

Notice of Meeting

Invitation to CSR's Annual General Meeting

Dear Shareholder

CSR's Annual General Meeting (AGM) will be held at 10.00am (AEST) Thursday 30 June 2022.

The AGM will be held as a hybrid meeting providing shareholders with an opportunity to either attend in person or to participate online.

To attend in person and engage with directors, shareholders are invited to attend the Northside Conference Centre, corner Oxley Street and Pole Lane, Crows Nest, Sydney, NSW.

Shareholders can also participate in the AGM online via an online platform which will allow shareholders to ask questions and vote in real time.

CSR will continue to monitor potential health risks associated with large gatherings and will be observing social distancing rules, COVID-19 public health orders and restrictions, and any other government requirements that may apply at the time of the AGM.

In the event that it is necessary for CSR to provide updates in relation to how the AGM will be held, information will be lodged with the Australian Securities Exchange (ASX) and provided on CSR's website.

For the health and safety of all attendees, if you feel unwell or have any symptoms of COVID-19, we ask that you do not attend the AGM in person, and instead join the AGM online.

The directors of CSR encourage shareholders to participate in the meeting via the online platform. Whilst shareholders will be able to vote online during the meeting, shareholders are encouraged to lodge a proxy ahead of the meeting at www.investorvote.com.au, even if participating online.

As always, we invite shareholders to submit questions in advance of the meeting. Questions may be submitted by completing an online shareholder question form on CSR's website at www.csr.com.au/AGM2022 or submitting an online question when lodging your proxy vote at www.investorvote.com.au.

This notice of meeting (which includes the Agenda, Eligibility to Vote and explanatory notes) details the formal business to be dealt with at the AGM.

Briefly, this will be to:

1. receive and consider the formal reports for the financial year;
2. re-elect Matthew Quinn as a non-executive director of the company;
3. adopt the 2022 remuneration report;
4. approve the grant of long-term incentives (performance rights) to Julie Coates, the managing director; and
5. replace the Constitution of the company.

The directors recommend that shareholders vote in favour of all resolutions.

How to participate in the AGM online

Shareholders and proxyholders can participate in the AGM and watch the webcast online by logging into the Computershare meeting platform using either a computer, tablet or smartphone at <https://meetnow.global/MDGVSA2>.

This online platform will allow shareholders to view the meeting, vote and ask questions in real-time.

How to watch the webcast

The meeting will also be webcast live from www.csr.com.au/investors-and-news/webcasts, however as distinct from the online platform, shareholders will not be able to vote and ask questions in real time on the webcast (the Computershare meeting platform referred to above will be available for this).

If you are planning to watch the webcast, we encourage you to submit a proxy vote and any questions ahead of the meeting.

How to submit your vote in advance of the meeting

Proxy votes must be received by 10.00am (AEST) on Tuesday 28 June 2022 to be valid for the meeting.

Instructions on how to appoint a proxy are on the online voting website, www.investorvote.com.au.

Your proxy may be appointed in a variety of ways described on page 2 of the notice of meeting under 'Proxies'.

Please visit the CSR website for the following documents:

- the CSR Annual Report 2022 (including the CSR Corporate Governance Statement) and Notice of Meeting 2022;
- the CSR Sustainability Report 2021; and
- copies of news releases and financial presentations.

In addition, on the Share Information page of the CSR website is a link to our share registry where you can make an election about how you would like to receive certain documents, as well as obtain standard shareholder forms, including a direct dividend advice, a change of address advice and a request to consolidate holdings.

We look forward to engaging with shareholders during the meeting.

Yours sincerely



JOHN GILLAM, CHAIR OF THE BOARD

27 May 2022

Agenda

ORDINARY BUSINESS

1. Financial reports and directors' and auditor's reports

To receive and consider the financial report, the directors' report and the auditor's report for the financial year ended 31 March 2022.

2. Re-election of director

To consider and, if thought fit, to pass the following resolution, as an ordinary resolution:

That Matthew Quinn, who will retire by rotation at the close of the meeting in accordance with rule 55 of the company's Constitution, be re-elected as a director of the company.

3. Remuneration report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

To adopt the remuneration report for the financial year ended 31 March 2022.

Note: The vote on this item is advisory only and does not bind the directors or the company.

SPECIAL BUSINESS

4. Grant of performance rights to the managing director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That the grant to the managing director of 268,920 performance rights under the terms of the company's Performance Rights Plan (the "PRP") as summarised in the explanatory notes to this notice of meeting be approved.

5. To replace the constitution of the Company

To consider, and if thought fit, to pass the following resolution as a special resolution:

That the new Constitution, as tabled at the meeting and signed by the Chair of the meeting for the purposes of identification, be approved and adopted as the Constitution of the company in place of the current Constitution, with effect from the close of the meeting.

ELIGIBILITY TO VOTE

For the purposes of the meeting, shares will be taken to be held by the persons who are registered as shareholders as at 7.00pm (AEST) on Tuesday 28 June 2022.

Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to vote at the meeting.

Proxies

If you are a shareholder entitled to vote, you may appoint a proxy. If you are a shareholder entitled to cast two or more votes, you may appoint two proxies and specify the number or proportion of votes that each may exercise, failing which each may exercise half of the votes.

A proxy need not be a shareholder of the company. Shareholders are encouraged to notify an appointed proxy of their appointment to enable them to participate in the meeting and to exercise your voting instructions. Appointed proxies will need to contact Computershare Investor Services to obtain an email invitation to vote online. Further details are available in the online meeting guide available at www.csr.com.au/AGM2022.

If you do not specify a proxy in your completed proxy vote or if the person you appoint as proxy does not participate in the AGM, the chair of the meeting will be taken to be your proxy by default. In accordance with the *Corporations Act 2001*, any directed proxies that are not voted as directed on a poll at the meeting will automatically default to the chair of the meeting, who is required to vote proxies as directed.

Voting restrictions apply to the company's key management personnel (KMP) and their closely related parties, which affect proxy voting

Members of CSR's KMP (which includes each of the non-executive directors, the managing director and the chief financial officer) and their closely related parties will not be able to vote your proxy on resolutions 3 and 4 unless you direct them how to vote by marking a voting box for those items, or the chair of the meeting is your proxy. The term 'closely related party' is defined in the *Corporations Act 2001* and includes the KMP's spouse, dependents and certain other close family members, as well as any companies controlled by the KMP, or the KMP's spouse, dependents and certain other close family members.

If you intend to appoint a member of the KMP as your proxy, please ensure that you direct them how to vote on resolutions 3 and 4.

If you appoint the chair of the meeting as your proxy or he becomes your proxy by default, and you do not provide any voting directions on your proxy vote, by validly submitting your proxy form, you will be expressly authorising the chair of the meeting to cast your vote on resolutions 3 and 4 as he sees fit. This applies even though the resolution is connected with the remuneration of CSR's KMP.

The chair of the meeting intends to vote all available proxies in favour of all resolutions.

Voting Exclusions

Resolution 3

The company will disregard any votes cast on resolution 3:

- by or on behalf of a member of the KMP whose remuneration is disclosed in the remuneration report for the year ended 31 March 2022 and their closely related parties regardless of the capacity in which the vote is cast; and
- as a proxy by a member of the KMP at the date of the meeting and any of their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on resolution 3:

- in accordance with a direction on the proxy form; or
- by the chair of the meeting pursuant to an express authorisation to exercise the proxy as the chair thinks fit even though resolution 3 is connected with the remuneration of the KMP.

Resolution 4

While ASX Listing Rule approval of the managing director's Long Term Incentive (LTI) award is not technically required, CSR continues to seek shareholder approval for good governance reasons. Accordingly, the company will disregard any votes cast on resolution 4:

- in favour of the resolution by or on behalf of the managing director and any of her associates, regardless of the capacity in which the vote is cast; and
- as a proxy by a member of the KMP at the date of the meeting and any of their closely related parties,

unless the vote is cast on resolution 4:

- as proxy or attorney for a person entitled to vote on the resolution in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
- as proxy for a person entitled to vote on the resolution by the chair of the meeting pursuant to an express authorisation to exercise the proxy as the chair thinks fit; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The chair of the meeting intends to vote all available proxies in favour of resolution 3 and 4.

Where to lodge a proxy

Online: www.investorvote.com.au (by following the instructions set out on the website). Shareholders who have received their notice of meeting and proxy form electronically will have received an e-mail with a link to the Computershare site.

You will need a specific six digit Control Number to vote online. This number is located on the front of your letter or on your proxy form.

In order to take effect, the electronic proxy appointment (and the power of attorney or other authority under which it is signed, if any) must be received by Computershare, no later than 10.00am (AEST) on Tuesday 28 June 2022.

You can arrange to receive shareholder information electronically by contacting Computershare on 1800 676 061 (within Australia) or +61 3 9415 4033 (outside Australia) or at www.computershare.com.au (Investor Centre).

Custodian voting: for intermediary online subscribers only (Custodians) please submit your voting intentions at www.intermediaryonline.com.

By post: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001 or to CSR Limited, marked to the attention of the Company Secretary at Trinita 3, Level 5, 39 Delhi Road, North Ryde NSW 2113.

By facsimile: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Questions and comments from shareholders

In accordance with the *Corporations Act 2001* and the company's past practice, a reasonable opportunity will be given to shareholders at the meeting to ask questions about, or make comments on, the management of the company and the remuneration report.

Similarly, a reasonable opportunity will also be given to shareholders at the meeting to ask CSR's auditor, Deloitte Touche Tohmatsu, 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.

Written questions may be submitted by shareholders in advance of the meeting, including questions for the company's auditor Deloitte Touche Tohmatsu, specifically in relation to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted in relation to the preparation of the financial statements or the independence of the auditor.

Shareholders can submit their questions in advance of the meeting in a number of ways:

- by completing an online shareholder question form on CSR's website at www.csr.com.au/AGM2022; or
- submitting an online question when voting online prior to the meeting at www.investorvote.com.au.

To be considered in advance of the meeting, written questions must be received no later than 5.00pm (AEST), on Thursday 23 June 2022. Please note that it may not be possible to provide individual responses to all questions asked prior to the commencement of the meeting.

Participating in the meeting online

Shareholders also can submit questions in relation to the business of the meeting, and vote on the resolutions in real time during the meeting via the Computershare meeting platform.

Shareholders participating in the meeting using the Computershare meeting platform will be able to vote between the commencement of the meeting and the closure of voting as announced by the chair during the meeting.

By participating in the meeting online you will be able to:

- view a live video of the AGM, including meeting slides;
- submit written questions or dial into the meeting to ask an oral question at the appropriate time whilst the meeting is in progress; and
- vote during the meeting.

Instructions on how to log on to ask questions during the meeting are outlined below and available on CSR's website at www.csr.com.au/AGM2022. Please note, only shareholders or their proxies may ask questions at the meeting, either in person or online, and only once they have been verified. It may not be possible to respond to all questions raised during the meeting. Shareholders are therefore encouraged to lodge questions prior to the AGM, as outlined on page 3.

If you choose to participate in the meeting online, registration will open at 9.00am (AEST) on Thursday 30 June 2022.

To participate in the meeting online, you can log into the meeting from the Computershare meeting platform using either a computer, tablet or smartphone at <https://meetnow.global/MDGVSA2>.

To make the registration process quicker, please have your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) and registered postcode or country code ready.

Proxyholders will need to contact Computershare on +61 3 9415 4024 at least one hour prior to the meeting to obtain their login details to participate online during the AGM.

To participate in the AGM online in real-time follow the instructions below:

1. Click on 'Join Meeting Now' at <https://meetnow.global/MDGVSA2>;
2. Enter your SRN/HIN. As noted, proxyholders need to contact Computershare on +61 3 9415 4024 at least one hour prior to the meeting to obtain their login details;
3. Select your country and enter the postcode registered to your holding if you are an Australian shareholder. If you are an overseas shareholder select the country of your registered holding from the drop-down list.
4. Accept the Terms and Conditions and click 'Continue'.

Further information regarding participating in the AGM online, including browser requirements, is detailed in the AGM Online Meeting Guide available on CSR's website at www.csr.com.au/AGM2022.

Webcast

You can view a live webcast of the meeting at www.csr.com.au/investors-and-news/webcasts.

All resolutions will be by poll

The chair will call a poll on each of the resolutions set out in this notice of meeting.

Technical difficulties

Technical difficulties may arise during the course of the AGM. The chair has discretion as to whether and how the meeting should proceed in the event that a technical difficulty arises. In exercising his discretion, the chair will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected.

Where considered appropriate, the chair may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

For this reason, shareholders are encouraged to lodge a proxy by 10.00am (AEST) on Tuesday 28 June 2022 even if they plan to participate online.

EXPLANATORY NOTES TO NOTICE OF MEETING

These explanatory notes form part of the notice of meeting and should be read in conjunction with it. These explanatory notes have been prepared to provide shareholders with important information regarding the items of business proposed for consideration at the AGM.

1. Financial report and the reports of the directors and of the auditor for the financial year ended 31 March 2022

The CSR Annual Report 2022 (which includes the financial report, the directors' report and the auditor's report) has previously been distributed. Shareholders can access a copy of the annual report on CSR's website at www.csr.com.au/investors-and-news/annual-meetings-and-reports. A printed copy of the CSR Annual Report 2022 has been sent only to those shareholders who have elected to receive a printed copy.

Shareholders will be given a reasonable opportunity to ask questions about, and make comments on, the reports and CSR's management, businesses, operations, financial performance and prospects, however there will be no formal resolution put to the meeting. CSR's auditor will also participate in the meeting to answer questions in relation to the conduct of the audit (including the independence of the auditor), the preparation and content of the auditor's report and the accounting policies adopted by CSR. Shareholders may also submit questions in advance of the meeting in accordance with the instruction on page 3 of this notice.

2. Re-election of director

Re-election of Matthew Quinn as a non-executive director

Matthew Quinn is an independent non-executive director. He was appointed a director of the company in August 2013 and was last elected by shareholders at the 2019 AGM. Matthew retires by rotation in accordance with rule 55 of the company's constitution and offers himself for re-election at this meeting.

In accordance with the board's charter regarding length of service, Matthew is seeking re-election for a final term. The Board has commenced succession planning work to ensure good governance is sustained in key board roles and the board maintains the necessary mix of expertise, skills and experience.

Information about Matthew Quinn is set out below:

Matthew Quinn

Bsc (HONS), ACA, ARCS

Chair of the Remuneration & Human Resources Committee and member of the Safety & Sustainability Committee.

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.

Matthew is chair of TSA Management Group Holdings Pty Limited (2018 to current), non-executive director of Elders Limited (2020 to current) and a member of the Australian Business and Community Network Scholarship Foundation. Matthew was previously a non-executive director of Regis Healthcare Limited (2018 to 2021) and of Class Limited (2015 to February 2022).

The board considers that Matthew continues to provide a valuable contribution to the board. Matthew has a deep knowledge of CSR and brings extensive experience in property development and land rehabilitation which are highly valued by his fellow directors.

Recommendation

The directors (excluding Matthew Quinn) unanimously recommend that shareholders vote in favour of resolution 2.

3. Remuneration report

Listed companies, such as CSR, are required to provide detailed disclosures of non-executive director and executive KMP remuneration in their directors' reports. These disclosures are set out in the remuneration report (which forms part of the directors' report) on pages 51 to 70 of the CSR Annual Report 2022.

The board strives to ensure that CSR's remuneration framework aligns with shareholder interests by:

- ensuring remuneration is performance driven with a focus on setting challenging targets for both financial and non-financial measures;
- placing substantial emphasis on variable ('at risk' incentive based) remuneration linked to short and long-term performance benchmarks that support CSR's business strategy and future success; and
- implementing share based remuneration on a short and long-term basis.

There will be a reasonable opportunity for shareholders to comment on, and ask questions about, the remuneration report.

The vote on resolution 3 is advisory only and will not bind the directors or the company. However, the board will take the outcome of the vote into consideration when reviewing the company's remuneration practices and policies.

For the voting exclusions applicable to resolution 3, please refer to page 3 of this notice of meeting.

Recommendation

The directors unanimously recommend that shareholders vote in favour of resolution 3.

4. Grant of Performance Rights to the managing director

The board recognises that it is desirable for the managing director and other senior executives to be incentivised and remunerated on a consistent basis and in a manner that focuses their efforts on delivering long-term value for shareholders. The board has developed the performance rights plan ('PRP') to ensure this alignment.

The board continually reviews the design of the remuneration framework to ensure it meets its objective of being 'fit for purpose'. This includes reviewing the components of the PRP and the maximum award available, to ensure executives are focused on delivering long-term value.

The remuneration framework is designed to support the overall business strategy, ensure retention of key executives, align with shareholder interests, be competitive, reflect market practice and be simple for both participants and shareholders to understand.

Approval is sought for Julie Coates, to be granted 268,920 performance rights under the CSR YEM23 long-term incentive award (PRP).

Each performance right entitles Julie to one fully paid ordinary share in the company, subject to the satisfaction of the performance and service conditions below. Any shares allocated to Julie on vesting of the performance rights will be subject to a further 12-month holding restriction.

Shares will be sourced on-market to satisfy the allocation of shares on vesting of performance rights granted to Julie under CSR's PRP. Accordingly, the grant of performance rights and allocation of shares on vesting of those performance rights does not require shareholder approval under ASX Listing Rule 10.14 (which, in summary, provides that a listed company must not issue performance rights to a director under an employee incentive scheme unless it obtains approval from its shareholders or the shares granted on vesting of the performance rights are sourced on-market).

However, as in the past, CSR is seeking shareholder approval in the interests of transparency and good corporate governance.

Details of the PRP are contained in the remuneration report. The key terms of the performance rights to be granted to Julie for YEM23 are set out on the following page.

COMPONENTS OF THE YEM23 PRP

Consistent with the remuneration objectives stated on the previous page, the board proposes to use relative Total Shareholder Return (TSR) and Earnings Per Share (EPS) as the two performance conditions over the three year performance period (1 April 2022 to 31 March 2025). Both performance conditions will be weighted equally at 50% of the overall grant.

1. Total Shareholder Return (TSR)

50% of Julie Coates' performance rights ('Tranche A') will be subject to a performance condition based on CSR's relative TSR over the performance period, along with an absolute TSR 'gate' for any performance rights to vest.

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 both earnings and share price growth.

In setting the performance hurdles for relative TSR the board has considered historical TSR performance of CSR, its cost of capital and projected earnings through the performance period. The board has set a relative TSR of between the 50th and 75th percentile, provided that absolute TSR at the end of the period is greater than zero. The comparator group will be those companies ranked in the ASX51-150 at the start of the performance period. 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.

The board believes these targets are sufficiently demanding and are aligned with shareholder interests.

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 below:

Relative TSR of CSR	Proportion of Tranche A to vest
Below the 50 th percentile	0%
At the 50 th percentile	50%
Between the 50 th & 75 th percentile	Straight-line vesting between 50% and 100%
At or above the 75 th percentile	100%

2. Earnings per share (EPS)

The remaining 50% of Julie Coates' performance rights ('Tranche B') will be subject to an EPS hurdle, which measures CSR's annual compound EPS growth over the performance period. The EPS hurdle assesses the success of the business in generating continued growth in earnings and is strongly aligned with shareholder interests.

EPS is defined as net profit after tax per share before significant items. The board may adjust EPS to exclude the effects of material business acquisitions or divestments and for certain one-off costs. In setting the target for the YEM23 grant, the board has not taken into account any significant items.

EPS is proposed to be measured on an averaged basis over the three-year performance period. Under this approach, the board will assess average EPS over the three-year performance period and this result will then be compared against the hurdles set by the board.

The EPS performance hurdles have been set at 5% and 10% compound growth for target and stretch performance respectively. This is the same as the hurdles that were applied in the past six years.

The target performance hurdle is calculated by taking the total EPS from the performance period using YEM22 EPS of 39.7 cents per share (cps) compounding 5% per annum for three years (which equates to a total of 131.4 cps) and dividing the result by three.

Stretch performance is calculated by taking the total EPS from the performance period using YEM22 EPS of 39.7 cps compounding 10% per annum for three years (which equates to a total of 144.5 cps) and dividing the result by three.

This is illustrated below:

EPS Performance Hurdle	Average EPS growth (%CAGR)*	YEM22 EPS (cps)	Cumulative EPS required over next three years (cps)	Average EPS required over next three years (cps)
Target	5%	39.7	131.4	43.8
Stretch	10%	39.7	144.5	48.2

* Compound annual growth rate

The proportion of the Tranche B performance rights that vest will be determined based on the vesting schedule below:

Average EPS compound growth per annum (%CAGR)	Proportion of Tranche B to vest
Below 5%	0%
Equal to 5%	50%
Between 5% and 10%	Straight-line vesting between 50% and 100%
Greater than average 10%	100%

Number of performance rights to be granted to Julie Coates

It is proposed that 268,920 performance rights be granted to Julie Coates.

The value of the award has been determined through an analysis of Julie's total target remuneration referenced against external market benchmarks. Specifically, a long-term incentive award to the maximum value of 140% of total fixed remuneration is proposed for Julie's YEM23 PRP grant, consistent with YEM22 and reflecting the board's aim of ensuring executives deliver long-term value for shareholders.

The share price used to calculate the number of performance rights to be allocated to Julie was the 5-day Volume Weighted Average Price of CSR shares leading in to the performance period, being the five days up to and including 31 March 2022, which was \$6.1665.

Testing of performance conditions

The performance conditions will be tested at the end of the performance period. To the extent the service and performance conditions are satisfied, the performance rights will vest and shares will be allocated to Julie Coates. These shares will be held in CSR's employee share plan trust for an additional 12 month period and will be subject to a 12 month service condition. During this time, Julie will not be able to deal with these shares.

Performance period

The performance of each Tranche against the applicable performance hurdle will be measured over the three-year performance period from 1 April 2022 to 31 March 2025. Any shares allocated to Julie Coates on vesting of the performance rights will then be subject to an additional 12 month holding restriction.

To the extent any performance rights under Tranche A or Tranche B remain unvested following testing after the end of the performance period, those performance rights will lapse.

Rights attaching to performance rights

Performance rights carry no voting or dividend entitlements during the performance period. During the additional 12 months service condition period Julie will be entitled to receive dividends and other distributions and have full voting rights in respect of any shares allocated to her on vesting of the performance rights.

The PRP rules contain provisions in relation to the adjustment of performance rights in certain circumstances, including in the event of a capital reorganisation (such as a subdivision or consolidation), a capital return or a bonus issue of shares to members.

Change of control

The board has discretion to allow all or a part of unvested performance rights to vest on a change of control of CSR (e.g. a takeover, merger, compromise or arrangement). In exercising this discretion, the board would generally not fully accelerate vesting but, rather, would consider pro-rata assessments for plans on foot.

Treatment of performance rights on cessation of employment

If Julie Coates ceases to be employed prior to the performance and service conditions being met, generally this will result in Julie forfeiting her interest in the unvested performance rights under the PRP.

However, if Julie ceases employment as a result of retirement, redundancy, total or permanent disablement, death or such other circumstances as determined by the board at its discretion, some or all of the unvested performance rights may stay on foot and remain eligible for vesting in the usual course subject to the satisfaction of the applicable performance conditions. In exercising this discretion, the board would not generally accelerate vesting and would apply pro-rata assessments for all equity on foot.

Shares allocated on vesting of performance rights

Shares allocated to Julie Coates upon vesting of the performance rights will rank equally with other ordinary CSR shares on issue.

Hedging and restrictions on dealing

Consistent with the requirements under the *Corporations Act 2001* CSR prohibits participants in the PRP from entering into any arrangement to hedge or otherwise affect their economic exposure to their performance rights or shares which are held subject to a holding restriction (i.e. restricted shares such as those allocated on vesting of performance rights under this award). It is the board's policy that participants will forfeit their interest in the performance rights or restricted shares if they enter into any hedging transaction. Julie Coates may not sell, assign, transfer or otherwise deal with performance rights or restricted shares. Julie Coates will be free to deal with her vested shares, subject to the requirements of CSR's Share Trading Policy.

Additional disclosure

The following information sets out additional disclosures:

- a) the maximum number of performance rights proposed to be awarded to Julie Coates under this approval is 268,920;
- b) the price payable by Julie on the issue or vesting of each performance right is \$nil;
- c) since approval for performance rights under the PRP was last obtained (at the 2021 AGM), Julie Coates (being the only director to participate in the PRP) received 275,727 performance rights as her PRP allocation for YEM22. The acquisition price for these performance rights was \$nil;
- d) there is no loan proposed in relation to the proposed award of performance rights to Julie;
- e) the performance rights that are the subject of this approval will be granted to Julie on or around 18 November 2022 (and, in any event, within 12 months of the date of this meeting);
- f) Julie Coates' remuneration package for YEM23 is comprised of \$1,184,500 as total fixed annual remuneration, a 3% increase on the prior year, and 100% of total fixed annual remuneration as the maximum amount Julie can earn as her short-term incentive. If approved by shareholders, Julie will also be allocated an LTI. There were no changes to the maximum STI opportunity or to the maximum LTI opportunity from last year. Shareholders are referred to the remuneration report for further details of Julie's remuneration; and
- g) CSR uses performance rights under the PRP because they create share price alignment between executives and ordinary shareholders but do not provide executives with the full benefits of share ownership (such as dividend and voting rights) unless and until the performance rights vest.

CSR is seeking shareholder approval in the interests of transparency and good corporate governance. If shareholder approval is not obtained, the board will consider alternative arrangements to appropriately remunerate and incentivise Julie.

For the voting exclusions applicable to resolution 4, please refer to page 3 of this notice of meeting.

Recommendation

The directors (excluding the managing director) unanimously recommend that shareholders vote in favour of resolution 4.

5. To replace the Constitution of the Company

The Constitution of CSR was adopted in 1999 and was last updated in 2009 to remove the director shareholding qualification. There have been a number of developments in law, corporate governance principles and general corporate and commercial practice for ASX listed companies since that time.

At the 2021 AGM, CSR put forward a proposal for adoption of a new Constitution, and this resolution was not passed as it received 74.78% of votes in favour of the resolution, rather than the required 75%. CSR has listened to its shareholders and based on feedback that provisions allowing for fully virtual general meetings were the area of concern, in the revised new Constitution, CSR will not be able to hold a fully virtual meeting unless ASIC provides express relief under the *Corporations Act 2001*.

The board proposes to adopt a new Constitution which reflects current market practice and terminology. Many of the proposed changes are administrative or relatively minor in nature. The principal differences between the current Constitution and the proposed new Constitution are outlined below.

Copies of the Company’s existing Constitution and proposed new Constitution are available on CSR’s website at www.csr.com.au/AGM2022. You can also request a copy of the Company’s existing Constitution and proposed new Constitution at no charge by emailing investorrelations@csr.com.au or by written request to the Company Secretary at CSR Limited, Trinita 3, Level 5, 39 Delhi Road, North Ryde NSW 2113.

Topic	Overview of proposed changes
Directors	<p>The Company’s current Constitution requires one third of the board to stand for election at each AGM. The proposed new Constitution will omit this rule to bring the Constitution in line with the ASX Listing Rules, which require an election of directors each year and that a director must not hold office (without re-election) past the third annual general meeting following the director’s appointment or three years, whichever is longer. In accordance with the ASX Listing Rules, the managing director will not need to stand for election by shareholders.</p> <p>The current Constitution allows the board to determine the number of non-executive and executive directors within specified minimum and maximum numbers of directors. The proposed new Constitution does not specify any minimum or maximum number of directors, with the number of directors to be subject only to the requirements of the <i>Corporations Act 2001</i>.</p> <p>Under the proposed new Constitution, incumbent directors are only eligible for re-election as a director at a general meeting if the board has recommended their election to members or the director has been nominated by the board for election at that meeting. Otherwise, a person is eligible for election if the Company receives their nomination up to 45 business days before the relevant annual general meeting.</p> <p>Under the proposed new Constitution, two directors constitute a quorum at meetings of the board unless the board decides differently. The current Constitution requires three directors for a quorum. The proposed new Constitution also provides flexibility for circulating resolutions to be approved by a majority of directors.</p>
General meetings	<p>The proposed new Constitution incorporates a number of changes to assist with the orderly conduct of general meetings of the Company and to reflect changes in market practice since the Constitution was last updated.</p> <p>The current Constitution requires 12 members entitled to vote holding at least 80,000 shares to be present for a quorum of members. A quorum of members under the proposed new Constitution has been amended to five or more members present at the meeting and entitled to vote on a resolution at the meeting.</p> <p>The proposed new Constitution contains direct voting provisions, consistent with market practice, and clarifies the treatment of a direct vote for quorum purposes.</p> <p>The current Constitution allows general meetings to be held at two or more venues simultaneously using any technology that gives members a reasonable opportunity to participate. The proposed new Constitution allows the Company to hold physical and hybrid general meetings (i.e. a meeting with one main physical place and members also participating electronically). CSR will not be able to hold a fully virtual meeting unless ASIC provides express relief under the <i>Corporations Act 2001</i>.</p> <p>The proposed new Constitution confirms the chair’s powers in relation to the conduct of meetings.</p> <p>The proposed new Constitution allows for matters to be decided on a show of hands but recognises that all resolutions set out in the notice of meeting would be determined by a poll, which is now required by law. Further, this reflects market practice as well as the Company’s practice to provide for all resolutions to be determined by a poll.</p> <p>The proposed new Constitution also provides greater flexibility in respect of incomplete proxy appointments, including the ability to clarify instructions with a shareholder and to amend the contents of the proxy form to reflect those instructions.</p>
Dividends	<p>The proposed new Constitution reflects section 254V(1) of the <i>Corporations Act 2001</i> as well as market practice. There are a number of updates to the dividend provisions in the proposed Constitution including:</p> <ul style="list-style-type: none"> • providing the Company with the flexibility to rescind a dividend up to the payment date if permitted by the ASX Listing Rules; and • providing the ability to require bank account details before a dividend needs to be paid.

Topic	Overview of proposed changes (continued)
Variation of class rights	<p>CSR currently has only one class of shares on issue and has no current intention to introduce further classes of shares.</p> <p>In the event a new class of shares is introduced, the proposed new Constitution allows class rights to be varied with the written consent of, or a special resolution by, 75% of the holders of that class of shares, without requiring a special resolution at a general meeting.</p> <p>The proposed new Constitution provides that where a class meeting is held, a quorum is at least two persons holding at least one third of the issued shares of the class. Any holder of shares of the class, or the chair of the meeting, may demand a poll. It also provides that the rights conferred on the holders of any class of shares are not varied by the creation or issue of further shares ranking equally with them, unless the terms of issue provide otherwise.</p>
Ability to charge a reasonable fee for certain transfers	<p>The proposed new Constitution would permit CSR to charge reasonable fees for the registration of transfers where permitted by the ASX Listing Rules. For example, the share registry charges CSR a security clearance fee when registering paper-based transfers. Including such a provision would permit (but not require) CSR to pass these fees onto the holder, aligning with the ASX Listing Rules.</p>
Indemnity	<p>The officer indemnity provisions have been updated. The current Constitution allows the Company's officer indemnity to extend to current and former officers of the Company. The proposed new Constitution provides that the Company's officer indemnity will extend to current and former officers of the Company and the Company's related bodies corporate, as the board in each case determines.</p>
General updates	<p>The provisions of the proposed new Constitution have been amended to reflect changes in terminology now contained in the <i>Corporations Act 2001</i>, the ASX Listing Rules and ASX Settlement Operating Rules.</p> <p>This includes updates to the terminology used in the Constitution to 'Corporations Law', the 'Australian Stock Exchange', 'Securities Clearing House' and 'SCH-regulated Transfer(s)'.</p> <p>The restricted securities provisions of the proposed Constitution have been updated to reflect changes to Listing Rule 15.12 in December 2019.</p>

Recommendation

The directors unanimously recommend that shareholders vote in favour of resolution 5.

By order of the Board



JILL HARDIMAN, COMPANY SECRETARY

27 May 2022

CSR LIMITED

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SHAREHOLDER INFORMATION AND ENQUIRIES

All enquiries and correspondence regarding shareholdings should be directed to CSR's share registry:

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 GPO Box 2975
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