nominations Committee

The company's size is not considered sufficient to warrant a separate nominations committee.

The board takes on the role of the nominations committee, which includes the following functions:

- determining the appropriate size and composition of the board (in accordance with the company's constitution);
- determining the appropriate criteria (necessary and desirable skills and experience) for the appointment of directors;
- addressing board succession, including recommending the appointment and removal of directors;
- assessing the independence of each non-executive director;
- defining the terms and conditions of appointment to and retirement from the board;
- overseeing induction and continuing education programs for non-executive directors; and
- evaluating the board's performance.

Attendance at board and committee meetings during YEM22

Details of director attendance at board and board committee meetings held during the year are provided on page 49 of the Directors' Report.

SENIOR MANAGEMENT

Delegations to management

Day-to-day management of the company's affairs and the implementation of strategy and policy initiatives are formally delegated by the board to the managing director and senior executives.

The company has an executive leadership team, comprised of the managing director and direct reports. The executive team meets weekly and is responsible for:

- implementing the strategic objectives as set by the board;
- operating within the risk framework as approved by the board;
- instilling and reinforcing values as set by the board;
- all other aspects of the day-to-day management of the company; and
- ensuring timely and accurate reporting to the board and board committees.

During YEM22, steering committees were established across a number of key functional areas, bringing together the executive leadership team and subject matter experts, providing an opportunity for regular cadence to drive collaboration and initiatives, enabling successful project delivery, in accordance with the strategy set by the board.

Senior executive appointments and service agreements

CSR undertakes background checks on prospective senior executives, covering the candidate's character, experience, education, criminal record and bankruptcy history.

Senior executives' responsibilities and terms of employment, including termination entitlements, are set out in a formal executive service agreement. A summary of the main elements and terms of the managing director's and chief financial officer's service agreements are set out in the remuneration report.

Induction of senior executives

New executives undertake a structured induction program when they join the company. This includes comprehensive briefings and information on the company's businesses, and its policies and procedures. Additionally, the program includes site visits and meetings with people in key internal and external roles in order to build the relationships necessary to meet the requirements of their roles.

As discussed further below, and in the remuneration report, key performance indicators are agreed with each executive to ensure goals and performance measures are fully and accurately understood and disclosed.

Performance evaluation of senior executives

CSR's performance management framework requires that a balanced scorecard of annual key performance indicators (including financial and non-financial measures) is set for each senior executive. Every half year, each senior executive discusses their performance with their manager.

At the end of the year, as part of a formal review process, each senior executive's performance is reviewed against the performance indicators. Also, each individual's performance and behaviour are internally and externally benchmarked and assessed. CSR conducted evaluations of its senior executives in accordance with this process in October 2021, as well as in April 2022.

During YEM22, change management, capability and reward have continued to be key focus areas, with CSR's reward strategy further reviewed to align and standardise remuneration, reward practices and incentives to drive a high-performance culture.

Further details of the process for evaluating the performance of key management personnel and the remuneration policy for key management personnel are provided in the Remuneration Report.

CODE OF BUSINESS CONDUCT, ETHICS AND CULTURE

Code of business conduct and ethics

CSR has a Code of Business Conduct and Ethics (the code) which underpins its goals and values as embedded within the company's behaviours. The code sets the standards for dealing with external stakeholders.

The underlying principle of CSR's code is that lawful, ethical and responsible behaviour is required of directors, executives and all other employees, as well as advisers, consultants and contractors. The board has endorsed the **Code of Business Conduct and Ethics**.

The code formalises the longstanding obligation of all CSR's employees (including directors) and contractors, to behave ethically, act within the law, avoid conflicts of interest and act honestly and responsibly in all business activities.

The code articulates how employees are expected to operate in line with CSR's fundamental values. **CSR's Values**, as embedded within the company's behaviors, are set out both in the code and separately on CSR's website and guide the day-to-day interactions of employees and supports the delivery of CSR's strategy. The code incorporates CSR's anti-bribery and corruption policy as well as all relevant whistle-blower protection laws.

The code reinforces the company's commitment to giving proper regard to the interests of people and organisations dealing with the company. Each CSR employee and contractor is required to respect and abide by the company's obligations to employees, shareholders, customers, suppliers and the communities in which it operates.

CSR employees, directors and major contractors are required to submit a certificate of compliance each year signifying that they have read and complied with the code and are not aware of any breaches of that code.

Further, CSR employees are encouraged to report potential breaches in a number of ways, including via a confidential telephone service. The company's **Reporting Incidents Policy** provides that an employee will not be subject to retaliation by CSR for reporting in good faith a possible violation of the code. The board is advised of all material breaches of the code and incidents reported under the policy via the Risk & Audit Committee.

CSR is committed to conducting business honestly and fairly and in compliance with all laws and regulations. The company's **Supplier Code of Conduct** sets out the expectations of CSR's suppliers, and applies to all suppliers, including all organisations and sub-contractors providing goods and services to CSR, based in Australia, New Zealand and overseas.

During YEM22, the company submitted a **Modern Slavery Statement** in accordance with the Commonwealth Modern Slavery Act 2018. The Statement addresses the company's key modern slavery risks and how these risks have been identified and assessed, as well as information on the actions being taken to mitigate those risks and how the effectiveness of these mitigating actions is assessed.

Culture

Throughout YEM22, CSR has continued to promote and develop the culture and behaviors required to align with our purpose – Building Solutions for a Better Future. Attracting diverse talent and motivating the right behaviours are key elements of CSR's remuneration and reward framework, which is reviewed regularly.

Diversity and Inclusion at CSR

CSR has policies and practices designed to improve diversity and inclusion. The company's **Fairness, Respect & Diversity Policy** is available on CSR's website.

CSR places great importance on the health, safety, wellbeing and engagement of our people and remains committed to increasing diversity and inclusion in the workplace by applying policies and practices designed to attract, retain and develop diverse talent. Teams that are diverse will provide new and different perspectives to foster innovation and ultimately better solutions for our customers.

The building products manufacturing industry provides an opportunity for CSR to attract and develop female talent into underrepresented roles. CSR regularly reviews and monitors our attraction, retention and development frameworks, considering opportunities to attract diverse talent and in particular female talent into underrepresented roles. We have maintained regular reporting on attraction, selection and retention of female employees by tracking metrics on:

- The number of women that have joined CSR;
- Women who have left CSR and the reason for leaving;
- The gender participation ratio for CSR and each business unit; and
- Gender pay equity.

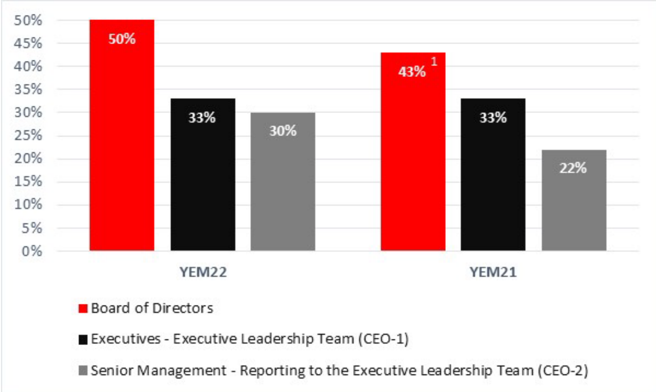
CSR workplace profile

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

In accordance with the requirements of the Workplace Gender Equality Act 2012 (Cth), CSR submits its Gender Equality Indicators with the Workplace Gender Equality Agency. The report can be viewed at the website of the **Workplace Gender Equality Agency** and also on CSR's website. At the end of YEM22, the percentage of women in the CSR workforce was 20%. During YEM22, 27% of new hires were women.

In YEM22, the proportion of CSR's workforce currently represented by women in leadership roles is set out below:

Figure 2: Women in leadership



[1] In December 2020, the number of Directors increased from six to seven as a temporary measure to facilitate board transition.

Measurable objectives

Improving diversity and inclusion requires cultural change driven by leaders and commitment of the board and senior management. CSR has structured its measurable objectives around this commitment. The achievements for YEM22 and the initiatives for YEM23, as approved by the Remuneration & Human Resources Committee, are set out below:

Table 3: Diversity measurable objectives

Measurable objective	YEM22 achievements	Overview of YEM23 initiatives
Leadership and culture	▪ Implemented consistent behavioural standards ▪ Implementation of enhanced means of measuring culture to provide more meaningful real-time insights. Survey results indicated minimal difference in engagement by gender ▪ Promoted diversity and inclusion through recognition and celebration of International Women's Day by showcasing female leaders in underrepresented leadership roles ▪ Improved accessibility to training and development by providing access to online learning, for individual and team development, as well as new career opportunities through strategic projects ▪ Provided two "thank you" leave days to CSR employees for their efforts in YEM22 ▪ Membership and participation in the Champions of Change Coalition to support gender equality in the value chain and assist with improved diversity and inclusion at CSR	▪ Continue to monitor and reinforce CSR's expected behavioural standards ▪ Continue to measure culture and engagement ensuring that all line managers have an action plan to address areas of focus ▪ Monitor culture and engagement results based on gender participation and engagement, taking action as required ▪ Recruit and promote leaders who role model inclusiveness to build diversity and inclusion ▪ Aspire to achieve gender participation rate of 30% at all levels over time, exceeding the Australian Bureau of Statistics manufacturing industry average of 27% ▪ Focusing on appointing females into underrepresented roles
Policy & Governance	▪ Gender pay is analysed and adjusted through the annual salary review cycle. In addition, ongoing bi-annual reviews of gender pay parity have resulted in significant progress to address gender pay disparity. Across the organisation female salaries have been reviewed and where necessary adjusted in line with market benchmarks ▪ Launch of a Wellbeing program available to all employees, providing access to a holistic well resourced Wellbeing portal, including online health assessments	▪ Continued monitoring of gender pay parity and action to address where required ▪ Further review of parental leave policy to be competitive with other employers ▪ Update Supplier Code of Conduct that sets expectations relating to diversity and inclusion
Recruitment and retention	▪ Attracted and promoted females into underrepresented roles including operations team members and leaders, logistics/warehouse management and engineering roles ▪ Continued to appoint female talent to strategic on-job development opportunities	▪ Improve recruitment and selection processes to make operations roles more accessible for females ▪ Build future female talent pipelines with tertiary institutions ▪ Customise sourcing strategies to target female talent ▪ Identify opportunities in operational environments to ensure that amenities, team culture and behaviours are welcoming for diverse new hires

REMUNERATION

CSR's policy is to reward executives with a combination of fixed remuneration and short and long-term incentives structured to drive improvements in shareholder value. Non-executive directors receive no incentive payments and there are no retirement benefit schemes in place. Executives and directors may forgo a small part of their cash salary or, for non-executive directors, their directors' fees, to acquire shares in CSR. Further details are included on page 66 of the Remuneration Report. Employees cannot approve their own remuneration. Any adjustment to the remuneration of direct reports, must comply with CSR's remuneration policies and approvals process.

The **Remuneration Report**, commencing on page 51 of the annual report, includes further details on CSR's remuneration policy and its relationship to the company's performance. It also includes details of the remuneration of directors and key management personnel for YEM22 and clearly distinguishes between the structure of non-executive director remuneration from that of the executive director and other key management personnel. Shareholders are invited to vote on the adoption of the remuneration report at the company's annual general meeting.

RISK MANAGEMENT

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. CSR constantly and deliberately assumes certain levels of risk in a calculated and controlled manner. CSR has in place a range of policies and procedures to monitor the risk in its activities as well as defined limits of authority for all levels of management 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:

- Risk & Audit Committee – reviews and reports to the board in relation to the company's financial reporting, internal control structure, risk management systems including the risk framework and risk appetite statements and the internal and external audit functions;
- Safety & Sustainability Committee – reviews and reports to the board on the management of the company's safety, health and environment liabilities and legal responsibilities as well as the company's involvement in the communities in which it operates; and
- Executive management team – manages and reports to the board on business and financial risks and overall compliance.

Risk management is sponsored by the board and is a priority for senior managers, starting with the managing director. The board oversees the risk profile of CSR and ensures that business developments are consistent with the goals of CSR. The board receives monthly assurances from the management team that significant risks are being managed appropriately.

A risk management framework is in place covering business risk, financial risk, financial integrity, legal compliance and sustainability risk. The risk management framework requires current and emerging risks across the businesses to be identified, evaluated, monitored and controlled. Risks are classified as either strategic/commercial, operational, financial or compliance/conduct risks. The framework also includes evaluation of mitigation strategies.

CSR's Risk Appetite Statements, approved by the board, are core to the **Risk Management Policy** and define (within practical boundaries) the amount of risk the organisation is willing to accept in pursuing its strategic objectives. By expressly articulating and documenting its Risk Appetite Statements, CSR aims to ensure that:

- risks can be measured, managed and monitored;
- risk appetites can be consistently articulated and understood by all relevant stakeholders; and
- day-to-day operations are undertaken in alignment with CSR's tolerance for risk.

The board, through the Risk & Audit Committee, receives recommendations in relation to the risk profile of CSR, breaches of the policy framework and external developments which may impact on the effectiveness of the risk management framework. It also approves significant changes to the risk management framework, risk appetite statements and related policies.

The Risk & Audit Committee has responsibility for monitoring compliance with the risk management framework approved by the board for internal control and compliance matters. In this role, the Risk & Audit Committee monitors and reviews the effectiveness of the internal audit and compliance functions.

CSR's Corporate Governance and Disclosure Committee has responsibility for any governance matters. Committees exist at the executive management level to ensure the necessary elements of expertise are focused on specific risk areas. Beneath this level, other committees exist where subject matter experts focus on specific risks as appropriate.

Risk management accountability

As part of the process of approving the financial statements, at each reporting date, the managing director and other responsible senior executives provide statements in writing to the board on the quality and effectiveness of the company's risk management and internal compliance and control systems. The Risk & Audit Committee reviews the risk management framework annually to confirm that the framework continues to be appropriate and effective. The most recent assessment of the risk management framework took place in September 2021.

The board has also received statements from the managing director and the chief financial officer certifying that, having made all reasonable enquiries and to the best of their knowledge and belief:

- the statements made in relation to the financial integrity of the CSR group financial reports are founded on a sound system of effective and efficient risk management and internal compliance and control;
- the system of risk management in operation throughout YEM22 was operating effectively; and
- the systems relating to financial reporting were operating effectively in all material respects.

In YEM22 the board received the relevant declarations required under section 295A of the Corporations Act 2001 from the managing director and chief financial officer as well as the relevant reports and assurances that their opinions were formed on the basis of a sound system of risk management and internal controls which are operating effectively.

Financial report accountability

CSR's managing director and chief financial officer, who are present for board discussion of financial matters, declare to the board, in writing, that the company's financial statements are in accordance with relevant accounting standards, give a true and fair view in all material respects of the company's and the group's financial condition and operational results and comply with the Corporations Act 2001 and associated regulations.

The chief financial officer oversees a robust internal process, where business unit financial managers regularly meet with representatives from the corporate finance team to discuss the financial aspects of each business. This includes a review of the business unit profit and loss statement, balance sheet and all other relevant matters.

Non-financial report accountability

For those periodic corporate reports that are not audited or reviewed by the external auditor, a rigorous internal review process is implemented. This process is led by the internal subject matter experts with reviews undertaken by management and key internal stakeholders. External advice is obtained as required.

Non-audited periodic reports include the annual **Sustainability Report,** the **Modern Slavery Statement** and this corporate governance statement. These periodic reports are approved by the board.

Environmental, social and economic sustainability risks

CSR's risk management framework is intended to provide the basis for a systematic approach to the identification and management of risks. The matters below reflect CSR's material economic, environmental and social sustainability risks.

Table 4: Material economic, environmental and social sustainability risks

Key areas of materiality	Risks	Monitor and manage risk
Aluminium, currency and debt markets	▪ CSR's results are impacted by movements in the global US dollar price for aluminium and currency fluctuations. ▪ Some risks related to the aluminium operation cannot be hedged including regional price premiums, global relativity of price of electricity and inputs such as alumina and petroleum coke as well as changes to the joint venture structure or potential operational issues at the Tomago smelter including electricity curtailments.	▪ 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 managing director, chief financial officer, group treasurer and the general manager of Gove Aluminium Finance. ▪ CSR regularly monitors cash flow and the group financial position as part of the Finance committee's function. ▪ CSR is actively engaged with the Tomago operating committee through its position on the Tomago Board. Tomago undertakes separate material risk analysis to identify and mitigate potential operational risks.
Australian construction markets and competitor activity	▪ Approximately 70% of CSR's total revenue is generated from products and services supplied into the construction sector of Australia and New Zealand which is impacted by several macro-economic factors. ▪ Changes in ownership in the construction sector has resulted in larger customers representing an increasing proportion of CSR's revenue. ▪ 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.	▪ 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, services and distribution networks to improve its position in the market and provide a comprehensive service offering. ▪ 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 and cyber security	▪ Digital services are increasingly used by the construction sector. CSR's digital development program is critical to achieving growth in its key markets. ▪ CSR network and data risks for cyber security breaches.	▪ Regular user security awareness training is ongoing, including simulated phishing campaigns and implementation of advanced threat protection. ▪ Ongoing implementation of a cyber security improvement plan with accreditation in accordance with ISO27001. ▪ Regular penetration testing and patching across systems.
Product liability	▪ 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.	▪ CSR meets all valid claims in both Australia and the United States on an equitable basis. ▪ The asbestos provision is impacted by movements in claim numbers, settlement rates and values and movements in AUD/US$ exchange rate.
Reputational risk associated with breach of social licence to operate	▪ CSR operates a number of factories across Australia and New Zealand and employs over 2,500 employees. ▪ CSR's activities can impact the community and environment in which it operates.	▪ CSR's code of business conduct sets out the behaviours expected of all employees, suppliers and other contractors. Compliance with the code is measured annually. ▪ There is a dedicated, external confidential hotline available to employees and other stakeholders for reporting misconduct. ▪ Central technical team established to maintain product governance.

Environmental, social and economic sustainability risks (continued)

Table 4: Material economic, environmental and social sustainability risks (continued)

Key areas of materiality	Risks	Monitor and manage risk
Supply Chain and product compliance	▪ 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. ▪ Changes in building codes requires ongoing assessment to ensure products are fit for purpose and compliant with all relevant codes. This includes additional risks associated with supply and install services.	▪ 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. ▪ Active implementation of CSR's sustainable procurement strategy, including extensive raw material and product testing, compliance and certification. This process will also align CSR with the requirements of Australian Modern Slavery legislation. ▪ The company's **Supplier Code of Conduct** sets out the expectations of CSR's suppliers, and applies to all suppliers, including all organisations and sub-contractors providing goods and services to CSR, based in Australia, New Zealand and overseas. ▪ CSR has set targets out to 2030, to increase the quantity of products purchased from social enterprises (including indigenous and disability owned businesses).
Sustainability, climate change and energy	▪ CSR's manufacturing operations use significant amounts of energy including electricity and gas. ▪ These energy costs are increasing, particularly for Tomago aluminium, which in turn impacts its cost competitiveness compared to global smelters. ▪ 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 energy supply as well as how CSR manages our land assets and business processes.	▪ For 2030, CSR has set 10 year sustainability targets which cover key areas of energy and emissions reduction, procurement, packaging, minimising water use and waste and preserving biodiversity. ▪ Initial three year planning is underway as a pathway to achieve 2030 targets which is monitored and reviewed regularly by senior management and the board Safety & Sustainability Committee. ▪ Where possible, CSR enters into long-term contracts to provide greater security of energy supply for its factories. ▪ CSR's Energy and Carbon Management Committee oversees risks related to electricity and gas pricing and management. ▪ Alternative energy sources including solar power systems are installed at some sites in addition to site specific energy reduction initiatives. ▪ Transition risk assessment scenarios have now been completed for each of Gyprock plasterboard, Bradford insulation and PGH Bricks, CSR's largest businesses by revenue. This analysis focused on transition (market, policy & regulatory) risks, complementing earlier work undertaken on the physical (weather) risks impacting sites and supply chain risks. ▪ Sustainability Steering Committee was formed to provide focused oversight, with external advisors engaged as necessary to provide specialist sustainability advice.
Workplace health and safety	▪ CSR has a stated long-term objective of achieving zero harm to CSR people across all operations. ▪ Impact of disruption as a result of COVID-19 isolation requirements.	▪ The board Safety & Sustainability Committee regularly reviews initiatives targeting improved safety performance across CSR's businesses. ▪ Supported workforce to attend COVID vaccination appointments with paid leave.

Note: Material Risks are listed alphabetically.

Role of the external auditor

The Risk & Audit Committee seeks to ensure the independence of the external auditor. The policy on auditor independence applies to services supplied by the external auditor and their related firms to CSR. Under the policy on auditor independence:

- the external auditor is not to provide non-audit services under which the auditor assumes the role of management, becomes an advocate for the group, or audits its own professional expertise;
- significant permissible non-audit assignments awarded to the external auditor must be approved in advance by the committee or, between committee meetings by the chair of the committee;
- the external audit engagement partner and review partner must be rotated every five years;
- procedures for selection and appointment of the external auditor, and for the rotation of external audit engagement partners, are set out in the committee charter; and
- the external auditor confirms its independence within the meaning of applicable legislation and professional standards at each half-year and full-year.

The external auditor attends the company's annual general meeting so shareholders are given the opportunity to ask questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Role of internal audit

The Risk & Audit Committee recommends to the board the appointment or dismissal of the internal audit partner, who is independent of the external auditor.

The internal audit function utilises external expertise to provide objective independent assurance to management and the board on the effectiveness of CSR's internal control, risk management and governance systems and processes. The internal audit lead has direct access to the chair of the Risk & Audit Committee and oversees the execution of the internal audit plan, as approved by the Risk & Audit Committee.

The role of internal audit is to:

- report to the board through the Risk & Audit Committee on CSR's compliance against its governance framework and policies, including investigating, and advising on, any potential or actual breaches;
- provide objective assurance over the adequacy and effectiveness of controls;
- oversee the implementation of CSR's risk framework across the organisation; and
- recommend improvements to the company's risk management framework.

Internal audit has full access to all CSR businesses, records and personnel.

The annual internal audit plan is formulated using a risk-based approach to align assurance with CSR's key risks. Internal audit activity and outcomes are reported to the Risk & Audit Committee at least bi-annually.

ENGAGEMENT WITH STAKEHOLDERS

CSR has a number of stakeholders including shareholders, employees, customers, suppliers and local communities. The board identifies and prioritises CSR's key stakeholders, develops a strategy for engagement with stakeholders and supports management to engage with key stakeholders to understand, consider and respond to issues.

Continuous disclosure

CSR believes that shareholders, regulators, ratings agencies and the investment community generally, should be informed of all major business events and risks that influence CSR, in a factual, timely and widely available manner. CSR has a long-established practice of providing relevant and timely information to stakeholders, supported by its **Share Market Disclosure Policy** which details comprehensive procedures to ensure compliance with all legal obligations. Under this policy, any price sensitive material for public announcement, including full-year and half-year results announcements, release of financial reports, presentations to investors and analysts and other prepared investor briefings for CSR, will be:

- lodged with the ASX as soon as practical and before external disclosure elsewhere; and
- posted on CSR's website.

The policy limits external briefings in the periods between the end of a full-year and half-year and the release to the ASX of the relevant results.

The board has responsibility for compliance with CSR's continuous disclosure obligations to keep the market fully informed of information that may have a material effect on the price or value of CSR's securities. Internal procedures and guidelines for continuous disclosure and communications have been developed. These procedures sit together with CSR's Share Market Disclosure Policy to ensure the board and the Corporate Governance and Disclosure Committee is made aware of any information that should be considered for release to the market.

CSR's Corporate Governance and Disclosure Committee meets as required, and often on very short notice, to ensure compliance with disclosure requirements. Members of this committee are the managing director, chief financial officer, chair of the Risk & Audit Committee, company secretary and general manager investor relations and corporate communications.

The managing director approves all disclosures before they are released. The board approves all disclosures that are significant. All announcements include a statement identifying the title of the body, or the name and title of the officer of the company, who approved the disclosure. Directors receive a copy of all ASX disclosures promptly following release.

The Share Market Disclosure Policy is reviewed regularly to ensure compliance with the ASX Listing Rules and guidance on continuous disclosure.

The company secretary is responsible for communications with the ASX.

Commentary on financial results

CSR provides a review of operations and financial performance in the full-year and half-year results, which also includes the company's financial report. Results announcements to the ASX, analyst presentations and the full text of the chair's and managing director's addresses at the company's annual general meeting are made available on **CSR's website**.

Other engagement activities

CSR strives to communicate effectively with shareholders about the company's performance, presenting the annual report and other corporate information in clear language, supported by descriptive graphics and tables. This approach is outlined in the company's **Shareholder Communication Policy.**

Where practicable, the company uses the latest widely available electronic technology to communicate openly and continuously with shareholders, and the share market in general. The company encourages shareholders to provide email addresses so that company information can be provided to shareholders electronically. Announcements to the ASX, significant briefings, presentations, notices of meetings and speeches at annual general meetings are promptly posted on the **Investors and News** section of CSR's website.

Shareholders can register to receive shareholder information and can lodge proxies electronically for the annual general meeting. The annual general meeting, results announcements and other major briefings are available via a live webcast from CSR's website, for access by all interested parties.

Shareholders are encouraged to submit questions or comments ahead of, or during, the company's annual general meeting. Members of senior management are present at the annual general meeting, along with directors, to answer questions about the company's operations. On occasions when the annual general meeting may be held as a hybrid meeting, an opportunity for shareholders to ask questions orally and in writing and to vote in real time will be made available. All resolutions at the annual general meeting are decided by a poll rather than on a show of hands.

The company's **Sustainability Report** provides information on CSR's sustainability record across a number of priority areas including the environment, people and safety, community and supply chain.

The company's **Supplier Code of Conduct** sets out the expectations of CSR's suppliers, and applies to all suppliers, including all organisations and sub-contractors providing goods and services to CSR, based in Australia, New Zealand and overseas.

During YEM22, the company submitted a **Modern Slavery Statement** in accordance with the Commonwealth Modern Slavery Act 2018. The Statement addresses the company's key modern slavery risks and how these risks have been identified and assessed, as well as information on the actions being taken to mitigate those risks and how the effectiveness of these mitigating actions is assessed.

Details of the company's engagement with the community are available in the **Sustainability Report** found on CSR's website.

Role of the investor relations function

CSR's investor relations function is designed to ensure that the market is kept informed of all aspects relevant to the company and also to provide an opportunity for investors and other stakeholders to express views on the company. The program includes lodgement of information on the ASX platform, managing and updating the CSR website, investor roadshows, conferences and other briefings with all materials lodged with the ASX prior to distribution.

CSR utilises the following activities to promote effective communication with the market:

- comprehensive and up to date company website;
- investor briefings, presentations, conferences and other events;
- encouraging questions via the company's website and ahead of the AGM as outlined in the Notice of Meeting; and
- webcasting important company events.

SHARE TRADING POLICY

Under the company's **Share Trading Policy**, directors, senior managers and identified designated employees may only buy or sell CSR shares, or give instructions to the trustee of CSR's employee share acquisition plan (ESAP), or vary their participation in the dividend reinvestment plan (DRP) during one month periods commencing 24 hours after the date of the full-year and half-year results announcements and the annual general meeting. Also, they are prohibited from dealing in any financial products relating to CSR securities or entering into hedging arrangements in respect of CSR securities they hold, or which are held on their behalf.

Additional clearance requirements apply to directors of CSR Limited, the managing director, chief financial officer as well as senior executives who are eligible to participate in CSR's long-term incentive plan. Each of these individuals must obtain clearance for any proposed dealing in CSR's securities.

Under the policy, and as required by law, all directors and employees are prohibited from buying or selling CSR securities at any time if they are aware of any market sensitive information that has not been made public. All CSR share dealings by directors are notified to the ASX within the required time. Additional trading restrictions apply to key management personnel.

OTHER IMPORTANT POLICIES

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

DISCLOSURE

CSR considers that the above corporate governance practices comply with the ASX CGC Principles and Recommendations (4th edition).

The company's corporate governance framework is kept under review, with a report provided to the board by the company secretary at least annually, recommending any improvements necessary to respond to changes to the company's business or applicable legislation and standards.

Board of Directors

The Board of Directors are responsible for and oversee the governance, culture and management of CSR. CSR's shareholders approve the appointment of Directors and hold them accountable for the performance of the Company.

JOHN GILLAM

BCom, MAICD, FAIM.

Chair of the board since 1 June 2018, non-executive director since December 2017.

Other CSR responsibilities: Member of the Remuneration & Human Resources Committee and the Safety & Sustainability Committee.

Experience and expertise: John joined Wesfarmers Limited in 1997 and held a number of senior leadership roles in the company over 20 years, including CEO of the Bunnings Group from 2004 to 2016, Managing Director of CSBP from 2002 to 2004 and Chairman of Officeworks from 2007 to 2016.

Other directorships/offices held:
- Chairman of Nufarm Limited (Director since July 2020 and Chair since September 2020 to current)
- Chairman of BlueFit Pty Limited (2018 to current)
- Director of Heartwell Foundation (2009 to current)
- Director of Clontarf Foundation (2017 to current)

JULIE COATES

BA, DipE.

Appointed to the board as an executive director and managing director on 2 September 2019, having joined CSR on the same date.

Other CSR responsibilities: Attends committee meetings by invitation.

Experience and expertise: Julie was formerly the managing director of Goodman Fielder Australia and Goodman Fielder New Zealand. Julie has also held several senior roles at Woolworths Limited, including managing director of Big W, chief logistics officer and human resources director, working closely on business strategy and major transformational change programs. Julie has proven leadership skills, a strong understanding of manufacturing, safety and operational processes and deep experience in supply chain efficiency, optimisation and digitisation.

Other directorships/offices held:
- Previously a director of Coca-Cola Amatil Limited (2018 to 2019)

NIGEL GARRARD

BEc, CA, MAICD.

Non-executive director since December 2020.

Other CSR responsibilities: Member of the Risk & Audit Committee and Remuneration & Human Resources Committee.

Experience and expertise: Nigel was formerly managing director and CEO of leading packaging manufacturing company Orora Limited from 2013 to 2019. Nigel has also held a number of senior positions in a range of manufacturing industries including managing director/president of Amcor Australasia & Packaging Distribution, managing director Coca-Cola Amatil Food & Services Division and managing director of the then listed SPC Ardmona.

Other directorships/offices held:
- Non-executive director of Ansell Limited (2020 to current)
- Chairman of McMahon Services Aust. Group advisory board (2019 to current)
- Chairman of Flinders Port Holdings Limited (2021 to current)
- Director of Hudson Institute Medical Research (2016 to current)
- Director of Detmold Group advisory board (2020 to current)
- Previously a director of Orora Limited (2013 to 2019)

CHRISTINE HOLMAN

PGDipBA, MBA, GAICD.

Non-executive director since October 2016.

Other CSR responsibilities: Chair of the Safety & Sustainability Committee and member of the Risk & Audit Committee.

Experience and expertise: Christine was formerly commercial director at Telstra Broadcast Services until March 2016 and Chief Financial Officer and Commercial Director of Globecast Australia until June 2015. Christine also spent seven years at Capital Investment Group involved in strategy, business development and mergers and acquisitions. Christine has over 20 years' experience across the technology, private equity and digital sectors in a variety of functions including finance, commercial, technology and marketing.

Other directorships/offices held:

- Non-executive director of Metcash Limited (2020 to current)
- Non-executive director of Collins Foods Limited (2019 to current)
- Non-executive director of The National Intermodal Corporation, a Federal Government Business Enterprise (2018 to current)
- Non-executive director of The Bradman Foundation (2016 to current)
- Non-executive director of the State Library of NSW Foundation (2017 to current)
- Non-executive director of the T20 World Cup 2020 Cricket Board (2017 to current)
- Non-executive director of the McGrath Foundation (2020 to current)
- Previously a director of WiseTech Global Limited (2018 to 2019)
- Previously a director of Blackmores Limited (2019 to 2021)

MATTHEW QUINN

BSc (HONS), ACA, ARCS.

Non-executive director since August 2013.

Other CSR responsibilities: Chair of the Remuneration & Human Resources Committee and member of the Safety & Sustainability Committee.

Experience and expertise: Matthew was formerly managing director of Stockland for 12 years until January 2013. Matthew has an extensive background in commercial, retail, industrial and residential property investment, development and environmental land rehabilitation.

Other directorships/offices held:

- Chairman of TSA Management Group Holdings Pty Limited (2018 to current)
- Non-executive director of Elders Limited (2020 to current)
- Member of the Australian Business and Community Network Scholarship Foundation
- Previously a non-executive director of Regis Healthcare Limited (2018 to 2021)
- Previously a non-executive director of Class Limited (2015 to 2022)

PENNY WINN

BCOM, MBA, GAICD.

Non-executive director since November 2015.

Other CSR responsibilities: Chair of the Risk & Audit Committee and Member of the Remuneration & Human Resources Committee.

Experience and expertise: Penny was formerly director Group Retail Services with Woolworths responsible for leading the Logistics and Information Technology divisions and the Customer Engagement teams, a position held until October 2015. Penny has over 30 years of experience in retail in senior management roles in Australia and overseas.

Other directorships/offices held:

- Non-executive director of Ampol Limited, previously Caltex Australia Limited (2015 to current)
- Board member of the ANU Foundation (2020 to current)
- Board member of the Amphora Group PLC (2021 to current)
- Previously Chairman of Port Waratah Coal Services Limited (2015 to 2019)
- Previously a non-executive director of Coca-Cola Amatil Limited (2019 to 2021)
- Previously a non-executive director of Goodman Limited and Goodman Funds Management Limited (2018 to 2021)

Directors' Report

The board of directors of CSR Limited (CSR) presents its report of the consolidated entity, being CSR and its controlled entities (CSR group), for the year ended 31 March 2022. The information appearing on pages 48 to 70 forms part of the directors' report and is to be read in conjunction with the following information:

Principal activities

The principal activities of entities in the CSR group during the year included the manufacture and supply of building products in Australia and New Zealand.

In Australia, the CSR group has an interest in the smelting of aluminium through its 70% interest in Gove Aluminium Finance Limited, which owns 36.05% of the Tomago aluminium smelter located near Newcastle, NSW.

CSR also maximises returns from the sale of its surplus land by advancing sites through stages of the development process.

Review of operations and financial results

A review of the CSR group operations and results for the year ended 31 March 2022 is set out on the inside front cover to page 45 and pages 71 to 112 of the annual report and forms part of the directors' report. This includes the summary of consolidated results, an overview of the group's strategy, material risks and future prospects.

Significant changes

There have been no significant changes to the CSR group in the financial year ended 31 March 2022.

Events after balance sheet date

Dividends

On 11 May 2022 the board resolved to pay a final dividend of 18.0 cents per share, fully franked at the 30% corporate tax rate. The final dividend for the financial year ended 31 March 2022 has not been recognised in this financial report.

No other matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the CSR group's operations, the results of those operations or the CSR group's state of affairs in future financial years.

Dividends and distributions to shareholders

Dividends through the year have been as follows:

- a final ordinary dividend of 14.5 cents per ordinary share and a final special dividend of 9.5 cents per ordinary share (100% franked at the 30% corporate tax rate), with respect to the financial year ended 31 March 2021, was paid on 2 July 2021; and
- an interim ordinary dividend of 13.5 cents per ordinary share (100% franked at the 30% corporate tax rate) was paid on 10 December 2021 (as set out in note 19 to the financial statements on page 93).

No other distributions were paid during the year.

Options over share capital

Other than as disclosed in the Remuneration Report:

- no CSR options were granted to executives or non-executive directors during the year;
- there were no unissued shares or interests in CSR subject to options at the date of this report; and
- no CSR shares or interests were issued pursuant to exercised options during or since the end of the year.

Indemnities and insurance

Under rule 101 of CSR's constitution, CSR indemnifies every person who is or has been an officer of CSR, to the extent permitted by law and subject to the restrictions in sections 199A and 199B of the *Corporations Act 2001* against:

- liability incurred by that person as an officer of CSR (including liabilities incurred by the officer as a director of a subsidiary of CSR where CSR requested the officer to accept appointment as director); and
- reasonable legal costs incurred in defending an action for a liability or an alleged liability incurred by that person as such an officer of CSR (including such legal costs incurred by the officer as a director of a subsidiary of CSR where CSR requested the officer to accept appointment as director).

For the purposes of rule 101 of CSR's constitution, 'officer' means a director, secretary and executive officer of CSR (as defined in the *Corporations Act 2001*).

CSR has entered into a deed of indemnity, insurance and access with current and former directors of CSR and its subsidiaries. Under each director's deed, CSR indemnifies the director against all costs, losses or liabilities, including without limitation, legal costs and expenses, on a full indemnity basis, incurred by the director in their capacity as a director of CSR or, in some cases as a director of a CSR subsidiary. The deeds also provides directors certain rights of access to board papers and require CSR to maintain insurance cover for directors. No director or officer of CSR has received benefits under an indemnity from CSR during or since the end of financial year.

CSR's external auditor is not indemnified under rule 101 of CSR's constitution or any agreement.

During the year, CSR paid premiums in respect of insurance contracts for the year ended 31 March 2022 and, since the end of the year, CSR has paid, or agreed to pay, premiums in respect of such contracts for the year ended 31 March 2023. The insurance contracts insure against certain liability (subject to exclusion) incurred by persons who are or have been directors or officers of CSR and its controlled entities.

In accordance with normal commercial practice, the insurance contract prohibits disclosure of the nature of the liability covered by, or the premium payable under, the contract of insurance. No claims under the indemnities have been made against CSR during or since the end of the year.

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 is not aware of any pending prosecutions relating to environmental issues, nor is CSR aware of any environmental issues, not provided for, which would materially affect the business as a whole.

Political donations

CSR attended a small number of events organised by political parties such as conferences in the year ended 31 March 2022. CSR's businesses are often involved in a degree of interaction with all levels of government. CSR assists all sides of politics in the development of policy in fields where CSR has specific expertise. No fees were paid to attend these events (2021: $nil) and as such disclosure to the Australian Electoral Commission was not required.

Auditor independence

There is no current or former partner or director of Deloitte Touche Tohmatsu, CSR's auditor, who is, or was at any time during the year ended 31 March 2022, an officer of the CSR group. No auditor who played a significant role in the CSR group audit for the year ended 31 March 2022 has done so for a period exceeding the extended audit involvement period of five successive financial years. The auditor's independence declaration (made under section 307C of the *Corporations Act 2001*) is set out on page 50.

Non-audit services

Details of the amounts paid or payable to the CSR group auditor, Deloitte Touche Tohmatsu, for non-audit services provided by that firm during the year are shown in note 33 to the financial statements on page 111. In accordance with written advice provided by the Risk & Audit Committee, the directors are satisfied that the provision of non-audit services during the year by Deloitte Touche Tohmatsu:

- is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*; and
- did not compromise the auditor independence requirements of the *Corporations Act 2001* in view of the materiality of the amounts, the nature of the services and the processes established to monitor the independence of the auditors.

Proceedings on behalf of CSR

No proceedings have been brought, or intervened in, on behalf of CSR, nor has any application for leave been made in respect of CSR under section 237 of the *Corporations Act 2001*.

Remuneration of directors and key management personnel (KMP)

The remuneration report on pages 51 to 70 provides: a summary of the board's remuneration policy and practices during the past year as they apply to directors and other KMP (as defined by the Accounting Standard AASB 124 *Related Party Disclosures*); the relationship between remuneration policy and the CSR group's performance; and the remuneration details for each director and other KMP.

Directors and company secretary

On 25 June 2021 Mr Mike Ihlein retired from the Board. There were no other changes to the board in the year ended 31 March 2022.

The names of directors who held office at 11 May 2022, as well as details about current directors' period of appointment, qualifications, experience, special responsibilities, current directorships and directorships for the past three years of other listed companies, are on pages 46 and 47 and forms part of the directors' report.

The qualifications and experience of the company secretary at 11 May 2022 are as follows:

Jill Hardiman
AGIA

Jill joined in CSR in 2002 and has worked within the Company Secretariat team since 2003, and as Assistant Company Secretary since May 2018. In November 2021 Jill was appointed Company Secretary and has broad secretariat and corporate governance experience. Jill holds a Graduate Diploma in Applied Corporate Governance and is an Associate of the Governance Institute of Australia.

The number of meetings of the company's board of directors and each board committee held during the year ended 31 March 2022, and the number of meetings attended by each director are detailed in Table 1 below. The directors' relevant interests in shares in CSR or a related body corporate as at the date of this report are detailed in the remuneration report on pages 69 and 70. Other than as disclosed elsewhere in this report, no director:

- has any relevant interest in debentures of, or interests in a registered scheme made available by, CSR or a related body corporate;
- has any rights or options over shares in, debentures of or interests in a registered scheme made available by, CSR or a related body corporate; or
- is a party to or entitled to a benefit under any contracts that confer a right to call for or deliver shares in, debentures of or interests in a registered scheme made available by, CSR or a related body corporate.

Table 1: Meetings of directors

Year ended 31 March 2022	CSR Board		Risk & Audit Committee		Safety & Sustainability Committee		Remuneration & Human Resources Committee	
	Held[1]	Attended[2]	Held[1]	Attended[2]	Held[1]	Attended[2]	Held[1]	Attended[2]
John Gillam	8	8	n/a	3	4	4	4	4
Nigel Garrard[3]	8	8	4	4	n/a	–	4	4
Christine Holman[4]	8	8	4	4	4	4	n/a	4
Michael Ihlein[5, 6]	2	2	1	1	1	1	n/a	2
Matthew Quinn[7]	8	8	1	2	4	4	4	4
Penny Winn[8]	8	8	4	4	n/a	–	4	4
Julie Coates	8	8	4	4	4	4	4	4

1 Meetings held while a member.
2 Meetings attended.
3 Director is not a member of the Safety & Sustainability Committee.
4 Director is not a member of the Remuneration & Human Resources Committee.
5 Director retired 25 June 2021.
6 Director was not a member of the Remuneration & Human Resources Committee.
7 Director was appointed a member of the Safety & Sustainability Committee from 11 June 2021 and ceased to be a member of the Risk & Audit Committee on the same date.
8 Director ceased to be a member of the Safety & Sustainability Committee from 11 June 2021.

John Gillam
Chair of the board

11 May 2022

Julie Coates
Managing Director and CEO

11 May 2022

Deloitte Touche Tohmatsu
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The Directors
CSR Limited
Triniti 3
39 Delhi Road
North Ryde NSW 2113

11 May 2022

Dear Directors

CSR Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of CSR Limited.

As lead audit partner for the audit of the financial statements of CSR Limited for the financial year ended 31 March 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Partner
Chartered Accountants

Remuneration Report

Shareholder letter

Dear Shareholder

On behalf of the board, I am pleased to present CSR's Remuneration Report for the year ended 31 March 2022 (YEM22).

One of our most important roles as a board is to implement a remuneration framework for our senior executives and employees that is fair, reasonable and motivates them to deliver strong performance. The key principle of our remuneration strategy is alignment of executive and shareholder outcomes.

We meet regularly with major shareholders and their advisors to discuss the framework and ensure it remains fit for purpose in a dynamic and rapidly changing business environment.

YEM22 targets and performance

In its response to the ongoing pandemic, management prioritised the health and safety of CSR's employees, as well as business continuity. Challenges included evolving public health orders and external supply chain disruptions.

Notwithstanding the business disruption related to the pandemic, management progressed with the business strategy which is enabled by the development of industry best practice supply chain and digitisation of systems and processes. The business is well positioned to drive the most competitive product and service solutions for the market and our customers.

The Company has been well managed by the executive leadership team, delivering strong financial performance and positive outcomes for shareholders. The Building Products business segment produced a 30-year record EBIT and the share price hit a 10 year high in November 2021.

Remuneration outcomes

Challenging and motivating short-term incentive (STI) targets were set by the board at the start of the year to incentivise performance. We are pleased to report that CSR's YEM22 EBIT exceeded the financial target, which accounts for 60% of total STI assessment. The board also reviewed significant items and determined that no adjustments were required to EBIT for STI assessment purposes.

The STI payout reflects stretch performance and the management team and employees have been appropriately rewarded for their efforts and results.

The board has not exercised any discretion in determining the STI award for YEM22.

Looking forward

YEM22 was a very good year for CSR, both in terms of financial performance and continued progress with strategic objectives. The board is confident that our remuneration framework is appropriate and will motivate our executives to create value for our shareholders in the long term.

Matthew Quinn
Chair, Remuneration & Human Resources Committee

Overview

1 Basis of preparation of the Remuneration Report

This Remuneration Report provides a summary of CSR's remuneration policy and practices during the past financial year as they apply to CSR directors and executives.

The Remuneration Report has been prepared in accordance with the requirements of section 300A of the *Corporations Act 2001* and Corporations Regulation 2M.3.03 and has been audited by CSR's external auditor.

The report contains an overview which is intended to provide a 'plain English' explanation for shareholders of the key management personnel (KMP) and senior executives' actual remuneration outcomes for the year ended 31 March 2022 (YEM22) and the remuneration framework. The report also details proposed changes for the financial year ended 31 March 2023 (YEM23).

Consistent with prior years, actual remuneration of executive KMP has been included in the Remuneration Report in section 3.

2 Key management personnel (KMP) and senior executives

KMP for YEM22 are detailed in the table below. KMP are as defined by the Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124).

Following a review of senior executives against the criteria for determining executive KMP, only the Managing Director and CEO and Chief Financial Officer and Executive General Manager, Property and Aluminium qualify as executive KMP, consistent with prior years.

Table 1: Key management personnel

Name	Position	Term as KMP
Non-executive Directors (NEDs)		
John Gillam	Director and Chair of the board	Full year
Nigel Garrard	Director	Full year
Christine Holman	Director	Full year
Michael Ihlein	Director	To 25 June 2021
Matthew Quinn	Director	Full year
Penny Winn	Director	Full year
Executive KMP		
Julie Coates	Managing Director and CEO	Full year
David Fallu	Chief Financial Officer and Executive General Manager, Property and Aluminium	Full year

The senior executives are detailed in the table below. These senior executives are not KMP as defined by AASB 124. In some cases, where aspects of remuneration apply to other senior roles within CSR, the term 'executive' is also used.

Table 2: Senior executives

Name	Position	Term as senior executive
Current senior executives		
Amy Bentley	Executive General Manager, Logistics	Full year
Paul Dalton	Executive General Manager, Interior Systems	Full year
Catherine Flynn	Executive General Manager, Human Resources	Full year
Heath Hopwood	Executive General Manager, Masonry & Insulation	From 5 July 2021
Andrew Mackenzie	General Manager, Property	Full year
Gary May	Executive General Manager, Customer Solutions	Full year
Andrew Rottinger	Executive General Manager, Construction Systems	Full year
Cameron Webb	Executive General Manager, Transformation, Technology & Digital	Full year
Mark White	General Manager, Aluminium	Full year
Former senior executives		
Anthony Tannous	Executive General Manager, Masonry & Insulation	To 12 May 2021

Remuneration and performance outcomes

3 Actual remuneration

The actual remuneration disclosure has been prepared to provide shareholders with a view of CSR's remuneration structure and how remuneration was paid to the executive KMP for YEM22. The board believes presenting information in this way provides shareholders with increased clarity and transparency of executive KMP remuneration, clearly showing the amounts awarded for each remuneration component (fixed, short and long-term) within the financial year. This disclosure differs from the statutory remuneration disclosures contained in section 10, with a summary of the differences detailed in the table below.

Table 3: Comparison of actual and statutory remuneration disclosures

	Fixed annual remuneration	Short-term incentive (STI)	Long-term incentive (LTI)	Leave accruals	Other benefits
Actual remuneration disclosures	Cash salary, superannuation contributions and other eligible salary sacrifice benefits	STI award for YEM22, inclusive of the 40% STI deferral, expressed as a cash value	Value of LTIs that have vested during the year, calculated based on the number of shares valued using the five day volume weighted average price (VWAP) prior to issue of the shares. Excludes the value of unvested LTIs at 31 March 2022	Not included	Includes Universal Share Ownership Plan (USOP) and other costs relating to company business or contractual obligations, where the benefit has been received
Statutory remuneration disclosures	As above	STI award for YEM22, exclusive of STI deferral, plus amortisation of STI deferrals relating to current year and prior two years	Value of LTIs recorded in accordance with accounting standards (based on fair value determined at grant date expensed over the vesting period). The amount for YEM22 relates to YEM20 to YEM22 LTI grants	Included	As above, except where Performance Rights Plan (PRP) rights are granted as part of contractual obligations. These are expensed over the vesting period

Executive KMP actual remuneration

Actual remuneration received by executive KMP is set out in table 4 below and is prepared on the basis summarised in table 3. Commentary on the key components of remuneration is set out in table 5 below.

Table 4: Actual remuneration received by executive KMP

Year ended $	Fixed remuneration	Short-term incentive	Long-term incentive	Other benefits[1]	Total
31 March 2022					
Julie Coates	1,150,000	1,094,800	–	–	2,244,800
David Fallu	715,000	662,400	142,062	1,000	1,520,462
Total	1,865,000	1,757,200	142,062	1,000	3,765,262
31 March 2021					
Julie Coates	1,150,000	1,104,000	–	–	2,254,000
David Fallu	700,000	700,000	92,827	999	1,493,826
Total	1,850,000	1,804,000	92,827	999	3,747,826

1 Other benefits include USOP.

Table 5: Commentary on actual remuneration received by executive KMP

Area	Explanation
Fixed remuneration	▪ Ms Coates' fixed remuneration was not increased during the year. ▪ Mr Fallu's fixed remuneration was increased from 1 July 2021 from $700,000 to $720,000 per annum, through CSR's annual remuneration review.

3 Actual remuneration (continued)

Table 5: Commentary on actual remuneration received by executive KMP (continued)

Area	Explanation
Short-term incentives (STI)	▪ The board assessed Ms Coates' performance against the objectives set and determined that Ms Coates would be awarded an STI at between target and stretch. The STI outcome recognises Ms Coates' leadership of the business over the last year, including the significant efforts to deliver financial results above the target while continuing to manage complexities and disruption due to the COVID-19 pandemic. Strong momentum has been gained following the streamlining of the business in YEM21, with operational efficiencies and cost disciplines reflected in the financial results for the year. The CSR strategy to develop market leading customer solutions, industry best practice supply chain and digitisation of systems and processes is well-progressed. The STI award represents 95% of Ms Coates' maximum STI opportunity for YEM22. ▪ The board assessed Mr Fallu's performance against the objectives set and determined that Mr Fallu would be awarded an STI at between target and stretch. The STI outcome recognises Mr Fallu's role in the implementation of strategic initiatives and improvement of cost disciplines. The outcome also reflects Mr Fallu's leadership of the Property and Aluminium businesses, both of which have delivered strong financial performances in YEM22. The STI award represents 92% of Mr Fallu's maximum STI opportunity for YEM22. ▪ Further detail on the STI outcomes is included in sections 4 and 7.
Long-term incentives (LTI)	▪ Long-term incentives represent the partial vesting of the YEM19 LTI for Mr Fallu. The LTI for YEM22 reflects a slightly higher vesting outcome of the TSR LTI tranche and a higher share price at the time of vesting. ▪ Further detail is included in sections 4, 8 and 12.
Other benefits	▪ Other benefits included USOP.

Senior executive actual remuneration

The year-on-year change in total actual remuneration for senior executives is summarised in the table below and is prepared on the basis outlined in table 3. The analysis excludes the executive KMP.

The increase in total remuneration is due to higher STI outcomes in YEM22 due to the senior executive team being in place for the full year. Further explanation on STI outcomes is set out in section 4. The LTI outcomes in YEM22 were lower as several current senior executive team members were not participants in the YEM19 LTI grant.

Table 6: Senior executive remuneration

Year ended 31 March $	Actual fixed remuneration received	Short-term incentive	Long-term incentive	Other benefits[2]	Total
2022[1]	**4,389,472**	**3,645,468**	**308,574**	**4,998**	**8,348,512**
2021	4,094,123	2,586,859	446,211	2,996	7,130,189

1 Actual fixed remuneration received is based on the term as a senior executive and includes the former senior executive listed in table 2.
2 Other benefits include USOP.

4 Performance outcomes

Summary of performance outcomes for YEM22

A summary of the YEM22 short-term and long-term incentive outcomes are set out in tables 7 to 10 below, with further detail on the plans included in sections 7 and 8 respectively.

i) Short-term incentive outcomes

Table 7: YEM22 STI CSR group financial targets and assessment of performance outcomes

Area	Explanation
YEM22 financial targets for STI purposes	▪ At the start of each year, the board sets challenging financial targets taking into account the relevant factors for each business segment including forecasts for building activity, aluminium pricing and the property market, as well as considering investor requirements for a certain level of sustainable returns. ▪ The financial targets for YEM22 were set by the board in March 2021, with earnings before interest and tax (EBIT) the primary STI financial measure. The board has elected not to disclose detailed financial and/or individual targets due to commercial sensitivities.
Assessment of performance against targets	▪ The CSR group and business segments YEM22 EBIT exceeded the financial targets set. Further detail on the business segment targets and performance is summarised in table 8. ▪ The actual CSR group EBIT of $291 million represented an increase of $54 million or 22% compared to YEM21 and was significantly above the financial target set. As a result, the CSR group financial component of STI was awarded at stretch. ▪ The CSR group financial performance for YEM22 reflected: – Building Products 30-year record earnings, with strong operational performance, continued cost disciplines and realisation of benefits following the streamlining of the organisation in YEM21. – Continued progress on the CSR strategy including building supply chain capability and creating customer driven integrated solutions to drive the most competitive product and service solutions for the market. – Management of the uncertainty and business disruptions arising from COVID-19, including the impact of various public health restrictions in place during the year. – The delivery of all targeted property sales and the sale of two additional sites. – Higher Aluminium earnings, while also increasing the longer-term hedging portfolio. ▪ An assessment of significant items was also completed by the board and did not result in a change in the actual EBIT result for STI purpose. Details of this assessment are set out in table 9. ▪ The Board did not exercise any discretion in relation to STI outcomes.
STI awarded as a % of EBIT	▪ The total STI awarded amounts to a payout ratio of 7.3% of YEM22 EBIT (YEM21: 7.5% of EBIT).

Table 8: YEM22 STI business financial targets and assessment of performance outcomes

Business	Explanation of STI financial targets	Assessment of performance outcomes	Outcome
Building Products	▪ The targets were established having regard to forecast construction activity for YEM22, including the expected capacity constraints of the construction industry. These forecasts are formulated with reference to external data sources and independent economic models. ▪ The business was tasked to deliver earnings growth, while maintaining a continued focus on operational leverage and realising the benefits of business streamlining and cost disciplines embedded in YEM21. ▪ The financial targets set for YEM22 also assumed that there would be minimal business disruption due to the COVID-19 pandemic.	▪ Building Products sales revenue for YEM22 was slightly above the target set, with growth across all businesses. ▪ Building Products EBIT of $228 million was up $44 million or 24% on YEM21. The significant earnings growth was driven by strong operational performance, realisation of benefits from organisational streamlining and continued cost disciplines. ▪ The business also managed unplanned disruptions caused by the COVID-19 pandemic, including impacts of restrictions on worker movements and temporary construction site closures in Sydney and Melbourne. ▪ Earnings significantly exceeded the financial target set and the financial STI component was awarded at stretch.	

Financial STI outcomes Stretch | Between target and stretch | At target | Between threshold and target | Below threshold

4 Performance outcomes (continued)

i) Short-term incentive outcomes (continued)

Table 8: YEM22 STI business financial targets and assessment of performance outcomes (continued)

Business	Explanation of STI financial targets	Assessment of performance outcomes	Outcome
Property	▪ A challenging earnings target was set for the Property business in YEM22, which included: ○ the sale of Horsley Park stage 2.2a which required completion of rehabilitation works; ○ completion of the final stages of Chirnside Park residential project; and ○ the sale of the Moss Vale site. ▪ The earnings target for YEM22 was set below YEM21 due to the significant Horsley Park sale transaction completed during YEM21.	▪ The Property business generated earnings of $47 million. In addition to completing all of the targeted transactions during YEM22, the Property business also finalised the sale of 4.6 hectares of land at Badgerys Creek and the sale of the Thornton site. ▪ The business also continued to strategically advance the long-term property portfolio, including quarry rehabilitation at Badgerys Creek and progressing rezoning of the Schofields site. ▪ Overall, the YEM22 Property business earnings significantly exceeded the financial targets set and the financial STI component was awarded at stretch.	
Aluminium	▪ In the context of volatile Aluminium prices and higher production costs, the Aluminium business was set a target which would see earnings increase compared to YEM21. ▪ The financial target reflected the hedging held at the time and forecast production costs.	▪ During the year the Tomago smelter has performed well and, with the US dollar Aluminium prices improving over the past year, CSR has taken the opportunity to secure an increase in the hedged position to provide a buffer against the elevated operating cost. ▪ These actions resulted in a favourable earnings performance for YEM22, with the financial STI component awarded at stretch.	

Financial STI outcomes Stretch | Between target and stretch | At target | Between threshold and target | Below threshold

Consideration of significant items recorded in YEM22

The STI financial targets are set based on EBIT before significant items. The CSR board reviews all significant items at the end of each performance period and considers whether it is appropriate to adjust for their impact on incentive outcomes. In forming its views, the board will have consideration as to whether the item was due to current management control or decisions.

After assessing the significant items reported in YEM22, the board has determined that the reported CSR group EBIT of $291 million is appropriate for assessment of remuneration outcomes. Detail on the assessment of each of the significant items is outlined below, including the rationale for the treatment for remuneration purposes. Further detail on significant items reported for YEM22 is contained in note 3 to the financial statements on page 80.

Table 9: Assessment of significant items for remuneration purposes

Item	Amount (pre-tax) $'million	Remuneration outcomes adjusted	Rationale for treatment for remuneration purposes
Recognition of tax losses	86.3	No	▪ This benefit relates to legacy carried forward capital tax losses which are now expected to be utilised against capital gains made on CSR property sales.
Software-as-a-Services implementation costs	(6.9)	No	▪ These costs relate to the implementation of Software-as-a-Service arrangements which are now required to be expensed due to a change in international accounting guidance. ▪ These items have not been adjusted for remuneration purposes as the target earnings did not contemplate the change in accounting treatment (i.e. the accounting change occurred after the targets had been set). ▪ In addition, the amortisation charge that would have been recorded in EBIT under the previous accounting treatment was considered. No adjustment to STI was made as the amount was immaterial and did not impact the STI outcome.
Product liability provision	(5.0)	No	▪ The product liability expenses relate to matters pre-dating current management and the board has consistently treated these amounts as significant items with no adjustment to STI.

4 Performance outcomes (continued)

ii) Short-term incentive outcomes (continued)

STI non-financial measures

The board did not exercise any discretion in determining the non-financial STI component awarded in YEM22, which is also assessed against targets set at the start of the year. The CSR group and businesses met their business unit financial target and as a result their non-financial STI component was awarded. This treatment is in accordance with the STI plan (as detailed in table 13).

iii) Long-term incentive outcomes

LTIs have been linked to company performance as follows:

- the value of performance rights (under the PRP) ultimately depends on share price performance; and
- awards vest subject to EPS growth and TSR performance as measured through the movement in the share price and dividends paid.

Table 10: YEM22 long-term incentive outcomes

LTI measure	Explanation
Overall	▪ The YEM19 LTI performance hurdles were partially met resulting in 34% of the YEM19 PRP grant vesting in March 2021. ▪ The value of LTI that vested in YEM21 increased compared to YEM20 due to a higher number of rights vesting. ▪ Further detail is contained in section 8.
TSR	▪ Total shareholder return (TSR) target: 34% vested out of 50% potential.
EPS	▪ Earnings per share (EPS) target: nil% vested out of 50% potential.

iv) Overall financial performance and variable remuneration

The following table summarises the clear link between company performance and incentives awarded to executive KMP, senior executives and other eligible employees:

Table 11: Summary of financial performance and STIs and LTIs awarded

	Financial performance[6]					STI			LTI	
	EBIT ($ million)[1]	TSR (%)[2]	EPS (cents)[1]	ROFE (%)[3]	Share price ($)[4]	Executive KMP ($ million)	Senior executives ($ million)	All eligible employees STI as a % of EBIT	Vested value – Executive KMP ($ million)[5]	Vested value – Senior executives ($ million)[5]
YEM22	**291.4**	**13.4**	**39.7**	**27.3**	**6.15**	**1.8**	**3.6**	**7.3%[8]**	**0.1**	**0.3**
YEM21	237.9	87.3	33.1	21.1	5.78	1.8	2.6	7.5%	0.1	0.4
YEM20	216.8	1.5	27.3	17.8	3.17	0.5[7]	–[7]	2.6%	0.7	0.7
YEM19	265.0	(32.9)	36.1	21.8	3.32	1.4	2.0	6.3%	2.0	2.1
YEM18	320.3	25.3	41.9	27.8	5.18	1.2	2.2	5.4%	1.8	1.8

1 EBIT and EPS are calculated before significant items.
2 TSR at 31 March sourced from Bloomberg. Relative TSR performance is disclosed in Table 20 along with the LTI vesting outcomes.
3 Return on Funds Employed (ROFE) defined in note 2 to the CSR group financial statements.
4 Closing share price at 31 March.
5 Represents the value of PRPs vested in the period, calculated based on the number of shares issued, valued using the five day VWAP prior to issue.
6 Dividends paid for the last five years are disclosed on page 26.
7 An STI was not awarded to executive KMP or senior executives for YEM20, except for the special incentive paid to the retiring CEO Mr Sindel based on goals set by the board and determined for services up to 31 August 2019.
8 Total STI awarded for YEM22 represents 152% of the target STI opportunity. Further detail on the STI awarded is outlined in tables 7 and 8.

Remuneration Governance

5 Remuneration governance

CSR's remuneration governance framework is set out below. While the board retains ultimate responsibility, CSR's remuneration policies and procedures are implemented through the Remuneration & Human Resources Committee. The composition and functions of the Remuneration & Human Resources Committee, which oversees remuneration issues and human resources matters, are set out in the charter available from the CSR website. The charter was reviewed and updated during the year.

Figure 1: CSR's remuneration governance framework

CSR Board

- Overall responsibility for the remuneration strategy and outcomes for executives and non-executive directors.
- Reviews and, as appropriate, approves recommendations from the CSR Remuneration & Human Resources Committee.

Remuneration & Human Resources Committee

Management and Board remuneration policy

Monitors, recommends and reports to the board on:

- Remuneration guidelines and incentive policies for management, executives and KMP, aligned to long-term growth, shareholder value and CSR's company behaviours.
- Superannuation arrangements.
- Employee share plans.
- Recruitment, retention and termination policies and procedures for senior management.
- Board remuneration including the terms and conditions of appointment, retirement and non-executive remuneration within aggregate total amounts approved by shareholders.

Human Resources, Talent Management and Culture

Monitors, recommends and reports to the board on:

- The quality of talent pools for senior management succession.
- The effectiveness of CSR's diversity policies and initiatives, including an annual assessment against measurable objectives and proportion of women at all levels of management.
- Leadership development frameworks and individual development progress for key talent.
- Monitoring surveys conducted by the company in relation to the culture of the organisation.
- Initiatives to improve and drive a strong performance culture.
- CSR's compliance with external reporting requirements.

Managing Director and Executive General Manager - Human Resources

Provides information to the Remuneration & Human Resources Committee for the Committee to recommend on:

- Incentive targets and outcomes.
- Remuneration policy.
- Long and short-term incentive participation.
- Individual remuneration and contractual arrangements for executives.

External advisors

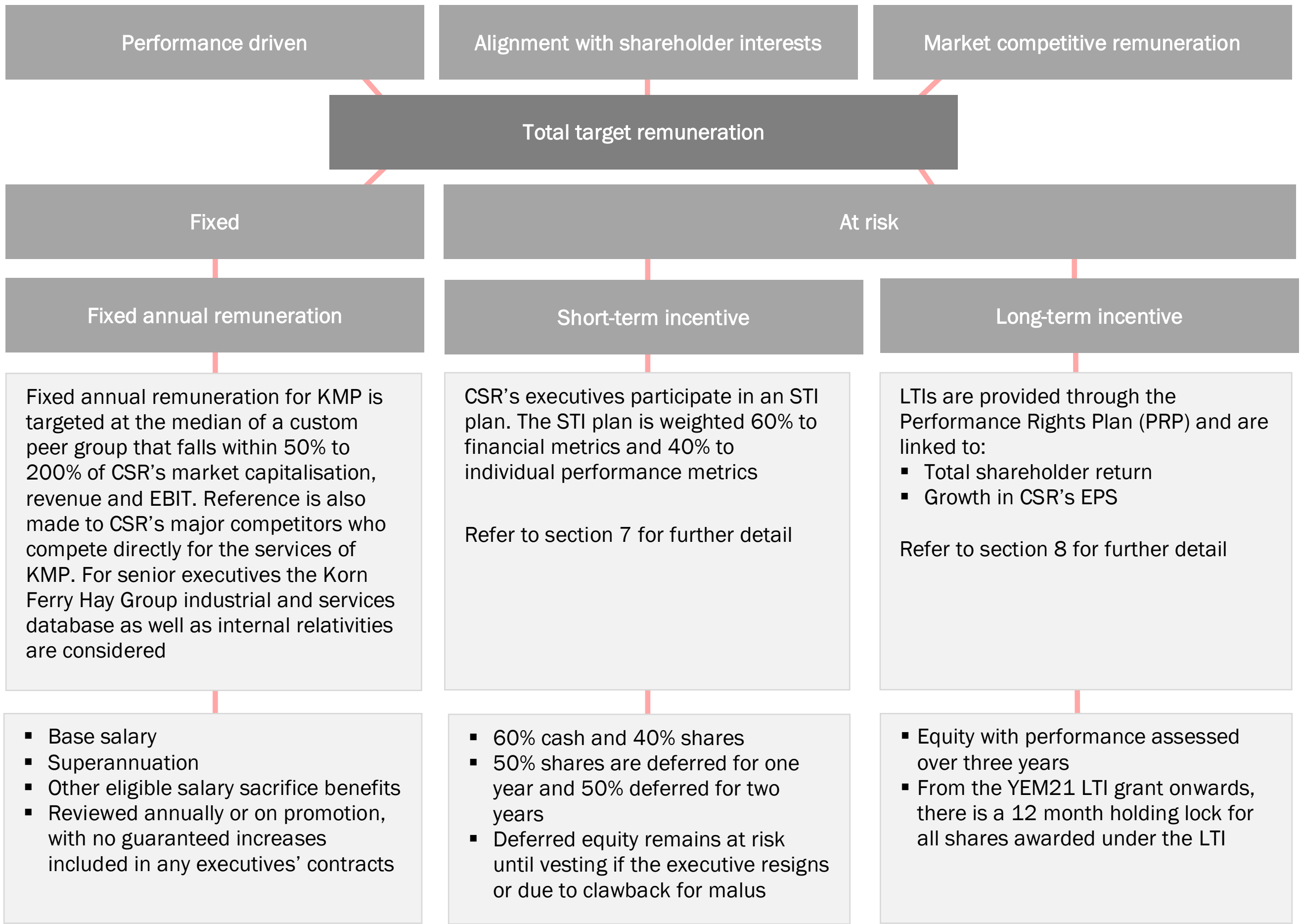
- Provide independent advice and recommendations relevant to remuneration decisions.
- Throughout the year, the Remuneration & Human Resources Committee and management received information from external providers Ernst & Young, Korn Ferry Hay Group, Herbert Smith Freehills and Mercer Consulting (Australia) related to remuneration market data and analysis, market practice on the structure and design of incentive programs (both long term and short-term), performance testing of existing long term incentives and legislative and regulatory requirements.
- There were no recommendations received from external providers during the year in relation to remuneration policy changes.

Components of remuneration

6 Summary of the fixed and 'at risk' components of remuneration

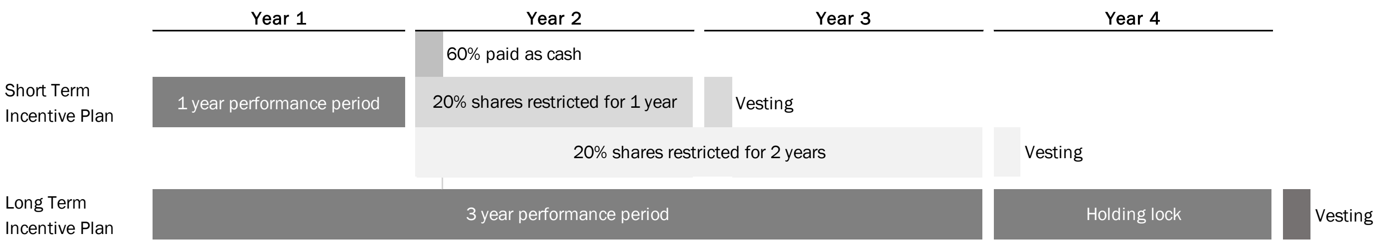
The core elements of CSR's remuneration strategy for the executive KMP and senior executives are outlined below.

Figure 2: CSR's remuneration strategy and structure



The following figure illustrates the timing of how remuneration is earned, subject to performance measures being met for executive KMP and senior executives.

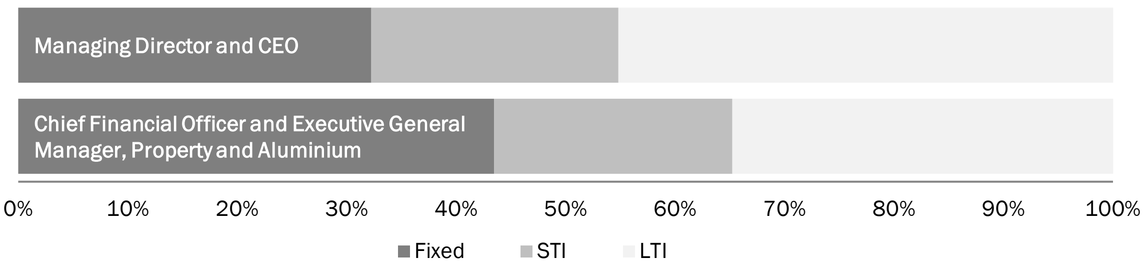
Figure 3: YEM22 short-term and long-term incentive plans



6 Summary of the fixed and 'at risk' components of remuneration (continued)

The key principles on which CSR's executive remuneration is based on are outlined below.

Table 12: Key principles of CSR's executive remuneration

Objective	Explanation
Performance driven and aligned with shareholder interests	▪ Fixed remuneration should reward executives based on their seniority and experience. The 'at risk' components of remuneration (both short-term and long-term) are driven by challenging targets, focussed on both external and internal measures of financial and non-financial performance and are aligned with shareholder returns. ▪ KMP and senior executives are required to hold, or make progress towards holding, a minimum CSR shareholding. The requirement for KMP is 100% of fixed annual remuneration, acquired over a reasonable timeframe. Further detail on this policy is set out in section 13. ▪ Ownership of CSR shares is encouraged through the LTI plan, STI deferral plan for executive KMP and senior executives, the Universal Share Ownership Plan (USOP) and the ability to forgo part of fixed remuneration to acquire shares annually through the Employee Share Acquisition Plan (ESAP). ▪ A significant proportion of executive remuneration is 'at risk'. The following chart sets out the remuneration mix as fixed annual remuneration, target STI and the maximum value of the LTI granted during the year for the executive KMP. 
Market competitive remuneration	▪ Remuneration, including those elements which can be earned subject to business performance, are set at competitive levels that will retain, motivate and attract high quality executives. ▪ Executive remuneration is reviewed annually. CSR aims to provide market competitive remuneration against jobs of comparable size and responsibility against a custom peer group of between 15 to 20 companies that falls within 50% to 200% of CSR's market capitalisation, revenue and EBIT and a group of industry peers. This ensures that remuneration for KMP is based on roles of comparable size. ▪ At risk remuneration (through STI and LTI) provides the opportunity to earn reward that reaches the top quartile of the market for superior performance.

7 At risk remuneration – short-term incentive

(i) Table 13: Details of the short-term incentive plan

Purpose	Motivates and rewards individuals and teams to deliver the business strategy and financial performance to increase shareholder value.
Frequency and timing	Awards are determined on an annual basis with performance measured over the year to 31 March, with payment made following the release of CSR's annual financial results.
Performance measures	The performance measures for the STI were updated in YEM22 to align with CSR's business strategy. Performance measures are based on a combination of financial and non-financial measures: (see table below)

Performance component	Corporate roles	Business unit roles
CSR group EBIT	60%	30%
Business segment EBIT	–	30%
Individual objectives	40%	40%
Total	**100%**	**100%**

Financial measures are based on the board approved EBIT budget. Given the cyclical nature of the building industry, it is not appropriate to set financial targets based on year-on-year linear growth. Instead, at the start of each year, the board sets challenging financial targets taking into account the relevant factors for each business segment including forecasts for building activity, aluminium pricing and the property market, as well as considering investor requirements for sustainable returns. Return on Funds Employed (ROFE) is also assessed by the board to ensure the effectiveness with which capital is deployed, measured and rewarded.

The maximum STI payable is 200% of a participant's target STI opportunity (target STI opportunity varies based on seniority) except for the Managing Director and CEO who is capped at 143% of target STI opportunity, equivalent to 100% of fixed annual remuneration.

Significant items	The board reviews items classified as significant at the end of each financial year to determine the extent, if any, by which reported EBIT should be adjusted for STI purposes depending on whether the items were influenced by or within the control of management.
Minimum financial performance requirements	STI financial performance targets are set out in the table below.

Performance component	Threshold[2]	Target	Stretch
Percentage of EBIT target achieved	95%	100%	110%
Percentage of target STI payable[1]	0%	100%	200%

1 Managing director and CEO's STI is capped at 143% of target STI opportunity, equivalent to 100% of fixed annual remuneration.
2 The financial threshold is calculated based on the financial target plus the amount of STI payable if the budget is achieved.

The STI accrues on a straight-line basis for financial performance between threshold and target and between target and stretch.

No STI is payable in relation to the financial component unless the threshold EBIT is exceeded.

If either the CSR group or business segment financial threshold is not met the non-financial component is discounted by 50%. Should both CSR and the applicable business segment not reach the financial threshold, any payment will be at the discretion of the board.

Non-financial objectives	Individual objectives are documented in CSR's performance management system ACHiEVE@CSR and performance is monitored during the year, with a final assessment at year end. The non-financial objectives are aligned to the business strategy and CSR's defined culture and behaviours. These objectives include relevant KPI's such as safety and sustainability, customer experience, leadership and development of people, operational improvement and growth and delivery of CSR's strategic initiatives. For individuals whose behaviour is inconsistent with CSR's culture and behavioural standards, the non-financial STI may be forfeited.
Assessment of performance against measures	Individual performance assessments and recommendations are made by the participant's immediate manager, based on the delivery of set objectives and behaviour in achieving these objectives. All recommendations are reviewed and approved by the business unit Executive General Manager and ultimately the CEO and Managing Director. The Remuneration & Human Resources Committee recommends to the board executive KMP and senior executive STIs and the overall STI pool in aggregate.

7 At risk remuneration – short-term incentive (continued)

(i) Table 13: Details of the short-term incentive plan (continued)

Board discretion	The Board's philosophy is to minimise discretionary adjustments to the plan outcomes. However, the board and the Managing Director and CEO retain discretion in certain circumstances to alter payments having regard to: ▪ CSR's overall financial performance, including consideration of significant items; ▪ occurrence of a fatality, regardless of fault; ▪ maintenance and preservation of the company's assets and reputation; ▪ any short-term action which causes market share loss or other damage to CSR; ▪ other special circumstances (e.g. acquisitions and divestments); and ▪ any breach of CSR's Business Code of Conduct and Ethics policy.
Service condition	New starters or people promoted into eligible roles may participate in the STI scheme with pro rata entitlements. Employees must be employed at time of payment to be eligible for any reward.
Equity deferral	Under the STI deferral plan, 40% of any STI earned by executive KMP and senior executives is delivered in CSR shares with half released to participants at the end of year one and the balance released at the end of year two. These shares are held in trust subject to trading restrictions and are contingent on the participant remaining employed at the end of each period. As the shares are awarded in lieu of a full cash STI payment and relate to an incentive that has already been earned, during the restriction period, participants are entitled to all dividend and voting entitlements. An important feature of the STI deferral plan rules is the clawback provisions which allow the board to withhold some or all of the deferred equity whether vested or not in the event of fraudulent or dishonest acts.

8 At risk remuneration - long-term incentive

(i) Purpose of the long-term incentive (LTI) plan

CSR's long-term incentive program aims to:

- drive the delivery of strategic objectives that create long-term shareholder value;
- enables executives to build their interests in CSR equity; and
- retain, motivate and attract executive talent to deliver and sustain business performance and increase shareholder returns.

(ii) Details of the LTI plan

The long-term incentive plan is delivered through the CSR Performance Rights Plan (PRP). Details of the PRP grants from YEM19 to YEM22 are set out below.

Table 14: Features of the long-term incentive plan

Participation	Managing director, senior executives and selected key roles are eligible subject to approval by the board.
Grant frequency	Grants are made on an annual basis.
Type of award	Grants of performance rights are subject to service requirements, and performance vesting criteria. If performance conditions are met, CSR shares will be purchased on market and transferred to participants. Refer to section 8(iii) for more detail.
Vesting and performance period	Awards are subject to a three year vesting period and following completion of the vesting period, the performance conditions are tested to determine whether, and to what extent, awards vest. To the extent that performance rights have not vested following the testing, they will lapse (i.e. participants forfeit their interests in the performance rights).
At vesting	For all PRP grants, rights are eligible for one CSR Limited share per one performance right on vesting.
Holding lock	From the YEM22 PRP grant onwards, a 12-month holding lock on shares awarded under the LTI has been introduced to aid senior executive retention and strengthen CSR's clawback provisions. During the holding lock period, provided the participant remains employed by CSR, they have full voting rights and are entitled to receive dividends.
Sales restrictions post vesting	Shares transferred to participants on the vesting of performance rights are subject to the CSR Share Trading Policy.
Dividends	There is no entitlement to dividends on performance rights during the performance period.
Treatment on cessation of employment	Unvested awards: Generally, a participant who ceases to be employed prior to the performance conditions being met will forfeit their interest in the unvested shares. If the cessation of employment is the result of retirement, redundancy, total or permanent disablement, death or any other special circumstances, the treatment of the rights will be determined at the board's discretion. Vested awards: Awards that have vested are transferred to participants at the time of vesting
Treatment on change of control	Unvested awards: The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger). In exercising this discretion, the board would generally apply pro rata assessments for plans on foot. Vested awards: Awards that have vested are transferred to participants at the time of vesting.
Prohibition of hedging arrangements	Participants will forfeit their interests in unvested shares if they enter into any hedging transaction in relation to those shares in breach of CSR's Share Trading Policy. At 31 March 2022, executive KMP confirmed in writing their beneficial interest in CSR shares, including confirming that they had not entered into any hedging arrangements over vested or unvested CSR shares.
Board discretion	The board retains discretion to reduce or lapse performance rights (or recover the net proceeds where vested shares have been sold) in several circumstances including, but not limited to, material financial misstatements, the performance and conduct of the participant, the performance of the business unit the participant is employed in, CSR group performance, fraudulent or dishonest acts, bringing CSR or any business unit into disrepute or breach of duties or obligations to CSR (including acting in breach of the terms and conditions of their employment and/or CSR's Code of Business Conduct and Ethics).

8 At risk remuneration – long-term incentive (continued)

(iii) PRP performance conditions

A summary of the performance hurdles for each PRP grant, along with further detail on how each hurdle is measured, is set out below.

Table 15: Performance hurdles for each PRP grant

	Note	YEM22	YEM21	YEM20	YEM19
Relative TSR (Tranche A)	*1*	50%	50%	–	50%
Absolute TSR (Tranche A)	*2*	–	–	50%	–
Earnings per share (Tranche B)	*3*	50%	50%	50%	50%

1. Relative TSR for YEM21 and YEM22 PRPs

TSR is the percentage growth in shareholder value, which measures the changes in share price, taking into account dividends and capital returns.

The board believes relative TSR is an appropriate measure for the PRP as it directly aligns with shareholder interests and provides transparency and focus of eligible executives in driving dividends, capital management and share price growth.

Relative TSR for the YEM21 and YEM22 PRPs

- Relative TSR was adopted as a performance measure for the YEM21 and YEM22 PRP grants as it is an established measure with greater alignment to market practice.
- Absolute TSR is a gateway to vesting to ensure that participants are only rewarded for positive shareholder returns. If absolute TSR is negative over the performance period, no rights will vest in this tranche.
- The comparator peer group used to calculate relative TSR is those companies comprising the S&P/ASX51 – ASX150 defined at the start of each performance period. This peer group is sufficiently broad to measure relativity and the market capitalisation has greater alignment to CSR than the S&P ASX200. The board may adjust the comparator group to take into account events including, but not limited to, takeovers, mergers or de-mergers that might occur during the performance period.
- In measuring TSR, share prices are calculated based on a 90-day VWAP at the start and end of the performance period.
- Assuming the absolute TSR gate is met, the proportion of the Tranche A performance rights that vest will be determined based on CSR's relative TSR, in accordance with the vesting schedule in table 16 below.

Relative TSR for the YEM19 PRP (vested on 31 March 2021)

- TSR performance was assessed against the constituents of the S&P/ASX 200 index (Peer Group) defined at the start of the performance period.
- For the purposes of the TSR calculation, the start and end share prices were calculated based on 10 trading days VWAP.

Table 16: Vesting schedule for all Relative TSR PRP grants

TSR of CSR relative to the Peer Group	Proportion of Tranche A to vest
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th percentile and the 75th percentile	Straight-line vesting between 50% and 100%
75th percentile or greater	100%

2. Absolute TSR for YEM20 PRP

- For the YEM20 PRP, a review of performance hurdles was conducted incorporating potential major property transactions over the ensuing three years. As a result, relative TSR was replaced with absolute TSR.
- The board considered that absolute TSR was a more appropriate measure for the YEM20 PRP as it more directly aligned with shareholder interests and provided transparency and focus of executives in driving both earnings and share price growth.
- The targets are set out in table 17 below. In setting these targets consideration was given to the historical TSR performance of CSR, the cost of capital and projected earnings through the performance period.

Table 17: Vesting schedule for the Absolute TSR grant

Cumulative Average Growth Rate (CAGR) of TSR	Proportion of Tranche A to vest
Below TSR of 14%	0%
TSR of 14%	75%
Between TSR of 14% and 18%	Straight-line vesting between 75% and 100%
18% and above	100%

8 At risk remuneration – long-term incentive (continued)

(iii) PRP performance conditions (continued)

3. Earnings per share (EPS)

Compound growth in EPS measures the success of the business in generating continued growth in earnings and aligns the effort of executive KMP and senior executives with shareholder interests. The use of EPS as a long-term performance measure is also consistent with market practice. EPS is defined as net profit after tax per share before significant items. The board reviews all 'significant items' at the end of each performance period and considers whether it is appropriate to adjust for the impact on incentive outcomes. A consistent treatment is applied for both STI and LTI assessments, with the YEM22 outcome summarised in section 4(i) and table 9. In addition, the board may adjust EPS to exclude the effects of material business acquisitions or divestments.

EPS is measured on an averaged basis over the three year performance period rather than point to point to reflect the cyclical nature of the business. Target performance is calculated by taking the total EPS from the performance period using actual EPS of the base year and compounding 5% per annum for three years and dividing the result by three. Stretch performance is calculated using the same methodology, except the growth is compounded by 10% per annum.

Table 18: Performance hurdles for the YEM19 to YEM22 PRP grants

	YEM22		YEM21		YEM20		YEM19	
EPS performance hurdle	Target	Stretch	Target	Stretch	Target	Stretch	Target	Stretch
Cumulative EPS required over next three years (cents per share)	109.6	120.5	85.4	93.9	119.5	131.4	140.0	154.0
Average EPS required over next three years (cents per share)	36.5	40.2	28.5	31.3	39.8	43.8	46.7	51.3

Table 19: EPS PRP vesting schedule

CAGR of EPS	Proportion of Tranche B to vest
Below 5%	0%
At 5%	50%
Between 5% and 10%	Straight-line vesting between 50% and 100%
10% and above	100%

8 At risk remuneration – long-term incentive (continued)

(iv) Details of the PRP awards outstanding

Table 20: Status and key dates of PRP awards

Grant date	Valuation per right[1]	Holding period	Performance testing period	Expiry date (if hurdle not met)	Performance status[2]
25 July 2018 (YEM19)	Tranche A (TSR) $1.36 Tranche B (EPS) $3.60	25 July 2018 to 31 March 2021	1 April 2018 to 31 March 2021	1 April 2021	Tranche A (TSR): Performance condition was met and 68% of allocation vested and the remaining unvested rights lapsed. Tranche B (EPS): Actual average EPS of 31.3 cents compared to a target of 46.7 cents. Compound growth performance condition was not met and all rights lapsed. Total award was 34%.
19 July 2019 (YEM20)	Tranche A (TSR) $1.99 Tranche B (EPS) $3.72	19 July 2019 to 31 March 2022	1 April 2019 to 31 March 2022	1 April 2022	Subsequent to 31 March 2022: Tranche A (TSR): Actual absolute TSR was 29%. Performance condition was met, resulting in 100% vesting of the allocation grant. Tranche B (EPS): Actual average EPS of 32.5 cents compared to a target of 39.8 cents. Compound growth performance condition was not met and all rights lapsed. Total award was 50%.
21 July 2020 (YEM21)	Tranche A (TSR) $1.06 Tranche B (EPS) $3.08	21 July 2020 to 31 March 2023	1 April 2020 to 31 March 2023	1 April 2023	Performance testing not commenced.
21 July 2021 (YEM22)	Tranche A (TSR) $2.32 Tranche B (EPS) $4.67	21 July 2021 to 31 March 2024	1 April 2021 to 31 March 2024	1 April 2024	Performance testing not commenced.

1 The value of performance rights at grant date calculated in accordance with AASB 2 *Share-based Payments*. Valuations are performed by a third party, Ernst & Young.
2 To ensure an independent TSR measurement, CSR engages the services of an external organisation, Mercer Consulting (Australia) Pty Ltd, to calculate CSR's performance against the relative TSR hurdles.

(v) Long-term incentive framework changes

No changes are proposed to the LTI framework for YEM23.

(vi) Other equity incentive plans

Table 21: Other equity incentive plans

	Universal Share Ownership Plan (USOP)	Employee Share Acquisition Plan (ESAP)
Participation	All executives and employees (except directors), who have the equivalent of at least one year's full-time service at the date the shares are allotted.	All full and part time employees and directors within Australia.
Form and quantum of award	Each year, the board approves the purchase of shares up to a maximum value of $1,000 (being the limit of the tax exemption) for each eligible participant. The award is structured such that participants buy shares which are then matched one for one by the company at no additional cost to participants.	Directors and employees can forgo up to $5,000 of their cash remuneration annually to acquire shares in the company. The shares are purchased on market by the CSR Share Plan trustee, who acts on instructions given in accordance with the plan rules and the company's Share Trading Policy.
Vesting period	Shares vest immediately upon acquisition by participants. The shares can only be sold three years after the date of grant, unless the participant's employment ceases before then.	The shares are held in trust while the participant is employed by CSR, unless board approval is granted to sell or transfer shares under specific circumstances (e.g. financial hardship). Under current Australian tax law, the maximum period of income tax deferral on the shares purchased is 15 years.
Absence of a performance condition	The plans are designed to encourage share ownership for employees and therefore do not have any performance conditions attached.	
Dividends and voting rights	Participants are entitled to dividends and other distributions and have full voting rights.	Participants are entitled to dividends and other distributions and have full voting rights while the shares are held in trust.

Remuneration in detail

9 Service agreements

Managing Director and CEO – Executive service agreement

Julie Coates was appointed as Managing Director and CEO effective 2 September 2019. Ms Coates' contractual remuneration package is summarised below:

Table 22: Managing Director and CEO's remuneration package

Fixed annual remuneration	Fixed annual remuneration of $1,150,000 inclusive of superannuation contributions. Fixed annual remuneration is reviewed annually and increases are not guaranteed.
Notice period	Under the Executive Service Agreement there is no fixed term and Ms Coates' employment can be terminated by: ▪ the company giving her 12 months' notice of termination; or ▪ Ms Coates giving six months' notice of resignation.
STI	There is no guaranteed entitlement to an STI payment and the maximum STI opportunity is 100% of fixed annual remuneration for exceptional performance. Achievement of target performance would result in 70% of the maximum STI being paid. The STI is weighted 60% to financial performance and 40% to individual performance. Under the STI deferral plan rules, 40% of the STI value will be deferred into CSR shares which vest over two years (50% at the end of the first year and 50% at the end of the second year). Further details on the STI deferral plan is contained in table 13.
LTI	The value of any award of performance rights is set at a maximum of 140% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to section 8(iii) for details) and are subject to shareholder approval at the AGM.

Chief Financial Officer and Executive General Manager, Property and Aluminium – Executive service agreement

David Fallu was appointed as Chief Financial Officer effective 2 February 2017. In April 2020 following the business reorganisation, Mr Fallu was appointed Chief Financial Officer and Executive General Manager, Property and Aluminium. Mr Fallu's remuneration package is summarised below:

Table 23: Chief Financial Officer and Executive General Manager, Property and Aluminium's remuneration package

Fixed annual remuneration	Fixed annual remuneration of $720,000 inclusive of superannuation contributions effective from 1 July 2021. Fixed annual remuneration is reviewed annually and increases are not guaranteed.
Notice period	Under the Executive Service Agreement, Mr Fallu's employment can be terminated by: ▪ the company giving him six months' notice of termination; or ▪ Mr Fallu giving six months' notice of resignation.
STI	There is no guaranteed entitlement to an STI payment and the maximum STI opportunity for YEM22 is 100% of fixed annual remuneration for exceptional performance. Achievement of target performance would result in 50% of the maximum STI being paid. The STI is weighted 60% on financial performance and 40% on individual performance. Under the STI deferral plan rules, 40% of the STI value will be deferred into CSR shares which vest over two years (50% at the end of the first year and 50% at the end of the second year). Further details on the STI deferral plan is contained in table 13.
LTI	The potential value of any award of performance rights is set at a maximum of 80% of fixed annual remuneration. Grants of performance rights are subject to performance hurdles and vesting criteria set by the board (refer to section 8(iii) for details).

9 Service agreements (continued)

Table 24: Treatment of the Managing Director and CEO's and Chief Financial Officer and Executive General Manager, Property and Aluminium's incentives on termination

Circumstance	Short-term incentive[1]	Long-term incentive – unvested performance rights[2]
Immediate termination for cause	No STI payable and clawback provisions may apply (including deferred STI).	Rights are forfeited.
Resignation	STI is forfeited unless board determines otherwise.	Rights are forfeited unless board determines otherwise.
Notice by company, retirement, redundancy, death or permanent disability	Board discretion to award STI on a pro rata basis (including deferred STI).	Board discretion to allow awards to vest or remain subject to performance hurdles after termination on a pro-rata basis.
Change of control	STI will be paid on a pro-rata basis.	The board has discretion to allow awards to vest on a change of control of CSR (e.g. a takeover or merger). In exercising this discretion, the board would generally apply pro-rata assessments for plans on foot.

1 Any STI payments will be paid according to the normal annual STI payment time frame (i.e. payment timing will not be accelerated).
2 Shares allocated in respect of vested performance rights are not subject to restrictions after vesting.

10 Statutory remuneration

Managing Director and CEO's and Chief Financial Officer and Executive General Manager, Property and Aluminium's remuneration

The remuneration table below shows an increase in total remuneration expensed for accounting purposes for executive KMP in YEM22 compared with YEM21.

Table 25: Executive KMP statutory remuneration

	Fixed			Variable				'At risk'	
$ Year ended 31 March	Cash salary	Super-annuation	Leave benefits	Other benefits[1]	STI expense[2]	LTI expense[3]	Total	STI[4]	LTI[4]
Managing Director and CEO – Julie Coates									
2022	**1,126,900**	**23,100**	**55,880**	**–**	**1,023,347**	**867,712**	**3,096,939**	**33%**	**28%**
2021	1,128,479	21,521	20,845	–	846,400	363,043	2,380,288	36%	15%
Chief Financial Officer and Executive General Manager, Property and Aluminium – David Fallu									
2022	**691,900**	**23,100**	**42,766**	**1,000**	**624,507**	**304,010**	**1,687,283**	**37%**	**18%**
2021	678,479	21,521	37,809	999	565,860	145,935	1,450,603	39%	10%

1 Other benefits comprise USOP.
2 STI expense for YEM22 plus amortisation of STI deferrals relating to prior years' grants.
3 LTI expense is as defined in the accounting standards. PRP grants are expensed over the vesting period at a valuation determined on grant date. Valuations are performed by a third party and are detailed in table 20.
4 STI and LTI as a percentage of total remuneration.

11 Deferred shares

Table 26: STI deferred shares for executive KMP

	Number of STI deferred shares				
	Balance 1 April 2021	Granted[1]	Vested[1]	Lapsed	Balance 31 March 2022
Julie Coates	–	75,628	(37,814)	–	37,814
David Fallu	–	47,952	(23,976)	–	23,976

1 The value of deferred shares provided at grant date was $5.84 per share. These shares related to the YEM21 STI and were granted in May 2021. Half vested on 31 March 2022 and the remaining balance will vest on 31 March 2023 consistent with the STI deferral plan.

Deferred STI in relation to the YEM22 STI award was issued subsequent to 31 March 2022 and will be disclosed in the YEM23 Remuneration Report.

12 Performance rights

Table 27: Executive KMP performance rights

	Number of performance rights				
	Balance 1 April 2021	Granted[1]	Vested[2]	Lapsed	Balance 31 March 2022
Julie Coates	913,192	275,727	–	–	**1,188,919**
David Fallu	385,164	98,645	(24,135)	(46,849)	**412,825**

1 The accounting value of Ms Coates and Mr Fallu's rights granted were $963,667 and $344,765 respectively.
2 The following rights vested to ordinary shares during the year ended 31 March 2022:
Mr Fallu: YEM19 Tranche A rights vested of 24,135. A total of 24,135 shares were issued on 4 June 2021, and the value of each of these shares was $5.89, representing a total value to Mr Fallu of $142,062.

13 Shareholdings

Minimum shareholding requirements

KMP are required to accumulate over time the equivalent of 100% of fixed annual remuneration in CSR shares. The value of the shares held by the KMP is calculated as the higher of the current market price or the price the shares were acquired at. Non-executive Directors are required to meet the minimum shareholding requirements within four years of appointment. Executive KMP will be provided a reasonable timeframe in which to accumulate the minimum shareholding having regard to the business cycle and likely variable incentive outcomes that may become available to count towards the requirements.

Senior executives are required to hold 50% of fixed annual remuneration in CSR shares.

Table 28: Executive KMP shareholdings

	Number of CSR shares[1]				
	Balance 1 April 2021	Acquired[2]	Sold or transferred	Other	Balance 31 March 2022
Julie Coates	1,217	76,569	–	–	**77,786**
David Fallu	88,055	73,287	–	–	**161,342**

1 CSR shares in which the executive KMP has a beneficial interest, including shares held by the CSR share plan trustee for vested shares from the PRP and shares held in respect of the STI deferral plan, by the ESAP trustee or via their related parties. It also includes spouse shareholdings.
2 Represents shares allocated upon vesting of rights under the PRP and shares acquired under the STI deferral plan as detailed earlier in this report. Ms Coates acquired shares include 834 shares acquired under ESAP, 75,628 shares acquired under the STI deferral plan and 107 shares acquired under the Dividend Reinvestment Plan. Mr Fallu's acquired shares include 24,135 shares issued on vesting of PRPs, 47,952 shares acquired under the STI deferral plan, 834 shares acquired under ESAP and 366 shares acquired under USOP.

14 Other transactions with KMP

The CSR group offers staff discounts on certain products which are also made available to KMP.

There were no other transactions, including loans between CSR and KMP (including their related parties), during YEM21 and YEM22.

Non-executive directors

15 Arrangements

Non-executive directors are paid a base fee for service to the board, with additional fees for service to each board committee. The fees are set with consideration to the fees paid by companies of a similar size and complexity and are inclusive of superannuation. The shareholder approved fee pool is currently $1,450,000 per annum including superannuation.

Table 29: Non-executive Director (NED) arrangements

Role	Annual fee for YEM22 (including superannuation guarantee)
Chair base fees (including all committee memberships)	$403,169
Other NED base fees	$149,269
Chair of the Risk & Audit Committee	$27,996
Chair of the Remuneration & Human Resources Committee	$27,996
Chair of the Workplace Health, Safety & Environment Committee	$27,996
Committee memberships	$11,999 per committee

Following benchmarking undertaken in YEM22, an amendment to the structure of the NED base fee was made. Previously, the NED base fee included one committee membership, however this committee membership is now listed separately. There is no net change to the combined annual NED base fee and one committee fee membership as a result of this structural change. All non-executive directors are members of multiple committees and so receive additional committee membership or committee chair fees in addition to the NED base fee (excluding the chair of the board).

No retirement allowances are payable to NEDs. NEDs do not participate in the company's STI or LTI plans or receive any variable remuneration but may forgo fees for CSR shares under the ESAP. To further align NEDs' interests with those of shareholders, the company expects all NEDs to acquire a beneficial interest in CSR shares equivalent to 100% of their fixed annual remuneration. Further information is detailed in section 13.

16 Non-executive director fees and shareholdings

Table 30: Non-executive directors' fees

Year ended 31 March		Directors' fees	Termination benefits	Superannuation	Total
John Gillam (chair of the board)	**YEM22**	**380,069**	–	**23,100**	**403,169**
	YEM21	373,743	–	21,521	395,264
Nigel Garrard[1]	**YEM22**	**157,695**	–	**15,571**	**173,266**
	YEM21	51,710	–	4,913	56,623
Christine Holman	**YEM22**	**172,255**	–	**17,009**	**189,264**
	YEM21	161,208	–	15,315	176,523
Michael Ihlein[2]	**YEM22**	**45,166**	–	–	**45,166**
	YEM21	181,529	–	4,024	185,553
Matthew Quinn	**YEM22**	**172,255**	–	**17,009**	**189,264**
	YEM21	169,455	–	16,098	185,553
Penny Winn	**YEM22**	**170,982**	–	**16,889**	**187,871**
	YEM21	167,936	–	15,954	183,890
Total non-executive directors	**YEM22**	**1,098,422**	–	**89,578**	**1,188,000**
	YEM21	1,105,581	–	77,825	1,183,406

1 Appointed 1 December 2020.
2 Retired 25 June 2021.

Table 31: Non-executive directors' shareholdings

	Number of CSR shares[1]			
	Balance 1 April 2021	Acquired	Other[3]	Balance 31 March 2022
John Gillam (chair of the board)	253,510	–	–	253,510
Nigel Garrard	60,000	–	–	60,000
Christine Holman	81,360	5,169	–	86,529
Michael Ihlein[2]	64,345	405	(64,750)	–
Matthew Quinn	75,507	5,662	–	81,169
Penny Winn	51,248	–	–	51,248

1 CSR shares in which the director has a beneficial interest, including shares held under the ESAP trust or via related parties.
2 Retired 25 June 2021.
3 Following Mr Ihlein's retirement on 25 June 2021, he is no longer a KMP. The 'other' change does not represent a disposal of shares.

Financial Report

Statement of financial performance

$million	Note	2022	2021
Trading revenue – sale of goods	2,5	**2,311.6**	**2,122.4**
Cost of sales		(1,610.2)	(1,516.9)
Gross profit		**701.4**	**605.5**
Other income	5	63.9	72.9
Warehouse and distribution costs		(216.5)	(191.4)
Selling, administration and other operating costs		(266.6)	(251.1)
Share of net profit of joint venture entities	26	15.6	13.5
Impairment expense	12	(7.0)	(9.3)
Other expenses		(6.3)	(17.1)
Profit before finance costs and income tax		**284.5**	**223.0**
Interest income	7	0.5	1.5
Finance costs	7	(15.0)	(13.2)
Profit before income tax		**270.0**	**211.3**
Income tax benefit (expense)	8	8.7	(59.5)
Profit after tax		**278.7**	**151.8**
Profit after tax attributable to:			
Non-controlling interests	24	8.1	5.7
Shareholders of CSR Limited[1]		270.6	146.1
Profit after tax		**278.7**	**151.8**
Earnings per share attributable to shareholders of CSR Limited			
Basic (cents per share)	4	55.8	30.1
Diluted (cents per share)	4	55.5	30.0

1 Net profit before significant items attributable to shareholders of CSR Limited is $192.6 million (2021: $160.4 million). Refer to note 3 of the financial statements.

The above statement of financial performance should be read in conjunction with the accompanying notes.

Statement of comprehensive income

$million	Note	2022	2021
Profit after tax		**278.7**	**151.8**
Other comprehensive (expense) income, net of tax			
Items that may be reclassified to profit or loss			
Hedge loss recognised in equity	21	(571.2)	(67.0)
Hedge loss (profit) transferred to statement of financial performance	21	135.0	(18.2)
Exchange differences arising on translation of foreign operations	20	(0.1)	(3.2)
Income tax benefit relating to these items	13	130.8	25.6
Items that will not be reclassified to profit or loss			
Actuarial gain on superannuation defined benefit plans	28	0.1	17.6
Income tax expense relating to these items		–	(5.3)
Other comprehensive expense – net of tax		(305.4)	(50.5)
Total comprehensive (expense) income		**(26.7)**	**101.3**
Total comprehensive (expense) income attributable to:			
Non-controlling interests		(93.0)	(12.1)
Shareholders of CSR Limited		66.3	113.4
Total comprehensive (expense) income		**(26.7)**	**101.3**

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

$million	Note	2022	2021[1]
Current assets			
Cash and cash equivalents	34	177.7	250.8
Receivables	10	228.4	224.2
Inventories	10	374.1	313.8
Property holdings	11	53.0	40.7
Other financial assets	21	98.3	63.0
Income tax receivable		8.9	0.4
Prepayments and other current assets		8.5	8.9
Total current assets		**948.9**	**901.8**
Non-current assets			
Receivables	32	22.7	23.4
Property holdings	11	113.9	102.6
Investments accounted for using the equity method	26	40.1	35.4
Other financial assets	21	114.8	57.7
Property, plant and equipment	12	666.1	693.7
Right-of-use lease assets	14	126.0	127.2
Goodwill	12	59.9	58.3
Other intangible assets	12	10.1	13.6
Deferred income tax assets	13	332.8	150.7
Other non-current assets	32	11.7	12.4
Total non-current assets		**1,498.1**	**1,275.0**
Total assets		**2,447.0**	**2,176.8**
Current liabilities			
Payables	10	314.4	256.7
Lease liabilities	14	30.0	30.2
Other financial liabilities	21	251.5	71.1
Tax payable		13.1	46.9
Provisions	15	138.8	131.6
Total current liabilities		**747.8**	**536.5**
Non-current liabilities			
Lease liabilities	14	135.5	141.1
Other financial liabilities	21	379.4	86.0
Provisions	15	232.8	252.7
Other non-current liabilities	28	2.1	2.7
Total non-current liabilities		**749.8**	**482.5**
Total liabilities		**1,497.6**	**1,019.0**
Net assets		**949.4**	**1,157.8**
Equity			
Issued capital	18	966.7	966.7
Reserves	20	(293.7)	(89.6)
Retained profits		334.0	245.3
Equity attributable to shareholders of CSR Limited		**1,007.0**	**1,122.4**
Non-controlling interests	24	(57.6)	35.4
Total equity		**949.4**	**1,157.8**

1 Balances have been restated to reflect the group's change in accounting policy for capitalised costs relating to Software-as-a-Service (SaaS) arrangements (refer note 1) and a correction to deferred tax on property, plant and equipment (refer note 13).

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

$million	Note	Issued capital	Reserves	Retained profits	CSR Limited interest	Non-controlling interests	Total equity
Balance at 1 April 2021		966.7	(89.6)	245.3	**1,122.4**	35.4	**1,157.8**
Profit for the year		–	–	270.6	270.6	8.1	278.7
Other comprehensive income (expense) – net of tax		–	(204.4)	0.1	(204.3)	(101.1)	(305.4)
Dividends paid	19	–	–	(182.0)	(182.0)	–	(182.0)
Acquisition of shares by CSR employee share trust	20	–	(6.0)	–	(6.0)	–	(6.0)
Share-based payments – inclusive of tax	20	–	6.3	–	6.3	–	6.3
Balance at 31 March 2022		966.7	(293.7)	334.0	**1,007.0**	(57.6)	**949.4**
Balance at 1 April 2020		966.7	(45.7)	144.0	**1,065.0**	60.5	**1,125.5**
Change in accounting policy[1]	1	–	–	(0.5)	(0.5)	–	(0.5)
Deferred tax adjustment[2]	13	–	–	4.1	4.1	1.7	5.8
Restated balance at 1 April 2020		966.7	(45.7)	147.6	1,068.6	62.2	1,130.8
Profit for the year		–	–	146.1	146.1	5.7	151.8
Other comprehensive income (expense) – net of tax		–	(45.0)	12.3	(32.7)	(17.8)	(50.5)
Dividends paid	19,24	–	–	(60.7)	(60.7)	(14.7)	(75.4)
Acquisition of shares by CSR employee share trust	20	–	(1.0)	–	(1.0)	–	(1.0)
Acquisition of non-controlling interest	20	–	(0.1)	–	(0.1)	–	(0.1)
Share-based payments – inclusive of tax	20	–	2.2	–	2.2	–	2.2
Balance at 31 March 2021		966.7	(89.6)	245.3	**1,122.4**	35.4	**1,157.8**

1 Balances have been restated to reflect the group's change in accounting policy for capitalised costs relating to Software-as-a-Service (SaaS) arrangements. Refer to note 1 for further details.
2 Balances have been restated to reflect a correction to deferred tax on property, plant and equipment. Refer note 13.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

$million	Note	2022	2021
Cash flows from operating activities			
Receipts from customers		2,546.9	2,376.1
Payments to suppliers and employees		(2,261.9)	(2,081.6)
Dividends and distributions received	26	10.9	18.3
Interest received		0.9	1.3
Income tax paid		(81.5)	(61.1)
Net cash inflow from operating activities		**215.3**	**253.0**
Cash flows from investing activities			
Proceeds from sale of property holdings and other assets		100.1	130.6
Purchase relating to property holdings		(59.7)	(29.8)
Purchase of property, plant and equipment and other intangible assets	12	(40.0)	(49.0)
Purchase of controlled entities and businesses, net of cash acquired	9	(2.9)	(0.7)
Payments for financial assets		(53.5)	(23.0)
Loans and receivables advanced		(2.3)	(0.7)
Net cash (outflow) inflow from investing activities		**(58.3)**	**27.4**
Cash flows from financing activities			
Net repayment of borrowings		–	(320.0)
Dividends paid[1]		(182.0)	(75.4)
Acquisition of shares by CSR employee share trust	20	(6.0)	(1.0)
Lease payments	14	(31.9)	(34.0)
Interest and other finance costs paid[2]		(10.1)	(13.8)
Net cash outflow from financing activities		**(230.0)**	**(444.2)**
Net decrease in cash held		(73.0)	(163.8)
Net cash at the beginning of the financial year		250.8	414.8
Effects of exchange rate changes		(0.1)	(0.2)
Net cash at the end of the financial year		**177.7**	**250.8**
Reconciliation of net profit attributable to shareholders of CSR Limited to net cash from operating activities			
Net profit attributable to shareholders of CSR Limited	2	270.6	146.1
Net profit attributable to non-controlling interests	24	8.1	5.7
Depreciation and amortisation	6	88.5	96.2
Impairment of assets	12	7.0	9.3
Share of profits of associates not received as dividends or distributions		(4.7)	4.8
Share-based payments	20	4.0	1.7
Finance cost net of discount unwind		10.1	13.6
Net gain on disposal of property holdings	5	(60.3)	(57.2)
Net change in current receivables		(4.6)	13.6
Net change in current inventories		(60.1)	28.1
Net change in current payables		57.7	10.9
Net change in product liability provision		(17.7)	(15.9)
Net change in other provisions		5.4	6.5
Net change in current and deferred tax balances		(91.3)	(5.3)
Net change in other assets and liabilities		2.6	(5.1)
Net cash from operating activities		**215.3**	**253.0**

1 During the year ended 31 March 2022, of the $182.0 million in dividends paid to CSR Limited shareholders, $11.9 million was used to purchase CSR shares on-market to satisfy obligations under the Dividend Reinvestment Plan (DRP), and the remaining $170.1 million was paid in cash.
2 In accordance with AASB 16 *Leases*, interest and other finance costs paid for the year ended 31 March 2022 includes finance costs relating to leases of $7.0 million (2021: $8.0 million). Refer to notes 7 and 14 for further details.

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial report

1 Basis of preparation

This section sets out the basis upon which the CSR group's financial statements are prepared as a whole. Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. All other accounting policies are outlined in note 34.

Statement of Compliance: CSR Limited is a limited company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

This general purpose financial report is prepared in accordance with the *Corporations Act 2001* and applicable Accounting Standards and Interpretations, and complies with other requirements of the law. CSR Limited is a 'for profit' entity. The financial report includes the consolidated financial statements of CSR Limited and its controlled entities (CSR group).

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the CSR group comply with International Financial Reporting Standards.

Basis of preparation: The financial report is based on historical cost, except for certain financial assets and liabilities which are at fair value.

In preparing this financial report, the CSR group is required to make estimates and assumptions about carrying values of assets and liabilities. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

Impact of COVID-19 pandemic: The CSR group has managed, and continues to manage, the risks arising from the COVID-19 global pandemic, with any known impacts being included in the financial statements for the year ending 31 March 2022.

As at the date these financial statements are authorised for issue, the directors of CSR Limited consider it appropriate that the group is able to continue as a going concern and pay its debts as and when they become due and payable.

Basis of consolidation: The consolidated financial statements have been prepared by aggregating the financial statements of all the entities that comprise the CSR group, being CSR Limited and its controlled entities. In these consolidated financial statements:

- results of each controlled entity are included from the date CSR Limited obtained control and until such time as it ceased to control an entity; and
- all inter-entity balances and transactions are eliminated.

Control is achieved where CSR Limited is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power to direct the activities of the entity. Entities controlled by CSR Limited are under no obligation to accept responsibility for liabilities of other common controlled entities except where such an obligation has been specifically undertaken.

Rounding: Unless otherwise shown in the financial statements, amounts have been rounded to the nearest tenth of a million dollars and are shown by $million. CSR Limited is a company of the kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016.

Currency: Unless otherwise shown in the financial statements, amounts are in Australian dollars, which is the CSR group's functional currency.

New or revised accounting standards: The CSR group has adopted all amendments to Australian Accounting Standards which became applicable for the CSR group from 1 April 2021.

Accounting policy change: In April 2021, the IFRS Interpretations Committee published an agenda decision relating to the configuration and customisation costs for cloud computing arrangements (commonly known as Software-as-a-Service). As a result, the CSR group has adopted a change in accounting policy for capitalisation of intangible assets. Under the revised accounting policy, costs that would have been previously capitalised as intangible assets are treated as operating expenditure where the group cannot demonstrate the ability to control the relevant software.

In accordance with Australian Accounting Standards the change in accounting policy has been adopted retrospectively and prior comparative periods have been restated.

For the year ended 31 March 2022, the change in accounting policy has resulted in a decrease in earnings before interest and tax of $6.9 million and decrease in net profit after tax of $4.8 million. These costs would have previously been capitalised as an intangible asset and amortised over the useful life of the intangible asset. This cost has also been recorded in 'other expenses' in the Statement of Financial Performance and disclosed as a significant item (refer note 3).

The change in accounting policy has been retrospectively applied and impacted the prior year financial statements as follows:

- a decrease in intangible assets at 1 April 2020 of $0.2 million.
- a decrease in equity accounted investments at 1 April 2020 of $0.3 million.
- a decrease in retained earnings at 1 April 2020 of $0.5 million.
- the impact on the statement of financial performance for YEM21 and deferred tax balances at 1 April 2020 was not material.

Where relevant, comparative information has been restated and changes have been footnoted throughout the financial statements.

New standards not yet applicable: standards not yet applicable are not expected to have a material impact on the CSR group.

Critical accounting judgments and key sources of estimation uncertainty: Critical judgments and key assumptions that management has made in the process of applying the CSR group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are detailed in the notes below:

Note	Judgment/Estimation
8	Treatment of tax losses
12	Asset impairment
15	Provision for uninsured losses and future claims
15, 16	Product liability
25	Classification of joint arrangements

NOTES TO THE FINANCIAL REPORT: The notes are organised into the following sections.

Financial performance overview: provides a breakdown of individual line items in the statement of financial performance, and other information that is considered most relevant to users of the annual report.

Balance sheet items: provides a breakdown of individual line items in the statement of financial position that are considered most relevant to users of the annual report.

Capital structure and risk management: provides information about the capital management practices of the CSR group and shareholder returns for the year. This section also discusses the CSR group's exposure to various financial risks, explains how these affect the CSR group's financial position and performance and what the CSR group does to manage these risks.

Group structure: explains aspects of the CSR group structure and the impact of this structure on the financial position and performance of the CSR group.

Other: provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements and about items that are not recognised in the financial statements but could potentially have a significant impact on the CSR group's financial position and performance.

Financial performance overview

2 Segment information

Operating and reportable segments

The CSR group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in their role as the chief operating decision makers (CODM) in assessing performance and in determining the allocation of resources. Operating segments are identified by management and the board of directors based on the nature of the products sold and production processes involved. Reportable segments are based on operating segments determined by the similarity of the products produced and sold as these are the sources of the CSR group's major risks and have the most effect on the rates of return.

Each of the business units disclosed below has been determined as a reportable segment.

Building Products	The Building Products business unit comprises Interior Systems (Gyprock plasterboard, Martini, Himmel Interior Systems and Rondo rolled formed steel products joint venture), Construction Systems (Hebel autoclaved aerated concrete products, AFS walling systems and Cemintel fibre cement), and Masonry and Insulation (Bradford insulation, Bradford energy solutions, Edmonds ventilation systems, Monier roofing, PGH Bricks and Pavers and New Zealand Brick Distributors joint venture).
Property	The Property business unit generates returns typically from the sale of former operating sites. In addition, this business is currently involved in a small number of large-scale developments in New South Wales, Queensland and Victoria. These projects, in most cases, are in-fill developments (currently vacant land or discontinued operating sites within otherwise built up areas) located in metropolitan regions.
Aluminium	The Aluminium business unit relates to the CSR group’s 70% interest in Gove Aluminium Finance Limited, which in turn holds a 36.05% interest in the Tomago aluminium smelter (i.e. an effective interest of 25.24%). Gove Aluminium Finance Limited sources alumina, has it toll manufactured by Tomago and then sells aluminium into predominantly the Asian market. Products from the aluminium business include aluminium ingot, billet and slab.

Accounting policies and inter-segment transactions

The accounting policies used by the CSR group in reporting segments internally are the same as those disclosed in the significant accounting policies, with the exception that significant items (i.e. those items which by their size and nature or incidence are relevant in explaining financial performance) are excluded from trading profits. This approach is consistent with the manner in which results are reported to the CODM.

Transfers of assets between segments are recognised at book value. It is the CSR group's policy that if items of revenue and expense are not allocated to operating segments, then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believes would be inconsistent. Reporting provided to the board of directors in respect of earnings is primarily measured based on earnings before interest and tax (EBIT), excluding significant items, with significant items reviewed and reported separately to the CODM.

The following items are not allocated to operating segments as they are not considered part of the core trading operations of any segment:

- corporate overheads;
- restructuring and provisions;
- net finance costs; and
- significant items.

Geographical information

The CSR group operates principally in Australia. For the year ended 31 March 2022, the CSR group's trading revenue from external customers in Australia amounted to $2,242.1 million (2021: $2,065.6 million), with $69.5 million (2021: $56.8 million) of trading revenue related to other geographical areas.

The CSR group's non-current assets excluding investments accounted for using the equity method, deferred tax assets and other financial assets in Australia amounted to $999.9 million at 31 March 2022 (2021: $1,023.9 million), with $10.5 million (2021: $7.3 million) related to other geographical areas.

2 Segment information (continued)

$million	Trading revenue[1]		EBITDA before significant items[2]		Depreciation and amortisation		Earnings before interest, tax and significant items	
Business segment	2022	2021	2022	2021	2022	2021	2022	2021
Building Products	1,614.1	1,534.5	302.4	265.7	(74.2)	(81.4)	228.2	184.3
Property	–	–	46.9	54.2	–	–	46.9	54.2
Aluminium	697.5	587.9	51.5	35.4	(11.8)	(12.0)	39.7	23.4
Corporate[3]	–	–	(19.2)	(16.6)	(2.5)	(2.8)	(21.7)	(19.4)
Restructuring and provisions[4]	–	–	(1.7)	(4.6)	–	–	(1.7)	(4.6)
Total CSR group	**2,311.6**	2,122.4	**379.9**	334.1	**(88.5)**	(96.2)	**291.4**	237.9

Reconciliation of earnings before interest, tax and significant items to profit after tax

$million	Note	2022	2021
Earnings before interest, tax and significant items		291.4	237.9
Net finance costs	7	(9.5)	(6.1)
Income tax expense		(81.2)	(65.7)
Profit after tax before significant items (before non-controlling interests)		**200.7**	166.1
Less: non-controlling interests		(8.1)	(5.7)
Profit after tax before significant items attributable to shareholders of CSR Limited		**192.6**	160.4
Significant items after tax attributable to shareholders of CSR Limited	3	78.0	(14.3)
Profit after tax attributable to shareholders of CSR Limited		**270.6**	146.1

	Funds employed ($million)[5]		Return on funds employed (%)[6]	
Business segment	As at 31 March 2022	As at 31 March 2021[7]	As at 31 March 2022	As at 31 March 2021
Building Products	830.0	843.8	27.3%	20.6%
Property	166.1	139.5	30.7%	35.3%
Aluminium	121.3	136.0	30.9%	16.9%
Corporate	(47.3)	(54.8)	–	–
Total CSR group	**1,070.1**	1,064.5	**27.3%**	21.1%

1 Trading revenue excludes net gain on disposal of assets, interest income, dividend income from other entities, share of net profit of joint venture entities and other income. Inter-segment sales are negligible.
2 EBITDA before significant items is earnings before interest, tax, depreciation, amortisation and significant items.
3 Represents unallocated overhead expenditure and other revenues.
4 Represents restructuring and provisions. Includes legal and managerial costs associated with long-term product liabilities and minor product liability claims that arise from time to time, certain defined benefit superannuation liabilities and expenses, other payables, non-operating revenue and other costs (excluding those categorised as significant items).
5 Funds employed is net assets of the CSR group less certain non-trading assets and liabilities. Funds employed at 31 March 2022 is calculated as net assets of $949.4 million (2021: $1,157.8 million), excluding the following assets: cash of $177.7 million (2021: $250.8 million), net tax assets of $328.6 million (2021: $104.2 million), net superannuation assets of $8.3 million (2021: $8.4 million) and interest receivable of $0.1 million (2021: $0.7 million). In addition, the following liabilities have been excluded from funds employed: asbestos product liability provision of $213.3 million (2021: $231.0 million) and net financial liabilities of $422.1 million (2021: $39.8 million).
6 Return on funds employed (ROFE) is calculated based on EBIT before significant items for the 12 months to year end divided by average funds employed. ROFE is not a measure used for Corporate costs which are considered in the context of the CSR group result. Property ROFE varies due to timing of projects.
7 Balance has been restated to reflect the group's change in accounting policy for capitalised costs relating to Software-as-a-Service (SaaS) arrangements. Refer to note 1 for further details.

3 Significant items

$million	Note	2022	2021
Software-as-a-Service (SaaS) implementation costs	(i)	(6.9)	–
Impairment of Building Products assets	(ii)	–	(8.3)
Business streamlining restructure costs	(iii)	–	(12.7)
Site closure costs	(iv)	–	(5.2)
Previously recorded significant items, including lease adjustments	(v)	–	11.3
Significant items before finance costs and income tax		**(6.9)**	(14.9)
Discount unwind and hedging relating to product liability provision	7	(5.0)	(5.6)
Recognition of capital tax losses	(vi)	86.3	–
Income tax benefit on significant items		3.6	6.2
Significant items after tax		**78.0**	(14.3)
Significant items attributable to non-controlling interests		–	–
Significant items attributable to shareholders of CSR Limited		**78.0**	(14.3)
Net profit after tax attributable to shareholders of CSR Limited		270.6	146.1
Significant items after tax attributable to shareholders of CSR Limited		(78.0)	14.3
Net profit after tax before significant items attributable to shareholders of CSR Limited		**192.6**	160.4
Earnings per share attributable to shareholders of CSR Limited before significant items[1]			
Basic (cents per share)		39.7	33.1
Diluted (cents per share)		39.5	32.9

1 The basis of calculation is consistent with the earnings per share disclosure in the statement of financial performance. Refer to note 4.

Note	Description	Further explanation
(i)	Software-as-a-Service (SaaS) implementation costs	During the year ended 31 March 2022, the Building Products segment incurred implementation costs of $6.9 million in relation to Software-as-a-Service arrangements which are now required to be expensed due to a change in international accounting guidance. Refer note 1 for further detail.
(ii)	Impairment of Building Products assets	During the year ended 31 March 2021, the Building Products segment recorded an impairment charge of $8.3 million to reduce the carrying value of assets to their recoverable amount.
(iii)	Business streamlining restructure costs	During the year ended 31 March 2021, the CSR group incurred employee related restructure costs of $12.7 million associated with the CSR strategy implementation. Costs incurred were associated with the re-organisation and streamlining of the operating model to drive efficiency of business performance.
(iv)	Site closure costs	The sale of 8.6 hectares of the third tranche of land at Horsley Park was announced during the year ended 31 March 2021, with the sale expected to be recorded in the financial year ended 31 March 2024. To prepare the site for sale, the PGH Bricks Horsley Park manufacturing site was closed and costs of $5.2 million were incurred, including redundancies and inventory relocation costs.
(v)	Previously recorded significant items	During the year ended 31 March 2021, the CSR group: ▪ sub-let two leased sites where the leased assets had previously been impaired through significant items. A receivable for the sub-lease income was recorded, resulting in a gain of $9.3 million; and ▪ reassessed and re-measured provisions associated with prior significant items, resulting in a gain of $2.0 million.
(vi)	Recognition of capital tax losses	During the year ended 31 March 2022, the CSR group recognised a deferred tax asset of $86.3 million in relation to carry forward capital tax losses, which arose primarily from the sale of the Viridian Glass business in 2019. This follows an assessment of the tax treatment of property sales which are expected to generate capital gains that will utilise these carry forward tax losses.

Recognition and measurement

Significant items are those which by their size and nature or incidence are relevant in explaining the financial performance of the CSR group, and as such are disclosed separately.

4 Earnings per share

	2022	2021
Weighted average number of ordinary shares used in the calculation of basic EPS (million)[1]	484.7	485.1
Weighted average number of ordinary shares used in the calculation of diluted EPS (million)[2]	487.4	487.1
Profit after tax attributable to shareholders of CSR Limited ($million)	270.6	146.1
Basic EPS (cents per share)	55.8	30.1
Diluted EPS (cents per share)	55.5	30.0

1 Calculated by reducing the total weighted average number of shares on issue of 485.4 million (2021: 485.4 million) by the weighted average number of shares purchased on market and held in trust to satisfy incentive plans as these plans vest of 666,479 (2021: 242,666).

2 Calculated by increasing the weighted average number of shares used in calculating basic EPS by outstanding performance rights of 2,700,156 (2021: 1,987,861). Performance rights granted under the LTI plan are included in the determination of diluted earnings per share to the extent to which they are dilutive.

5 Revenue

$million	Note	2022	2021
Trading revenue	2	2,311.6	2,122.4
Other income			
Net gain on disposal of property holdings		60.3	57.2
Significant items	3	–	9.3
Other		3.6	6.4

Recognition and measurement

- **Sale of goods**: the group sells a range of building products and aluminium. Sales are recognised when control of the products has transferred, being when the products are delivered and accepted by the customer. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.
- **Sale and installation of goods**: certain CSR businesses supply and install building products. Sales are recognised over time given that there is generally no alternative use of the product (it is generally specified based on the requirements of the building) and there is an enforceable right to payment. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-priced contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. For each of these contracts an appropriate driver is determined which is then used to recognise revenue as the work is completed. In the case of fixed-price contracts, the customer generally pays the fixed amount based on a payment schedule. If the services rendered by CSR exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

  Some contracts include multiple deliverables, such as the sale of product and related installation services. However, if the installation could be performed by another party it is accounted as a separate performance obligation. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling price. Revenue in relation to the sale of the product is recognised at a point in time when the product is delivered, and legal title has passed, and the customer has accepted the goods. Estimates of revenues, cost or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

  Sale and installation of goods revenue is disclosed within 'trading revenue' above and in note 2 given it is not material for separate disclosure.
- **Sale of property holdings:** income is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual relationships. An enforceable right to payment does not arise until after the customer has taken control of the property which is the earlier of when title of the property passes or when the customer has physical possession of the property. As a result, income is recognised when control of the property passes to the customer. Income is measured as the amount receivable under the contract. It is discounted to present value if deferred payments have been agreed and the impact of discounting is material. In most cases, the consideration is due when legal title is transferred. Profit realised on the sale of property holdings are disclosed within 'net gain on disposal of property holdings' and classified as 'other income' on the statement of financial performance and is recognised in the Property segment.
- **Disposal of assets:** the net gain (loss) is recognised in 'other income (expense)' when control of the asset passes to the purchaser.

6 Expenses

$million	Note	2022	2021
Expenses			
Significant items[1]	3	6.9	24.2
Employee benefits expense		444.1	419.4
Depreciation	12,14	85.1	91.0
Amortisation	12	3.4	5.2

1 Significant items are included within impairment expense and other expenses in the statement of financial performance.

Nature of expense

Employee benefits expense: includes salaries and wages, share-based payments and other entitlements.

7 Net finance costs

$million	Note	2022	2021
Interest expense and funding costs		3.1	5.6
Finance cost - leases	14	7.0	8.0
Discount unwind and hedging relating to product liability provision		5.0	5.6
Discount unwind of other non-current liabilities		0.8	0.8
Foreign exchange gain		(0.9)	(6.8)
Finance costs		**15.0**	13.2
Interest income		(0.5)	(1.5)
Net finance costs		**14.5**	11.7
Finance costs included in significant items	3	(5.0)	(5.6)
Net finance costs before significant items		**9.5**	6.1

Recognition and measurement

Interest income and expense are accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rates. Funding costs are capitalised and subsequently amortised over the term of the facility. Unwinding of the interest component of discounted assets and liabilities is treated as a finance cost.

8 Income tax (benefit) expense

Reconciliation of income tax (benefit) expense charged to the statement of financial performance:

$million	Note	2022	2021
Profit before income tax		270.0	211.3
Income tax expense calculated at 30%		81.0	63.4
(Decrease) increase in income tax expense due to:			
Recognition of carried forward capital tax losses	3	(86.3)	–
Share of net profit of joint venture entities		(4.4)	(3.9)
Taxable profit on property disposals		0.6	0.1
Income tax under provided in prior years		0.3	0.7
Other items		0.1	(0.8)
Total income tax (benefit) expense		**(8.7)**	59.5
Comprising of:			
Current tax expense		40.2	72.3
Deferred tax credit relating to movements in deferred tax balances	13	(48.9)	(12.8)
Total income tax (benefit) expense		**(8.7)**	59.5

Recognition and measurement

Current and deferred tax is recognised as an expense in the statement of financial performance except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting of a business acquisition, in which case it is taken into account in the determination of goodwill.

Tax transparency report

The CSR group has prepared a voluntary tax transparency report which is available to view online or to download from the CSR website (www.csr.com.au). The report sets out relevant tax information for CSR Limited and its controlled entities for the year ended 31 March 2022.

Disclosure of company tax information

Under tax legislation the Australian Taxation Office will publish in 2022 the following data for the CSR Limited tax consolidated group and Gove Aluminium Finance Limited in relation to the 2021 tax year:

Entity	Total revenue[1] ($million)	Taxable income ($million)	Tax payable ($million)
CSR Limited (ABN: 90 000 001 276)	1,835.0	196.1	32.9
Gove Aluminium Finance Limited (ABN: 45 001 860 073)	596.2	33.7	7.2

1 For financial reporting and taxation purposes, items may have been classified between revenue and expenses differently. Therefore, total revenue may not reconcile to note 2 or note 24.

Income tax is payable on taxable income (not total revenue) after allowing for expenses and specific adjustments under the tax law. For CSR Limited, tax payable for 2021 was $32.9 million because CSR was entitled to utilise franking credits on dividends received and R&D tax offsets to reduce its tax payable.

8 Income tax (benefit) expense (continued)

Significant judgement and critical accounting estimate – treatment of tax losses

Carry forward tax losses or unused tax credits are recognised as a deferred tax asset to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

During the year ending 31 March 2022, the CSR group has recognised a deferred tax asset of $86.3 million in relation to carry forward capital tax losses, which arose primarily from the sale of the Viridian Glass business in 2019. This follows an assessment of the tax treatment of property sales which are expected to generate capital gains that will utilise these carry forward tax losses.

The net amount of tax losses, capital losses and rebates carried forward at the end of the year for which no deferred tax asset has been recognised is set out below:

Value of tax losses, capital losses and rebates carried forward (net)	2022 ($million)	2021 ($million)
CSR group	107.8	187.5

The gross value of unused tax losses for which no deferred tax asset has been recognised are $36.9 million (2021: $36.5 million). Unused tax losses were predominately generated by a New Zealand subsidiary and it is not considered probable that the unrecognised tax losses will be utilised in the foreseeable future. Unused tax losses can be carried forward indefinitely subject to meeting ownership continuity requirements.

The gross value of unused capital losses for which no deferred tax asset has been recognised are $325.0 million (2021: $590.9 million). These unrecognised capital losses were predominately generated from the sale of the Viridian Glass business, and it is not considered probable that the unrecognised capital losses will be utilised in the foreseeable future. Unused capital and tax losses can be carried forward indefinitely subject to meeting ownership continuity requirements.

9 Business combinations

i) Current year

Building Products segment

During the year ended 31 March 2022, the Building Products segment acquired the business assets of an entity for total consideration of $2.0 million with goodwill arising of $1.6 million.

The Building Products segment also invested in an entity for cash consideration of $0.9 million.

ii) Prior year

Building Products segment

During the year ended 31 March 2021, deferred consideration of $0.7 million was paid in relation to an acquisition that occurred during the year ended 31 March 2020.

Balance sheet items

10 Working capital

i) Current receivables

$million	2022	2021
Trade receivables	216.0	216.1
Allowance for doubtful debts	(10.2)	(8.2)
Net trade receivables	**205.8**	207.9
Other loans and receivables	22.6	16.3
Total current receivables	**228.4**	224.2
Ageing		
Past due 0-60 days – not impaired	1.0	2.6
Past due >60 days – not impaired	–	–
Past due 0-60 days – impaired	7.6	7.1
Past due >60 days – impaired	2.6	1.1
Movement in allowance for doubtful debts		
Opening balance	(8.2)	(8.6)
Trade debts written off	0.4	1.8
Trade debts provided	(2.4)	(1.4)
Closing balance	**(10.2)**	(8.2)

ii) Inventories

$million	2022	2021
Current		
Raw materials and stores	138.7	112.2
Work in progress	25.2	16.8
Finished goods	210.2	184.8
Total current inventories	**374.1**	313.8

1 Write-down of inventories recognised as an expense within cost of sales for the year ended 31 March 2022 totalled $14.1 million (2021: $14.4 million).

iii) Current payables

$million	2022	2021
Trade payables	281.9	229.1
Other payables	32.5	27.6
Total current payables	**314.4**	256.7

11 Property holdings

$million	2022	2021
Current		
Held for sale	53.0	40.7
Total current property holdings	**53.0**	40.7
Non-current		
Held for sale	39.1	16.4
Property projects	74.8	86.2
Total non-current property holdings	**113.9**	102.6

Recognition and measurement

- **Trade receivables:** are recognised initially at fair value and are subsequently measured at amortised cost. The CSR group has adopted an expected credit loss ('ECL') model under AASB 9 *Financial Instruments.* The ECL model requires the CSR group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Accordingly, the CSR group's allowance for doubtful debts calculation applies the expected loss model and takes into consideration the likely level of bad debts (based on historical experience and forward looking information) as well as any known 'at risk' receivables. Bad debts are written off against the allowance account and any other change in the allowance account is recognised in the statement of financial performance. The recoverability of debtors at 31 March 2022 has been assessed to consider the impact of the COVID-19 pandemic and no material recoverability issues have been identified.
- **Inventories:** valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to make the sale. Costs included in inventories consist of materials, labour and manufacturing overheads which are related to the purchase and production of inventories. The value of inventories is derived by the method most appropriate to each particular class of inventories. The major portion is valued on either a first-in-first-out or average cost basis.
- **Trade and other payables:** are recognised when the CSR group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.
- **Property holdings:** accounted for as Investment Properties in accordance with *AASB 140* Investment Property. The carrying amount of property holdings includes the cost of acquisition and costs incurred in preparing the site for sale. Costs incurred after completion of the site are expensed as incurred. Property holdings are classified as either:
  - *Held for sale*: if the carrying amount will be recovered principally through a sale transaction and a sale is considered highly probable. The assets are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale property assets that are not expected to settle within 12 months but are subject to a sales agreement are classified as non-current assets.
  - *Property projects*: property holdings are the investment properties which are not yet classified as 'held for sale'. Property holdings not expected to be fully developed within 12 months are classified as non-current assets.

12 Property, plant and equipment and intangible assets

i) Property, plant and equipment

		Land and buildings		Plant and equipment		Total	
$million	Note	2022	2021	2022	2021	2022	2021
Cost or written down value		398.8	392.5	1,354.4	1,347.5	1,753.2	1,740.0
Accumulated depreciation and impairment		(113.1)	(104.5)	(974.0)	(941.8)	(1,087.1)	(1,046.3)
Net carrying amount		**285.7**	288.0	**380.4**	405.7	**666.1**	693.7
Net carrying amount at 1 April		288.0	292.1	405.7	449.4	693.7	741.5
Capital expenditure		7.6	0.7	32.4	43.6	40.0	44.3
Disposed		(2.7)	(0.8)	(0.4)	(0.4)	(3.1)	(1.2)
Depreciation	6	(8.3)	(8.2)	(49.0)	(52.7)	(57.3)	(60.9)
Impairments[1]		(0.5)	(0.4)	(6.5)	(7.5)	(7.0)	(7.9)
Exchange differences		–	–	–	(0.1)	–	(0.1)
Acquisitions - business combinations	9	–	–	0.2	–	0.2	–
Transferred to intangible assets		–	–	(0.2)	–	(0.2)	–
Transferred from/(to) property plant and equipment and property holdings		1.6	4.6	(1.8)	(26.6)	(0.2)	(22.0)
Balance at 31 March		**285.7**	288.0	**380.4**	405.7	**666.1**	693.7

1 The impairment expense relates to a write down of plant and equipment at a former operating site and was recorded within the Property segment earnings before interest and tax.

ii) Goodwill and other intangible assets

		Goodwill		Software		Other		Total other intangible assets	
$million	Note	2022	2021	2022	2021[2]	2022	2021	2022	2021
Cost		59.9	58.3	88.6	87.6	30.3	31.2	118.9	118.8
Accumulated amortisation and impairment		–	–	(85.6)	(82.0)	(23.2)	(23.2)	(108.8)	(105.2)
Net carrying amount		**59.9**	58.3	**3.0**	5.6	**7.1**	8.0	**10.1**	13.6
Net carrying amount at 1 April		58.3	58.3	5.6	8.0	8.0	7.6	13.6	15.6
Capital expenditure		–	–	–	3.5	–	1.2	–	4.7
Amortisation	6	–	–	(2.8)	(4.4)	(0.6)	(0.8)	(3.4)	(5.2)
Impairments		–	–	–	(1.4)	–	–	–	(1.4)
Exchange differences		–	–	–	(0.1)	–	–	–	(0.1)
Acquisitions - business combinations	9	1.6	–	–	–	–	–	–	–
Transferred from/(to) property plant and equipment and property holdings		–	–	0.2	–	(0.3)	–	(0.1)	–
Balance at 31 March		**59.9**	58.3	**3.0**	5.6	**7.1**	8.0	**10.1**	13.6

2 Balance has been restated to reflect the group's change in accounting policy for capitalised costs relating to Software-as-a-Service (SaaS) arrangements. Refer to note 1 for further details.

12 Property, plant and equipment and intangible assets (continued)

Recognition and measurement

- **Property, plant and equipment:** assets acquired are recorded at historical cost of acquisition less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
- **Depreciation/amortisation:** assets are depreciated or amortised at rates based upon their expected economic life using the straight-line method. Land, goodwill and trade names with indefinite lives are not depreciated or amortised. Useful lives are as follows: buildings 10 to 40 years; plant and equipment 2 to 40 years; and systems software and other intangible assets 2 to 8 years.
- **Software**: developed internally or acquired externally, is initially measured at cost and includes development expenditure. Subsequently, these assets are carried at cost less accumulated amortisation and impairment losses.
- **Software-as-a-Service (SaaS) arrangements:** during the year, the group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS arrangements. Historical financial information has been restated to account for the impact of the change (refer note 1). SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received. Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis.
- **Other intangible assets**: including trade names and customer lists obtained through acquired businesses, are measured at fair value at the date of acquisition. Trade names of $1.6 million (2021: $1.6 million) that have an indefinite life are assessed for recoverability annually. Customer lists and all other trade names that have a defined useful life are amortised and subsequently carried net of accumulated amortisation. Intangible assets not obtained through acquired businesses are measured at cost. These assets are subsequently carried at cost less accumulated amortisation and impairment losses.
- **Goodwill:** represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities acquired. Goodwill is not amortised, but tested annually and whenever there is an indicator of impairment.

Critical accounting estimate – carrying value assessment

The CSR group tests property, plant and equipment and intangible assets for impairment to ensure they are not carried at above their recoverable amounts:

- at least annually for goodwill and trade names with indefinite lives; and
- where there is an indication that the assets may be impaired (which is assessed at least each reporting date).

These tests for impairment are performed by assessing the recoverable amount of each individual asset or, if this is not possible, then the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows. The recoverable amount is determined each reporting period using the CGU's fair value which is calculated using the discounted cash flows expected to arise from the asset. Management judgment is required in these valuations to forecast future cash flows and to determine a suitable discount rate in order to calculate the present value of these future cash flows. Future cash flows take into consideration forecast changes in the building cycle, aluminium prices and exchange rates where appropriate.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount with any impairment recognised immediately in the statement of financial performance.

The carrying amount of goodwill and trade names with indefinite lives forms part of the Building Products segment: $59.9 million and $1.6 million respectively (31 March 2021: $58.3 million and $1.6 million respectively). The recoverable amounts of the cash generating units that include goodwill are determined using discounted cash flow projections.

Key assumptions used in the impairment assessments:

- Cash flow forecasts: The cash flows are modelled over a five-year period with a terminal value used from year six onwards. The first five years represent financial plans forecast by management, based on the CSR group's view of the most recent outlook on building activity levels and the current climate-related regulations in place, with the terminal year representing long-term average activity levels. These estimates are informed by a review of a sample of external forecasts available as at the date of these financial statements. In addition, cash flows for the Aluminium cash generating unit reflect the most recent forecasts for key assumptions such as the US$ London Metal Exchange (LME) price and USD:AUD exchange rate.
- Post-tax discount rate: The valuation is calculated using a post-tax annual discount rate of 9.0% for all CGUs other than Aluminium which uses 10.5% (2021: 9.0% for all CGUs other than Aluminium which was 10.5%).
- Terminal value: The terminal value annual growth rate assumed is 2.0% (2021: 2.0%).

12 Property, plant and equipment and intangible assets (continued)

Critical accounting estimate – carrying value assessment (continued)

Roofing cash generating unit

As at 31 March 2022, the carrying value of the Roofing CGU was $44 million, which does not include any goodwill or intangible assets.

During the year ended 31 March 2022, the Roofing CGU experienced a shortfall in earnings when compared to internal forecasts, mainly due to the competitive market in which the business operates and cost pressures. As a result, the Roofing CGU was assessed for impairment at 31 March 2022 in accordance with AASB 136 *Impairment of Assets.*

Key assumptions used in the impairment assessment are consistent with those outlined on page 87. In addition, the impairment assessment assumes that the Roofing CGU will maintain market share and deliver operational improvements.

Following the detailed impairment review of future cash flow projections, the recoverable amount of the Roofing CGU is estimated to exceed the carrying amount of the CGU at 31 March 2022 by $1 million. The impact of reasonable possible changes in key assumptions has also been considered:

- A 10% reduction in the volumes throughout the period modelled would result in an impairment of $18 million.
- A 1% increase in the discount rate applied (from 9% to 10%) would result in an impairment of $3 million.
- A 1% decrease in the terminal annual growth rate (from 2% to 1%) would result in an impairment of $2 million.

No other reasonable possible changes in key assumptions have been identified.

AFS cash generating unit

AFS is a business within the Building Products segment and provides permanent formwork walling solutions for the construction industry. At 31 March 2022, the carrying value of the AFS CGU was $70 million, which included goodwill and other intangible assets of $38 million.

During the year ended 31 March 2022, the business experienced a decrease in earnings following reductions in market activity for the New South Wales apartment segment. An operational improvement plan was implemented during the year which has yielded positive results, despite the disruptions of COVID-19 restrictions during the year.

Given the business has indefinite life intangible assets and due to the limited headroom in the impairment model for the year ended 31 March 2021, an impairment assessment was performed for the AFS CGU at 31 March 2022 in accordance with AASB 136 *Impairment of Assets.*

Key assumptions used in the impairment assessment are consistent with those outlined on page 87. In addition, the impairment assessment assumes that the operational improvement plan will continue to be delivered, including revenue growth across various segments and geographies.

Following the detailed impairment review of future cash flow projections, the recoverable amount of the AFS CGU is estimated to exceed the carrying amount of the CGU at 31 March 2022 by $17 million. The impact of reasonable possible changes in key assumptions has also been considered:

- A 10% reduction in the volumes throughout the period modelled would result in an impairment of $12 million.
- A 1% increase in the discount rate applied (from 9% to 10%) would reduce the headroom to $5 million.
- A 1% decrease in the terminal annual growth rate (from 2% to 1%) would reduce the headroom to $8 million.

No other reasonable possible changes in key assumptions have been identified.

13 Net deferred income tax assets

$million	2022	2021
Net deferred income tax assets arising on temporary differences	288.3	148.8
Tax losses recorded as asset	0.6	1.9
Capital tax losses recorded as asset	43.9	–
Total net deferred income tax assets	**332.8**	150.7

Movement in deferred income tax assets

$million	Opening balance	Credited (charged) to profit or loss	Credited (charged) to equity	Other (including transfers)	Closing balance
2022					
Property, plant and equipment	(9.1)	(2.8)	–	–	(11.9)
Right-of-use lease assets	(38.1)	8.3	–	(8.0)	(37.8)
Lease liabilities	51.4	(9.8)	–	8.0	49.6
Product liability provision	69.3	(5.3)	–	–	64.0
Employee benefits provisions	27.0	2.8	–	–	29.8
Other provisions	22.1	0.5	–	0.1	22.7
Fair value of hedges	18.8	–	130.8	–	149.6
Accrued expenses	9.0	2.1	–	–	11.1
Property sales on capital account	–	8.7	–	–	8.7
Other individually insignificant balances	(1.6)	1.8	2.3	–	2.5
Tax losses	1.9	(1.3)	–	–	0.6
Capital tax losses	–	43.9	–	–	43.9
Total net deferred income tax assets	150.7	48.9	133.1	0.1	**332.8**
2021					
Property, plant and equipment[1]	(9.9)	1.2	–	(0.4)	(9.1)
Right-of-use lease assets	(45.9)	9.7	–	(1.9)	(38.1)
Lease liabilities	60.0	(10.5)	–	1.9	51.4
Product liability provision	74.1	(4.8)	–	–	69.3
Employee benefits provisions	24.4	2.6	–	–	27.0
Other provisions	21.3	0.8	–	–	22.1
Spares and stores	(11.8)	11.8	–	–	–
Fair value of hedges	(6.8)	–	25.6	–	18.8
Accrued expenses	6.4	2.6	–	–	9.0
Other individually insignificant balances	4.9	(1.6)	(4.9)	–	(1.6)
Tax losses	0.9	1.0	–	–	1.9
Total net deferred income tax assets	117.6	12.8	20.7	(0.4)	150.7

1 Balance has been restated to reflect a correction to deferred tax on property, plant and equipment.

Recognition and measurement

Current tax: represents the amount expected to be paid in relation to taxable income for the financial year measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax: is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. A deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities, when the tax balances relate to the same taxation authority and when the CSR group intends to settle the tax assets and liabilities on a net basis. No provision for withholding tax has been made on undistributed earnings of overseas controlled entities where there is no intention to distribute those earnings.

14 Leases

i) The CSR group's leasing activities

The CSR group leases various properties, equipment and vehicles. Property leases typically are for a period of 4 to 10 years and often have extension options and equipment and vehicle leases are typically for a period of 3 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of financial performance. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise IT equipment and office equipment such as photocopiers.

ii) Amounts recognised in the financial statements

The statement of financial position shows the following amounts relating to leases:

$million	2022	2021
Right-of-use assets		
Properties	112.4	116.5
Equipment	8.3	6.3
Vehicles	5.3	4.4
Total right-of-use assets	**126.0**	127.2
Lease liabilities		
Current	30.0	30.2
Non-current	135.5	141.1
Total lease liabilities	**165.5**	171.3

The statement of financial performance contains the following amounts relating to leases:

$million		2022	2021
Depreciation charge for right-of-use assets			
Properties		22.2	24.1
Equipment		2.9	2.5
Vehicles		2.7	3.5
Total depreciation charge for right-of-use assets	6	**27.8**	30.1
Interest expense (included in finance cost)	7	7.0	8.0
Expense relating to short-term and low-value leases		13.2	11.5

The statement of cashflows contains the following amounts within 'financing activities' relating to leases:

$million		2022	2021
Lease payments		31.9	34.0
Interest	7	7.0	8.0
Total lease cash outflows included in 'cash flows from financing activities'		**38.9**	42.0

The table below analyses the undiscounted cash flows for the CSR group's lease liabilities, into relevant maturity groupings based on the remaining lease term at the reporting date:

$million	2022	2021
1 year or less	36.7	37.1
1 to 3 years	62.5	61.8
3 to 5 years	44.3	45.9
Over 5 years	56.2	62.3
Total undiscounted cash flows	**199.7**	207.1

15 Provisions

$million	2021	Recognised/ remeasured	Settled/ transferred	Discount unwind	2022
Current					
Employee benefits	85.3	60.7	(51.4)	–	94.6
Restructure and rationalisation	3.9	–	(2.5)	–	1.4
Product liability	24.0	22.9	(22.9)	–	24.0
Restoration and environmental rehabilitation	1.5	–	(0.6)	–	0.9
Uninsured losses and future claims	5.4	6.9	(4.4)	–	7.9
Other[1]	11.5	3.1	(4.6)	–	10.0
Total current provisions	131.6	93.6	(86.4)	–	**138.8**
Non-current					
Employee benefits	4.6	–	0.3	–	4.9
Product liability	207.0	(22.9)	–	5.2	189.3
Restoration and environmental rehabilitation	1.9	0.8	–	–	2.7
Make-good for property leases	10.9	–	(0.7)	–	10.2
Uninsured losses and future claims	17.4	(2.7)	–	0.7	15.4
Other[1]	10.9	–	(0.7)	0.1	10.3
Total non-current provisions	252.7	(24.8)	(1.1)	6.0	**232.8**

1 Includes provision for anticipated disposal costs of Tomago aluminium smelters spent pot lining and onerous lease liabilities.

Recognition, measurement and critical accounting estimates

Provisions are recognised when the CSR group has a present obligation (legal or constructive) as a result of a past event, it is probable that settlement will be required and the obligation can be reliably estimated. Provisions which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the CSR group.

Provisions representing critical accounting estimates and key sources of estimation uncertainty

- **Product liability:** provision is made for all known asbestos claims and reasonably foreseeable future claims has been determined using reports provided by independent experts in each of Australia and the United States, and includes an appropriate prudential margin. Refer to note 16 for further details of the key assumptions and uncertainties in estimating this liability.
- **Uninsured losses and future claims:** relates to the CSR group's self-insurance program for workers' compensation. CSR Limited is a licensed self-insurer in New South Wales, Queensland, Victoria, Western Australia and the Australian Capital Territory for workers compensation insurance. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and is determined at each year end using reports provided annually by independent experts.

Other provisions

- **Employee benefits:** provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee obligations when it is probable that settlement will be required and they are capable of being reliably measured. Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.
- **Restructure and rationalisation:** provision is made for restructuring and rationalisation where the CSR group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The provision is measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.
- **Restoration and environmental rehabilitation**: the liability is immediately recognised when the environmental exposure is identified and the rehabilitation costs can be reliably estimated. Judgment is required in arriving at an estimate of future costs required to extinguish these obligations. Given the nature of these issues, circumstances may change and estimates and provisions will be updated accordingly. Expert advice is relied upon (where available) and known facts at the date of this report are considered to arrive at the best estimate for future liabilities.
- **Make-good for property leases:** provision has been recognised for the present value of the estimated expenditure to restore leased properties to their original condition at the end of the respective lease terms. These costs have been capitalised as part of the cost of the right-of-use leased asset and are amortised over the shorter of the term of the lease and the useful life of the assets.

16 Product liability

Background

CSR Limited and/or certain subsidiaries (CSR) were involved in mining asbestos and manufacturing and marketing products containing asbestos in Australia and exporting asbestos to the United States. CSR's involvement in asbestos mining, and the manufacture of products containing asbestos, began in the early 1940s and ceased with the disposition of the Wunderlich asbestos cement business in 1977. As a result of these activities, CSR has been named as a defendant in litigation in Australia and the United States.

CSR has been settling claims since 1989. It has been, and remains, CSR's policy to ensure that all legitimate asbestos related claims, whether in Australia or the US, are resolved on a fair and equitable basis. Where there is a demonstrated liability, CSR will seek to offer a fair settlement and, in the case of US claimants, one that is consistent with claim settlement values in Australia.

Default judgements have been sought and obtained against CSR in the US, without CSR being present or represented (and for damages that are excessive and of a nature that would not be recognised in Australia). Australian law does not recognise the jurisdiction of US courts in such matters. There have not been any US judgements enforced against CSR. As at 31 March 2022, CSR had resolved approximately 5,300 claims in Australia and approximately 137,900 claims in the United States.

Basis of provision

CSR includes in its financial statements a product liability provision covering all known claims and reasonably foreseeable future asbestos related claims. This provision is reviewed every six months. The provision recognises the best estimate of the consideration required to settle the present obligation for anticipated compensation payments and legal costs as at the reporting date. The provision is net of anticipated workers compensation payments from available workers compensation insurers.

CSR does not believe there is any other significant source of insurance available to meet its asbestos liabilities. CSR no longer has general insurance coverage in relation to its ongoing asbestos liabilities.

In determining the product liability provision, CSR has obtained independent expert advice in relation to the future incidence and value of asbestos related claims in Australia and the United States. CSR has appointed Finity Consulting Pty Limited as the independent expert to estimate the Australian liabilities. CSR has appointed Gnarus Advisors, LLC as the independent expert to estimate the United States liabilities. The independent experts make their own determination of the methodology most appropriate for estimating CSR's future liabilities. The assessments of those independent experts project CSR's claims experience into the future using modelling techniques that take into account a range of possible outcomes. The present value of the liabilities is estimated by discounting the estimated cash flows using the pre-tax rate that reflects the current market assessment of the time value of money and risks specific to those liabilities.

Many factors are relevant to the independent experts' estimates of future asbestos liabilities, including:

- numbers of claims received by disease and claimant type and expected future claims numbers, including expectations as to when claims experience will peak;
- expected value of claims;
- the presence of other defendants in litigation or claims involving CSR;
- the impact of and developments in the litigation and settlement environment in each of Australia and the United States;
- estimations of legal costs;
- expected claims inflation (Australian liability 3.25% and US liability 2.30%); and
- the discount rate applied to future payments (Australian liability 3.25% and US liability 1.90%).

There are a number of assumptions and limitations that impact on the assessments made by CSR's experts, including the following:

- assumptions used in the modelling are based on the various considerations referred to above;
- the future costs of asbestos related liabilities are inherently uncertain for the reasons discussed in this note;
- uncertainties as to future interest rates and inflation;
- the analysis is supplemented by various academic material on the epidemiology of asbestos related diseases that is considered by the experts to be authoritative;
- the analysis is limited to liability in the respective jurisdictions of Australia and the United States that are the subject of the analysis of that expert and to the asbestos related diseases that are currently compensated in those jurisdictions; and
- the effect of possible events that have not yet occurred which are currently impossible to quantify, such as medical and epidemiological developments in the future in treating asbestos diseases, future court and jury decisions on asbestos liabilities, and legislative changes affecting liability for asbestos diseases.

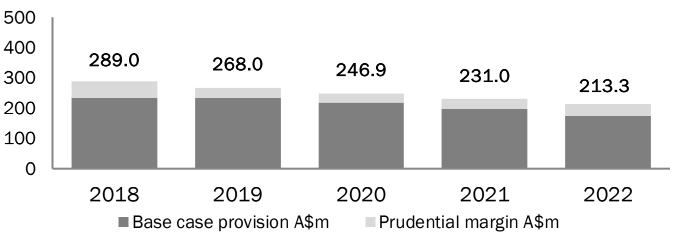
The product liability provision is determined every six months by aggregating the Australian and United States estimates noted above, translating the United States base case estimate to Australian dollars using the exchange rate prevailing at the balance date and adding a prudential margin. The prudential margin is determined by the CSR directors at the balance date, having regard to the prevailing litigation environment and any material uncertainties that may affect future liabilities. As evidenced by the analysis below, the prudential margin has varied over the past five years. The directors anticipate that the prudential margin will continue to fluctuate within a range approximating 10% to 30% depending on the prevailing circumstances at each balance date.

Having regard to the extremely long tailed nature of the liabilities and the long latency period of disease manifestation from exposure, the estimation of future asbestos liabilities is subject to significant complexity. As such, there can be no certainty that the product liability provision as at 31 March 2022 will definitively estimate CSR's future asbestos liabilities. If the assumptions adopted by CSR's experts prove to be incorrect, the current provision may be shown to materially understate or overstate CSR's asbestos liability.

However, taking into account the provision already included in CSR's financial statements and current claims management experience, CSR is of the opinion that asbestos litigation in Australia and the United States will not have a material adverse impact on the CSR group's financial condition.

CSR's asbestos provision is summarised in the graph and table below:

Table and Graph 1: Five-year history – asbestos provision



$million	Year ended 31 March	
	2022	2021
Base case estimate	174.8	196.1
Prudential margin	38.5	34.9
Prudential margin %	*22.0%*	*17.8%*
Total product liability provision	**213.3**	231.0

Capital structure and risk management

17 Credit facilities

The CSR group has a total of $420.0 million (31 March 2021: $420.0 million) committed standby facilities with external financial institutions. These facilities have fixed maturity dates as follows: $109.0 million in 2023, $191.0 million in 2024, $75.0 million in 2025 and $45.0 million in 2026. As at 31 March 2022, $420.0 million of the standby facilities were undrawn (2021: $420.0 million undrawn).

18 Issued capital

	Ordinary shares fully paid[1]	Issued capital $million
On issue 31 March 2021	485,382,776	966.7
On issue 31 March 2022	**485,382,776**	**966.7**

1 Fully paid ordinary shares are listed on the Australian Securities Exchange and carry one vote per share and the right to dividends.

No shares were issued during the years ended 31 March 2022 and 31 March 2021 under employee share plans as shares in respect of the plans were acquired on market. During the years ended 31 March 2022 and 31 March 2021, eligible shareholders were able to reinvest all or part of their dividends in fully paid ordinary shares. Shares were acquired on-market and did not have any impact on issued capital.

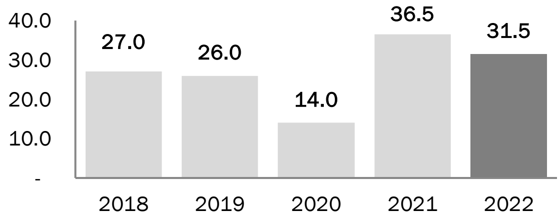
Net tangible assets per ordinary share for the year ended 31 March 2022 are $1.93 (2021: $2.16). Net tangible assets per share is calculated as net assets attributable to CSR Limited shareholders of $1,007.0 million (2021: $1,122.4 million) less intangible assets of $70.0 million (2021: $71.9 million) divided by the number of issued ordinary shares of 485.4 million (2021: 485.4 million).

19 Dividends and franking credits

i) Dividends

Dividend type	Cents per share	Franking	Total amount $million	Date paid/payable
2020 Final	–	–	–	–
2021 Interim ordinary	8.5	100%	41.3	8 December 2020
2021 Interim special	4.0	100%	19.4	8 December 2020
2021 Final ordinary	14.5	100%	70.4	2 July 2021
2021 Final special	9.5	100%	46.1	2 July 2021
2022 Interim ordinary	13.5	100%	65.5	10 December 2021
2022 Final ordinary[1]	18.0	100%	87.4	1 July 2022

Graph 1: Dividends declared relating to each financial year – cents per share



1 The final dividend for the financial year ended 31 March 2022 has not been recognised in this financial report because it was resolved to be paid after 31 March 2022. The amounts disclosed as recognised in 2022 are the final dividends in respect of the financial year ended 31 March 2021 and the interim dividend in respect of the financial year ended 31 March 2022.

ii) Franking credits

$million	2022	2021
Franking account balance on an accruals basis[1]	43.4	88.4

1 The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of income tax liabilities or receivables after the end of the year.

20 Reserves

$million	Hedge reserve	Foreign currency translation reserve	Employee share reserve	Share based payment trust reserve	Non-controlling interests reserve	Total
Balance at 1 April 2021	(32.5)	(5.3)	42.4	(25.4)	(68.8)	(89.6)
Hedge loss recognised in equity	(384.6)	–	–	–	–	(384.6)
Hedge loss transferred to the statement of financial performance	92.8	–	–	–	–	92.8
Translation of foreign operations	–	(0.1)	–	–	–	(0.1)
Income tax related to other comprehensive income	87.5	–	–	–	–	87.5
Share-based payments expense	–	–	4.0	–	–	4.0
Income tax related to share-based payments expense	–	–	2.3	–	–	2.3
Acquisition of shares by CSR employee share trust	–	–	–	(6.0)	–	(6.0)
Balance at 31 March 2022	**(236.8)**	**(5.4)**	**48.7**	**(31.4)**	**(68.8)**	**(293.7)**
Balance at 1 April 2020	9.3	(2.1)	40.2	(24.4)	(68.7)	(45.7)
Hedge loss recognised in equity	(49.2)	–	–	–	–	(49.2)
Hedge profit transferred to the statement of financial performance	(10.6)	–	–	–	–	(10.6)
Translation of foreign operations	–	(3.2)	–	–	–	(3.2)
Income tax related to other comprehensive income	18.0	–	–	–	–	18.0
Share-based payments expense	–	–	1.7	–	–	1.7
Income tax related to share-based payments expense	–	–	0.5	–	–	0.5
Acquisition of shares by CSR employee share trust	–	–	–	(1.0)	–	(1.0)
Acquisition of non-controlling interest	–	–	–	–	(0.1)	(0.1)
Balance at 31 March 2021	(32.5)	(5.3)	42.4	(25.4)	(68.8)	(89.6)

Nature and purpose of reserves

Hedge reserve: the hedge reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

Foreign currency translation reserve: exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity.

Employee share reserve: the employee share reserve is used to recognise the share-based payments expense and associated income tax recognised through other comprehensive income.

Share based payment trust reserve: treasury shares are shares in CSR Limited that are held by the CSR Limited Share Plan Trust ('Trust') for the purpose of issuing shares under the CSR employee share plans and the CSR executive incentive plans (see pages 63 to 66 of the remuneration report for further detail). When the Trust purchases the company's equity instruments, the consideration paid is recorded in the share-based payments trust reserve.

Number of shares	2022	2021
Opening balance	102,181	21,354
Acquisition of shares by the Trust (average price of $5.81 (2021: $4.55) per share	1,031,614	225,000
Issue of shares under executive incentive plans	(382,983)	(144,173)
Closing balance	**750,812**	102,181

Non-controlling interests reserve: this reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

21 Financial risk management

The CSR group's activities expose it to a variety of financial risks, including credit, liquidity and market risks.

This note presents information about the Risk Management Policy framework ('framework') and each of these risks.

The framework sets out the specific principles in relation to the use of financial instruments in hedging exposures to market risk, specifically interest rate risk, foreign exchange risk and commodity risk (aluminium, alumina, oil, electricity and gas) and the investment of excess liquidity. The risk management policy has been approved by the board of directors.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the CSR group's activities. Compliance with the framework and procedures is reviewed by the Finance Committee on a routine basis. The Finance Committee membership consists of the managing director and other relevant senior executives.

The CSR group uses a variety of derivative instruments to manage market risks. There have been no changes in the type and scale of risk that the CSR group is exposed to or the risk management policies used to manage these risks during the years ended 31 March 2022 and 31 March 2021.

The CSR group does not use derivative or financial instruments for speculative or trading purposes.

Recognition and measurement

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

i) Credit risk

Nature of the risk

Credit risk is the risk of financial loss to the CSR group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the CSR group's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

Credit risk management: receivables

The CSR group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry sector and country in which customers operate. To manage this risk, the CSR group has a policy for establishing credit approvals and limits under which each new customer is analysed individually for creditworthiness before the CSR group's standard payment and delivery terms and conditions are offered. Credit limits are established for each customer and reviewed regularly.

Any sales exceeding those limits require approval from the general manager. The CSR group continuously monitors the financial viability of its trade customers and accounts, ageing analysis and, where necessary, carries out a reassessment of credit limits provided.

Concentrations of credit risk with respect to receivables are limited due to the large number of customers and markets in which the CSR group does business, as well as the dispersion across many geographic areas.

The CSR group measures the loss allowance at an amount that reflects expected losses for trade and other receivables (refer to note 10).

Credit risk management: derivatives

The CSR group has an established counterparty credit risk policy. Derivatives may be entered into with banks that are rated at least A– from rating agency Standard & Poor's or A3 from rating agency Moody's, unless otherwise approved by the board.

ii) Liquidity risk

Nature of the risk

Liquidity risk is the risk that the CSR group has insufficient funds to meet its financial obligations when they fall due.

Liquidity risk management

Liquidity risk management requires maintaining sufficient cash, bank facilities and reserve borrowing facilities in combination with continuously monitoring forecast and actual cash flows, to enable matching the maturity profiles of financial assets and liabilities. The CSR group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations when due, without incurring unacceptable losses or risking damage to the CSR group's reputation. Details of credit facilities and the maturity profile are given in note 17.

The table below analyses the undiscounted cash flows for the CSR group's financial liabilities and derivative financial instruments, currently in a liability position, into relevant maturity groupings based on the remaining period at the reporting date to maturity:

Liquidity risk ($million)	1 year or less	1 to 3 years	3 to 5 years	Total
2022				
Current payables	314.4	–	–	314.4
Commodity financial instruments	248.9	284.8	61.4	595.1
Foreign currency financial instruments	2.5	6.5	1.9	10.9
Total	565.8	291.3	63.3	**920.4**
2021				
Current payables	256.7	–	–	256.7
Commodity financial instruments	76.6	110.4	3.3	190.3
Foreign currency financial instruments	1.1	0.9	–	2.0
Total	334.4	111.3	3.3	449.0

21 Financial risk management (continued)

iii) Market risk

The table below provides information about commodity derivatives (to manage commodity price exposures) and significant exchange rate exposures in forward exchange rate contracts, entered into by the CSR group:

$million	Average price/ exchange rate[1,2]	Notional value				Fair value[3,4]		Change in equity before tax	
		1 year or less	1 to 3 years	3 to 5 years	Total	Asset	Liability	Price/exchange rate strengthens by 10%	Price/exchange rate weakens by 10%
2022									
Commodity swaps – aluminium	2,239.7	344.1	669.1	296.2	1,309.4	**0.2**	**(603.9)**	(185.5)	185.5
Commodity swaps – alumina/aluminium	–[5]	113.2	207.7	87.2	408.1	**37.4**	**(9.9)**	57.7	(57.7)
Commodity swaps – oil	83.7	13.8	10.0	–	23.8	**11.4**	**–**	3.5	(3.5)
Commodity swaps & futures – electricity	57.1	10.1	11.9	0.2	22.2	**22.4**	**(0.1)**	4.4	(4.4)
Forward exchange rate contracts (US dollars – sell)[6]	0.7	307.4	538.6	235.0	1,081.0	**53.5**	**(8.7)**	100.4	(122.7)
2021									
Commodity swaps – aluminium	1,940.6	292.7	456.4	108.0	857.1	**0.9**	**(129.3)**	(97.7)	97.7
Commodity swaps – alumina/aluminium	–[5]	69.9	203.1	–	273.0	**–**	**(12.9)**	28.8	(28.8)
Commodity swaps – oil	83.7	13.8	25.1	–	38.9	**–**	**(3.3)**	3.5	(3.5)
Commodity swaps & futures – electricity	61.2	11.8	18.9	1.2	31.9	**0.3**	**(9.1)**	2.2	(2.2)
Commodity swaps & options – gas	6.4	20.2	–	–	20.2	**0.1**	**(0.5)**	0.1	(0.1)
Forward exchange rate contracts (US dollars – sell)[6]	0.7	302.5	421.2	45.0	768.7	**92.4**	**(0.9)**	70.5	(86.2)

1 Exchange rate applicable to forward exchange rate contracts.
2 Average deal price is in USD/metric tonne (aluminium), AUD/barrel (oil), AUD/MWh (electricity) and AUD/GJ (gas).
3 $542.4 million net of commodity contract losses (2021: $153.5 million net losses) were deferred in 2022 as the losses relate to cash flow hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2022 is one year or less: $229.5 million loss (2021: $69.4 million loss); one to three years: $256.5 million loss (2021: $81.2 million loss); three to five years: $56.4 million loss (2021: $2.9 million loss). The fair value of $542.5 million (2021: $153.8 million) includes $0.1 million of losses (2021: $0.3 million of losses) recognised in profit or loss.
4 $44.8 million of net foreign exchange contract gains (2021: $91.5 million net gains) have been deferred as the gains relate to cash flow hedges of highly probable forecast transactions. The expected timing of recognition based on the fair values at 31 March 2022 is one year or less: $36.0 million gain (2021: $45.6 million gain); one to three years: $5.2 million gain (2021: $44.9 million gain) and three to five years $3.6 million gain (2021: $1.0 million gain).
5 Under the alumina/aluminium swaps entered into, the CSR group receives a floating alumina price and pays a floating aluminium price.
6 Sale of US dollars is the dominant foreign exchange hedge. In addition, the CSR group uses FX swaps to manage foreign currency cash positions and FX forwards to purchase foreign currency expended in manufacturing inputs. The fair value of these at 31 March 2022 is an asset value of $0.6 million (2021: $0.6 million) and liability value of $1.7 million (2021: $1.1 million).

21 Financial risk management (continued)

iii) Market risk (continued)

The table below provides details on the nature, risk management and sensitivity in relation to interest rate and foreign exchange risk.

Risk	Nature of risk	Risk management and sensitivity
Interest rate	At the reporting date, CSR group's interest rate exposure is limited to the net cash balance of $177.7 million (2021: net cash balance of $250.8 million). The maturity profile for the net cash balance of $177.7 million is less than 1 year. The average interest rate on debt for the year was 0% (2021: 1.1%) and the average interest rate on cash balances for the year was 0.15% (2021: 0.39%).	The CSR group has a policy of hedging interest rate risk to reduce the volatility of interest expense. At 31 March 2022 the group had no interest rate risk management measures in place because it had no material borrowings. If interest rates had increased/decreased by one percentage point per annum from the year end rate with all other variables held constant, the post-tax profit for the year would have been $0.9 million higher/lower (2021: $0.8 million higher/lower). This is mainly due to higher/lower interest income on net cash balances.
Foreign exchange	The CSR group's major foreign currency exposure relates to its US dollar aluminium sales revenue. A portion of revenue is unhedged to offset its US dollar expense requirements for raw materials and equipment. The group also has foreign currency exposure arising from payments for raw materials and capital equipment in its other businesses. This exposure is not material compared to aluminium sales revenue exposure.	The CSR group uses a variety of foreign exchange risk management instruments, including spot, forward and swap currency contracts and currency options, to hedge foreign currency denominated receipts resulting from revenue and payments for raw materials and capital equipment denominated in foreign currencies. The CSR group's policy is to hedge its net US dollar aluminium exposure to reduce the volatility of aluminium earnings, when acceptable Australian dollar outcomes can be achieved. Forecast US dollar receipts are based on highly probable forecast monthly sales receipts of aluminium which ensures that the underlying foreign currency exchange risk is identical to the hedged risk component (i.e. the US dollar price). Hedging is undertaken at declining levels for up to four years. Sensitivity of fair values to changes in exchange rate is disclosed in the market risk table on page 96.

The table below provides details on the nature and risk management in relation to commodity price risk. Sensitivity of fair values to changes in commodity prices is disclosed in the market risk table on page 96.

Commodity	Nature of commodity price risk	Commodity price risk management
Aluminium	The CSR group has exposure to aluminium commodity prices which arises from sales contracts that commit the CSR group to supply aluminium in future years. Prices for product supplied under these contracts are a function of the US dollar market price at the time of delivery.	The CSR group has a policy of hedging its aluminium sales (net of any linked exposure on inputs such as alumina), where acceptable pricing is available, to reduce the volatility of its aluminium earnings when exchanged into Australian dollars. Eligible hedging instruments used for hedging commodity price risk include commodity forward contracts and commodity options. Hedging is undertaken at declining levels for up to four years.
Alumina	The CSR group has exposure to alumina commodity prices through the consumption of alumina at the US$ denominated market price.	The CSR group has a policy of hedging its alumina purchases to reduce the volatility of its aluminium manufacturing costs. Eligible hedging instruments are commodity forward contracts and commodity futures contracts. The commodity forward contracts utilised are typically of the form where the CSR group receives a floating alumina price and pays a floating aluminium price.
Oil	The CSR group has exposure to oil commodity prices through oil price linked gas purchasing contracts. The A$ gas purchase price is partially a function of the prevailing US$ oil price and A$/US$ exchange rate.	The CSR group has a policy of hedging the oil price component of the price of gas purchased to reduce the volatility of its energy costs. Eligible hedging instruments are commodity forward contracts and commodity futures contracts. These contracts are either denominated in A$ or US$. If denominated in US$ the risk arising from movements in the A$/US$ exchange rate is managed through foreign exchange forward and option contracts.
Electricity	The CSR group purchases electricity from the National Electricity Market which gives rise in exposure to the spot electricity price.	The CSR group has a policy of hedging the electricity spot price to reduce the volatility of its energy costs. Eligible hedging instruments are commodity forward contracts and options and commodity futures contracts and options.
Gas	The CSR group has exposure to gas hub prices through purchases of gas from the Victorian Declared Wholesale Gas Market and New South Wales, South Australia and Queensland Short-Term Trading Markets.	The CSR group has a policy of hedging its exposure to gas hub prices to reduce the volatility of its energy costs. Eligible hedging instruments are commodity forward contracts and options and commodity futures contracts and options.

21 Financial risk management (continued)

iv) Capital management

The CSR group manages its capital to ensure that entities in the CSR group will be able to meet their obligations as and when due, take advantage of business opportunities as they present, and continue as a going concern while maximising the return to shareholders in the context of business and financial market conditions.

The capital structure of the CSR group consists of cash and cash equivalents, issued capital and reserves disclosed in notes 18 and 20, retained profits and debt. The CSR group reviews the capital structure regularly and balances its overall capital structure through the payment of dividends, new share issues, share consolidations and share buy-backs, as well as the issue of new debt or the repayment of existing debt.

v) Fair value measurement of financial instruments

The table below provides an analysis of hedge accounted financial instruments that are measured subsequent to initial recognition at fair value.

	2022			2021		
$million	Current[1]	Non-current	Total	Current[1]	Non-current	Total
Financial assets at fair value						
Commodity swaps – aluminium	–	0.2	0.2	0.3	0.6	0.9
Commodity swaps – alumina/aluminium	–	37.4	37.4	–	–	–
Commodity swaps – oil	7.4	4.0	11.4	–	–	–
Commodity swaps – electricity	10.3	12.1	22.4	0.2	0.1	0.3
Commodity swaps – gas	–	–	–	0.1	–	0.1
Forward exchange rate contracts	37.6	16.5	54.1	46.3	46.7	93.0
Payments in advance[2]	42.8	40.3	83.1	16.1	6.9	23.0
Other	0.2	4.3	4.5	–	3.4	3.4
Total	**98.3**	**114.8**	**213.1**	63.0	57.7	120.7
Financial liabilities at fair value						
Commodity swaps – aluminium	237.5	366.4	603.9	59.6	69.7	129.3
Commodity swaps – alumina/aluminium	9.9	–	9.9	5.8	7.1	12.9
Commodity swaps – oil	–	–	–	0.6	2.7	3.3
Commodity swaps – electricity	0.1	–	0.1	3.5	5.6	9.1
Commodity swaps – gas	–	–	–	0.5	–	0.5
Forward exchange rate contracts	2.5	7.9	10.4	1.1	0.9	2.0
Futures margin[3]	1.5	5.1	6.6	–	–	–
Total	**251.5**	**379.4**	**630.9**	71.1	86.0	157.1

1 Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.
2 Payments in advance against unrealised losses on derivative instruments.
3 Futures margin as required for trading under futures account agreements.

The CSR group's financial instruments are Level 2, except for payments in advance assets and futures margin liabilities which are Level 1. The definitions of the fair value hierarchy levels are below.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The CSR group has no Level 3 financial instruments in the fair value hierarchy.

There were no transfers from Level 2 to Level 1 and Level 3 in 2022 and no transfers in either direction in 2022.

The fair value amounts shown above are not necessarily indicative of the amounts that the CSR group would realise upon disposition, nor do they indicate the CSR group's intent or ability to dispose of the financial instrument.

Recognition and measurement

The fair value of financial instruments, including financial assets and liabilities approximates their carrying amount.

The fair values of derivative instruments are calculated using quoted market prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted exchange rates and yield curves derived from quoted interest rates matching the maturities of the contract.

The CSR group designates its derivatives as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts deferred in equity are recycled in profit or loss in the year when the hedged item is recognised in profit or loss.

21 Financial risk management (continued)

vi) Cash flow hedging

The impact of hedging instruments designated in material hedging relationships as of 31 March 2022 on the statement of financial position of the CSR group is as follows:

	Notional amount	Asset carrying amount	Liability carrying amount	Changes in value of instrument used for calculating hedge ineffectiveness – gain (loss)	Changes in value of hedged item used for calculating hedge ineffectiveness – gain (loss)	Cash flow hedge reserve (continuing hedges) – gain (loss)	Hedge gain (loss) recognised in other comprehensive income[1]	Gain (loss) reclassified from other comprehensive income to profit or loss before tax[2]	Line item in statement of comprehensive income
2022									
Aluminium commodity swaps	439,350 tonnes	0.2	(603.9)	(475.3)	477.3	(603.7)	(621.8)	146.5	Trading revenue
Alumina/aluminium commodity swaps[3]	873,000 tonnes	37.4	(9.9)	40.4	(43.1)	27.5	10.3	30.1	Cost of sales
Oil commodity swaps	285,000 barrels	11.4	–	14.7	(14.7)	11.4	18.1	(3.4)	Cost of sales
Electricity commodity swaps	388,946 MWh	22.5	(0.1)	31.0	(31.0)	22.4	32.8	(1.8)	Cost of sales
Gas commodity swaps	–	–	–	0.4	0.2	–	0.5	(0.1)	Cost of sales
Forward currency contracts (sales)	1,080.0	53.5	(8.7)	(46.6)	46.6	44.8	(10.7)	(36.0)	Trading revenue
Forward currency contracts (purchases)	51.0	0.6	(1.6)	(0.8)	0.8	(1.1)	(0.6)	(0.3)	Cost of sales
Environmental certificates	96,500 certificates	0.2	–	0.2	(0.2)	0.2	0.2	–	Cost of sales
2021									
Aluminium commodity swaps	335,550 tonnes	0.9	(129.3)	(181.6)	182.1	(128.4)	(170.6)	(11.0)	Trading revenue
Alumina/aluminium commodity swaps[3]	675,000 tonnes	–	(12.9)	(4.7)	4.7	(12.9)	(16.6)	11.9	Cost of sales
Oil commodity swaps	465,000 barrels	–	(3.3)	6.2	(6.2)	(3.3)	3.5	2.7	Cost of sales
Electricity commodity swaps	521,453 MWh	0.5	(9.1)	(1.5)	1.9	(8.6)	(5.6)	4.1	Cost of sales
Gas commodity swaps	2,420,000 GJ	0.1	(0.5)	(0.5)	(0.2)	(0.4)	(0.4)	0.1	Cost of sales
Forward currency contracts (sales)	768.4	92.4	(0.9)	101.6	(101.5)	91.5	127.8	(26.2)	Trading revenue
Forward currency contracts (purchases)	15.2	1.2	(1.4)	(4.9)	4.9	(0.2)	(5.1)	0.2	Cost of sales

1 The net hedge loss recognised in other comprehensive income totalling $571.2 million (2021: $67.0 million) less non-controlling interests of $186.6 million (2021: $17.8 million) reconciles to the hedge loss transferred to equity in note 20.
2 The net loss reclassified from other comprehensive income to profit or loss before tax totalling $135.0 million (2021: $18.2 million net gain) less non-controlling interests of $42.2 million (2021: $7.6 million) reconciles to the hedge loss transferred to the statement of financial performance in note 20.
3 Under the alumina/aluminium swaps entered into, the CSR group receives a floating alumina price and pays a floating aluminium price. Notional amount is tonnes of alumina.

Group structure

22 Subsidiaries

Entity	% CSR ownership 2022	2021	Entity	% CSR ownership 2022	2021
Incorporated in Australia			**Incorporated in Australia (continued)**		
A-Jacks Hardwall Plaster Pty Ltd	100	100	CSR Subsidiary Holdings Limited[2]	100	100
A-Jacks Unit Trust	100	100	CSR-ER Nominees Pty Limited	100	100
AFS Systems Pty Limited[2]	100	100	Gove Aluminium Finance Limited	70	70
AFS Unit Trust	100	100	High Road Capital Pty Limited	100	100
BI (Contracting) Pty Limited	100	100	Midalco Pty Limited	100	100
Bradford Insulation Industries Pty Limited	100	100	Monier PGH Superannuation Pty Limited	100	100
Bradford Insulation (S.A.) Pty Limited[1]	100	100	PASS Pty Limited	100	100
Bricks Australia Services Pty Limited[2]	100	100	PGH Bricks & Pavers Pty Limited[2]	100	100
Buchanan Borehole Collieries Pty Ltd	100	100	Rediwall Unit Trust	100	100
CSR Building Products Limited[2]	100	100	Rivarol Pty Limited[2]	100	100
CSR Developments Pty Ltd	100	100	Seltsam Pty Limited	100	100
CSR Erskine Park Trust	100	100	Softwood Holdings Limited[1]	100	100
CSR Finance Ltd[2]	100	100	Softwood Plantations Pty Limited[1]	100	100
CSR Industrial Property Trust	100	100	Softwoods Queensland Pty Limited[1]	100	100
CSR Industrial Property Nominees No. 1 Pty Limited	100	100	Thiess Bros Pty Limited	100	100
CSR Industrial Property Nominees No. 2 Pty Limited	100	100	Thiess Holdings Pty Limited	100	100
CSR International Pty Ltd	100	100			
CSR Investments Pty Limited[2]	100	100	**Incorporated in New Zealand**		
CSR Investments (Asia) Pty Limited	100	100	CSR Building Products (NZ) Ltd	100	100
CSR Investments (Indonesia) Pty Limited	100	100			
CSR Martini Pty Limited[2]	100	100	**Incorporated in other countries**		
CSR Share Plan Pty Limited	100	100	CSR Guangdong Glasswool Co., Ltd (China)	79	79
CSR Structural Systems Pty Limited[2]	100	100	CSR Insurance Pte Limited (Singapore)	100	100
CSR Subsidiary Finance Pty Limited[2]	100	100	PT Prima Karya Plasterboard (Indonesia)	100	100

1 In members voluntary liquidation.
2 These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

23 Deed of cross guarantee

CSR Limited, AFS Systems Pty Limited, Bricks Australia Services Pty Limited, CSR Building Products Limited, CSR Martini Pty Limited, CSR Finance Ltd, CSR Investments Pty Limited, CSR Structural Systems Pty Limited, CSR Subsidiary Finance Pty Limited, CSR Subsidiary Holdings Limited, PGH Bricks & Pavers Pty Limited and Rivarol Pty Limited are parties to a deed of cross guarantee ('the Deed') under which each company guarantees the debts of the others. By entering into the Deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the Deed that are controlled by CSR Limited, they also represent the 'extended closed group'.

Set out on the following page is a consolidated statement of financial performance, a consolidated statement of comprehensive income, a consolidated statement of financial position and a summary of movements in consolidated retained profits for the years ended 31 March 2022 and 31 March 2021 of the closed group.

23 Deed of cross guarantee (continued)

i) Consolidated statement of financial performance

$million	2022	2021
Trading revenue – sale of goods	**1,544.7**	1,477.7
Cost of sales	(934.2)	(935.8)
Gross margin	**610.5**	541.9
Other income	57.0	104.9
Warehouse and distribution costs	(182.2)	(163.9)
Selling, administration and other operating costs	(247.1)	(233.7)
Share of net profit of joint venture entities	14.7	12.9
Impairment expense	(7.0)	(9.3)
Other expenses	(5.2)	(16.5)
Profit before finance costs and income tax	**240.7**	236.3
Interest income	0.5	1.5
Finance costs	(14.8)	(18.1)
Profit before income tax	**226.4**	219.7
Income tax benefit (expense)	22.0	(51.9)
Profit after tax	**248.4**	167.8

ii) Consolidated statement of comprehensive income

$million	2022	2021
Profit after tax	**248.4**	167.8
Other comprehensive income, net of tax		
Items that may be reclassified to profit or loss		
Hedge profit recognised in equity	51.1	2.0
Hedge profit transferred to statement of financial performance	(5.6)	(2.6)
Exchange differences arising on translation of foreign operations	(0.1)	(3.2)
Income tax (expense) benefit relating to these items	(13.7)	0.2
Items that will not be reclassified to profit or loss		
Actuarial gain on superannuation defined benefit plans	0.1	17.6
Income tax expense relating to these items	–	(5.3)
Other comprehensive income, net of tax	31.8	8.7
Total comprehensive income	**280.2**	176.5

iii) Summary of movements in consolidated retained profits

$million	2022	2021
Opening retained profits	274.9	155.5
Profit for the year	248.4	167.8
Actuarial gain on superannuation defined benefit plans (net of tax)	0.1	12.3
Dividends provided for or paid	(182.0)	(60.7)
Closing retained profits	**341.4**	274.9

23 Deed of cross guarantee (continued)

iv) Consolidated statement of financial position

$million	2022	2021[1]
Current assets		
Cash and cash equivalents	168.7	243.2
Receivables	298.2	158.4
Inventories	224.6	210.3
Property holdings	53.0	40.7
Other financial assets	18.5	5.1
Income tax receivable	8.9	0.4
Prepayments and other current assets	7.6	7.7
Total current assets	**779.5**	665.8
Non-current assets		
Receivables	20.5	21.2
Property holdings	113.9	102.6
Investments accounted for using the equity method	32.2	27.8
Other financial assets	117.8	104.5
Property, plant and equipment	575.7	600.6
Right-of-use lease assets	110.5	116.2
Goodwill	59.9	58.3
Other intangible assets	8.8	11.6
Deferred income tax assets	163.5	122.9
Other non-current assets	11.7	12.4
Total non-current assets	**1,214.5**	1,178.1
Total assets	**1,994.0**	1,843.9
Current liabilities		
Payables	218.5	111.4
Lease liabilities	30.0	30.2
Other financial liabilities	3.1	5.7
Tax payable	18.9	47.3
Provisions	120.7	112.4
Total current liabilities	**391.2**	307.0
Non-current liabilities		
Payables	–	0.1
Lease liabilities	125.5	134.4
Other financial liabilities	5.2	8.3
Provisions	222.8	242.5
Other non-current liabilities	2.1	2.7
Total non-current liabilities	**355.6**	388.0
Total liabilities	**746.8**	695.0
Net assets	**1,247.2**	1,148.9
Equity		
Issued capital	966.7	966.7
Reserves	(60.9)	(92.7)
Retained profits	341.4	274.9
Equity attributable to shareholders of the closed group	**1,247.2**	1,148.9

1 Balances have been restated to reflect the group's change in accounting policy for capitalised costs relating to Software-as-a-Service (SaaS) arrangements (refer note 1).

24 Non-controlling interests

Summarised financial information for each subsidiary that has non-controlling interests that are material to the CSR group is set out below. The amounts disclosed are before intercompany eliminations.

	Gove Aluminium Finance Limited	
$million	2022	2021
Statement of financial position		
Current assets	245.2	191.5
Non-current assets	370.9	186.3[1]
Current liabilities	424.4	172.1
Non-current liabilities	385.2	88.7
Statement of financial performance		
Revenue	697.5	587.9
Profit after tax for the year	26.8	18.9
Other comprehensive expense for the year	(337.1)	(59.3)
Total comprehensive expense for the year	(310.3)	(40.4)
Statement of cash flows		
Cash flows from operating activities	41.4	12.4
Cash flows from investing activities	(74.3)	(25.4)
Cash flows from financing activities	29.5	(37.5)
Net decrease in cash held	(3.4)	(50.5)
Transactions with non-controlling interests		
Profit allocated to non-controlling interests	8.1	5.7
Dividends paid to non-controlling interests	–	14.7

1 Balance has been restated to reflect a correction to deferred tax on property, plant and equipment.

Recognition and measurement

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of financial performance, statement of comprehensive income, statement of financial position and statement of changes in equity respectively. The effects of all transactions with non-controlling interests are recorded in equity if there is no change in control. Where there is a loss of control, any remaining interest in the entity is remeasured to fair value and a gain or loss is recognised in the income statement. Any losses are allocated to the non-controlling interest in subsidiaries even if the accumulated losses should exceed the non-controlling interest in the individual subsidiary's equity.

25 Interest in joint operations

The CSR group's interest in the Tomago aluminium smelter joint operation of 36.05% (2021: 36.05%) is held through a controlled entity in which the CSR group has a 70% interest, resulting in an effective interest in the joint operation of 25.24% (2021: 25.24%).

Recognition and measurement

The shareholders of the joint operation are jointly and severally liable for the liabilities incurred by the operation and have rights to the assets. This entity is therefore classified as a joint operation and the group recognises its direct right to the jointly held assets, liabilities, revenues and expenses. Where the CSR group and the parties to the agreements only have rights to the net assets of each of the operations under the arrangements, these entities will be classified as joint ventures of the CSR group and accounted for using the equity method. Refer to note 26.

Critical accounting estimate

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement, and therefore requires judgment in determining the classification. The CSR group has both joint operations and joint ventures.

26 Equity accounting information

Carrying amount ($million)	2022			2021		
Entity[1]	Long-term loan	Equity accounted investment	Net investment	Long-term loan	Equity accounted investment[4]	Net investment[4]
Building products						
Rondo Building Services Pty Ltd[2,4]	–	20.0	20.0	–	15.6	15.6
Gypsum Resources Trust Australia[2]	12.0	–	12.0	12.0	–	12.0
New Zealand Brick Distributors[3]	–	7.8	7.8	–	7.5	7.5
Other[2]	–	0.3	0.3	–	0.3	0.3
Total investment	**12.0**	**28.1**	**40.1**	12.0	23.4	35.4

1 The CSR group's interest in these entities is 50% (2021: 50%).
2 Entities incorporated in Australia.
3 Entity is a limited partnership in New Zealand.

Recognition and measurement

Investments in joint venture and associate entities have been accounted for under the equity method in the CSR group financial statements. CSR's share of net profit/loss of joint venture entities is recorded in the statement of financial performance.

Purchases and sales of goods and services to joint venture entities are on normal terms and conditions.

i) Net investment in joint ventures

$million	2022	2021
Opening net investment[4]	35.4	42.3
Share of net profit before income tax	22.2	19.3
Share of income tax	(6.6)	(5.8)
Dividends and distributions received	(10.9)	(18.3)
Foreign currency translation and other	–	(1.8)
Disposal of equity accounted investment	–	(0.3)
Closing net investment	**40.1**	35.4

ii) Summarised financial information of joint venture entities

$million	2022	2021
Statement of financial position		
Current assets	122.9	100.1
Non-current assets[4]	59.2	66.2
Current liabilities	79.4	67.8
Non-current liabilities	46.6	50.4
Statement of financial performance		
Revenue	344.8	259.3
Share of net profit after tax		
Rondo Building Services Pty Ltd	14.7	12.8
Other	0.9	0.7

4 Balance has been restated to reflect the group's change in accounting policy for capitalised costs relating to Software-as-a-Service (SaaS) arrangements. Refer to note 1 for further details.

iii) Balances and transactions with joint venture entities

$million	Note	2022	2021
Current loans payable to CSR		0.5	0.4
Non-current loans payable to CSR	32	10.6	8.4
Current payables to joint venture entities		9.8	7.5
Purchases of goods and services		48.1	33.6
Sales of goods and services		3.9	4.2

27 Parent entity disclosures

i) Summary financial information of CSR Limited

$million	2022	2021
Statement of financial position		
Current assets[1]	737.3	684.2
Non-current assets	1,850.2	1,787.9
Current liabilities[1, 2]	(1,203.7)	(1,013.6)
Non-current liabilities[2]	(238.1)	(265.6)
Net assets	**1,145.7**	1,192.9
Equity		
Issued capital	966.7	966.7
Reserves	11.3	11.0
Retained profits	167.7	215.2
Total equity	**1,145.7**	1,192.9
Statement of financial performance		
Profit after tax for the year	134.4	124.7
Total comprehensive income	134.7	125.5

1 As at 31 March 2022 CSR Limited is in a net current liability position of $466.4 million (2021: $329.4 million). The net current liability position is due to intercompany payable balances held with controlled entities. CSR Limited, as the parent entity, determines when these balances will be settled and the subsidiaries cannot call upon these liabilities for settlement.

2 Included within current liabilities are the current portion of the product liability provision and uninsured losses and future claims provision of $24.0 million and $7.9 million respectively (2021: $24.0 million and $5.4 million respectively). Included within non-current liabilities are the non-current portion of the product liability provision and uninsured losses and future claims provision of $189.3 million and $15.4 million respectively (2021: $207.0 million and $17.4 million respectively). See notes 15 and 16 for further details.

ii) CSR Limited transactions with controlled entities

During the financial years ended 31 March 2022 and 2021, CSR Limited advanced and repaid loans, sold and purchased goods and services, and provided accounting and administrative assistance to its controlled entities. All loans advanced to and payable to these related parties are unsecured and subordinate to other liabilities. Loans between members of the Australian tax consolidation group are not on normal terms and conditions.

iii) Contingent liabilities

$million	Note	2022	2021
Contingent liabilities, capable of estimation, arise in respect of the following categories:			
Performance guarantees provided to third parties[1]		120.1	123.4
Bank guarantees to Harwood Superannuation Fund[2]	28	2.2	3.2
Total contingent liabilities		**122.3**	126.6

1 Financial guarantees disclosed above relate to bank guarantees provided to third parties to guarantee CSR Limited's performance of its liabilities of $77.3 million (2021: $80.6 million) and guarantees provided to third parties outside of the CSR group of $42.8 million (2021: $42.8 million). In addition, CSR Limited has undertaken to provide financial support, as and when required, to certain wholly owned controlled entities so as to enable those entities to pay their debts as and when such debts become due and payable.

2 CSR Limited has an obligation to contribute amounts so as to ensure that the assets attributable to certain superannuation defined benefit plans are not less than 107% of the amount required to meet the actuarial liabilities.

iv) Capital commitments

CSR Limited has committed $nil to the acquisition of any property, plant and equipment as at 31 March 2022 (2021: $nil).

Other

28 Employee benefits

i) Superannuation commitments

During the year, the CSR group participated in a number of superannuation funds (funds) in Australia and New Zealand. The funds provide benefits either on a cash accumulation or defined benefit basis, for employees (and spouses) on retirement, resignation or disablement, or to their dependants on death. Employer contributions are legally enforceable, with the right to terminate, reduce or suspend those contributions upon giving written notice to the trustees. CSR Limited and its Australian controlled entities are required to provide a minimum level of superannuation support for employees under the Australian superannuation guarantee legislation.

Australian superannuation funds

In Australia, the CSR group participates in the Harwood Superannuation Fund and the Pilkington (Australia) Superannuation Scheme for those employees and pensioners who are currently members of these funds and any new employees who become members.

Retirement funds

The contributions to the funds for the year ended 31 March 2022 for the CSR group were $32.0 million (2021: $31.9 million).

Accumulation funds

The benefits provided by accumulation funds are based on the contributions and income thereon held by the funds on behalf of the members. Contributions are made as agreed between the member and the company, and for the financial year ended 31 March 2022 contributions totalled $29.5 million (2021: $28.9 million). These contributions are expensed in the year they are incurred. CSR group's legal or constructive obligation is limited to these contributions.

Defined benefit funds

The benefits provided by defined benefit divisions of funds (DBDs) are based on length of service or membership and salary of the member at or near retirement. Member contributions, based on a percentage of salary, are specified by the rules of the fund. Employer contributions generally vary based on actuarial advice and may be reduced or cease when a fund is in actuarial surplus. DBDs are closed to new members.

Changes to defined benefit obligations

The Harwood Superannuation Fund Trust Deed was amended with effect from midnight on 31 December 2011 to restructure the various plans within the fund, including splitting the CSR Plan Division One (defined benefit) into three separate plans. The amendment reflected the agreement between CSR Limited and Wilmar International Limited that Sucrogen Limited would assume full responsibility to fund its obligations for defined benefit members employed by the Sucrogen business as well as its share of the funding obligation in respect of the Harwood Pensioner DBD Plan. As such, amounts recorded for the CSR group exclude funding obligations and share of assets and liabilities which have been assumed by Wilmar Sugar Australia Limited.

The Pilkington (Australia) Superannuation Scheme Trust Deed was amended with effect from midnight on 31 January 2019 to restructure the plan within the fund, including splitting the Pilkington (Australia) Superannuation Scheme defined benefit plan into two separate plans. The amendment reflected the agreement between CSR Limited and Viridian Glass Limited that Viridian Glass Limited would assume full responsibility to fund its obligations for defined benefit members employed by the Viridian Glass Limited business. The CSR group will retain the funding obligations in respect of the Viridian pensioner defined benefit plan. As such, amounts recorded for the CSR group exclude funding obligations and share of assets and liabilities which have been assumed by Viridian Glass Limited.

Asset backing

The last actuarial assessment for the Harwood Superannuation Fund was completed as at 30 June 2021. The funding requirements were reviewed as at 30 June 2021. A combination of the attained age normal and projected unit credit funding methods were used to determine the contribution rates for the Harwood Superannuation Fund. The projected unit credit funding method was used for the Pilkington (Australia) Superannuation Scheme.

The Trust Deed sets out a minimum funding level of 103% and a funding guarantee of 107% of actuarial liabilities for the DBD CSR and DBD Harwood Pensioner plans. At the time of the last actuarial review, DBD CSR had a funding position in excess of 107% and DBD Harwood Pensioner had a funding position of 104%. Therefore, as at 31 March 2022, CSR Limited was required to provide bank guarantees of $2.2 million to the trustee of the fund to satisfy the balance of its commitments (2021: $3.2 million). The bank guarantees have been disclosed in note 27.

Table 1: Defined benefit plans (DBDs) sponsored by the CSR group

$million	CSR contributions to the funds	Present value of fund assets	Present value of fund liability	Net defined benefit asset (liability)	Contributions paid
Harwood Superannuation Fund					
DBD CSR and DBD Harwood Pensioner[1]	$nil from 1 April 2021	63.4	(57.1)	6.3	0.2
DBD Monier PGH	$nil from 1 April 2021	32.1	(28.0)	4.1	0.1
Pilkington (Australia) Superannuation Scheme DBD	$nil from 1 April 2021	16.2	(18.3)	(2.1)	–

1 Actuarial liabilities are determined to be past service liabilities based on membership accrued up to 31 March 2022.

28 Employee benefits (continued)

i) Superannuation commitments (continued)

Key assumptions used by actuaries

Key assumptions and parameters used by the actuaries (expressed as weighted averages) are outlined below:

%		2022	2021
Discount rate (after tax)		3.6	2.8
Expected salary increase		2.5	2.5
Asset class allocation	– Equity instruments	27.4	28.1
	– Debt instruments	53.0	47.0
	– Property	6.1	2.7
	– Other	13.5	22.2

Impact of plans on the statement of financial performance and comprehensive income

$million	2022	2021
Amounts recognised in the statement of financial performance[1]		
Current service cost	0.7	0.9
Finance cost	3.0	2.9
Interest income	(3.2)	(2.7)
Total expense included in the statement of financial performance	**0.5**	1.1
Actuarial gain incurred during the financial year and recognised in the statement of comprehensive income	**0.1**	17.6
Cumulative actuarial losses recognised in the statement of comprehensive income	**(50.5)**	(50.6)

1 Disclosed in selling, administration and other operating costs.

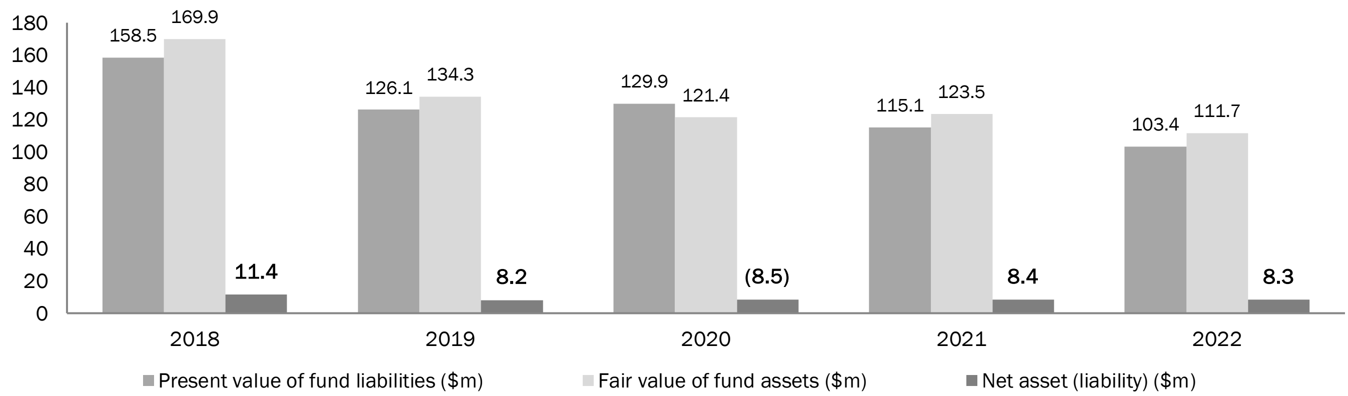
Impact of plans on the statement of financial position

$million	2022	2021
Net asset of superannuation defined benefit plans		
Fair value of assets	111.7	123.5
Present value of liabilities	(103.4)	(115.1)
Net asset	**8.3**	8.4
Included in the statement of financial position		
Other non-current assets (note 32)	10.4	11.1
Other non-current liabilities	(2.1)	(2.7)
Net asset	**8.3**	8.4
Movements in the fair value of the defined benefit plan assets		
Assets at the beginning of the financial year	123.5	121.4
Interest income	3.2	2.7
Return on assets (in excess of interest income)	0.1	10.8
Contributions from the employer	0.3	0.4
Contributions from participants	0.1	0.1
Benefits paid	(15.5)	(11.9)
Assets at the end of the financial year	**111.7**	123.5
Movements in the present value of the defined benefit plan liabilities		
Liabilities at the beginning of the financial year	115.1	129.9
Current service cost	0.7	0.9
Finance cost	3.0	2.9
Contributions from participants	0.1	0.1
Actuarial gain	–	(6.8)
Benefits paid	(15.5)	(11.9)
Liabilities at the end of the financial year	**103.4**	115.1

28 Employee benefits (continued)

i) Superannuation commitments (continued)

Net asset (liability) of superannuation defined benefit plans



Recognition and measurement

For superannuation defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses are recognised in full, directly in retained profits, in the year in which they occur, and are presented in the statement of comprehensive income. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

ii) Share-based payments

Long-term incentive (LTI) plan – Performance rights plan (PRP)

Under the LTI plan effective during the year ended 31 March 2022, eligible executives were invited to receive performance rights in the company. Shares acquired on vesting of performance rights are fully paid ordinary shares and the amount payable to acquire these shares is $nil.

A summary of the performance rights granted under the plan is set out below:

Number of performance rights	2022	2021
Opening balance	3,143,063	3,116,307
Granted during the year	835,606	1,372,449
Vested during the year	(186,398)	(247,314)
Lapsed during the year	(386,023)	(1,098,379)
Closing balance	**3,406,248**	3,143,063

There were no vested and exercisable shares at 31 March 2022 (2021: nil).

Performance rights outstanding at the end of the year have the following expiry dates:

		Performance rights	
Grant date	Expiry date	2022	2021
25 July 2018	1 April 2021	–	503,592
19 July 2019	1 April 2022	1,235,549	1,267,022
21 July 2020	1 April 2023	1,335,093	1,372,449
21 July 2021	1 April 2024	835,606	–
Total		**3.406,248**	3,143,063

A summary of key valuation assumptions for rights granted in the year ended 31 March 2022 is set out below:

Grant date	21 July 2021	21 July 2021
Vesting condition	Relative TSR with a positive absolute TSR requirement	EPS growth
Valuation method	Monte-Carlo simulation	Binominal tree
Start of performance period	1 April 2021	1 April 2021
Testing date	31 March 2024	31 March 2024
Expected life	2.7 years	2.7 years
Grant date share price	$5.30	$5.30
Volatility	32%	32%
Dividend yield	4.7%	4.7%
Risk-free rate	0.14%	0.14%
Fair value	$2.32	$4.67

Further details on the LTI plan and the terms of the grants during the year are detailed in the remuneration report on pages 63 to 66.

28 Employee benefits (continued)

ii) Share-based payments (continued)

Deferred shares

Under the STI deferral plan, 40% of any STI earned by senior executives is delivered in CSR shares. These shares must be held in trust subject to trading restrictions and 50% are deferred for one year and 50% are deferred for two years.

Deferred shares are administered by the CSR Share Plan Trust. The shares are acquired on market at the grant date and are held as treasury shares until such time as they vest. Forfeited shares are reallocated in subsequent grants. The number of shares to be granted is determined based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange.

	2022	2021
Number of rights to deferred shares granted	272,319	–
Fair value of rights at grant date	$5.84	–

Other plans

Universal Share Option Plan (USOP): eligible employees can buy shares to a maximum value of $1,000 and receive an equivalent number of shares for no cash consideration. The shares are acquired on market prior to issue with the cost of acquisition recognised in employee benefit expense.

Employee Share Acquisition Plan (ESAP): directors and employees can forgo up to $5,000 of their cash remuneration annually to acquire shares in the company. The shares are purchased on market by the CSR Share Plan trustee, who acts on instructions given in accordance with the plan rules and the company's Share Trading Policy.

Number of shares issued under the plans	2022	2021
USOP[1]	348,406	531,674
ESAP	78,185	109,573

1 Number of shares issued includes the number of purchased shares issued to employees under the plan. Each participant was issued with shares to a maximum value of $1,000 based on the weighted average market price of $5.46 (2021: $3.49).

For further details on the USOP and the ESAP, refer to page 66 of the remuneration report.

Expenses arising from share-based payment transactions

$	2022	2021
Long-term incentive plan (PRP)	2,520,154	1,106,453
Deferred shares	1,509,875	598,766
Other plans	951,555	928,369
Total expense	**4,981,584**	2,633,588

Recognition and measurement

Share-based payments can either be equity settled or cash settled.

- **Equity settled:** the fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period (with a corresponding increase to the employee share reserve), based on the CSR group's estimate of shares that will eventually vest.
- **Cash settled:** the ultimate expense recognised in relation to cash settled transactions will be equal to the actual cash paid to the employees, which will be the fair value at settlement date. The expected cash payment is estimated at each reporting date and a liability recognised to the extent that the vesting period has expired and in proportion to the amount of the awards that are expected to ultimately vest.

29 Related party disclosures

i) Transactions with directors or other key management personnel

Transactions entered into during the financial year with directors of CSR Limited and other key management personnel of the CSR group and with their closely related entities which are within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers, employees or shareholders included:

- contracts of employment (see section ii) and reimbursement of expenses;
- acquisition of shares in CSR Limited under the employee share plans and the dividend reinvestment plan;
- dividends from shares in CSR Limited; and
- sale and purchase of goods and services.

No new loans, loan repayments or loan balances occurred between the CSR group and directors and other key management personnel of the CSR group during the financial year ended 31 March 2022 (2021: nil).

ii) Key management personnel remuneration

Total remuneration paid or payable to directors and key management personnel is set out below:

$	2022	2021
Short-term employee benefits	4,800,500	4,505,319
Share-based payments expense	1,171,722	508,978
Total	**5,972,222**	5,014,297

Details of remuneration and the CSR Limited equity holdings of directors and other key management personnel are shown in the remuneration report on pages 51 to 70.

iii) Other related parties

Other than transactions with joint venture entities disclosed in note 26, no material amounts were receivable from, or payable to, other related parties as at 31 March 2022 (2021: nil), and no material transactions with other related parties occurred during those years.

Details of payments to superannuation defined benefit plans are shown in note 28.

30 Subsequent events

Except for the items disclosed below, there has not arisen in the interval between 31 March 2022 and the date of this report, any other matter or circumstance that has significantly affected or may significantly affect the operations of the CSR group, the results of those operations or the state of affairs of the CSR group in subsequent financial years.

Dividends

For dividends resolved to be paid after 31 March 2022, refer to note 19.

31 Commitments and contingencies

i) Commitments

$million	2022	2021
Contracted capital expenditure comprises:		
Payable within one year	27.9	8.6
Payable within one to five years	1.9	–
Total contracted capital expenditure	**29.8**	8.6

ii) Contingencies

Contingencies for CSR Limited are outlined in the parent entity note 27. There are no other contingencies in relation to controlled entities within the CSR group.

32 Other non-current assets

$million	Note	2022	2021
Loans to joint venture entities[1]	26	10.6	8.4
Other loans and receivables		12.1	15.0
Total non-current receivables		**22.7**	23.4
Other assets		1.3	1.3
Superannuation defined benefit plans – fair value of surplus	28	10.4	11.1
Total other non-current assets		**11.7**	12.4

1 The CSR group has provided facilities to joint venture entities on arm's length terms.

33 Auditor's remuneration

$	2022	2021
Deloitte Touche Tohmatsu and related network firms		
Audit or review of financial reports	657,000	657,000
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	29,500	37,080
Total auditor's remuneration	**686,500**	694,080

34 Other accounting policies

Cash and cash equivalents: net cash is defined as cash at bank and on hand and cash equivalents, net of bank overdrafts. Cash equivalents include highly liquid investments which are readily convertible to cash, and loans which are not subject to a term facility. Cash and cash equivalents held at 31 March 2022 included $177.7 million of cash at bank and on hand (2021: $95.8 million) and $nil short-term deposits (2021: $155.0 million).

Tax consolidation: Australian tax legislation allows groups, comprising a parent entity and its Australian resident wholly owned entities, to elect to consolidate and be treated as a single entity for income tax purposes.

The CSR group has elected for those entities within the CSR group that are wholly owned Australian resident entities to be taxed as a single entity from 1 April 2004.

Prior to the adoption of the tax consolidation system, CSR Limited, as the head entity in the tax consolidated group, agreed to compensate or be compensated by its wholly owned controlled entities for the balance of their current tax liability/(asset) and any tax loss related deferred tax asset assumed by CSR Limited. Due to the existence of a tax funding arrangement between the entities in the tax consolidated group, amounts are recognised as payable to or receivable by CSR Limited and each member of the group in relation to the tax contribution amounts paid or payable between CSR Limited and the other members of the tax consolidated group in accordance with the arrangement.

Foreign currency: all foreign currency transactions during the financial year have been brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at that date. Exchange differences are brought to account in profit or loss in the year in which they arise except if designated as cash flow hedges.

On consolidation, the results and financial position of foreign operations are translated as follows:

- assets and liabilities are translated using exchange rates prevailing at the end of the reporting period;
- income and expense items are translated at the average exchange rates for the period; and
- exchange differences arising, if any, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the operation.

Goods and services tax: revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authority is included as a current asset or liability.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the taxation authority are classified as operating cash flows.

CSR LIMITED

ABN 90 000 001 276

Directors' declaration

The directors declare that:

1 in the directors' opinion, there are reasonable grounds to believe that CSR Limited will be able to pay its debts as and when they become due and payable;
2 in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as disclosed in note 1;
3 in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the CSR group;
4 the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the managing director and chief financial officer for the financial year ended 31 March 2022; and
5 there are reasonable grounds to believe that CSR Limited and the group entities identified in note 23 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee between CSR Limited and those group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

John Gillam
Chair of the board

11 May 2022

Julie Coates
Managing Director and CEO

11 May 2022

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Independent Auditor's Report to the Members of CSR Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CSR Limited ("CSR" or the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 31 March 2022, the consolidated statement of financial performance, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 March 2022 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of this report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit responded to the key audit matter
Product Liability Provision (Refer to Note 16 Product Liability) CSR has recognised a product liability provision of $213.3 million as at 31 March 2022. The provision is in respect of all known and reasonably foreseeable future asbestos claims. The provision is determined after considering the advice provided by management appointed external experts in Australia and the United States of America ("USA"), being the countries giving rise to the liabilities. The determination of the provision is subject to significant judgement as to expected settlement amounts and likelihood of future claims. In addition, the assumption in respect of discount rates has a significant impact on the estimate of provisions.	In conjunction with actuarial specialists, our procedures included, but were not limited to: ▪ assessing the objectivity, independence and competence of management appointed external experts; ▪ assessing the appropriateness of the assumptions and methodology used in the reports prepared by the management appointed external experts; including: - evaluating the reasonableness of the methodology used to calculate the provision; - benchmarking of the discount rates; and - comparison of historical claims experience to assumptions used to estimate future claims; ▪ testing on a sample basis, the accurate inclusion and exclusion of asbestos claims in management's liability database, which is provided to management appointed external experts and forms the basis for the reports; ▪ enquiring of management appointed external experts and the company's internal and external legal counsel in respect of their conclusions; ▪ agreeing the provision breakdown between liabilities relating to Australia and the USA, to the respective external experts' reports; ▪ testing the translation of the USA liability to Australian dollars at the appropriate foreign currency exchange rate; ▪ assessing the basis for the determination of the prudential margin through enquiries of management and their consideration of the external experts' reports; and ▪ assessing the appropriateness of the relevant disclosures in the Notes to the financial statements.

Key audit matter	How the scope of our audit responded to the key audit matter
Asset valuation (Refer to Note 12 Property, plant and equipment and intangible assets and Note 14 Leases) At 31 March 2022 the Group's consolidated statement of financial position includes goodwill amounting to $59.9 million, other intangible assets amounting to $10.1 million, property, plant and equipment amounting to $666.1 million and right-of-use lease assets amounting to $126.0 million, comprised of several cash generating units (CGUs). The assessment of impairment of the company's goodwill, other intangible assets, property, plant and equipment and right-of-use lease balances involved the exercise of significant judgement in respect of key assumptions such as discount rates, inflation, growth rates, forecast changes in the building cycle, and forecast future cash flows. Management prepare an impairment trigger analysis to identify which CGUs should be considered further for impairment analysis. Based on the analysis performed, no impairments have been recognised. The Roofing and AFS CGUs were identified by management as the CGUs requiring additional disclosure due to their sensitivity to changes in specific assumptions.	In conjunction with valuation specialists, our procedures included, but not limited to: ▪ evaluating the process used by management in the determination of those CGUs requiring further impairment analysis as a consequence of an impairment trigger by: - assessing management's determination of the Group's CGUs based on our understanding of the business and consistency with the segment reporting; - evaluating management's impairment trigger analysis based on a number of factors including annual financial performance and external market conditions; and - confirming that each CGU containing goodwill had been included in management's impairment testing; ▪ evaluating the analysis performed by management and the conclusions drawn in relation to the Roofing and AFS CGUs by: - assessing the appropriateness of the impairment model methodology, key inputs and assumptions used in the model using our knowledge of the business and the industry, including assessment of: ▪ the discount rate; ▪ the terminal growth rate; ▪ the inflation rate; ▪ forecast changes in the business cycle; and ▪ forecast cash flows. - testing on a sample basis, the mathematical accuracy of the cash flow model; - agreeing relevant data in the cash flow model to the latest Board approved forecasts; - assessing the historical accuracy of forecasting of the CGUs; - obtaining and reading the position papers prepared by management to support the models for the CGUs; - evaluating management's process, including testing design and implementation of controls in respect of the preparation and review of impairment conclusions including forecasts and key assumptions; and - assessing the appropriateness of the relevant disclosures in the Notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report which forms part of the directors' report and is included in pages 51 to 70 of the CSR Limited annual report for the year ended 31 March 2022.

In our opinion, the Remuneration Report of CSR Limited for the year ended 31 March 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JLGorton

J L Gorton
Partner
Chartered Accountants

Sydney, 11 May 2022

Shareholder information

20 LARGEST HOLDERS OF ORDINARY SHARES

As at 29 April 2022

RANK	NAME	UNITS	% OF UNITS
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	150,703,076	31.0
2.	CITICORP NOMINEES PTY LIMITED	63,751,635	13.1
3.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	61,873,388	12.7
4.	NATIONAL NOMINEES LIMITED	31,831,314	6.6
5.	BNP PARIBAS NOMS PTY LTD	11,497,333	2.4
6.	BNP PARIBAS NOMINEES PTY LTD	4,915,908	1.0
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,918,782	0.8
8.	CITICORP NOMINEES PTY LIMITED	3,423,667	0.7
9.	PRUDENTIAL NOMINEES PTY LTD	2,500,000	0.5
10.	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	1,620,977	0.4
11.	NAVIGATOR AUSTRALIA LTD	1,075,351	0.2
12.	MR ALLAN ERNEST ORMES	1,066,667	0.2
13.	CSR SHARE PLAN PTY LIMITED	819,211	0.2
14.	BNP PARIBAS NOMS (NZ) LTD	812,149	0.2
15.	BNP PARIBAS NOMS PTY LTD	763,592	0.2
16.	V M NOMINEES PTY LTD	550,000	0.1
17.	CSR SHARE PLAN PTY LIMITED	547,321	0.1
18.	BNP PARIBAS NOMINEES PTY LTD	500,000	0.1
19.	MR BRIAN FREDERICK DITCHFIELD	500,000	0.1
20.	NETWEALTH INVESTMENTS LIMITED	488,079	0.1
Top 20 holders of issued capital		**343,158,450**	**70.7**
Remaining holders balance		**142,224,326**	**29.3**

SUBSTANTIAL SHAREHOLDERS OF CSR LIMITED

State Street Corporation and its subsidiaries advised that as of 26 October 2021, it and its associates had an interest in 24.4 million shares, which represented 5.03% of CSR's issued capital at that time.

The Vanguard Group Inc. and its subsidiaries advised that as of 5 January 2022, it and its associates had an interest in 24.3 million shares, which represented 5.002% of CSR's issued capital at that time.

Blackrock Group and its subsidiaries advised that as of 19 April 2022, it and its associates had an interest in 24.3 million shares, which represented 5.01% of CSR's issued capital at that time.

SHAREHOLDINGS BY GEOGRAPHIC LOCATION

Location	Units	Units %	Holders	Holders %
AUSTRALIA	481,838,732	99.3	47,093	96.7
NEW ZEALAND	2,181,795	0.4	1,047	2.2
HONG KONG	431,446	0.1	30	0.1
UNITED KINGDOM	350,888	0.1	220	0.5
UNITED STATES OF AMERICA	164,940	0.0	92	0.2
Other	414,975	0.1	197	0.3
Total	**485,382,776**	**100.0**	**48,679**	**100.0**

DISTRIBUTION OF SHAREHOLDINGS

Range	Holders	Units	% of issued capital
1 – 1,000	23,505	11,459,948	2.4
1,001 – 5,000	19,257	44,975,924	9.3
5,001 – 10,000	3,656	26,388,961	5.3
10,001 – 100,000	2,177	46,454,562	9.6
100,001 and over	84	356,103,381	73.4
Total	**48,679**	**485,382,776**	**100.0**

UNMARKETABLE PARCELS

	Minimum parcel size	Holders	Units
Minimum $500.00 parcel at $6.08 per unit	83	1,306	32,357

RECENT CSR DIVIDENDS

Date paid	Type of dividend	Dividend per share	Franking	Franked amount per share at 30%
December 2016	Interim	13.0 cents	0%	NA
July 2017	Final	13.0 cents	50%	6.5 cents
December 2017	Interim	13.5 cents	50%	6.75 cents
July 2018	Final	13.5 cents	75%	10.125 cents
December 2018	Interim	13.0 cents	100%	13.0 cents
July 2019	Final	13.0 cents	50%	6.5 cents
December 2019	Interim ordinary	10.0 cents	50%	5.0 cents
December 2019	Interim special	4.0 cents	50%	2.0 cents
December 2020	Interim ordinary	8.5 cents	100%	8.5 cents
December 2020	Interim special	4.0 cents	100%	4.0 cents
July 2021	Final ordinary	14.5 cents	100%	14.5 cents
July 2021	Final special	9.5 cents	100%	9.5 cents
December 2021	Interim ordinary	13.5 cents	100%	13.5 cents

Registry information

All inquiries and correspondence regarding shareholdings should be directed to CSR's share registry:

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International +61 3 9415 4033
Facsimile (03) 9473 2500
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www.investorcentre.com/contact

Investor relations and news

The CSR Annual Report, Corporate Governance Statement and Sustainability Report are available to view online or download, visit www.csr.com.au

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