



CSR LIMITED

# Modern Slavery Statement 2022



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## SECTION 1: INTRODUCTION

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CSR Limited (CSR) is pleased to submit its Modern Slavery Statement for the financial year ended 31 March 2022 (YEM22).

This joint statement is provided as required under the Modern Slavery Act 2018 (Commonwealth) and provides:

- Background information on the activities and operations of CSR;
- A summary of the main modern slavery risks that CSR faces and how these risks have been identified and assessed;
- Information on the actions being taken to mitigate those risks and how the effectiveness of these mitigating actions is assessed; and
- Any other information as required by the relevant legislation.

**Section 4** of this statement contains details on the entities that are included in this joint statement and the reasons why a joint statement is appropriate for CSR.

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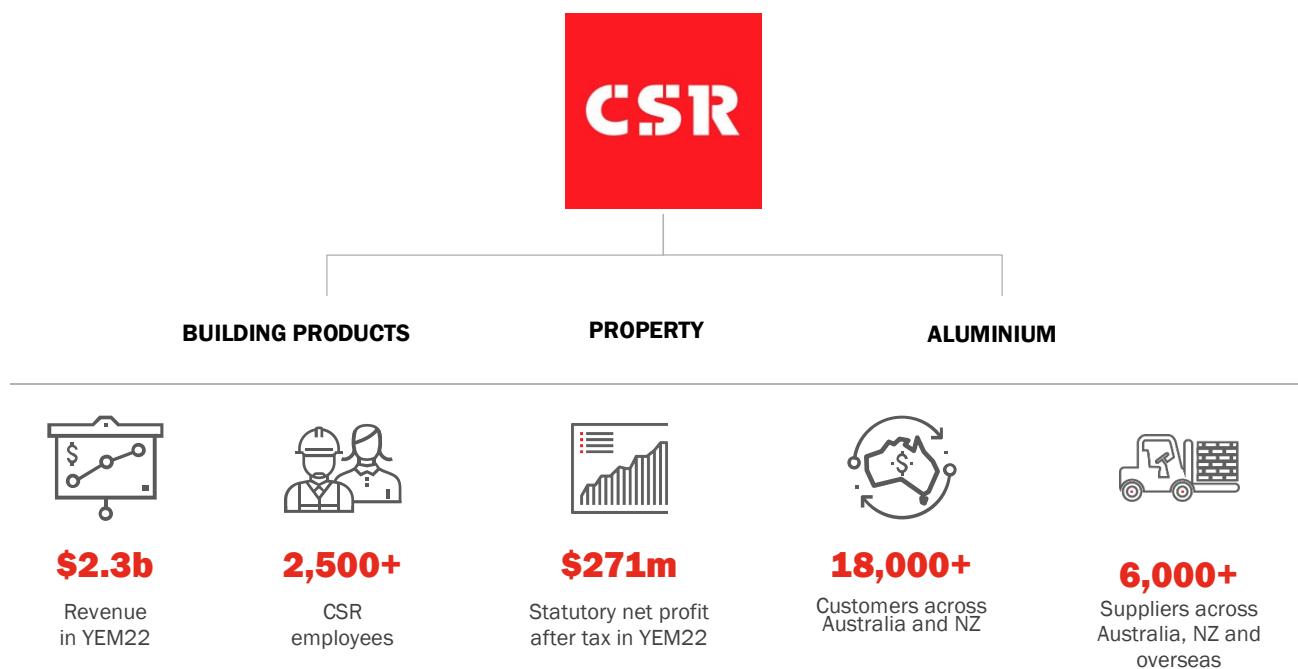
## SECTION 2: KEY MILESTONES DURING YEM22

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CSR lodged its first Modern Slavery Statement in September 2020. Over the past two years, CSR has progressed a number of initiatives to assess and address modern slavery risks, including:

- Continued external review of vendors to provide a detailed analysis of crimes, infringements and sanctions across 95% of CSR's vendors (based on spend);
- All vendors complete a comprehensive vendor on-boarding process with a review of historic Modern Slavery risks prior to contracting with CSR; and
- Continued reporting on key statistics regarding the number of screened vendors and suppliers risk assessed during the year – see Table 2.

# SECTION 3: ABOUT CSR

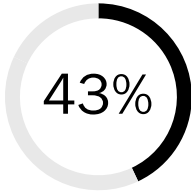

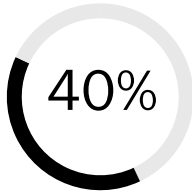

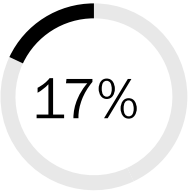



## BUILDING PRODUCTS

CSR is a leading building products company in Australia and New Zealand and is the name behind some of the market's most trusted and recognised brand names including Gyprock plasterboard, Bradford insulation, Cemintel fibre cement, Hebel autoclaved aerated concrete panels, PGH Bricks, Monier rooftiles and AFS walling systems. Formed in 1855, CSR is one of Australia's oldest companies with over 2,500 employees across Australia and New Zealand.

The Building Products business supplies the residential and commercial construction industries in Australia and New Zealand with products manufactured and distributed from over 170 sites. In addition, CSR is a distributor of a range of building products imported into Australia and New Zealand which complement CSR's existing range of manufactured products. CSR has a range of domestic and international suppliers which provide materials and services for the manufacture and delivery of its products to its customers.

CSR's building products brands are structured into three business units.

MASONRY & INSULATION	INTERIOR SYSTEMS	CONSTRUCTION SYSTEMS
<div style="text-align: center;">  <p><b>43%</b></p> </div> <div style="text-align: center;">  </div> <ul style="list-style-type: none"> <li>▪ YEM22 revenue \$688m (3% above YEM21)</li> <li>▪ Masonry &amp; Insulation brings together the key areas of PGH Bricks and Monier Roofing for a selection of external colours and design, integrating with Bradford's insulation and ventilation systems for improved energy efficiency and home comfort.</li> </ul>	<div style="text-align: center;">  <p><b>40%</b></p> </div> <div style="text-align: center;">  </div> <ul style="list-style-type: none"> <li>▪ YEM22 revenue \$645m (9% above YEM21)</li> <li>▪ Interior Systems builds on Gyprock's leading brand position in the plasterboard market with the extensive range of Martini, Himmel and Potter commercial fitout offerings.</li> </ul>	<div style="text-align: center;">  <p><b>17%</b></p> </div> <div style="text-align: center;">  </div> <ul style="list-style-type: none"> <li>▪ YEM22 revenue \$281m (2% above YEM21)</li> <li>▪ Construction Systems develops engineered walling and cladding systems across three leading brands of Hebel, AFS and Cemintel which bring speed of construction with versatile design applications.</li> </ul>

## PROPERTY

CSR Property focuses on maximising financial returns by developing surplus former manufacturing sites and industrial land for sale. CSR has an in-house property team which is responsible for advancing the sites through various stages of the development cycle. The Property team has extensive experience in managing large scale property projects including:

- Site rezoning
- Remediation
- Biodiversity
- Civil earthworks
- Road construction
- Infrastructure and services

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

## ALUMINIUM

Through its 70% shareholding in Gove Aluminium Finance Limited, CSR holds an effective 25.2% interest in the Tomago aluminium smelter, located in New South Wales. Tomago Aluminium is a leading manufacturer of aluminium products, including extrusion billet, rolling slab, and aluminium ingot with annual capacity of around 600,000 tonnes of aluminium. Further details on CSR's structure are set out in **Section 3**, with details relating to supply chains & operations are set out in **Section 6**.

## CSR'S APPROACH TO RISK MANAGEMENT AND SUSTAINABILITY

At CSR, we care for and protect each other, our business, our customers, the community and our environment with the aim of building a sustainable, profitable and growing enterprise. The workplace health and safety of our people and the preservation of the environment in which we operate, are core principles at CSR.

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

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## RISK MANAGEMENT

CSR's Risk Management Framework (RMF) sets out the framework for risk management, internal compliance and control systems.

Risk management is sponsored by the board and is a priority for senior managers, starting with the managing director. The board approves CSR's risk appetite statements and RMF, oversees the risk profile of CSR and ensures that business developments are consistent with the goals of CSR. The board receives periodic assurances that significant risks are managed appropriately. The RMF covers business risk, financial risk, financial integrity, legal compliance and sustainability risk, and requires risks across the businesses to be identified, evaluated, monitored and controlled. Risks are classified as either strategic, operational, financial or compliance.

There are several layers that assist the board in ensuring the appropriate focus is placed on the RMF:

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

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## SECTION 4: BACKGROUND INFORMATION ON THIS STATEMENT

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CSR Limited is a publicly listed company on the Australian Securities Exchange (ASX) incorporated in Australia.

This joint statement covers CSR Limited's reporting period 1 April 2021 to 31 March 2022.

This joint statement covers the entities as set out in **Appendix 1** and includes:

- All wholly owned subsidiaries of CSR Limited; and
- All joint ventures that CSR holds a majority share in, including Gove Aluminium Finance Limited of which CSR owns 70%.

### CONSULTATION WITH ENTITIES COVERED IN THIS STATEMENT

The following steps have been undertaken to consult with the entities covered by this statement:

- There is commonality of directors across the executive leadership team and the subsidiary companies.
- This statement was reviewed and approved by the executive leadership team.
- The directors of the relevant subsidiary companies have had the opportunity to review this statement and provide feedback.
- This statement does not include entities that CSR does not control or has less than a 50% shareholding.

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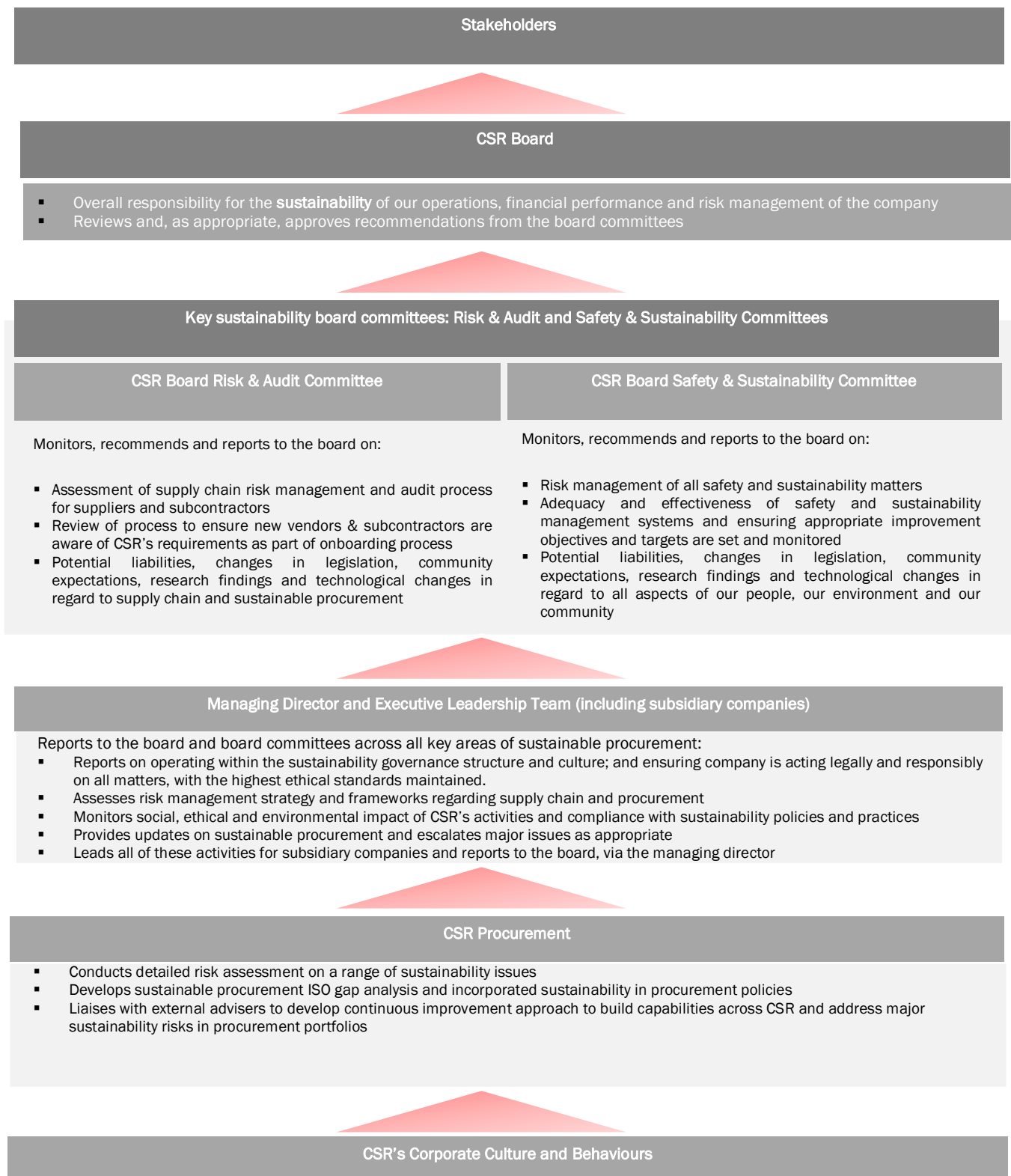
## SECTION 5: CSR'S SUSTAINABILITY GOVERNANCE FRAMEWORK

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CSR's governance framework is a set of rules, relationships, systems and processes underpinning the company's values and behaviours; the way it does business and how the CSR board of directors is accountable to all stakeholders for the performance and growth of the company, as well as the identification and management of business risks. The governance framework ensures, amongst other things, that sustainable procurement risks are effectively identified and managed. These risks include modern slavery risks.

A key part of this framework is the **Supplier Code of Conduct** which formalises CSR's sustainable procurement policies, the minimum requirements we expect and the aspirations CSR would like our suppliers to achieve. It is a fundamental document to build CSR's sustainable procurement culture and provides an opportunity to engage with suppliers before and while we do business with them. This document includes explicit statements about human rights.

**Figure 1: CSR's sustainability governance framework**









In July 2021, CSR formed the Sustainability Steering Committee to ensure that CSR executes on its strategic foundation that sustainability is at the forefront of our decision making and actions. This committee includes the CSR executive leadership team with the scope of work including:

- Building a shared understanding (including external influences) of sustainability
- Developing priorities and targets to achieve CSR's sustainability ambitions
- Developing a company-wide sustainability roadmap
- Identifying, co-ordinating and reporting progress of initiatives
- Prioritising and resourcing initiatives including capital expenditure allocation
- Cross-functional and cross-business unit alignment and decision-making.

# SECTION 6: CSR OPERATIONS AND SUPPLY CHAINS

CSR's major businesses, operations and supply chains are set out below.

AREA	OPERATIONS	SUPPLY CHAINS
<b>INTERIOR SYSTEMS</b>		
 <p>Gyprock is Australia's leading manufacturer of gypsum-based products including plasterboard, cornice and compounds</p>	<ul style="list-style-type: none"> <li>▪ Manufacturing Gyprock plasterboard, cornice, jointing compounds and adhesives, ceiling systems</li> <li>▪ Purchasing goods for resale; steel track and channel, hand and power tools, ceiling systems components etc</li> <li>▪ Supply and Installation of plasterboard and fibre cement systems</li> <li>▪ Quarrying gypsum at Jurien Bay, WA</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Raw materials and packaging for manufacturing</b> from local and overseas suppliers</li> <li>▪ <b>Quarrying of clays, shales and gypsum</b> as input raw materials for bricks, roof tiles and plasterboard</li> </ul>
 <p>Himmel offers a complete range of interior systems. Features ceilings, wall, aluminium &amp; hardware products such as ceiling grid &amp; custom ceiling lights &amp; sensors</p>	<ul style="list-style-type: none"> <li>▪ Manufacturing ceiling grid systems</li> <li>▪ Purchasing goods for resale; ceiling panels, hardware, lights etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Resale goods from local and import</b></li> <li>▪ <b>Distribution:</b> logistics, transport, delivery providers including large, SME's and owner drivers. Customs and shipping companies</li> </ul>
 <p>Martini manufactures environmentally sustainable, high-quality thermal and acoustic polyester fibre products for a variety of industries</p>	<ul style="list-style-type: none"> <li>▪ Manufacturing polyester fibre products such as cushioning, pin-boards etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Manufacturing facilities &amp; services;</b> including spare parts, capital equipment, maintenance contractors, professional consultants, waste disposal, etc.</li> </ul>
 <p>Potter Interior Systems is the leading supplier of materials, including ceiling tiles &amp; aluminium partitioning, for the commercial wall &amp; ceiling industries in New Zealand. Also supplies thermal &amp; acoustic insulation, whiteboards, chalkboards and fabric boards</p>	<ul style="list-style-type: none"> <li>▪ Manufactures products including ceiling &amp; partitioning systems, whiteboards, chalkboards &amp; fabric boards</li> <li>▪ Purchases goods for resale including panels, cladding, insulation, coatings etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Indirect goods &amp; services,</b> e.g. office supplies, professional consultancy, marketing, advertising, security, clothing etc.</li> </ul>
<b>CONSTRUCTION SYSTEMS</b>		
 <p>AFS is a leader in load bearing permanent formwork walling solutions to deliver faster, lower cost construction</p>	<ul style="list-style-type: none"> <li>▪ Manufacture of in-situ reinforced concrete formwork systems</li> <li>▪ Resale of associated goods such as fittings, steelwork etc.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Supply and Install;</b> use of sub-contractors for installing, plasterboard, insulation, roofs, AAC, bricks, PV systems etc.</li> </ul>
 <p>Cemintel provides engineered fibre cement systems and internal lining products</p>	<ul style="list-style-type: none"> <li>▪ Manufacturing fibre cement board</li> <li>▪ Purchasing goods for resale; specialty fibre cement boards and components</li> </ul>	

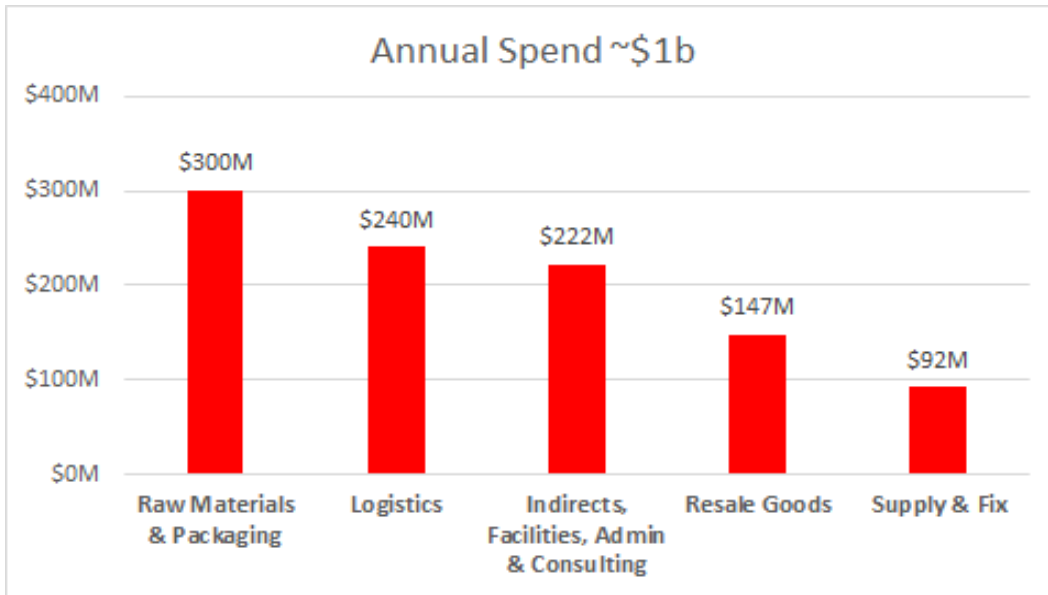
AREA	OPERATIONS	SUPPLY CHAINS
 <p>Hebel is Australia's only manufacturer of autoclaved, aerated concrete (AAC) used in residential, commercial and infrastructure applications</p>	<ul style="list-style-type: none"> <li>Manufacturer of autoclaved aerated concrete (AAC)</li> <li>Resale of associated goods such as jointing compounds, sealants, etc.</li> <li>Supply and Installation of AAC systems</li> </ul>	<ul style="list-style-type: none"> <li><b>Raw materials and packaging for manufacturing</b> from local and overseas suppliers</li> <li><b>Quarrying of clays, shales and gypsum</b> as input raw materials for bricks, roof tiles and plasterboard</li> </ul>
<b>MASONRY &amp; INSULATION</b>		
 <p>Bradford supplies a full range of thermal, acoustic and fire insulation and energy saving products for homes and commercial buildings</p>	<ul style="list-style-type: none"> <li>Manufacturing and importing glass-wool, rockwool, and other insulation types</li> <li>Manufacture of ventilation systems</li> <li>Supply and Installation of Insulation and ventilation systems</li> <li>Supply and Installation of Photo-voltaic systems</li> </ul>	<ul style="list-style-type: none"> <li><b>Resale goods from local and import</b></li> <li><b>Distribution:</b> logistics, transport, delivery providers including large, SME's and owner drivers. Customs and shipping companies</li> </ul>
 <p>Monier is one of Australia's leading roofing experts, with over 100 years of manufacturing quality roofing products underpinned by its commitment to innovation</p>	<ul style="list-style-type: none"> <li>Manufacturing concrete and terracotta roof tiles and associated products</li> <li>Purchasing goods for resale; lintels, roofing accessories, fittings etc.</li> <li>Supply and Installation of complete roofs</li> </ul>	<ul style="list-style-type: none"> <li><b>Manufacturing facilities &amp; services;</b> including spare parts, capital equipment, maintenance contractors, professional consultants, waste disposal, etc.</li> <li><b>Indirect goods &amp; services,</b> e.g. office supplies, professional consultancy, marketing, advertising, security, clothing etc.</li> </ul>
 <p>PGH is one of Australia's largest manufacturers, innovators and marketers of clay bricks, walling systems and façade solutions for homes and commercial applications</p>	<ul style="list-style-type: none"> <li>Sourcing clay and shale from CSR owned and other quarries</li> <li>Manufacturing clay bricks and pavers</li> <li>Purchasing goods for resale; masonry blocks, bricks, brick walling systems</li> </ul>	<ul style="list-style-type: none"> <li><b>Supply and Install;</b> use of sub-contractors for installing, plasterboard, insulation, roofs, AAC, bricks, PV systems etc.</li> </ul>
<b>PROPERTY</b>		
 <p>CSR's Property division focuses on maximising financial returns by developing former manufacturing sites and industrial land for sale</p>	<ul style="list-style-type: none"> <li>Marketing and construction of industrial, commercial and residential land developments</li> <li>Site rehabilitation</li> <li>Partnering with other construction projects, e.g. Metro rail line – accepting tunnelling fill.</li> <li>Leasing properties</li> </ul>	<ul style="list-style-type: none"> <li>Use of contractors, civil engineering, construction companies and bulk transport providers</li> </ul>
<b>GOVE ALUMINIUM</b>		
 <p>Gove Aluminium Finance Limited (70% CSR)</p>	<ul style="list-style-type: none"> <li>Purchase of alumina</li> <li>Distribution, logistics, shipping operations of both alumina and aluminium</li> <li>Sales of Aluminium ingot</li> </ul> <p>The operation of the Tomago aluminium smelter is not in scope for Gove Aluminium Finance (GAF), with GAF holding a 25.2% interest in Tomago</p>	<ul style="list-style-type: none"> <li>CSR has operational control of GAF</li> <li>GAF procures alumina as the input material to aluminium smelting</li> <li>Inbound shipping and freight for alumina</li> <li>Outbound shipping and freight for aluminium ingot</li> </ul>



## CSR'S SUPPLIERS

CSR uses over 6,000 suppliers across a range of procurement categories, as set out in Figure 2 below.

Figure 2. CSR procurement portfolios



# SECTION 7: IDENTIFYING MODERN SLAVERY RISKS

This section sets out the steps that CSR has taken to identify and assess any modern slavery risks, as well as a summary of those risks.

## CSR'S RISK MANAGEMENT FRAMEWORK AND RISK APPETITE

The governance of sustainable procurement aligns with CSR's Risk Management Framework (RMF). CSR's RMF establishes a framework for identifying, assessing, controlling, reviewing and reporting on risk. The format and structure of the RMF has regard to all relevant regulations, standards and guidelines. The RMF applies to CSR, and its subsidiaries, and covers both corporate functions and operations in Australia and New Zealand, long term liabilities, majority owned joint ventures and other financial interests.

CSR's RMF and Risk Appetite Statements were last reviewed and updated in September 2021. CSR's Risk Appetite Statements seek to define (within practical boundaries) the amount of risk the organisation is willing to accept in pursuing its strategic objectives, and address strategic and commercial risk, operational risk, financial risk and compliance risk. The Risk Appetite Statements relevant for Modern Slavery are:

### Raw Materials and Supply Chain:

*"The Board expects CSR to procure a secure supply of fit for purpose materials, utilising appropriate channels. The Board has **no** appetite for receiving contaminated materials, or for engaging with suppliers that breach modern slavery, or other laws & a **low** appetite for not securing supply of materials it requires. The Board expects management to have processes in place which ensures a secure supply of high quality materials, that are produced in accordance with the law."*

### Regulatory and Compliance:

*"The Board has **no** appetite for material breaches of the law, and a **low** appetite for failure to manage compliance and social-political obligations that result in reputational damage & financial consequences."*

## STEPS CSR HAS TAKEN TO IDENTIFY ITS MODERN SLAVERY RISKS

CSR continues to build on previous year’s work and to integrate sustainability within CSR’s procurement activities in line with ISO 20400 Sustainable Procurement Guidance (see Figure 3) and to ensure CSR has access to best practice in this area. This continuous improvement approach consists of two workstreams:

1. Building up overall capabilities across CSR; and
2. Addressing major sustainability risks in specific procurement portfolios. .

**Figure 3. ISO 20400 Sustainable Procurement Guidance**



## KEY PARTNERSHIPS TO IDENTIFY MODERN SLAVERY RISKS

As part of CSR’s integrated approach to identify modern slavery risks, CSR has established partnerships with specialists in this area to assist with data analysis and risk identification across its suppliers. Independent experts, in addition to industry benchmarking, provided analytics tools to navigate data analysis and drive CSR’s decisions in its supply chains. Independent experts also provided screening of vendors of any crimes, regulatory infringements or sanctions.

## RISK ASSESSMENT PROCESS

Detailed risk assessment – in YEM20, CSR conducted workshops with its internal procurement stakeholders to risk score a range of sustainability threats and opportunities, using spend, category, vendor, and country data. The deliverable was a Heatmap of threats and opportunities, not only in relation to modern slavery risks. CSR continued to use this Heatmap throughout YEM21 and YEM22.

Supply Chain Risk Assessment - In 2020, CSR engaged FairSupply.com.au Pty Ltd (FairSupply) to analyse CSR’s supply chains beyond Tier 1 suppliers. The results have been used to update the Heatmap of risk areas.

Using CSR’s spend data, FairSupply traced the economic inputs required to produce products and services sourced from Tier 1 suppliers through to Tier 10 suppliers of any supply chain. FairSupply then utilised publicly available risk data and licensed trade information and provided a modern slavery risk profile to Tier 10 for each of CSR’s suppliers. The risk assessment was mapped according to country and industry ratings. The supplier risk data is available via intranet dashboards.

The FairSupply method does not involve interrogating actual suppliers and tracing suppliers, instead it uses generic product classifications and country industry data (e.g., Australian Bureau of Statistics). This method prioritises risk across over 6,000 suppliers, without the intensive work of questioning suppliers. It is an additional tool to the internal risk workshops CSR previously conducted.

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CSR then engaged FairSupply to do a further deep dive of the top product-based modern slavery risks for materials/products that CSR uses, and a summary of this analysis is below. Those considered high risk are highlighted below:

- a. **Synthetic resins and fibre from Indonesia** - Indonesia's Prevalence Index Rank is 74 of 167 countries.
- b. **Glasswool and Rockwool Insulation from Malaysia** - Malaysia's Prevalence Index Rank is 42 of 167 countries.
- c. **Polyester fibre and speciality board from Thailand** - Thailand's Prevalence Index Rank is 23 of 167 countries.
- d. **Fabricated metal products** - Steel-related products may have a potentially elevated risk for modern slavery. The supply chains for these products are highly dependent on the mining, quarrying and basic metal products manufacturing industries. This is a diverse and generic category grouping, both in terms of the range of 'end-user products' that come within its scope, and the various inputs of materials and component parts (and their countries of origin) that may go into the production of those products. Consequently, it is marked by a significant lack of supply chain visibility into the deeper tiers.
- e. **Solar panel products** - CSR imports solar panels. The core raw material input into solar products is silicon. Solar products with an elevated risk of modern slavery include polysilicon, particularly when sourced from countries such as China, which provides at least 80% of global polysilicon supplies. Some of the global supply of polysilicon is said to be traceable to the Xinjiang region of China, where there is international consensus about the prevalence of forced labour and other modern-slavery-related human rights abuses. China's Prevalence Index Rank is 111 of 167 countries.
- f. **Metal Parts** - FairSupply investigated one supplier in this industry category, which has published a modern slavery statement pursuant to the UK modern slavery legislation. The supplier has outlined its policy commitments relating to modern slavery, which includes ensuring that employees receive adequate training on modern slavery. Considering the substantive efforts the supplier is engaged in for its own modern slavery due diligence and remediation under the UK modern slavery legislation, it is not considered the most appropriate area for further due diligence focus by CSR.

## SUMMARY OF KEY RISKS

Set out below is a summary of the key risks that were identified during the processes and analysis set out above.

1. **Imported Goods** - raw material inputs to manufactured products, such as industrial minerals, poly-fibre and chemicals etc. and goods for resale, such as adhesives, solar PV panels, fibre cement and insulation may be imported from at risk countries listed in the Global Slavery Index. There is a risk that modern slavery exists in these supply chains. The risk varies depending on the country and the product type. The work done by FairSupply described above, has prioritised directing further efforts to examine these supply chains.
2. **Installation of Products and Systems** - CSR uses contractors for installation of products. In some cases, further subcontracting may be allowed. There is a risk that these sub-contractors, in managing their own workforce and their sub-contractors, may not comply with Australian or New Zealand labour laws. There is a risk that modern slavery may exist in this supply chain, e.g., forced labour, debt bondage etc.
3. **Facilities management** - CSR operates many manufacturing sites, distribution centres and branches which require operational staff, machinery and process maintenance, waste disposal, and cleaning services. CSR uses contractors for many of these services. There is a risk that these contractors, in managing their own workforce, may not comply with Australian or New Zealand labour laws. There is a risk that modern slavery exists in this supply chain, e.g. forced labour, debt bondage etc.
4. **Logistics** - distribution, transport and delivery. CSR uses road, air, and sea freight companies for inbound or outbound deliveries. There is a risk that some of these contractors, in managing their own workforce, may not comply with Australian or New Zealand labour laws. In addition to modern slavery risks, this area is continuously reviewed for compliance to Chain of Responsibility (CoR) and Heavy Vehicle National Laws (HVNL). There is a risk that modern slavery exists in these supply chains.
5. **Construction - Property Development**. CSR normally uses large construction companies to assist with property developments. These construction companies may in turn sub-contract the work. There is a risk that these contractors, in managing their own workforce, may not comply with Australian or New Zealand labour laws. There is a risk that modern slavery exists in this supply chain, e.g. forced labour, debt bondage etc.
6. **Marketing materials** (from the Indirect spend category) - CSR purchases a small quantity of marketing and promotional items. These would normally be sourced from local Australian companies; however, the goods may have been manufactured in countries listed in the Global Slavery Index. There is a risk that modern slavery exists in these supply chains. The risk varies depending on the country and the product type.

# SECTION 8: ACTIONS TAKEN TO ASSESS AND ADDRESS MODERN SLAVERY RISKS

This section describes the mitigating factors that CSR has put into place to manage the identified, and any emerging, supply chain risks.

## GOVERNANCE AND OVERSIGHT

To ensure that the risks are effectively identified and managed, CSR has a governance framework in place, including key stakeholders as outlined in **Section 5**.

## MONITORING RISKS WITHIN CSR'S OPERATIONS

CSR has policies and procedures that review arrangements for onboarding and ongoing employment of its employees. Payroll reviews are conducted as part of ongoing internal audit processes which include reviews that CSR is in compliance with obligations to pay employee contractual and statutory entitlements.

## CSR'S CODE OF BUSINESS CONDUCT & ETHICS

CSR's **Code of business conduct and ethics** (updated June 2022) (**the Code**) sets out the standards of behaviours expected by all CSR people, including employees, suppliers and contractors. The Code is accessible on CSR's website and all employees and contractors are required to be aware of it and comply with it. All breaches of the Code are encouraged to be reported via a link on CSR's external website (see **Incident reporting**). CSR conducts an annual survey of all employees to confirm knowledge of, and compliance with the Code. Suppliers and contractors are made aware of the Code, however they are not currently surveyed for compliance against it.

## CONTINUOUS IMPROVEMENT OF PROCUREMENT PROCESSES

A risk-based approach was developed to manage sustainability issues across the procurement process.

The procurement process:



Elements of the continuous improvement of procurement processes include:

### 3<sup>rd</sup> Party Monitoring Service

During YEM22, CSR continued to use an external monitoring service, Refinitiv Australia Pty Ltd for monitoring crimes, regulatory infringements, and sanctions of its suppliers, contractors, and other relevant entities. The service also highlights alleged adverse media articles. 95% of CSR vendors (based on spend) are continuously screened on an ongoing basis using this service.

### Vendor Onboarding

All new vendors are screened using the service when onboarded with CSR, along with relevant due diligence checks that include a risk assessment, insurance cover, work health, safety and environmental systems, tax compliance, and payment of applicable national minimum wages.

### Assessment of Supply Chain

If a supplier issue is identified, the issue is risk rated based on the seriousness of the issue, the likelihood of recurrence and consequence. Low to moderate risks may warrant continued monitoring, moderate to high risks may require follow up with the supplier, requesting corrective action to prevent recurrence. If satisfactory progress is not made, termination is considered. Performance over the last three years is assessed as part of the process. Several case studies were identified in previous years which were included in CSR's Modern Slavery Statement for the year ended 31 March 2021. The following case study was identified in YEM22.

No egregious modern slavery has been uncovered within CSR's supply chain.

#### CASE STUDY: Transport Carrier procurement

As part of CSR's freight procurement process, transport carriers are assessed for meeting all relevant licence, regulatory and legislative requirements. In 2021, the process identified that one of CSR's transport carriers were using a sub-contractor who may have been breaching visa conditions and not paying their drivers correctly, which would not be in compliance with Modern Slavery requirements in CSR's Supplier Code of Conduct and could not be adequately verified. CSR terminated contractual and operational arrangements with this sub-contractor. All new transport commercial agreements include statements of compliance regarding human rights and modern slavery and detail the minimum requirements expected by carriers and their subcontractors. It is also

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documented that carriers will provide evidence of compliance on request and participate in audits conducted by CSR on this topic amongst others.

### Supplier Code of Conduct

CSR's Supplier Code of Conduct (the Code) specifies CSR's expectations of suppliers regarding: Fair operating practices, workplace health and safety, environment, human rights, diversity and inclusion.

CSR is committed to upholding human rights and understands that operations and supply chains are complex. CSR expect its suppliers to identify any potential or actual adverse impacts their operations may have on human rights and to implement prevention, mitigation, and remediation processes. Suppliers should maintain a complete set of records to trace the supply chain of all goods and services provided to CSR. In addition, CSR values suppliers that seek to contribute to the social, economic, and environmental improvement of communities around CSR sites.

The Code has been communicated to staff and is published on the CSR website: **CSR Supplier Code of Conduct**. The code was reviewed and updated in June 2022.

The Code is referenced in CSR's Standard Purchasing Terms and Conditions and includes a grievance reporting mechanism. The Code has been incorporated into the vendor onboarding process; all new vendors receive and acknowledge the Code before their account is created in CSR's business system.

The Code aligns with CSR's values as found in CSR's **Code of business conduct and ethics**. Both the Supplier Code and Business Code include a reporting process including a Whistle Blower policy, see **Incident reporting**.

### Risk Assessment Tool

This tool is used in pre-qualifying a supplier or reviewing existing suppliers. This tool aligns with CSR's risk management process, Risk Policy and risk rating. The risks evaluated are end-user issues, workplace health and safety, labour and human rights, and environmental threats. The assessment is done by a team with experience of the product, supplier, and risk assessment. The tool records controls and monitoring processes.

#### **CASE STUDY: Interior Systems – new source of raw material**

Following the risk assessment process, CSR decided not to source a raw material from a moderate risk Global Slavery country, based on potential labour rights risks. Existing supply of the material continues from a low-risk country.

#### **CASE STUDY: Masonry & Insulation - new product**

Following the risk assessment process, CSR decided not to source new finished goods from a high-risk Global Slavery country. Site visits, product testing as well as risk assessments were conducted. There were concerns for both product quality and labour risks.

### Supplier Reviews

As part of contracting with its suppliers, CSR has a series of questions and reviews which are conducted by the procurement team. This includes questions on the suppliers' policies with regard to Modern Slavery, Safety & Wellbeing, Environment & Sustainability and Diversity and Inclusion. This forms the basis for awarding contracts and is part of ongoing reviews with suppliers.

### Contractual Obligations with Suppliers

CSR's contract templates have clauses which set out CSR's expectations of suppliers; including complying with law, maintaining policies and procedures to ensure compliance; complying with CSR requests (including audits) and notifying CSR as soon as a supplier becomes aware of any actual or suspected occurrence of human rights violation in its operations and/or supply chain. Suppliers are transitioned to the updated contracts, as existing agreements expire. New suppliers are required to sign contract templates having CSR's expectations around complying with relevant laws and human rights. These contracts also include a reference to the **CSR Supplier Code of Conduct**.

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## Incident Reporting

CSR is committed to conducting business honestly, with integrity, and in accordance with our values and standards of expected behaviour which is in line with CSR's **Code of Business Conduct and Ethics**. CSR encourages the reporting of any matters that are not in line with our values and standards to ensure it is aware of and can appropriately address them. CSR's **Whistleblower Policy** sets out the procedures for people to speak up about improper conduct within CSR and to report suspected misconduct and other incidents. Anyone who has dealings with CSR is encouraged to speak up and report an incident. This includes all employees (past and current), directors, temporary staff, contractors, service providers, suppliers (including employees of suppliers), and associates, as well as relatives and dependents of such persons.

All breaches of the Code are encouraged to be reported via a confidential email or telephone hotline available on CSR's external website found in the **Whistleblower Policy**. The confidential email and hotline are managed by an external provider. CSR is committed to ensuring that anyone who reports an issue is not disadvantaged or discriminated against for making a report on reasonable grounds. Any inquiries or more formal investigations will be conducted promptly, and in a manner that is confidential, fair and objective. All persons will be treated with fairness and respect in all relevant communications.

CSR also conducts an annual survey of all employees to confirm knowledge of, and compliance with CSR's **Code of Business Conduct and Ethics**.

## Suppliers and Customers Modern Slavery Statements

CSR proudly supports local Australian businesses. Many of our local suppliers are also diligently working to reduce the risks of modern slavery. Many of CSR's major suppliers are required to report under the Modern Slavery Act 2018, and a growing number of suppliers also voluntarily report; hence a growing portion of CSR's supply chain is being scrutinised.

CSR's Australian business spend is approx. AUD\$1b. 80% of CSR's spend is with ~330 suppliers (individual spend ranges from \$500k to >\$20m per vendor).

175 of CSR's suppliers have lodged Australian, UK or Californian Modern Slavery Statements, representing over \$315m of spend.

## Future plan - Supply Chain Risk Management solutions

CSR have recently evaluated several cloud-based logistics and supply chain risk management solutions with a business case presented in YEM22 and implementation planned for YEM23

CSR currently uses several tools and techniques to identify and assess modern slavery risks. A challenge is to systemically incorporate these assessments into CSR's ongoing operations. CSR's supplier base is constantly changing as are the suppliers' supply chains. With over 6,000 suppliers, solutions such as these will assist in identifying, assessing and mitigating risk as well as providing an enterprise-wide management platform.

## Remediation Process

When a supplier does not meet CSR's requirements, corrective action plans shall be established, and progress will be monitored. CSR may support suppliers with the development of their capabilities. CSR will terminate the relationship with suppliers that repeatedly and knowingly violate CSR's Supplier Code of Conduct.

## Training and Responsibilities

CSR continues to use the training module developed with Action Sustainability, covering; Modern Slavery, labour rights, how to perform a risk assessment, remediation options, and reporting. Position description templated responsibilities have been drafted for procurement practitioners, managers, and senior leaders with planned roll out during YEM22. Due to travel restrictions and social distancing as a result of the COVID-19 pandemic, training sessions have been delayed. Planning is underway to recommence training in YEM23.

## Installer Agreements

Agreements are updated on a rolling basis as contracts expire. Over 54% of installer agreements now contain provisions relating to modern slavery and this will increase further over the next 12 months. CSR currently conducts audits of sub-contractors to ensure compliance with relevant workplace health & safety laws whilst on sites. This is a program to assess compliance with site conditions and ensure it complies with Modern Slavery requirements in the workplace.

In some cases, where required, CSR will help sub-contractors understand their obligations and ensure compliance. This usually takes the form of directing sub-contractors to the relevant website, which sets out the requirements, answering questions on CSR's requirements, and additional information sessions, if needed.

## SUMMARY OF MITIGATING ACTIONS

Table 1 below sets out the risks (as listed above) and the mitigating actions that are designed to address them. These actions are consistent with CSR's 2021 Modern Slavery statement as many of these initiatives are still in progress and part of ongoing risk mitigation across CSR's supply chain.

Table 1

Categories where Modern Slavery Risks may occur	Mitigating actions
<b>Imported goods</b>	<ul style="list-style-type: none"> <li>▪ Procurement processes including               <ul style="list-style-type: none"> <li>– Supplier Code of Conduct</li> <li>– Risk assessment</li> <li>– Supplier contracts</li> <li>– Third party monitoring and supplier engagement</li> </ul> </li> <li>▪ Assessment of modern slavery risks included in CSR's assessment of any new product</li> </ul>
<b>Installation of products &amp; systems</b>	<ul style="list-style-type: none"> <li>▪ Installer agreement</li> <li>▪ Support provided for subcontractors and installers</li> <li>▪ Increased supervision and auditing (in process)</li> </ul>
<b>Facilities management</b>	<ul style="list-style-type: none"> <li>▪ Procurement processes including               <ul style="list-style-type: none"> <li>– Supplier Code of Conduct</li> <li>– Risk assessment</li> <li>– Supplier contracts</li> <li>– Third party monitoring and supplier engagement</li> </ul> </li> <li>▪ Contractor management processes including pre-qualification, induction, and reviews</li> </ul>
<b>Logistics contractors</b>	<ul style="list-style-type: none"> <li>▪ Procurement processes including               <ul style="list-style-type: none"> <li>– Supplier Code of Conduct</li> <li>– Risk assessment</li> <li>– Supplier contracts</li> <li>– Third party monitoring and supplier engagement</li> </ul> </li> <li>▪ Chain of Responsibility management groups</li> <li>▪ Contractor management processes including pre-qualification, induction, and reviews</li> </ul>
<b>Construction – property development contractors</b>	<ul style="list-style-type: none"> <li>▪ Procurement processes including               <ul style="list-style-type: none"> <li>– Supplier Code of Conduct</li> <li>– Risk assessment</li> <li>– Supplier contracts</li> <li>– Third party monitoring and supplier engagement</li> </ul> </li> <li>▪ Contractor management processes including pre-qualification, induction, and reviews</li> </ul>
<b>Marketing materials</b>	<ul style="list-style-type: none"> <li>▪ Procurement processes including               <ul style="list-style-type: none"> <li>– Supplier Code of Conduct</li> <li>– Risk assessment</li> <li>– Supplier contracts</li> <li>– Third party monitoring and supplier engagement</li> </ul> </li> </ul>

## Other Actions taken

**Coverage for Gove Aluminium Finance (GAF)** – the employees who work in the GAF business are employees of CSR Limited and are seconded into the GAF business. As a result, these employees have access to CSR's resources including training, contract clauses, risk assessments and legal support.

The Supplier Code of Conduct has been sent to all GAF's relevant suppliers. Supply contracts were reviewed to include Modern Slavery and Human rights clauses. A review of GAF's supplier base occurred throughout YEM21. All relevant GAF employees received Modern Slavery and risk assessment training. All of GAF's major shipping, alumina and financial swap vendors were reviewed using the Risk Assessment Tool.

All shipping lines used by GAF to ship alumina have signed the Neptune Declaration, which aims to improve the health and wellbeing of seafarers during the COVID-19 pandemic. See [The Neptune Declaration](#) for details.

### CASE STUDY: COVID-19 and Small Business – payment terms

COVID-19 has placed pressure on all business, especially small businesses. COVID-19 also has the potential to impact vulnerable workers due to supply chain disruptions. CSR is required to report according to the Payment Times Reporting Act 2020. CSR has refined its payment policy to pay more small businesses sooner. Many of CSR's small business

supplier's payment terms were shortened, and payments have occurred earlier During YEM22, submission to the Payment Times Reporting Regulator was made in December 2021, with six monthly submissions required thereafter.

### Mitigation action – next steps

CSR has developed an action plan to continue monitoring CSR's modern slavery risks and to continuously improve CSR's management systems which is in line with the previous year as many of these actions are ongoing. Progress on some of these initiatives was delayed in YEM22 due to COVID-19 restrictions with further work underway in YEM23. This plan includes:

- Continuing to work with Supply and Install operations and engaging with installer contractors;
- Aligning sustainability policies and plans via the Sustainability Steering Committee and engaging with CSR support functions including the procurement sourcing community;
- Engaging with suppliers based on procurement category risk assessments (the Heatmap and FairSupply risk assessments);
- Reviewing available software platforms for Logistics, and implementing the preferred platform to help manage CSR's suppliers;
- Reviewing available technologies and services to map CSR's supply chains, including Supply Chain Risk Management solutions; and
- Continue networking with other Australian manufacturing companies to learn from their experiences.

## SECTION 9: ASSESSING THE EFFECTIVENESS OF THESE ACTIONS

The following is in place to assess the effectiveness of the above actions:

1. The CSR Limited Board, via the Risk & Audit Committee receives regular updates on the above actions and how the company is tracking against them.
2. The executive leadership team, via the CEO, is regularly updated on the progress of the above.
3. There is ongoing communication between CSR and its suppliers on the Supplier Code of Conduct, including discussions on any issues identified, and how to address them. CSR aids suppliers with low experience in this area.
4. CSR is working with key supply and install contractors to ensure any new requirements are clearly understood and they are meeting their obligations.
5. CSR's sustainability performance is reported via **CSR Sustainability Reports**.
6. Monitoring incident reports and whistle-blower lines to identify whether any grievances relating to modern slavery have been reported.
7. CSR continually accesses best practice via external consultants and networks.

CSR tracks its delivery of key measures. For Sustainable Procurement including work on modern slavery, several aspects are measured as shown in Table 2.

**Table 2 – Measures as of 31 March 2022**

Area of measurement	Quantity
No. of new suppliers issued the Supplier Code of Conduct	+35 suppliers in addition to existing 6,000 suppliers
Suppliers risk assessed (modern slavery)	5 suppliers
Contracts including Modern Slavery clauses (amended and new contracts)	30 contracts in addition to 90 existing contracts
Modern slavery or labour rights violations logged via Confidential hotline	Nil
No. of suppliers screened, once off using the 3 <sup>rd</sup> party monitoring service	2,500
No. of suppliers ongoing screened using the 3 <sup>rd</sup> party monitoring service (represents 96% of CSR spend)	2,500
No. of suppliers with significant issues identified by the 3 <sup>rd</sup> party monitoring service	Nil



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## SECTION 10: OTHER RELEVANT INFORMATION

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There is no additional relevant information to be disclosed.

## SECTION 11: APPROVAL OF THIS STATEMENT

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This statement was approved on the 30 August 2022 by the Board of CSR Limited, following a consultation process with the other entities covered in this statement.



Signed by Julie Coates  
Managing Director, CSR Limited  
31 August 2022

## CONTACT US

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We value your suggestions and comments.

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# APPENDIX 1

Wholly owned and majority shareholding subsidiaries of CSR Limited as at 31 March 2022

Entity	2022 % ownership	Entity	2022 % ownership
<b>Incorporated in Australia</b>		<b>Incorporated in Australia (continued)</b>	
A-Jacks Hardwall Plaster Pty Ltd	100	CSR Subsidiary Holdings Limited	100
A-Jacks Unit Trust	100	CSR-ER Nominees Pty Limited	100
AFS Systems Pty Limited	100	Gove Aluminium Finance Limited	70
AFS Unit Trust	100	High Road Capital Pty Limited	100
BI (Contracting) Pty Limited	100	Midalco Pty Limited	100
Bradford Insulation Industries Pty Limited	100	Monier PGH Superannuation Pty Limited	100
Bradford Insulation (S.A.) Pty Limited <sup>1</sup>	100	PASS Pty Limited	100
Bricks Australia Services Pty Limited	100	PGH Bricks & Pavers Pty Limited	100
Buchanan Borehole Collieries Pty Ltd	100	Rediwall Unit Trust	100
CSR Building Products Limited	100	Rivarol Pty Limited	100
CSR Developments Pty Ltd	100	Seltsam Pty Limited	100
CSR Erskine Park Trust	100	Softwood Holdings Limited <sup>1</sup>	100
CSR Finance Limited	100	Softwood Plantations Pty Limited <sup>1</sup>	100
CSR Industrial Property Trust	100	Softwoods Queensland Pty Limited <sup>1</sup>	100
CSR Industrial Property Nominees No. 1 Pty Limited	100	Thiess Bros Pty Limited	100
CSR Industrial Property Nominees No. 2 Pty Limited	100	Thiess Holdings Pty Limited	100
CSR International Pty Ltd	100		
CSR Investments Pty Limited	100	<b>Incorporated in New Zealand</b>	
CSR Investments (Asia) Pty Limited	100	CSR Building Products (NZ) Ltd	100
CSR Investments (Indonesia) Pty Limited	100		
CSR Martini Pty Limited	100	<b>Incorporated in other countries</b>	
CSR Share Plan Pty Limited	100	CSR Guangdong Glasswool Co., Ltd (China)	79
CSR Structural Systems Pty Limited	100	CSR Insurance Pte Limited (Singapore)	100
CSR Subsidiary Finance Pty Limited	100	PT Prima Karya Plasterboard (Indonesia)	100

1 In members voluntary liquidation.