

# 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.

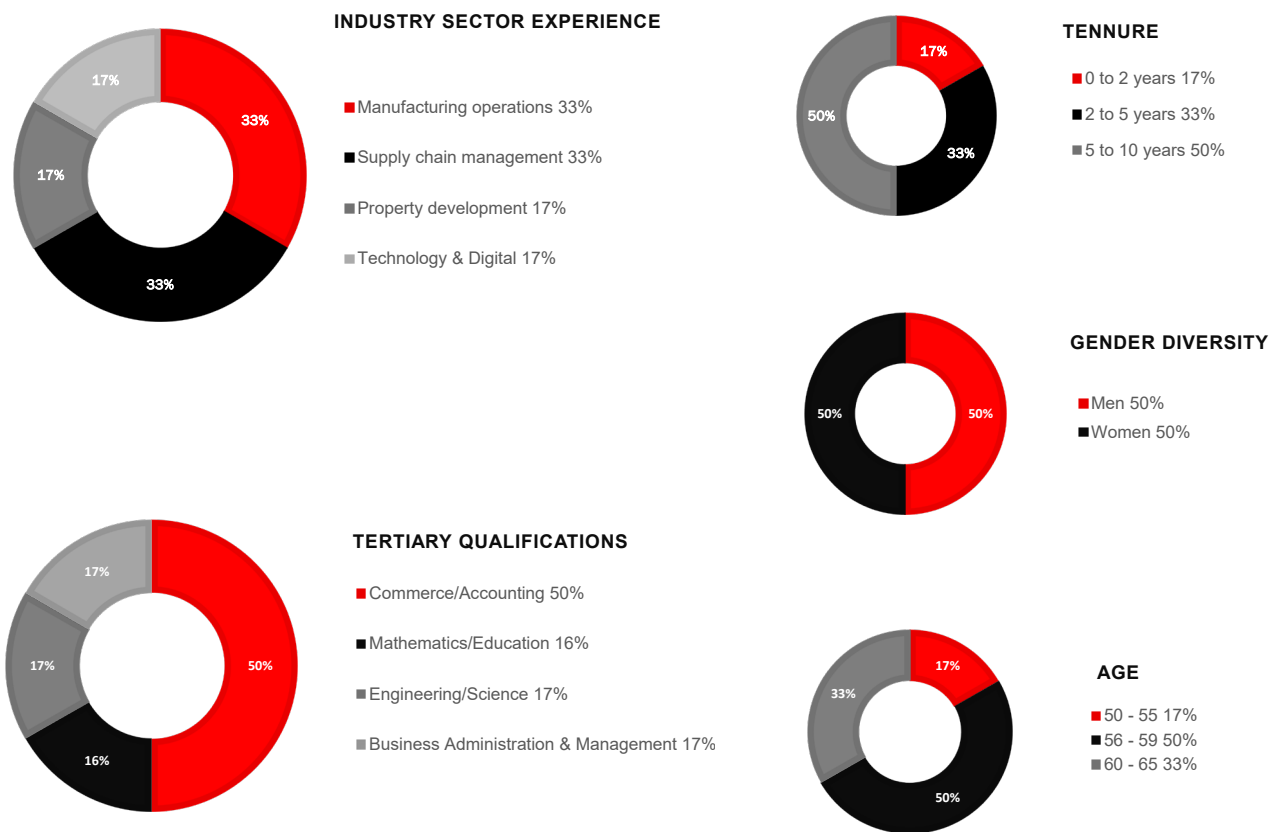
In YEM22 one change to the composition of the board took place, with Mike Ihlein retiring from the board on 25 June 2021.

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
<b>Leadership and Governance</b>		
Executive leadership	Sustainable success in business at a senior executive level and a proven track record of leadership to create long-term shareholder value.	
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.	
<b>Finance and Risk</b>		
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.	
Strategy	Track record of developing and implementing a successful strategy, including appropriately questioning and challenging management on the delivery of agreed strategic planning objectives.	
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.	
Capital projects	Experience working in an industry with projects involving large-scale capital outlays and long-term investment horizons.	
<b>Operations and Technology</b>		
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.	
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.	
Sustainability and climate change	Experience or demonstrated understanding of key environmental impacts, including community concerns, climate change risks, and the governance of these impacts.	
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.	
<b>People</b>		
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.	
Culture and People	Experience and ability to develop succession plans, develop talent, oversee people management, monitor culture and improve diversity.	
Marketing and Customers	Senior executive experience in consumer and customer marketing and customer service delivery.	

## 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 Health, 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.

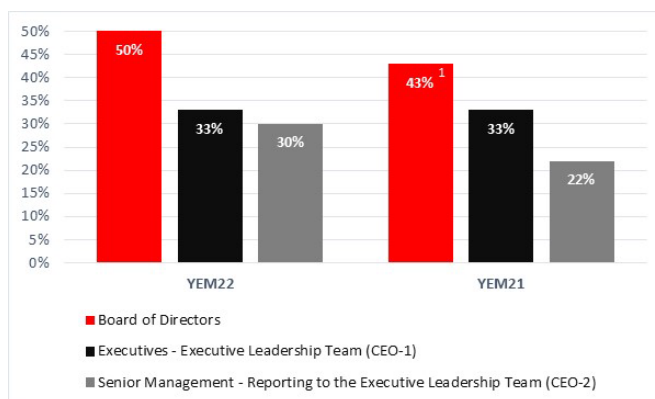
## CSR workplace profile

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**



<sup>1</sup> 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	<ul style="list-style-type: none"> <li>Implemented consistent behavioural standards</li> <li>Implementation of enhanced means of measuring culture to provide more meaningful real-time insights. Survey results indicated minimal difference in engagement by gender</li> <li>Promoted diversity and inclusion through recognition and celebration of International Women's Day by showcasing female leaders in underrepresented leadership roles</li> <li>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</li> <li>Provided two "thank you" leave days to CSR employees for their efforts in YEM22</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Continue to monitor and reinforce CSR's expected behavioural standards</li> <li>Continue to measure culture and engagement ensuring that all line managers have an action plan to address areas of focus</li> <li>Monitor culture and engagement results based on gender participation and engagement, taking action as required</li> <li>Recruit and promote leaders who role model inclusiveness to build diversity and inclusion</li> <li>Aspire to achieve gender participation rate of 30% at all levels over time, exceeding the Australian Bureau of Statistics manufacturing industry average of 27%</li> <li>Focusing on appointing females into underrepresented roles</li> </ul>
Policy & Governance	<ul style="list-style-type: none"> <li>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</li> <li>Launch of a Wellbeing program available to all employees, providing access to a holistic well resourced Wellbeing portal, including online health assessments</li> </ul>	<ul style="list-style-type: none"> <li>Continued monitoring of gender pay parity and action to address where required</li> <li>Further review of parental leave policy to be competitive with other employers</li> <li>Update Supplier Code of Conduct that sets expectations relating to diversity and inclusion</li> </ul>
Recruitment and retention	<ul style="list-style-type: none"> <li>Attracted and promoted females into underrepresented roles including operations team members and leaders, logistics/warehouse management and engineering roles</li> <li>Continued to appoint female talent to strategic on-job development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Improve recruitment and selection processes to make operations roles more accessible for females</li> <li>Build future female talent pipelines with tertiary institutions</li> <li>Customise sourcing strategies to target female talent</li> <li>Identify opportunities in operational environments to ensure that amenities, team culture and behaviours are welcoming for diverse new hires</li> </ul>

## 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
<b>Aluminium, currency and debt markets</b>	<ul style="list-style-type: none"> <li>CSR's results are impacted by movements in the global US dollar price for aluminium and currency fluctuations.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>CSR regularly monitors cash flow and the group financial position as part of the Finance committee's function.</li> <li>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.</li> </ul>
<b>Australian construction markets and competitor activity</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Changes in ownership in the construction sector has resulted in larger customers representing an increasing proportion of CSR's revenue.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ul>
<b>Digital and cyber security</b>	<ul style="list-style-type: none"> <li>Digital services are increasingly used by the construction sector. CSR's digital development program is critical to achieving growth in its key markets.</li> <li>CSR network and data risks for cyber security breaches.</li> </ul>	<ul style="list-style-type: none"> <li>Regular user security awareness training is ongoing, including simulated phishing campaigns and implementation of advanced threat protection.</li> <li>Ongoing implementation of a cyber security improvement plan with accreditation in accordance with ISO27001.</li> <li>Regular penetration testing and patching across systems.</li> </ul>
<b>Product liability</b>	<ul style="list-style-type: none"> <li>Previous involvement in asbestos in Australia and exporting asbestos to the United States.</li> <li>CSR ceased asbestos mining in 1966 and divested remaining interests in 1977.</li> </ul>	<ul style="list-style-type: none"> <li>CSR meets all valid claims in both Australia and the United States on an equitable basis.</li> <li>The asbestos provision is impacted by movements in claim numbers, settlement rates and values and movements in AUD/US\$ exchange rate.</li> </ul>
<b>Reputational risk associated with breach of social licence to operate</b>	<ul style="list-style-type: none"> <li>CSR operates a number of factories across Australia and New Zealand and employs over 2,500 employees.</li> <li>CSR's activities can impact the community and environment in which it operates.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>There is a dedicated, external confidential hotline available to employees and other stakeholders for reporting misconduct.</li> <li>Central technical team established to maintain product governance.</li> </ul>

## 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
<b>Supply Chain and product compliance</b>	<ul style="list-style-type: none"> <li>CSR relies on an extensive supply chain to manufacture and distribute its products and services.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The company's <b>Supplier Code of Conduct</b> 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.</li> <li>CSR has set targets out to 2030, to increase the quantity of products purchased from social enterprises (including indigenous and disability owned businesses).</li> </ul>
<b>Sustainability, climate change and energy</b>	<ul style="list-style-type: none"> <li>CSR's manufacturing operations use significant amounts of energy including electricity and gas.</li> <li>These energy costs are increasing, particularly for Tomago aluminium, which in turn impacts its cost competitiveness compared to global smelters.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>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 &amp; Sustainability Committee.</li> <li>Where possible, CSR enters into long-term contracts to provide greater security of energy supply for its factories.</li> <li>CSR's Energy and Carbon Management Committee oversees risks related to electricity and gas pricing and management.</li> <li>Alternative energy sources including solar power systems are installed at some sites in addition to site specific energy reduction initiatives.</li> <li>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 &amp; regulatory) risks, complementing earlier work undertaken on the physical (weather) risks impacting sites and supply chain risks.</li> <li>Sustainability Steering Committee was formed to provide focused oversight, with external advisors engaged as necessary to provide specialist sustainability advice.</li> </ul>
<b>Workplace health and safety</b>	<ul style="list-style-type: none"> <li>CSR has a stated long-term objective of achieving zero harm to CSR people across all operations.</li> <li>Impact of disruption as a result of COVID-19 isolation requirements.</li> </ul>	<ul style="list-style-type: none"> <li>The board Safety &amp; Sustainability Committee regularly reviews initiatives targeting improved safety performance across CSR's businesses.</li> <li>Supported workforce to attend COVID vaccination appointments with paid leave.</li> </ul>

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 (4<sup>th</sup> 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.