

NOTICE OF MEETING 2016

CSR LIMITED
ABN 90 000 001 276

Invitation to CSR's Annual General Meeting

DEAR SHAREHOLDER

CSR'S ANNUAL GENERAL MEETING (AGM) WILL BE HELD AT THE NORTHSIDE CONFERENCE CENTRE, CORNER OXLEY STREET AND POLE LANE, CROWS NEST NSW AT 11.00AM ON FRIDAY 24 JUNE 2016.

In light of the overwhelmingly positive feedback we received after last year's AGM, we will follow a similar meeting format this year. After the managing director, Rob Sindel, and I present our yearly reviews of CSR's financial position, operations, prospects and growth strategy to shareholders, we will show a video presentation. We will then give shareholders an opportunity to engage directly with the board and senior management before moving onto the formal business of the meeting.

The notice of meeting (which includes the following agenda, eligibility to vote and explanatory notes) details the formal business to be dealt with at the AGM. Briefly, this will be to:

- receive and consider the formal reports for the financial year;
- elect directors – to elect Penny Winn as a non-executive director of the company and to re-elect Matthew Quinn as a non-executive director of the company;
- adopt the remuneration report; and
- approve the grant of long-term incentives to the managing director.

The directors recommend that shareholders vote in favour of all items of business.

As in recent years, we invite shareholders to submit questions in advance of the meeting on the form attached to the notice of meeting.

If you choose to attend the meeting, please bring the enclosed proxy form with you to assist with your registration for entry to the AGM.

If you do not plan to be at the meeting, you are encouraged to appoint someone to attend and vote on your behalf as your proxy. Instructions on how to appoint a proxy are on the back of the enclosed proxy form.

Proxy forms must be received by 11.00am (Sydney time) on Wednesday 22 June 2016 to be valid for the meeting. Your proxy may be appointed in a variety of ways described on page 3 of the notice of meeting under 'Proxies'.

The AGM will be webcast live on CSR's website, <http://www.csr.com.au/investor-relations-and-news/webcasts>. Also available on our website is:

- a link from the Share Information page to our share registry to register your e-mail address in order to receive all shareholder information electronically;
- the CSR Annual Report 2016 and Notice of Meeting 2016;
- a link from the Share Information page to our share registry to obtain standard shareholder forms, including a direct dividend advice, a change of address advice and a request to consolidate holdings; and
- copies of news releases and financial presentations.

I look forward to seeing you at the AGM.

Yours sincerely

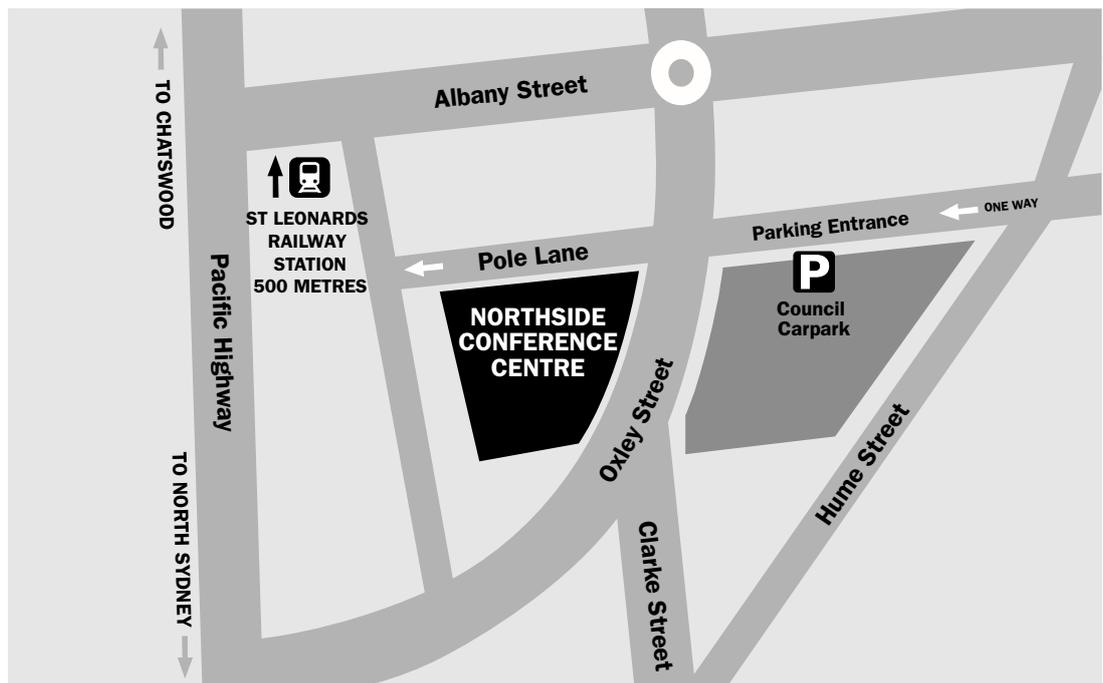


Jeremy Sutcliffe Chairman
25 May 2016

LOCATION DETAILS

THE ANNUAL GENERAL MEETING (AGM)
OF CSR LIMITED ('CSR' OR THE 'COMPANY')
WILL BE HELD AT:

THE NORTHSIDE CONFERENCE CENTRE
CORNER OXLEY STREET AND POLE LANE
CROWS NEST NSW 2065
AT 11.00AM ON FRIDAY 24 JUNE 2016



HOW TO WATCH THE MEETING ONLINE

You can view a live webcast of the meeting on CSR's website, <http://www.csr.com.au/investor-relations-and-news/webcasts>.

HOW TO GET TO THE MEETING

Northside Conference Centre is located in the heart of Crows Nest, a convenient five minute walk from St Leonards train station and across the street from a multi-storey car park. Entry to Northside Conference Centre is from Pole Lane.

Public transport: There are several bus routes that stop in Crows Nest and St Leonards. St Leonards also boasts a well appointed train station. Northside Conference Centre is a five minute walk from St Leonards train/bus interchange.

Parking: The Hume Street car park is located directly across from the Northside Conference Centre. Additional car parking is also available at other council run car parks, on Holtermann Street, Nicholson Street and Alexander Street, all in close proximity to the Northside Conference Centre. On-street parking near the Centre is generally metered parking and is strictly enforced.

A copy of the CSR Annual Report 2016 (including financial report, the directors' report and auditor's report for the year ended 31 March 2016) is available on CSR's website at <http://www.csr.com.au/investor-relations-and-news/annual-meetings-and-reports>.

A copy of the Corporate Governance Statement for the year ended 31 March 2016 is available at <http://www.csr.com.au/investor-relations-and-news/corporate-governance>.

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 2016.

2. Election of directors

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

- a. That Penny Winn who was appointed in November 2015 and will retire at the close of the meeting in accordance with rule 53.2 of the company's constitution, be elected as a director of the company.
- b. 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 2016.

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 Rob Sindel of 448,760 performance rights under the terms of the company's Performance Rights Plan (the "PRP") on the terms summarised in the explanatory notes to this notice of meeting be approved for all purposes.

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 (Sydney time) on Wednesday 22 June 2016. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the meeting.

Proxies

If you are a shareholder entitled to attend and 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.

The company's constitution available on the company's website, <http://www.csr.com.au/investor-relations-and-news/corporate-governance>, provides that, on a show of hands, every person present and entitled to vote shall have one vote. If you appoint one proxy, that proxy may vote on a show of hands, but if you appoint two proxies, neither proxy may vote on a show of hands.

If you appoint a proxy who is also a shareholder or is also a proxy for another shareholder, your directions may not be effective on a show of hands. Your directions will be effective if a poll is required.

The proxy form must be signed by you or your attorney. Proxies given by corporations must be executed either in accordance with section 127 of the *Corporations Act 2001* or under the hand of a duly authorised officer or attorney.

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 the voting boxes for those items, or the chairman of the meeting is your proxy. The term 'closely related party' is defined in the *Corporations Act 2001* and includes the KMP's spouse, dependants and certain other close family members, as well as any companies controlled by the KMP, or the KMP's spouse, dependants 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 chairman of the meeting as your proxy or he becomes your proxy by default, and you do not provide any voting directions on your proxy form, by signing and returning the proxy form, you will be expressly authorising the chairman of the meeting to cast your vote on resolutions 3 and 4 as he sees fit. This applies even if the resolution is connected with the remuneration of CSR's KMP. The chairman of the meeting intends to vote in favour of items 3 and 4.

AGENDA (CONTINUED)

Voting Exclusions

Item 3

The company will disregard any votes cast on item 3:

- by or on behalf of a member of the KMP whose remuneration is disclosed in the remuneration report 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 item 3:

- in accordance with a direction on the proxy form; or
- by the chairman of the meeting pursuant to an express authorisation to exercise the proxy as the chairman thinks fit.

Item 4

The company will disregard any votes cast on item 4:

- in any capacity by Rob Sindel and any of his associates; 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 item 4:

- in accordance with a direction on the proxy form; or
- by the chairman of the meeting pursuant to an express authorisation to exercise the proxy as the chairman thinks fit.

Where to lodge a proxy

CSR Limited share registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001 Australia
(Please use the enclosed reply envelope)
Facsimile 1800 783 447
International +61 3 9473 2555

You may lodge a proxy online with our share registry, Computershare Investor Services Pty Limited at www.investorvote.com.au, by following the instructions set out on the website. Shareholders who elected to receive their notice of meeting and proxy 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 proxy form.

In order to take effect, the proxy form or electronic proxy appointment (and the power of attorney or other authority under which it is signed, if any) must be received by Computershare at the postal or internet address or facsimile number above, or by CSR at its registered office, Trinita 3, Level 5, 39 Delhi Road, North Ryde, NSW 2113, Australia, no later than 11.00am (Sydney time) on Wednesday 22 June 2016.

You can arrange to receive shareholder information electronically, or obtain a replacement proxy form or a special proxy form to appoint a second proxy, by contacting Computershare on 1800 676 061 (within Australia) or +61 3 9415 4033 (outside Australia) or at www.computershare.com.au (Investor Centre).

Admission to meeting

We ask that shareholders who are not appointing a proxy bring their proxy form to the meeting in order to speed up the registration process.

If you do not plan to attend the meeting, you are encouraged to complete and return a proxy form or lodge a proxy online, for your holding(s) of CSR shares.

Questions and comments by shareholders at the meeting

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.

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 for Deloitte Touche Tohmatsu relevant to the conduct of the audit of the annual financial report and the content of the auditor's report may be sent to Computershare (at the address or fax number for lodgement of proxies). Alternatively, questions may be sent to the company secretary, CSR Limited, Trinita 3, Level 5, 39 Delhi Road, North Ryde, NSW 2113, Australia, or by e-mail to investorrelations@csr.com.au.

In each case, the written questions must be received no later than 5.00pm (Sydney time), on Friday 17 June 2016. A list of questions to the auditor will be available at the meeting.

AGENDA (CONTINUED)

EXPLANATORY NOTES TO NOTICE OF MEETING

1. Financial report and the reports of the directors and of the auditor for the financial year ended 31 March 2016

The CSR Annual Report 2016 (which includes the financial report, the directors' report and the auditor's report) will be presented to the meeting. Shareholders can access a copy of the annual report on CSR's website at <http://www.csr.com.au/investor-relations-and-news/annual-meetings-and-reports>. A printed copy of the CSR Annual Report 2016 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 be present at 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 by completing the form attached to this notice of meeting.

2. Election of directors

(a) Election of Penny Winn as a non-executive director

Penny Winn was appointed a director of the company in November 2015. Penny stands for election in accordance with rule 53.2 of the company's constitution.

Information about Penny Winn is set out below:

Penny Winn

BCOM, MBA, MAICD.

A member of the Risk & Audit Committee and Workplace Health, Safety & Environment Committee. Penny joined the board in November 2015 as an independent director. She was formerly a director of Group Retail Services with Woolworths responsible for leading the Logistics, Information Technology and Online Retailing divisions and Customer Engagement teams; a position held until October 2015. Penny has over 30 years of experience in retail in senior management roles in Australia and overseas. She is chairman of Port Waratah Coal Services Ltd (2015 to current), a non-executive director of Caltex Australia Limited (2015 to current) and a member of the UTS Business School's Advisory Board.

Recommendation

The directors (excluding Penny Winn) unanimously recommend that shareholders vote in favour of resolution 2(a).

(b) Re-election of Matthew Quinn as a non-executive director

Matthew Quinn was appointed a director of the company in 2013 and was last elected by shareholders at the 2014 AGM. Matthew retires by rotation in accordance with rule 55 of the company's constitution and offers himself for re-election at this meeting.

Information about Matthew Quinn is set out below:

Matthew Quinn

BSc (HONS), ACA, ARCS, FAPI, FRICS.

Chairman of the Remuneration and Human Resources Committee and member of the Risk & Audit Committee. Matthew joined the board in August 2013 as an independent director. Matthew was formerly managing director of Stockland, a position held until January 2013. Matthew's management career with Stockland spanned 12 years, and he has an extensive background in commercial, retail, industrial and residential property investment and development. Matthew is a non-executive director of Urban Growth NSW, a State owned corporation (2013 to current) and a director of Class Super (2015 to current). He is also a director of a number of smaller, unlisted and unrelated organisations. Matthew is a member of the Australian Business and Community Network Scholarship Foundation and is a Chartered Accountant as well as a fellow of the Australian Property Institute and the Royal Institute of Chartered Surveyors.

Since 31 March 2016 Matthew has purchased 18,000 CSR shares bringing his total holding to 35,321.

Recommendation

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

AGENDA (CONTINUED)

3. Remuneration report

Listed companies, such as CSR, are required to provide detailed disclosures of director and senior executive remuneration in their directors' reports. These disclosures are set out in the remuneration report (which forms part of the directors' report) on pages 23 to 40 of the CSR Annual Report 2016.

The board strives to ensure that CSR's remuneration framework aligns with shareholder interest 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 (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.

The remuneration report includes:

- discussion of the board's policy in relation to the nature and level of remuneration of the KMP of CSR;
- discussion of the relationship between the board's remuneration policy and CSR's performance over the five financial years up to and including the year ended 31 March 2016;
- information about performance hurdles applicable to the short term and long term incentive components of the remuneration of KMP; and
- details of the remuneration provided to the non-executive directors, managing director and chief financial officer for the year ended 31 March 2016.

There will be a reasonable opportunity for shareholders at the meeting 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 4 of this notice of meeting.

Recommendation

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

4. To approve the 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.

Pursuant to ASX Listing Rule 10.14, the acquisition of securities by a director under an employee incentive scheme requires shareholder approval. Consistent with CSR's past practice and in accordance with the terms of the YEM17 PRP, shares will be sourced on-market to satisfy grants of performance rights under CSR's performance rights plan. Grants of rights that are satisfied by on-market purchases of shares pursuant to the terms of their scheme are excluded from the operation of ASX Listing Rule 10.14 and do not require shareholder approval. However, as in the past, CSR is seeking shareholder approval in the interests of transparency and good corporate governance.

Accordingly, approval is now sought for Rob Sindel to be granted 448,760 performance rights under the CSR performance rights plan as his YEM17 long term incentive award. These performance rights are subject to the satisfaction of the performance and service vesting conditions below. Should the performance and service conditions be met then the issue of fully paid ordinary shares in CSR in respect of performance rights will be allocated to Rob Sindel. The grant of performance rights will be at no cost to Rob Sindel with no amount payable by Rob Sindel on the vesting of the performance rights.

Details of the PRP are contained in the remuneration report. The key terms of the performance rights to be granted to Rob Sindel for YEM17 are set out below.

AGENDA (CONTINUED)

Background to the YEM17 PRP

The board continually reviews the design of the remuneration framework to ensure it is 'fit for purpose'. This means the remuneration framework supports the overall business strategy, is aligned with shareholder interests, is competitive with market practices and is simple for both participants and shareholders to understand.

The board's main focus of review is on the LTI plan to ensure that management is incentivised to create sustainable long term growth in shareholder returns.

In YEM16 the use of re-tests was removed from the PRP and performance against the hurdles in the plan is now assessed over a single three year period. In addition, from YEM16 onwards, the performance period will be aligned to an end date of 31 March.

During the year, the board resolved to make changes to the YEM17 PRP with the following objectives:

- i) to protect against any windfall gain or unfair loss to management due to the cyclical nature of earnings caused by CSR's exposure to the Australian residential market;
- ii) to recognise performance of management in investing or building new income streams that will enhance CSR's competitive advantages in its key market segments; and
- iii) to recognise performance of management in further streamlining CSR's portfolio of businesses to increase exposure to core building material products and services and away from non-core activities.

As a result, from YEM17, the EPS performance hurdle will be modified to reduce the impact of earnings cyclical nature, and a new hurdle will be introduced dealing with the above strategic objectives. The proportion allocated to TSR will be reduced to allow for the new hurdle and these metrics, in combination, are considered by the board to more closely meet the plan objectives. The changes to performance hurdles and weightings as a percentage of the overall grant are summarised as follows:

Performance Hurdle	YEM16	YEM17
Relative TSR	50%	30%
EPS	50%	40%
Strategic objectives	0%	30%

Each component is described in more detail below.

1. Total Shareholder Return (TSR)

30% of Rob Sindel's performance rights ('Tranche A') will be subject to a performance condition based on the relative performance of CSR's TSR over the performance period.

TSR is the percentage growth in shareholder value, which measures the changes in share price, taking into account dividends and capital returns. The TSR performance condition measures CSR's ability to deliver superior shareholder returns relative to its peer companies by ranking the TSR performance of CSR against the TSR performance of companies in a comparator group.

The comparator group comprises the constituents of the S&P/ASX 200 Index, defined at the start of the performance period ('Peer Group'). The board uses the ASX200 as the comparator group given that CSR sits within this index. The board has the discretion to adjust the Peer Group to take into account events including, but not limited to, takeovers, mergers, de-mergers and similar transactions that might occur over the performance period.

The proportion of the Tranche A performance rights that vest will be determined based on the ranking of CSR's TSR, relative to the TSR of each of the companies in a comparator group over the performance period, as set out in the vesting schedule below:

TSR of CSR relative to the Peer Group	Proportion of Tranche A to vest
Below the 50 th percentile	0%
At the 50 th percentile	50%
Between the 50 th percentile and the 75 th percentile	Straight-line vesting between 50% and 100% (eg: each percentile improvement will result in an additional 2% vesting)
75 th percentile or greater	100%

AGENDA (CONTINUED)

2. Earnings per share (EPS)

40% of Rob Sindel's performance rights ('Tranche B') will be subject to an EPS hurdle, which measures CSR's annual compound EPS growth over the performance period. EPS is strongly aligned with shareholder interests and now becomes the most heavily weighted performance hurdle. The EPS hurdle assesses the success of the business in generating continued growth in earnings.

EPS is defined as net profit after tax per share pre significant items. The board may adjust EPS to exclude the effects of material business acquisitions or divestments and for certain one-off costs.

From YEM17, EPS will be measured on an averaged basis over the three year performance period rather than point to point. The board believes this better addresses the cyclical nature of the business and incentivises participants to improve performance year on year by removing the current exposure solely to the final year of the 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.

Based on CSR's analysis of the broader global growth outlook, comparable hurdles set by CSR's competitors and CSR's cost of capital, the EPS performance hurdles will be set at 5% to 10% compound growth for target and stretch performance respectively. This is a reduction from the previous hurdles of 7% to 12% which were set in a higher growth environment and are no longer considered appropriate. This is the first time these targets have changed since introducing EPS in 2011.

Target performance is calculated by taking the total EPS from the performance period using actual YEM16 EPS of 32.9cps compounding 5% per annum for three years (which equates to a total of 108.9 cents), and dividing the result by three.

Stretch performance is calculated by taking the total EPS from the performance period using actual YEM16 EPS of 32.9cps compounding 10% per annum for three years (which equates to a total of 119.8 cents), and dividing the result by three.

This is illustrated below:

EPS Performance Hurdle	Average EPS growth (% CAGR)	YEM16 EPS (cps)	Cumulative EPS required over next three years (cps)	Average EPS required over next three years (cps)
Target	5.0%	32.9	108.9	36.3
Stretch	10.0%	32.9	119.8	39.9

The proportion of the Tranche B performance rights that vest will be determined as follows:

Average EPS Target Range (compound growth per annum)	Proportion of Tranche B to vest
Below average 5% compound EPS	0%
Equal to average 5% compound EPS	50%
Between 5% and 10% average compound EPS	Between 50% and 100% increasing on a straight-line basis
Greater than average 10% compound EPS	100%

AGENDA (CONTINUED)

3. Strategic objectives

30% of Rob Sindel's performance rights ('Tranche C') will be subject to the successful delivery of a number of strategic initiatives.

These objectives will be set by the board at the commencement of the three year performance period and will be specific and outcome based. They will be aligned with CSR's strategy and, if achieved, will create value for shareholders.

The board will review performance against each objective at the end of the performance period and determine any associated vesting. Any vesting will be disclosed in the remuneration report in the year it occurs, with specific details regarding the outcomes achieved.

There are three objectives for the YEM17 plan. Each objective is equally weighted with 5% to 10% of the overall grant being allocated for target and stretch performance respectively. The objectives set by the board for the YEM17 plan are:

Growth: A specific EBIT growth objective derived from new products and services beyond 'business as usual'.

Portfolio: To increase CSR's exposure to its core building materials businesses through strategic acquisitions and to reduce exposure to non-core business through divestments. The board will have regard to profit and return on funds employed when assessing the contribution from any acquisitions.

Digital: Further development and execution of CSR's digital strategy that will drive significant change in customer engagement, improved efficiencies and superior commercial outcomes.

Number of performance rights to be granted to Mr Sindel

It is proposed that 448,760 performance rights be granted to Rob Sindel. This quantum has been determined through an analysis of Rob Sindel's total target remuneration referenced against external market benchmarks. Specifically, in accordance with his employment contract, a grant to the maximum value of 120% of total fixed remuneration is proposed for Rob Sindel's YEM17 PRP grant. The share price used to calculate the number of performance rights allocated to Rob Sindel was the 10 day Volume Weighted Average Price of CSR shares leading in to the performance period, being the ten days up to and including 31 March 2016, which was \$3.2823.

Performance conditions and vesting periods

Following testing of the performance conditions at the end of the performance periods (described below) and, to the extent to which the service and performance conditions are satisfied, the performance rights will vest and CSR will procure the transfer to Rob Sindel of one CSR share for each performance right that vests, for no further consideration.

Performance periods

The performance of each Tranche against the applicable performance hurdle will be measured over the three year performance period from 1 April 2016 to 31 March 2019.

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

Rights attaching to performance rights

Performance rights carry no voting or dividend entitlements.

The PRP rules contain provisions in relation to the adjustment of performance rights in certain circumstances, including in the event of any other 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 look at pro-rata assessments for plans on foot. This is consistent with past discretion applied by the board in similar events.

Treatment of performance rights on cessation of employment

If Rob Sindel ceases to be employed prior to the performance conditions being met, generally this will result in Rob Sindel forfeiting his interest in the unvested performance rights under the PRP.

However, if Rob Sindel 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 hurdles. In exercising this discretion, the board would not generally accelerate vesting and would apply pro-rata assessment for all plans on foot.

AGENDA (CONTINUED)

Shares allocated on vesting of performance rights

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

Prohibition of hedging arrangements

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. It is the board's policy that participants will forfeit their interest in the performance rights if they enter into any hedging transaction.

Additional disclosure

The following information sets out additional disclosures:

- a) the maximum number of performance rights proposed to be awarded to Rob Sindel under this approval is 448,760;
- b) the price payable 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 2015 AGM), Rob Sindel (being the only director to participate in the PRP) received 359,009 performance rights as his PRP allocation for YEM16. 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 Rob Sindel; and
- e) the performance rights that are the subject of this approval will be granted to Rob Sindel on or around 15 July 2016 (and, in any event, prior to 31 December 2016).

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

Recommendation

The directors (excluding Rob Sindel) unanimously recommend that shareholders vote in favour of resolution 4.



Debbie Schroeder Company Secretary
25 May 2016

CSR LIMITED ABN 90 000 001 276

Trinity 3, Level 5, 39 Delhi Road
North Ryde NSW 2113 Australia
Locked Bag 1345
North Ryde BC NSW 1670 Australia

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E-mail investorrelations@csr.com.au
Website www.csr.com.au

SHAREHOLDER INFORMATION AND ENQUIRIES

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

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
Sydney NSW 2000 Australia
GPO Box 2975
Melbourne VIC 3001 Australia

Telephone within Australia 1800 676 061
International +61 3 9415 4033
Facsimile (03) 9473 2500
International +61 3 9473 2500

Internet www.investorcentre.com/contact

QUESTIONS FROM SHAREHOLDERS

QUESTIONS FROM SHAREHOLDERS

CSR aims to provide relevant and timely information to shareholders at the Annual General Meeting. If you would like to submit a question, please use this form and send it to Computershare (at the address or fax number for lodgement of proxies). Alternatively, questions may be sent to the Company Secretary, CSR Limited, Triniti 3, Level 5, 39 Delhi Road, North Ryde, NSW 2113, Australia, or by e-mail to investorrelations@csr.com.au. Questions should be relevant to the business of the meeting as outlined in the notice of meeting and explanatory notes on agenda items. Questions must be received no later than 5.00pm (Sydney time) on Friday 17 June 2016.

Questions will be collated and, during the meeting, either the Chairman or Managing Director will seek to address as many of the more frequently raised topics as possible. Where a question relates to the audit, the accounting policies adopted by the company in relation to the preparation of the financial statements, or the independence of the auditor in relation to the conduct of the audit, the Chairman will provide the questions to CSR's auditor, Deloitte Touche Tohmatsu. Questions to the auditor must be received by no later than 5.00pm (Sydney time) on Friday 17 June 2016. Please note that there may not be sufficient time at the AGM to respond to all topics raised. Individual responses will not be sent to shareholders.

Shareholder's Name:

Address:

Question(s):

Please tick (✓) the box if the question is directed to CSR's auditor.

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