



ASX Announcement

For immediate release

18 August 2021

RESULTS ANNOUNCEMENT FOR THE FULL YEAR ENDED 30 JUNE 2021

Melbourne, Australia – CSL (ASX:CSL; USOTC:CSLLY)

As approved by the Board of CSL Limited, and in accordance with ASX Listing Rule 4.3A, please find attached the following for immediate release to the market:

- Appendix 4E – Full Year Report;
- Operating and Financial Review for the full year ended 30 June 2021, which accompanies the Directors' Report;
- Directors' Report (including the Remuneration Report); and
- Financial Report.

Authorised for lodgment by:

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Fiona Mead
Company Secretary

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CSL Limited

ABN: 99 051 588 348

ASX Full Year Information 30 June 2021

Lodged with the ASX under Listing Rule 4.3A.

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Appendix 4E Year Ended 30 June 2021

(Previous corresponding period: Year Ended 30 June 2020)

Results for Announcement to the Market

	2021 US\$m	2020 US\$m	Percentage change
Sales and service revenue	9,979.5	8,796.6	13%
Total other revenue	330.5	354.2	-7%
Total revenue	10,310.0	9,150.8	13%
Profit before income tax expense	2,963.1	2,572.7	15%
Income tax expense	(588.1)	(470.2)	25%
Reported Net profit from ordinary activities after tax attributable to members of the parent entity	2,375.0	2,102.5	13%
Reported Net profit after tax attributable to members of the parent entity	2,375.0	2,102.5	13%

Reported

- Total revenue up 13% to US\$10.3 billion
- Net profit after tax for the year attributable to members of the parent entity up 13% to US\$2.375 billion

Underlying Net Profit after Tax at Constant Currency¹

- Underlying total revenue at constant currency up 10% at US\$10.0 billion
- Underlying net profit after tax for the year at constant currency up 10% to US\$2.307 billion

Dividends

	Amount per security	Franked amount per security
Final dividend (determined subsequent to balance date#)	US\$1.18	10% franked at 30% tax rate
Interim dividend (paid on 1 April 2021)	US\$1.04	Unfranked
Final dividend (prior year, paid on 9 October 2020)	US\$1.07	Unfranked

Record date for determining entitlements to the final dividend: 30 September 2021

* Under Australian law non-resident withholding tax is not payable on the unfranked component of this dividend as that portion will be declared to be wholly conduit foreign income.

¹ Excludes the impact of foreign exchange movements in the period under review. Refer to the footnotes on page 2 of the Directors' Report for further detail.

Explanation of results

For further explanation of the results please refer to the accompanying press release and “Operating and Financial Review” in the Directors’ report that is within the Full year report.

Other information required by Listing Rule 4.3A

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached Additional Information, Directors’ Report, Financial Report and media release.

¹Constant currency removes the impact of exchange rate movements to facilitate comparability of operational performance. This is done in three parts: (a) by converting the current period net profit of entities in the group that have reporting currencies other than US Dollars at the rates that were applicable to the prior comparable period (“translation currency effect”); (b) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior comparable period (“transaction currency effect”); and (c) by adjusting for current year foreign currency gains and losses. The sum of translation currency effect, transaction currency effect and foreign currency gains and losses is the amount by which reported net profit is adjusted to calculate the operational result.

Summary NPAT	US\$m	Summary Revenue	US\$m
Reported net profit after tax	2,375.0	Reported Revenue	10,310.0
Translation Currency Effect (a)	(23.3)	Currency Effect	(284.2)
Transaction Currency Effect (b)	(25.4)	Constant Currency Revenue*	10,025.8
Foreign Currency (Gains) and Losses (c)	(19.8)		
Constant Currency Net Profit after Tax*	2,306.5		

*Constant Currency Net Profit after Tax and Revenue have not been audited or reviewed in accordance with Australian Auditing Standards.

(a) Translation Currency Effect (\$23.3m)

Average Exchange rates used for calculation in major currencies (year ended 30 June 2021/30 June 2020) were as follows: USD/EUR (0.84/0.90); USD/AUD (1.35/1.49); USD/CHF (0.91/0.98); USD/CNY (6.65 /7.03).

(b) Transaction Currency Effect (\$25.4m)

Transaction currency effect is calculated by reference to the applicable prior comparative period exchange rates. The calculation takes into account the timing of sales both internally within the CSL Group (i.e. from a manufacturer to a distributor) and externally (i.e. to the final customer) and the relevant exchange rates applicable to each transaction.

(c) Foreign Currency Gains (\$19.8m)

Foreign currency gains recorded during the period.

Additional Information

NTA Backing

	30 June 2021	30 June 2020 (restated) ³
Net tangible assets backing per ordinary security ²	\$ 12.55	\$ 9.33

² Net tangible assets include the right-of-use assets recognised under AASB 16 Leases.

³ The prior year amounts have been restated to reflect the finalisation of the Vitaeris' acquisition accounting.

Changes in controlled entities

The Group did not acquire or dispose of any entities during the financial year.

Audit report

The audit report is contained in the attached Financial Report.



F Mead
Company Secretary
17 August 2021

Chair Message

Dear Fellow Shareholders,

I am pleased to share our results and operating review for FY2021.

Over the last year, the COVID-19 pandemic has continued to challenge the world.

For our business, it added an enormous amount of complexity as we worked to protect the lives of our patients - who are heavily reliant on an uninterrupted supply of our products - while taking every measure to keep our employees safe and well. Our people have risen to these challenges and our performance has been strong, delivering a reported net profit after tax of \$2.375 billion, up 13%.

On behalf of the Board, I express my deepest thanks to CEO Paul Perreault, to CSL's management team and to all 25,000 employees for keeping our operations and commercial networks running efficiently while navigating changing pandemic management conditions across the countries we operate in.

While the pandemic continues to evolve, I am optimistic for a global recovery in the not too distant future. The productivity we have seen from the scientific community to make this a possibility in a mere 18 months has been remarkable.

Our Company also rose to the challenge and played a meaningful part in the broader global response, collaborating across organisations, geographic borders and political lines to contribute to solutions.

Early in 2020, we worked with the University of Queensland during the primary stages of its UQ-CSL v451 COVID-19 vaccine candidate. While Phase 1 clinical trials showed promising results, at the time the candidate was deemed unsuitable to progress to Phase 2/3 clinical trials; a large-scale study that would have been led by Seqirus. Although this was a disappointing decision, the progress made through this collaboration in just 10 months of work was an impressive achievement.

CSL Behring co-founded the CoVlg-19 Plasma Alliance, an unprecedented industry group of 11 companies across more than 13 countries and five continents, to develop a potential plasma-derived hyperimmune therapy for treating COVID-19. The collaboration concluded in April 2021 as the research program did not meet primary endpoints, but we felt the learnings from the collaboration were worth every effort made.

As the pandemic emerged, along with a global shortage of vaccine, we offered our skills, breadth and capabilities to a number of leading COVID-19 vaccine developers in support of onshore vaccine manufacturing for Australia. We were very pleased to have been able to partner with AstraZeneca and the Australian Government so that AstraZeneca's COVID-19 vaccine could be produced for our home country. Our contribution builds on our 100-year history as a proven pandemic partner to Australia and demonstrates the deep skills and expertise in biotech manufacturing.

CSL's Board and Management Team are cognisant of the opportunities that may be unlocked for our industry, and organisation, from the pandemic. One is the 'acceleration' of science. Public confidence in scientific research has never been higher. We have clearly seen the benefits of an investment in science, and business, industry,

academia and governments must now capitalise on this to make breakthroughs in other areas, with the aim of advancing new medicines to support human health.

For CSL, this goal has been in our DNA for over 100 years through our commitment to improving the lives of our patients.

Sustainability

Last year, we committed to engaging with stakeholders to understand how we can better demonstrate the responsibility we have to deliver our therapeutics and vaccines in an efficient, inclusive and environmentally respectful way.

Following consultation with investors and other stakeholders, the Board is pleased to include our Sustainability Strategy in this report. CSL is committed to a healthier world and our vision is a sustainable future for our employees, communities, patients and plasma donors, inspired by innovative science and a values-driven culture. You can read more about our approach throughout this report.

Navigating a strong path for the Future

Although a post-pandemic recovery is showing green shoots, there is still much uncertainty. For CSL to continue effective navigation of the years ahead, we need the right skills and expertise from the Board all the way through to our management teams and operations.

This year, the Board regretfully accepted the resignations of Mr Abbas Hussain and Mr Pascal Soriot. CSL has benefited from their immense experience and we wish them the best in their future endeavours.

We are pleased that Ms Alison Watkins and Professor Duncan Maskell joined the Board on 18 August 2021 as Non-Executive Directors. Both Directors bring great experience to CSL, gained through senior and diverse roles across manufacturing, science, commerce and entrepreneurship. They will be valuable assets to our Board as we aim to grow shareholder value over the long term.

Like everyone, CSL's Board adapted to new ways of working through the past year. While we have travelled less, we have found that meeting more frequently outside of the Board meeting cycle has been beneficial to stay connected and keep abreast of the changing conditions. We have still visited some of the company's sites and met with our teams around the world, all through virtual connections.

Outlook

CSL is not immune to the effects of the pandemic and we have been clear with our shareholders the impact that this widespread societal disruption has had, particularly in our plasma collection business.

However, the Board has every confidence that CSL's strong foundations and disciplined execution of strategy will allow us to return to sustainable growth. The Board has increased the total full year dividend to US\$ 2.22 per share as a reflection of this confidence.

At a macro level, a full economic recovery is dependent on vaccine uptake, the provision of government policy that inspires confidence in business investment and industry demonstrating confidence through investment in their own pipelines. I

encourage all to continue to reflect the spirit that we have seen come to the fore throughout the pandemic so far; a spirit of working for the collective community so that the world can return to an open and prosperous environment.

Thank you for your ongoing support of our company.

Please stay healthy and safe.

A handwritten signature in black ink, appearing to read 'B McNamee', with a stylized flourish at the end.

Dr Brian McNamee AO
Chair

CEO Message

Dear Shareholders,

Despite the uncertainty of the last 18 months, CSL continues to deliver for those who need us most: our patients. We are privileged to be trusted to do this, and never take it for granted.

The success we've achieved in delivering on our promise does not happen by chance. Every day more than 25,000 people go to work with this promise in mind. My own personal highlight for the past year has been the way CSL's people have demonstrated resilience and agility in the face of disruption. They have been asked to work in different ways and in different settings, and throughout it all they have shown an unwavering resolve to keep our promise to patients.

Every person who works at CSL carries a deep sense of purpose and meaning for their work. To that end, I was pleased to see CSL named in the Forbes' list of the World's Best Employers for the fourth year in a row.

I would also like to extend my thanks to our donors, including our convalescent plasma donors, who have continued contributing towards the production of life-saving medicines.

Resilient Foundations

In the 2020/21 financial year, our resilient business and the dedication of our people and our partners once again delivered a strong result for our shareholders.

Revenue increased by 13% to US\$ 10,310 million and net profit was US\$ 2.375 billion. Our balance sheet remains strong and we are well placed to continue our track record of success.

The importance of diversification across our business units is clear in this result. The essential nature of our plasma-derived and recombinant products demonstrates that the global demand remains strong. However, plasma supply has been depressed by government lockdowns and stimulus packages, particularly in the United States. As Society moves past the worst of the pandemic we have implemented a variety of measures in order to attract donors back to our centres, including offering higher donor compensation, leveraging technology to make the donor experience more efficient, and initiated a collaboration to deliver a new plasma collection platform.

In response to these initiatives, we are starting to see a recovery in plasma volumes. However, this lower volume and the associated cost pressures will likely impact margins through the 2021/22 financial year. Regardless, the strong foundations of CSL remain in place and we are confident in our ability to resume our growth trajectory.

Several years ago, we embarked on a turnaround program in our Seqirus business. Our past efforts to focus on Seqirus' differentiated and high value product portfolio has allowed the business to thrive. It continues to be a great story for CSL and our shareholders. Revenue for this segment was up 34% for the year, driven by record demand for our products. Targeted innovation in cell-based influenza vaccines, on next generation self-amplifying mRNA technology for influenza, are promising and will contribute to a bright future for Seqirus.

Like Dr McNamee, I am proud that we have stepped up to provide onshore COVID-19 vaccine manufacture for Australia. Research and development involve approaching problems in many different ways, managing for risk and doing everything possible for one significant outcome. The nature of developing medicines also involves failure and learning from those failures translates into future success. Taking multiple shots-on-goal to help solve the COVID-19 pandemic has been worth it and we will capture our learnings for future benefit. Ensuring our communities are vaccinated is one of the most powerful steps we can take to help the world recover, and we are proud of the contribution we have made to this effort.

Reinvesting in our Business

The foundations we have laid for CSL have enabled consistent performance over the long run. It is vital that we continue to shape and invest in the organisation to build on this performance.

We have several major expansion projects underway that will be vital to the continued sustainable growth of CSL. In Bern, Switzerland CSL Behring is expanding its production capacity to meet the high demand for our products. The project began in 2017 and began commercial production earlier this year. When the two new production lines fully ramp-up, they can manufacture immunoglobulin products for more patients in need every year.

In the southern hemisphere, our new global headquarters in the heart of Melbourne's biomedical research precinct continues to take shape. On the manufacturing front, our A\$900 million Broadmeadows Base Fractionation Facility is well over halfway complete and will further lift our capacity to meet forecast demand for plasma fractionation services and product supply.

In November, we announced that we plan to construct a new world-class biotech manufacturing facility in Australia to supply influenza vaccines to Australia and the rest of the world. The state-of-the-art facility will use innovative cell-based technology to produce influenza vaccines and will be the only cell-based influenza vaccine manufacturing facility in the southern hemisphere.

Our 2030 Strategy

At the start of the decade we laid out our plans to continue our track record of delivering for our patients, our partners and our shareholders. We embarked on this journey prior to the onset of COVID-19, but the pandemic has only strengthened our resolve to make sure we continue to be a leader in the sector.

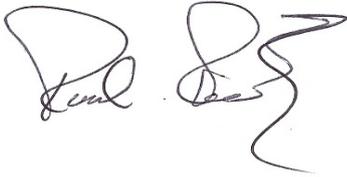
I encourage you to read about this strategy in detail in Our Strategy and Performance, but I am particularly enthusiastic about the innovative ways we are finding to better serve our patients and public health.

EntranaDez is an exciting new product that could transform the lives of patients with haemophilia B, and we anticipate being able to share results from our Phase 3 clinical trial of CSL112 in 2022. This promising product, developed to reduce the risk of recurrent cardiovascular events following a heart attack, will be a transformative treatment offering if it is successful.

In closing, despite the short-term plasma supply issues we experienced in the past year, we are proud to continue delivering sustainable growth for our shareholders.

While change is always a constant, I can assure you some things remain the same at CSL. We continue to be led by our values and deliver on our patient promise and are firmly committed to executing our 2030 strategy to ensure long-term sustainability and growth for our customers, patients, shareholders and communities.

Thank you for your ongoing support.

A handwritten signature in black ink, appearing to read 'Paul Perreault', with a stylized flourish extending from the end.

Paul Perreault
CEO and Managing Director

Our Company

CSL is a global biotechnology leader which develops and delivers innovative medicines that save lives, protect public health and help people with life-threatening medical conditions live full lives.

Our Businesses

CSL Behring

CSL Behring is a global leader in developing and delivering high-quality medicines that treat people with rare and serious diseases. Our treatments offer promise for people who are living with conditions in the immunology, haematology, cardiovascular and metabolic, respiratory, and transplant therapeutic areas. CSL Behring drives more than 85% of overall company revenue with markets in more than 100 countries across Asia Pacific, Europe, Latin America and North America.

Seqirus

As a leading influenza vaccine provider in the world, Seqirus is a major contributor to the prevention of influenza globally and a transcontinental partner in pandemic preparedness.

Seqirus operates state-of-the-art production facilities in the United States (US), the United Kingdom (UK) and Australia and utilises both egg-based and cell-based manufacturing technologies as well as a proprietary adjuvant. It has leading research and development (R&D) capabilities, a broad and differentiated product portfolio and commercial operations in more than 20 countries.

Our Product Portfolio

CSL Behring

We meet patients' needs using the latest recombinant and plasma-derived technologies. CSL Behring discovers, develops and delivers the broadest range of products in the industry for treating rare and serious diseases such as haemophilia, von Willebrand disease (vWD), primary immune deficiencies (PI), chronic inflammatory demyelinating polyneuropathy (CIDP), hereditary angioedema (HAE) and inherited respiratory disease. CSL Behring's products are also used in cardiac surgery, for burn treatment and for urgent warfarin reversal.

CSL Behring's therapeutic areas

Immunology

Our world leading immunoglobulin franchise is the cornerstone of the immunology therapeutic area. Key CSL products in market include: PRIVIGEN®, HIZENTRA®, BERINERT®, HAEGARDA® and a range of Hyperimmunes.

Haematology

We are focussed on maximising the value and performance of our existing coagulation

portfolio, developing new therapies, and identifying transformational treatments to increase quality of life and help patients realise a life full of potential. Key CSL products in market include: IDELVION®, AFSTYLA®, HUMATE P®/HEAMATE P®, BERIPLEX®/KCENTRA®, VONCENTO®/BIOSTATE® and Albumin.

Cardiovascular and metabolic

We are focussed on improving and extending the lives of patients with cardiovascular disease (CVD) and diabetes.

Respiratory

Respiratory diseases impose an enormous burden on patients and society and are a leading cause of death and disability worldwide. Key CSL products in market include: ZEMAIRA®/RESPREEZA®.

Transplant

While advances in transplantation techniques and therapies have markedly improved short-term patient survival, transplant rejection remains one of the greatest limitations to long-term graft and patient survival for both solid organ and haematopoietic stem cell transplant recipients.

Seqirus

Our broad range of influenza vaccines meets the needs of different populations around the world. In Australia and the Asia Pacific region, Seqirus is a leading provider of in-licensed vaccines and specialty pharmaceuticals. It is also the world's only supplier of a unique range of products made in the national interest for the Australian Government, including antivenoms and Q fever vaccine.

Influenza Vaccines

Egg-based and cell-based products, seasonal, pre-pandemic and pandemic influenza vaccines

Products of National Significance

Q fever vaccine and antivenoms for venomous creatures in Australia and other Pacific countries

In-licensed Vaccines and Pharmaceuticals

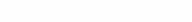
For Australia and New Zealand

Our Research and Development Pipeline

CSL's world-class R&D organisation continues to evolve as a biotechnology leader by advancing high-quality science and technology through our own high-calibre scientists and innovative collaborations. R&D utilises its expertise in four strategic platforms – plasma fractionation; recombinant protein technology; cell and gene therapy; and cell-based and egg-based vaccines. This ensures CSL can develop and deliver innovative medicines and vaccines that address unmet medical needs, help prevent infectious disease and protect public health, and help patients lead full lives. CSL's strong R&D pipeline includes new treatments that utilise these platforms and align with its leading-edge scientific technology and commercial capabilities across our six therapeutic areas: immunology; haematology; cardiovascular and metabolic; respiratory; transplant; and influenza.

Looking towards 2030, R&D continues to strive to deliver on the current portfolio of medicines and vaccines and build a full and innovative pipeline that will make a meaningful difference to the lives of patients with rare and serious diseases. This pipeline will also assist with planning future revenue well into the following decades.

Global Research and Development Pipeline 2020/21

 Immunology	Clinical	Registration	Post-Launch
Haegarda [®] (C1 Esterase Inhibitor subcutaneous) Hereditary Angioedema			
HIZENTRA [®] (20% subcutaneous Ig) Multiple Indications			
PRIVIGEN [®] (10% intravenous Ig) Multiple Indications			
Garadacimab (Anti-FXIIa mAb) Hereditary Angioedema			
Hizentra [®] (20% subcutaneous Ig) Dermatomyositis			
Hizentra [®] (20% subcutaneous Ig) Systemic Sclerosis			
CSL324 (Anti-G-CSFR mAb) Hidradenitis Suppurativa			
CSL730 (Recombinant Trivalent Human IgG1 Fc Multimer) Multiple Indications*			
 Haematology	Clinical	Registration	Post-Launch
Afstyla [®] (Recombinant FVIII) Haemophilia A			
Idelvion [®] (Recombinant rFIX-FP) Haemophilia B			
EtranaDez (Etranacogene dezaparvovec; formerly AMT-061) Haemophilia B			
KCentra [®] (Prothrombin Complex Concentrate) Trauma			
CSL889 (Hemopexin) Sickle Cell Disease			
 Respiratory	Clinical	Registration	Post-Launch
ZEMAIRA [®] / RESPREEZA [®] (Alpha1-Proteinase Inhibitor) A1-PI Deficiency			
Garadacimab (Anti-FXIIa mAb) Interstitial Lung Disease			
CSL311 (Anti-Beta Common mAb) Asthma			
CSL787 (Nebulised Ig) Non-Cystic Fibrosis Bronchiectasis			
 Cardiovascular and Metabolic	Clinical	Registration	Post-Launch
CSL112 [Apolipoprotein A-I (human)] Acute Coronary Syndrome			
CSL346 (Anti-VEGFB mAb) Diabetic Kidney Disease			
 Transplant	Clinical	Registration	Post-Launch
Clazakizumab (Anti-IL-6 mAb) Chronic Active Antibody-Mediated Rejection			
CSL964 (Alpha-1 Antitrypsin) Prevention of Graft-versus-Host Disease			
CSL964 (Alpha-1 Antitrypsin) Treatment of Graft-versus-Host Disease*			
 Influenza Vaccines	Clinical	Registration	Post-Launch
AUDENZ [™] [Adjuvanted cell-based influenza A (H5N1) pandemic vaccine]			
AFLURIA [®] Quadrivalent (Egg-based Influenza Vaccine)			
FLUAD [®] Trivalent (Adjuvanted Influenza Vaccine)			
FLUAD [®] Quadrivalent (Adjuvanted Influenza Vaccine)			
FLUCELVAX [®] Quadrivalent (Cell-based Influenza Vaccine)			
FOCLIVIA [®] / FOCETRIA [Adjuvanted egg-based influenza A (H5N1) pandemic vaccine]			
PANVAX [®] [Alum-adjuvanted egg-based influenza A (H5N1) pandemic vaccine]			
Adjuvanted Cell Culture Influenza Vaccine (aQIVc)			
 Outlicensed Programs	Clinical	Registration	Post-Launch
ASLAN004 (Anti-IL-13R mAb) Atopic Dermatitis			
Mavrilimumab (Anti-GM-CSFR mAb) Giant Cell Arteritis, COVID-19			

* Partnered projects.

CSL's pipeline also includes Life Cycle Management projects that address regulatory post-marketing commitments, pathogen safety, capacity expansions, yield improvements, and new packages and sizes.

Our Strategy and Performance

We are continually investigating new ways to bring lifesaving therapies to patients across the globe. We are also expanding production to meet future expected demand. The current decade will bring advancements in medicine and technology as part of a continued evolution of biotechnology. It is an evolution that we are excited to be a part of and our 2030 strategy is developed with this evolution at its heart.

Our 2030 strategy

CSL's 2030 strategy was developed to maximise our capabilities and advantages in a competitive and changing world. Historically and to this day, we have the most efficient supply chain from collections through to finished product for plasma-derived protein therapeutics, a business that has grown sustainably in recent years and does not face patent cliffs. Our differentiated cell-based influenza products offer communities improved protection against seasonal influenza and our extensive experience in rare disease allows us to focus on patients in our core therapeutic areas, delivering next generation innovative products across multiple platforms.

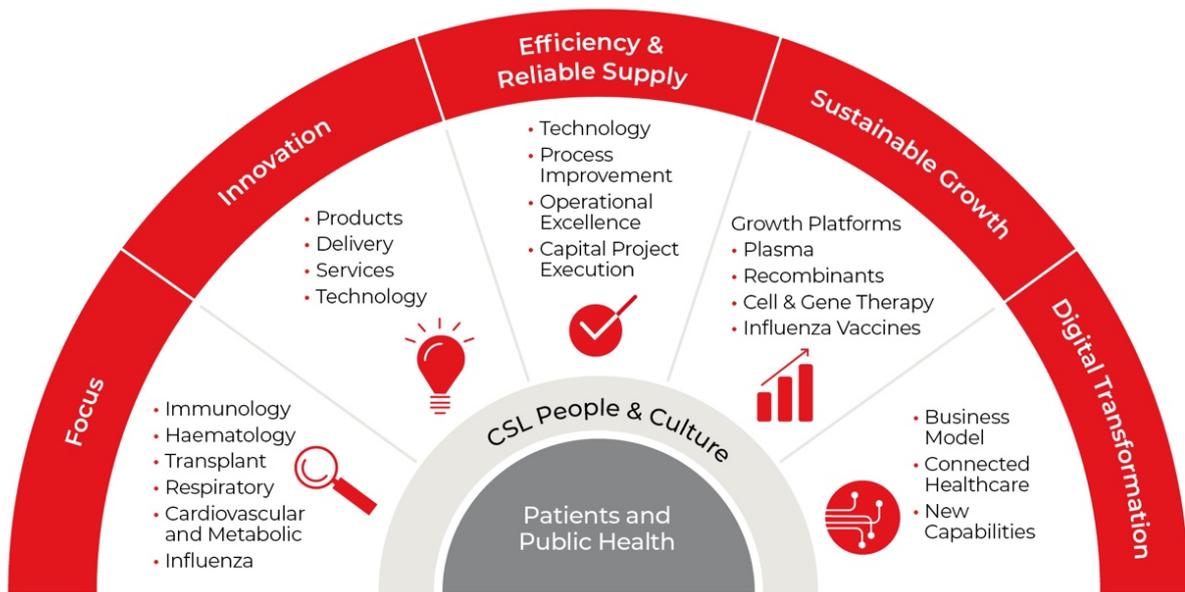
Plasma collections have been adversely impacted over the last year by the COVID-19 pandemic as communities respond to shelter-in-place orders, extended lockdowns, multiple stimulus initiatives and other government actions. In response to these challenging conditions, we have implemented multiple initiatives and we are starting to see a recovery in plasma collections.

CSL's core plasma products are effective in treating chronic disease and we are confident that COVID-19 has not impacted demand for these lifesaving products. We expect to return to our growth trajectory in the coming years.

Demand for influenza vaccine products has never been higher. We delivered a record number of doses worldwide last year amid heightened vigilance due to COVID. We expect this to continue in the coming years as the awareness of the burden of infectious disease grows. We are committed to the public health of Australia, having worked with partners in industry and government to supply 50 million doses of AstraZeneca COVID-19 vaccine to communities across the nation.

We believe the 2030 strategy is resilient in the face of the challenges today and will make us stronger. Our efforts over the last year have focused on maintaining our leadership position and preparing for strong growth when market forces become favourable.

Our 2030 Strategy



Our **Focus** is on patients in our core therapeutic areas: immunology, haematology, cardiovascular and metabolic, respiratory, transplant, and influenza. We continue our leadership in areas such as immunology and haematology by serving patients and taking the lead with exciting new product candidates such as EntranaDez, a novel gene therapy that can transform the lives of patients with haemophilia B. Our future growth lies in the development of new treatments in the cardiovascular and metabolic, respiratory and transplant therapeutic areas.

Innovation is critical for CSL, as we look to find better ways to serve our patients and public health. This year, we reported excellent data from CSL312 (garadacimab), our next generation treatment for patients suffering from HAE, which reduced the number of attacks by at least 88.68% versus placebo in a Phase II clinical trial. Our differentiated influenza vaccine products offer options for a range of at-risk populations and we are investigating the use of self-amplifying mRNA technology to develop the potential next generation of influenza vaccines. We also know that both internal and external ideas are key drivers of innovation and, in addition to a number of existing partnerships, have launched the Research Acceleration Initiative to co-innovate with leading academic groups.

Efficiency and Reliable Supply continues to be the core of our business. Over the last year, CSL has faced some of its most challenging times and has worked tirelessly to ensure supply for plasma products and deliver vaccines to the public. A new donor app was deployed that allows donors to check in online, saving time at the centre. Marketing has been increased to bring awareness of the critical need by patients for plasma. We are planning for the future continuing to invest in new centres that will allow us to recover quickly. We are also working with Terumo, a Japanese medical equipment and technology company, on a new plasma collection machine to enhance the donor experience and accelerate our plasma collection business. We continue to invest in influenza vaccines and have announced plans to build new capacity for our leading cell-based vaccine products.

We are committed to **Sustainable Growth** for all stakeholders. The value proposition of our products is high. In support of this commitment, we opened 25 new plasma collection centres in 2020/21. In addition to this, CSL has transitioned to the Good Supply Practice (GSP) licence in China, allowing us to serve patients in that important market more effectively. We believe there is continued strong growth ahead for the plasma business once the impacts of COVID-19 on the plasma supply chain have passed.

We have taken a step forward with the appointment of our new Chief Digital and Information Officer to accelerate **Digital Transformation**, from optimising the organisation to identifying key strategic areas of investment to accelerate our ambitious 2030 goals. CSL has plans to increase efficiency, enhance innovation and unlock value across our operations by designing fit-for-purpose digital architecture frameworks and applying digital learnings across the enterprise.

CSL's employees, our people and culture, are at the centre of our strategy. Our values guide us in what we do. Our success depends on our people feeling they belong (inclusion) and experiencing fair treatment and access to opportunities (equity). We are committed to building a more diverse workforce, fostering a culture of inclusion and partnering with organisations and suppliers who share our values and our passion for diversity, equity and inclusion (DE&I). Our commitment to DE&I extends to joining with the non-profit Center for Information and Study on Clinical Research Participation as part of a consortium to bring diversity to clinical trial participation.

Over the last 18 months, we have consulted widely to develop our sustainability strategy, which was endorsed by the CSL's Board of Directors in June 2021. Our sustainability vision is for a healthier world and a sustainable future for our employees, communities, patients and donors, inspired by innovative science and a values-driven culture.

To deliver on this vision and further support the execution of our 2030 strategy, we have identified three key strategic pillars: social, environment and sustainable workforce. We have prioritised a number of focus areas for each pillar and a series of actions that largely seek to validate data sets and develop robust baselines that will position us to set 2030 targets within the next two years.

A focus on plasma donor health, wellbeing and community, and strengthening societal health through access to our therapies are key tenets of our 'social' pillar that will drive our performance for patients and public health. For 'environment', we know that the responsible management and efficient use of natural resources is key to sustainable growth and our ability to enable efficient and reliable supply of our products. For 'sustainable workforce', we must provide a safe and rewarding workplace that embraces and drives diversity and provides opportunities for employees to directly support the health and wellbeing of our communities. Our people are excited and motivated by our vision, and our plan provides the basis for CSL to continue to deliver on its purpose.

These contributions are the first step in our 2030 strategy. While short-term challenges are expected, we believe that demand for our core products remains strong and that our 2030 strategy positions us for success to 2030 and beyond.

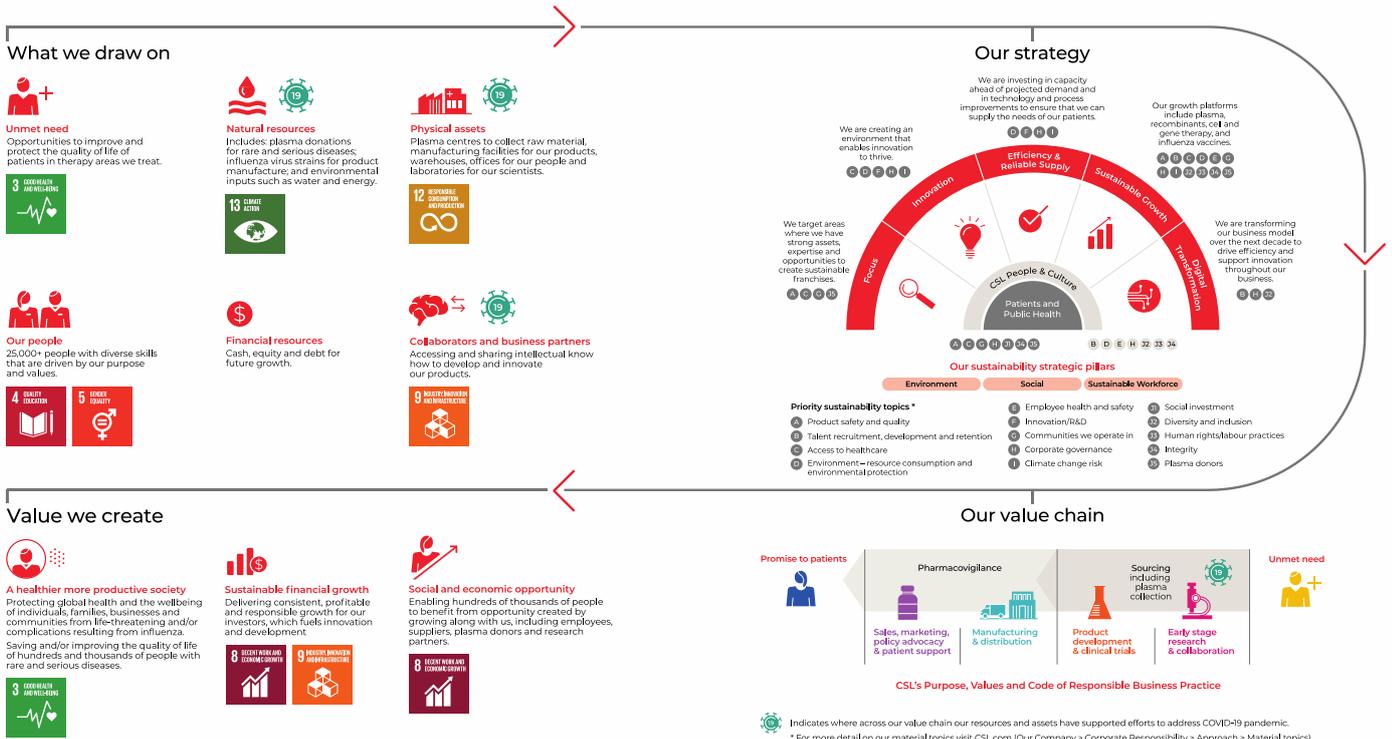
How we create value

We achieve value creation through high-quality, focused innovation capabilities, operational excellence and global commercial strength. At the origins of our value chain, plasma donors fuel our pipeline, while partners and collaborators support innovation and portfolio diversification. Employees enable value creation by driving our performance to deliver against our strategy and our promise.

How we create value

CSL's ultimate goal is to deliver value through fulfilling unmet patient needs and protecting public health. With patients and public health at the core of our focus, we also strive to deliver sustainable financial growth for our shareholders and other stakeholders who rely on our operations for economic and social prosperity.

We achieve value creation through high-quality, focused innovation capabilities, operational excellence and global commercial strength. At the origins of our value chain, plasma donors fuel our pipeline, while partners and collaborators support innovation and portfolio diversification. Employees enable value creation by driving our performance to deliver against our strategy and our promise.



United Nations sustainable development goals

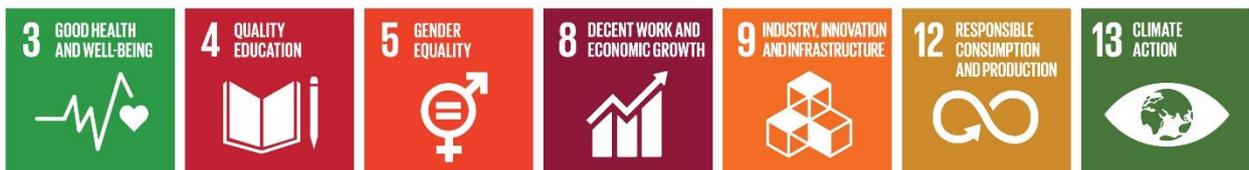
CSL continues to be guided by the General Assembly of the United Nations (UN) 2030 Agenda for Sustainable Development, which includes 17 Sustainable Development Goals (SDGs). The goals seek to address global challenges, including those related to health and wellbeing, education, poverty, inequality, climate change, peace and justice. For CSL, these goals have guided the development of our sustainability strategy, with seven being identified as goals where performance against our 2030 Strategy, including our sustainability strategy, can positively impact their achievement.

CSL's identified UN Sustainable Development Goals



For more information on how CSL supports the UN Sustainable Development Goals

visit [CSL.com](https://www CSL.com) (Our Company > Corporate Responsibility > Approach).



Our financial performance

Reported results

CSL announced a net profit after tax of US\$2.375 billion for the 12 months ending 30 June 2021, up 13% when compared to the prior comparable period. Net profit after tax at constant currency¹ grew 10%.

Sales revenue was US\$9,980 million, up 10%¹ when compared to the prior comparable period.

Expense performance

- Research and development expenses were US\$1,001 million, up 5%¹ when compared to the prior comparable period.
- Selling and marketing expenses were US\$980 million, an increase of 7%¹.
- General and administrative expenses were US\$732 million, an increase of 5%¹
- Depreciation, amortisation and impairment expense was US\$590 million, up 38%¹
- Net finance costs were US\$167 million, up 7%¹.

Financial position

- Capital expenditure (including license agreements) was US\$1,667 million, up 22% when compared to the prior comparable period.
- Cashflow from operations was US\$3,622 million, up 46%.
- CSL's balance sheet is in a strong position with net assets of US\$8,381 million.
- Current assets increased by 15% to US\$7,390 million.
- Non-current assets increased by 17% to US\$10,767 million.
- Current liabilities increased by 45% to US\$3,104 million.
- Non-current liabilities decreased by 4% to \$6,672 million.

¹ Constant Currency removes the impact of exchange rate movements to facilitate comparability of operational performance for the Group. This is done in three parts: a) by converting the current year net profit of entities in the group that have reporting currencies other than US Dollars, at the rates that were applicable to the prior comparable period (Translation Currency Effect); b) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior comparable period (Transaction Currency Effect); and c) by adjusting for current year foreign currency gains and losses (Foreign Currency Effect). The sum of translation currency effect, transaction currency effect and foreign currency effect is the amount by which reported net profit is adjusted to calculate the result at constant currency.

Our Operating performance

CSL Behring

Total revenue was US\$8,574 million, up 6%¹ when compared to the prior comparable period.

Immunoglobulin (Ig) product sales of US\$4,238 million, up 3%¹ led by HIZENTRA® (Immune Globulin Subcutaneous (Human), 20% Liquid). HIZENTRA® sales grew strongly, up 15%¹, driven by the increased preference and patient benefits of home administration and the continued uptake for the treatment of Chronic Inflammatory Demyelinating Polyneuropathy (CIDP), a debilitating neurological disorder.

The subcutaneous segment continues to be the fastest growing area of the Ig market in which HIZENTRA® continues to build its market leadership position. HIZENTRA® is the only subcutaneous product approved for CIDP in the US.

PRIVIGEN® (Immune Globulin Intravenous (Human), 10% Liquid) declined modestly, impacted by supply constraints and an accelerated patient shift to HIZENTRA®.

Underlying demand for Ig continues to be strong due to significant patient needs in core indications – namely Primary Immune Deficiency, Secondary Immune Deficiency and CIDP.

Specialty product sales of US\$1,770 million, up 2%¹ led by demand for HAEGARDA® and KCENTRA®.

HAEGARDA®, a therapy for patients with hereditary angioedema, grew strongly by 14%¹, driven by continued patient growth and a shift from on-demand to prophylaxis treatment. New launches in Europe, Australia and Canada have contributed to the rise in patient numbers.

KCENTRA® (4 factor prothrombin complex concentrate) recorded sales growth of 7%¹, a solid result given its demand profile was tempered by the COVID-19 pandemic and the resulting reduction in elective procedures and incidents of trauma.

Growth in the specialty portfolio was offset by lower wound healing product sales in Japan and a decline in ZEMAIRA® (alpha-1 proteinase inhibitor) which experienced supply interruptions at our Kankakee facility in the US.

Haemophilia product sales of US\$1,107 million declined 4%¹. The haemophilia portfolio was impacted by reduced doctor visits and patient consultations arising from reduced social mobility due to the COVID-19 pandemic.

IDELVION®, CSL Behring's novel long-acting recombinant factor IX product, achieved modest growth of 2%¹ and remained the market leader for the treatment of haemophilia B patients.

The haemophilia A market has been competitive resulting in sales declines for AFSTYLA®, a novel recombinant factor VIII product, and plasma-derived products.

Albumin sales of US\$1,071 million, up 61%². The company's new distribution model in China has now been fully operational for 12 months with sales reflecting a more normalized level.

Plasma collections, an important raw material, has been adversely impacted by the COVID-19 pandemic.

Plasma collection centres remained operational, however, stay at home orders and extended lockdowns restricted the movement of donors and influenced the company's ability to collect plasma. Consequently, collection volume has reduced and the cost of collection increased, in particular donor compensation.

A number of targeted initiatives have been introduced resulting in an improvement in the volume of plasma collected.

Seqirus

Total revenue of \$1,736 million, up 30%¹ driven by strong growth in seasonal influenza vaccines of 41%.

Governments around the world have sought to vaccinate their populations against influenza, thereby easing the burden on health care systems that are already under pressure from COVID-19. This has seen strong demand for influenza vaccines across the industry. In addition, there has been an ongoing shift towards Seqirus' differentiated product portfolio, in particular FLUAD[®] and FLUCELVAX[®].

Our Material Risks

CSL operates in a fast paced and constantly evolving environment of science, technology and healthcare. We are exposed to risks inherent in the global biotechnology industry, and in particular the plasma therapies industry. Therefore, we regularly review our group risk profile to proactively identify material business risks and opportunities that could impact our operations. Managing risks includes both the mitigation of disruptive risks and the preparation for seizing opportunities. Our global Enterprise Risk Management Framework is designed to ensure robust risk oversight that is fit-for-purpose for both the operation of our business and to support our strategy and deliver on our commitments to patients and public health.

As part of our enterprise risk management process, the Board and management have identified the key risks that are material to CSL. These material group risks are described below (in no particular order), and explain our approach to managing them in the context of delivering on our 2030 strategy. Key financial risks are set out in Note 11 to the Financial Statements. There are other risks that are inherent in the pharmaceutical and plasma therapies industries, besides those detailed below or in the Financial Statements, that could also adversely affect CSL's business and operations.

Patient safety and product quality

Patient safety is paramount for CSL's ongoing sustainability as a global biotechnology leader and our long-term strategy of efficiency and reliable supply. When we talk about patient safety, we mean both in the use and administration of registered products as well as in the conduct of our clinical trials. While it is inherent in our industry that patients and trial participants may experience adverse reactions to therapies, CSL's manufacturing, product quality assurance and pharmacovigilance practices serve to ensure the highest standards of safety and the preservation of our reputational integrity.

We ensure that our processes and procedures meet good pharmacovigilance practice (GPV) and good clinical practice (GCP) standards and that product information is up-to-date and contains all relevant information to assist healthcare practitioners to appropriately prescribe CSL products. For clinical trials, participants are informed and acknowledge awareness of the benefits and risks of participation in the trial through use of Informed Consent Forms approved by regulators.

In terms of ensuring product quality is met through our manufacturing and supply, we adopt and comply with a broad suite of internationally recognised standards (GxP), including good manufacturing practice (GMP), good laboratory practice (GLP) and good distribution practice (GDP). We are frequently inspected by independent regulatory authorities ensuring compliance with these standards, and we also undertake our own GMP quality audits of our third-party suppliers.

Product innovation and competition

We recognise that an impediment to delivering on our innovation and sustainable growth strategies is the changing competitive landscape for new technologies and disruptive therapies, such as gene and cell therapies. This material risk may alter the economics and characteristics of, and the demand for, CSL's plasma and adjacent therapies, and may also impact our platforms and capabilities in plasma fractionation, recombinant technology, and cell and gene therapy.

We strategically review our existing and future product pipeline against market demand and continually evaluate our competitive landscape. A key part of our strategy includes diversity in our product pipeline, and focus on six therapeutic areas (immunology, haematology, respiratory, cardiovascular and metabolic, transplant, and influenza). We incorporate product lifecycle development and management, as well as development of new therapies, in strategies for each therapeutic area. In addition to proprietary research, CSL's competitive approach includes licensing, acquiring or partnering with third parties to remain competitive and advance growth within our chosen therapeutic areas.

With respect to continued growth and innovation in the competitive global influenza vaccine market, we recognise the need to continue leading in the development and manufacture of influenza vaccines including of cell culture and investigating the use of self-amplifying mRNA technology. Failure to capitalise on innovative technology will diminish growth in this product sector, whereas success will deliver competitive advantages.

Supply, capacity and operations

Having a sustainable and reliable supply chain is critical to the success of our 2030 strategy, particularly to achieving consistent and efficient supply. When considering this material risk, we are constantly monitoring the sustainability of collecting and acquiring human plasma. We also monitor the scalability of specialised companies who supply raw materials and bespoke manufacturing equipment to match our business demand and growth objectives.

In our newly opened plasma collection centres, we utilise modern techniques and technologies to facilitate the most efficient donation process in our new plasma collection centres, and we consistently update our existing plasma collection centres to seek to provide a comfortable and safe donor experience. External sources of plasma may be utilised as needed and available to supplement collections to meet demand.

We endeavour to invest in manufacturing capacity ahead of projected demand to ensure that we can supply the needs of patients. Our operations also accommodate investments in technology and process improvements to enhance efficiency and reduce costs. This includes improving immunoglobulin protein yield from each litre of plasma and pursuing the development of new plasma-derived proteins for therapeutic use to further improve the economic value of each litre of plasma. CSL also seeks to develop non-plasma alternative therapies to supplement patient needs.

Our end-to-end operations network strategy continually evaluates short-, mid-, and long-term needs to inform decisions on capital and operational expenditures to ensure a resilient, reliable and sustainable supply chain. We continually examine and prioritise our operational effectiveness efforts, capital plans, inventory targets, supply chain visibility and regulatory strategies to enhance the positions of our products from a business continuity and supply chain resilience standpoint.

Market access

Policymaking around market access is a multi-stakeholder engagement process, which includes governments, payers/insurers, patient advocacy groups, medical societies, and non-governmental organisations. We recognise that if we are not successful in maintaining an economic and reliable supply of our therapies for our stakeholders, it may adversely affect our ability to execute our strategy and to deliver sustainable growth. In particular, we recognise that macroeconomic pressures on

pricing and payers (including barrier taxes) may impair access, growth and new market entries. We work closely with stakeholders in all markets and continually seek to ensure pricing of our therapies remains competitive in all markets. By striving to innovate in our product portfolio, we can also expand our access to competitive markets.

People and culture

Our people and our ability to maintain our desired culture are integral to operating at the standards expected by our stakeholders and community. We have a number of programs and policies in place to ensure that our Values underlie how we do things and guide our work, including our CSL Speak Up Policy and our Code of Responsible Business Practice (CRBP).

We also recognise the need to have the right people in the right roles in order to execute our 2030 strategy. To attract, develop and retain skilled and talented people in a globally competitive environment, we frequently benchmark ourselves against the markets in which we operate to ensure we offer total rewards that are comparable to our peers and competitors.

In addition to this, we recognise the evolution of our workforce environment. We constantly challenge ourselves to create a work dynamic that ensures our people can focus on meaningful, valuable work. We have recently implemented the Promising Futures initiative, which emphasises digitalisation and automation, development and re-skilling, collaboration and connectivity and customised rewards for attracting next-generation talent.

Privacy and cybersecurity

Maintaining privacy and security of all data including our patients, plasma donors, employees and company data is critical and at the forefront of all that we do. We continue to see a growing trend in cyberthreats against individuals and companies. The nature of these cyberattacks are constantly evolving and can include sophisticated phishing scams and attacks on critical infrastructure. The privacy and security of our patient, donor, employee and any other corporate information may be compromised by breaches of our IT security and unauthorised or inadvertent release of information through human error or espionage.

CSL continuously monitors and assesses its cybersecurity threats. We have implemented robust and externally tested security controls for our information technology (IT) systems, data centre infrastructure, and data sets based on our understanding of known threats and best practice industry knowledge. We also provide educational updates and training so that our people can recognise and properly respond to a cyberattack or report a privacy breach.

Further detail about our risk enterprise management framework and how we manage our business risks is provided in our 2021 Corporate Governance Statement available on [CSL.com](https://www CSL.com) (Our Company > Corporate Governance).

Our Future Prospects

The fundamentals of CSL's business have never been stronger and the diversity of the pipeline is robust. CSL is well positioned to build on its track record of sustainable growth for many years to come.

Our purpose to serve our patients and deliver on innovative products still holds true. As CSL looks to the years ahead, the 2030 strategy is well designed to continue creating value to shareholders and our patients.

We are expanding markets and indications for our existing products as well as investing in several of exciting projects in each of our six therapeutic areas. These include (but are not limited to):

- **Immunology** – The launch of Privigen for the treatment of Chronic Inflammatory Demyelinating Polyneuropathy (CIDP) in Japan and enrolment of the first patient in two Phase III studies for Garadacimab for the treatment of hereditary angioedema.
- **Haematology** - EtranaDez has the potential to be the first-ever gene therapy for haemophilia and builds on our commitment to complement our existing factor IX assets and provides an exciting opportunity to profoundly transform the treatment of haemophilia B patients.
- **Cardiovascular and Metabolic** - The Phase III trial for CSL112 continues to progress well and has successfully completed the first and second futility analyses. If successful, this will be the first therapy to demonstrate cardiovascular risk reduction through the novel apoA-I mechanism and will transform how acute myocardial infarction patients at high-risk of recurrent cardiovascular events are treated.
- **Influenza Vaccines** - The Phase II study for our adjuvanted quadrivalent cell vaccine has commenced. A pre-clinical assessment of self-amplifying mRNA technology for influenza has been undertaken and a Phase I study will be starting in 2022.

Demand for CSL Behring's core plasma products is expected to remain robust.

Plasma collection is expected to continue to improve as a result of the implementation of multiple initiatives combined with the global rollout of COVID-19 vaccines, leading to greater social mobility and more normalised conditions.

Demand for Seqirus' influenza vaccines remains strong, supported by its high value differentiated product portfolio.

The pressure on group gross margin is anticipated to continue in the short term following the increase in plasma collection costs; this is expected to continue to be partially offset by a modest margin expansion in Seqirus.

Our focus on extending and improving the lives of patients with rare and serious diseases has not wavered through the COVID-19 pandemic. Our research and development pipeline and product portfolio have advanced considerably and will continue to evolve. We will continue to broaden the geography and use of our

medicines for rare and specialty diseases across the globe within all of our therapeutic areas and platforms.

More information in relation to our outlook is provided in our full year investor briefing presentation, and further information on the factors that could affect our outlook is provided in Our Material Risks.

Business strategies, prospects and likely developments

This OFR sets out information on CSL's business strategies and prospects for future financial years, and refers to likely developments in CSL's operations and the expected results of those operations in future financial years. Information in the OFR is provided to enable shareholders to make an informed assessment of the business strategies and prospects for future financial years of the CSL Group.

Certain information is excluded from the OFR (which forms part of the Directors' Report) on the basis that such information relates to impending developments or matters in the course of negotiation and disclosure would be unreasonably prejudicial to the interests of CSL. Reasons that could be considered unreasonably prejudicial to the interests of CSL include: providing information that is misleading due to the fact it is premature or preliminary in nature, relates to commercially sensitive contracts, would undermine the confidentiality between CSL and contract counterparties, or would otherwise unreasonably damage CSL. The categories of information omitted include forward looking estimates and projections prepared for internal management purposes, information which is developing and susceptible to change and information relating to commercial contracts and pricing.

Directors' Report

The Board of Directors of CSL Limited (CSL) has pleasure in presenting their report on the consolidated entity for the year ended 30 June 2021.

1. Principal activities, strategy and operating model

The principal activities of the consolidated entity during the financial year were the research, development, manufacture, marketing and distribution of biopharmaceutical and allied products.

CSL is a leader in global biotechnology, and develops and delivers innovative medicines that save lives, protect public health and help people with life-threatening medical conditions to live full lives. CSL's strategy is delivered through its five strategic objectives for 2030: focus, innovation, efficiency and reliable supply, sustainable growth and digital transformation. More detail on CSL's performance against its 2030 strategic objectives can be found in Our Strategy and Performance.

CSL's operating model for its two businesses, CSL Behring and Seqirus, leverage multifunctional teams that connect to share best practice. CSL's operating model is based around four key value creation activities: early stage research, product translation, manufacturing and patient access. CSL's commercial and functional areas operate at a global level, with the Global Leadership Group responsible for the day-to-day management of the group and delivery of CSL's strategic objectives. More detail on CSL's operations can be found in Our Company and Our Strategy and Performance.

2. Operating and Financial Review

CSL discloses financial performance primarily by business. This provides the most meaningful insight into the nature and financial outcomes of CSL's activities and facilitates greater comparability against industry peers. Information on the operations and financial position for CSL and likely developments in the Group's operations in future financial years is set out in the Operating and Financial Review (OFR). The OFR consists of the Chair and CEO messages, Our Strategy and Performance, Our Company, Our Material Risks and Our Future Prospects accompanying this Directors' Report.

3. Directors

The directors who served at any time during 2020/21 or up until the date of this Directors' Report were Dr Brian McNamee AO, Mr Paul Perreault, Professor Andrew Cuthbertson AO, Mr Bruce Brook, Ms Carolyn Hewson AO, Dr Megan Clark AC, Mr Abbas Hussain, Ms Marie McDonald, Ms Christine O'Reilly and Mr Pascal Soriot.

Further details of the current directors are set out in Governance section of CSL's 2020/2021 Annual Report or on CSL.com. These details include the period for which each director held office up to the date of this Directors' Report, their qualifications, independence, experience and particular responsibilities, the directorships held in other listed companies since 1 July 2018 and the period for which each directorship has been held.

Ms Christine O'Reilly served as a Non-executive Director of CSL from February 2011 until her retirement on 15 October 2020.

Mr Pascal Soriot was appointed as a Non-executive Director of CSL with effect from 19 August 2020, and served as a Non-executive Director of CSL until his retirement on 1 February 2021.

Mr Abbas Hussain served as a Non-executive Director of CSL from 13 February 2018 until his resignation on 25 June 2021.

Ms Alison Watkins was appointed as a Non-executive Director of CSL with effect from 19 August 2021.

4. Company secretaries

Ms Fiona Mead, BCom/LLB (Hons) FGIA, GAICD, was appointed and commenced in the position of Company Secretary and Head of Corporate Governance on 4 June 2018 and continues in office as at the date of this report. Ms Mead was previously the company secretary and a member of the executive leadership team at Tabcorp Holdings Limited. Prior to that, she was the company secretary at Asciano Limited. Ms Mead also served as assistant company secretary at Telstra Corporation.

5. Directors' attendances at meetings

The Board meets as often as necessary to fulfil its role. Directors are required to allocate time to CSL to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During the reporting year, the Board met 11 times, with all of those meetings held in Australia.

Members of the Global Leadership Group and other members of senior management attend Board meetings by invitation. Attendance at Board and standing Board committee meetings during 2020/21 is set out in Table 1 below. Due to COVID-19 restrictions, the directors also leveraged virtual technologies to participate in focused sessions on the CSL Group's operations inside and outside Australia and meet with local management.

Table 1: 2020/21 Director Attendance at Board and Committee meetings

	Board of Directors		Audit & Risk Management Committee		Securities & Market Disclosure Committee		Human Resources & Remuneration Committee		Innovation & Development Committee		Corporate Governance & Nomination Committee	
	A	B	A ²	B	A	B	A ³	B	A	B	A	B
B McNamee	11	11		5*	5	5		8*	5	5	8	8
B Brook	11	11	5	5		1*		2*		5*	8	8
C Hewson	11	11	5	5			9	9		5*	8	8
M Clark	11	11		2*			9	9	5	5	8	8
A Cuthbertson	11	11		1*				1*	5	5		
A Hussain	11	11		2*			9	9	5	5		
M McDonald	11	11	5	5			9	9		5*		
P Perreault	11	11		5*	5	5		9*		5*		8*
C O'Reilly	4	4	1	1			5	5		2*	2	2
P Soriot	2	2							1	2		

A. Number of meetings held whilst a member.

B. Number of meetings attended. Board Committee meetings are open to all directors to attend. Where a director attended a meeting of a committee of which they were not a member, it is indicated with an asterisk*.

6. Dividends

On 17 August 2021, the directors resolved to pay a final dividend of US\$1.18 per ordinary share, 10% franked, bringing dividends per share for 2021 to US\$2.22 per share. In accordance with determinations by the directors, CSL does not operate a dividend investment plan.

Dividends paid during the year were as follows:

² One of the Audit & Risk Management Committee meetings was held jointly with the Human Resources and Remuneration Committee.

³ One of the Human Resources and Remuneration Committee meetings was held jointly with the Audit & Risk Management Committee.

Dividend	Date paid	Unfranked dividend per share US\$	Total dividend US\$
Final Dividend for Year Ended 30 June 2020	09/10/2020	1.07 cents	\$484.7m
Interim Dividend for Year Ended 30 June 2021	01/04/2021	1.04 cents	\$473.3m

Dividends are determined after period-end and announced with the results for the period. Interim dividends are determined in February and paid in April. Final dividends are determined in August and paid in October. Dividends determined are not recorded as a liability at the end of the period to which they relate.

7. Developments in operations in future years and expected results

The OFR sets out information on CSL's business strategies and prospects for future financial years, and refers to likely developments in CSL's operations and the expected results of those operations in future financial years. Certain information regarding developments in operations in future years and expected results of those operations is excluded because it is likely to result in material prejudice to the Group.

8. Significant changes

Other than as disclosed in the Annual Report, the directors are not aware of any significant changes in the consolidated entity's state of affairs during the year or to the Group's principal activities during the year. Other than Ms Watkins joining the CSL Board from 19 August 2021 and information as disclosed in the financial statements, the directors are not aware of any other matter of circumstance which has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the consolidated entity, results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

9. Environment, Health, Safety and Sustainability Performance

CSL has an Environmental, Health and Safety (EHS) Management System that its facilities operate to industry and regulatory standards. This system includes compliance with government regulations and commitments for continuous improvement of health and safety in the workplace, as well as minimising the impact of operations on the environment. To drive this system, CSL implemented an EHS Management System (EHSMS) Standard. Internal audits at three sites demonstrated compliance with the EHSMS in 2020/21. Completion of the remaining internal audits are planned over the next year.

Development, implementation and improvement of employee health and safety processes and programs continue to focus on enhancement of a strong safety culture. Our Australian operations continue classification as an established licensee in respect to CSL's self-insurance licence as granted by the Safety, Rehabilitation and Compensation Commission.

Australian and foreign laws regulate environmental and safety obligations and waste discharge quotas. Government agency audits and site inspections monitor CSL environmental and safety performance. The following is a summary of findings identified or with continued action over the reporting period.

In 2021, CSL, Parkville (Australia) submitted a remediation feasibility study and clean-up plan for identified groundwater contamination to the environmental authority which was assessed by an EPA appointed auditor who confirmed the site has complied with the EPA clean up notice. CSL will continue to monitor the matter as part of its ongoing environmental monitoring plan.

In 2021, CSL signed a consent agreement for our site in Kankakee and paid a US\$527,144 civil penalty to the federal environmental authority for breaches of the Clean Air Act identified during a 2018 inspection. The inspection identified a number of deficiencies in the site's risk management practices related to the Act. CSL has taken steps to comply with the regulator's requirements, including additional resources to support ongoing risk management activities.

In 2021, CSL Plasma, Oak Park (US) received a citation from Occupational Safety and Health Administration (OSHA) for not having a plumbed eyewash station in place. The incident was categorised 'Other Than Serious' with no fine.

In 2021, Seqirus, Holly Springs (US) received a Notice of Violation from the local water authority for a wastewater discharge of chlorine in exceedance of the local limit. No fine was issued.

As part of compliance and continuous improvement in regulatory and voluntary environmental performance, CSL continues to report on key environmental aspects, including energy consumption, emissions, water use and management of waste as part of CSL's annual reporting on CSL.com (see Corporate Responsibility) and submission to the CDP (previously known as Carbon Disclosure Project). CSL has met its reporting obligations under the Australian Government's National Greenhouse and Energy Reporting Act (2007) and Victorian Government's Industrial Waste Management Policy (National Pollutant Inventory).

Monitoring environment, climate change risks, and control measures means that CSL is ready for new and emerging regulatory requirements. CSL's environmental performance is particularly important and relevant to select stakeholders and CSL reaffirms its commitment to continue to participate in initiatives such as CDP's (climate change and water disclosures) to help inform investors of its environmental management approach and performance.

Additional EHS performance details, including workplace safety, can be found in Our Future Prospects, in the Global Reach and Impact section of the 2021 Annual Report and on CSL.com.

10. Directors' shareholdings and interest

The interests of the Directors in the shares, options and performance rights of CSL are set out in the Remuneration Report – Tables 11 and 12 for executive Key Management Personnel (KMP) and Tables 17 and 18 for Non-Executive Directors. It is contrary to Board policy for KMP to limit exposure to risk in relation to these securities. From time to time the Company Secretary makes inquiries of KMP as to their compliance with this policy.

11. Directors' interests in contracts

Section 13 of this report sets out particulars of the Director's Deed entered into by CSL with each director in relation to access to Board papers, indemnity and insurance.

12. Performance rights and options

As at 30 June 2021, the number of unissued ordinary shares in CSL under options and under performance rights are set out in Note 5 and Note 18 of the Financial Statements. Holders of options or performance rights do not have any right, by virtue of the options or performance rights, to participate in any share issue by CSL or any other body corporate or in any interest issued by any registered managed investment scheme. The number of options and performance rights exercised during the financial year and the exercise price paid to acquire fully paid ordinary shares in CSL is set out in Note 5 of the Financial Statements. Since the end of the financial year, no shares were issued under CSL's Performance Rights Plan. Since the end of the financial year, there has been no change to the information contained in Note 5 or Note 18 to the Financial Statements.

13. Indemnification of Directors and Officers

During the financial year, the insurance and indemnity arrangements discussed below were in place concerning directors and officers of the consolidated entity.

CSL has entered into a Director's Deed with each director regarding access to Board papers, indemnity and insurance. Each deed provides:

- (a) an ongoing indemnity to the relevant director against liability incurred by that director as an officer of CSL or a related body corporate. The indemnity is given to the extent permitted by law and to the extent and for the amount that the relevant director is not otherwise entitled to be, and is not actually, indemnified by another person or out of the assets of a corporation, where the liability is incurred in or arising out of the conduct of the business of that corporation or in the discharge of the duties of the director in relation to that corporation;
- (b) that CSL will purchase and maintain an insurance policy which covers directors against liability as a director and officer of CSL and its directors. Coverage will be maintained for a minimum of seven years following the cessation of office for each director; and
- (c) the relevant director with a right of access to Board papers in connection with any relevant proceedings.

In addition to the Director's Deeds, Rule 95 of CSL's constitution requires CSL to indemnify each 'officer' of CSL and of each wholly owned subsidiary of CSL out of the assets of CSL 'to the relevant extent' against any liability incurred by the officer in or arising out of the conduct of the business of CSL or in the conduct of the business of such wholly owned subsidiary of CSL or in the discharge of the duties of the officer, unless incurred in circumstances which the Board resolves do not justify indemnification. Further details are set out in the Constitution, available on CSL.com (Our Company > Corporate Governance).

CSL paid insurance premiums in respect of a contract insuring each individual director of CSL and each full time executive officer, director and secretary of CSL and its controlled entities, against certain liabilities and expenses (including liability for certain legal costs) arising as a result of work performed in their respective capacities, to the extent permitted by law.

14. Indemnification of auditors

To the extent permitted by law, CSL has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year. No insurance premiums were paid for Ernst & Young during the financial year.

15. Auditor independence and non-audit services

CSL may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with CSL and/or the consolidated entity are important.

Details of the amounts paid or payable to the entity's auditor, Ernst & Young, for non-audit services provided during the year are set out below. The directors, in accordance with the advice received from the Audit and Risk Management Committee, are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to confirm that they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision making capacity for CSL, acting as an advocate for CSL or jointly sharing economic risks and rewards.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* accompanies this report.

Ernst & Young and its related practices received or are due to receive the following amounts for the provision of non-audit services to CSL and its subsidiaries in respect to the year ended 30 June 2021:

	2021 US\$	2020 US\$⁴
AUDIT SERVICES – Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	1,956,994	1,841,091
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements (here there is discretion as to whether the service is provided by the auditor or another firm)		
– Sustainability assurance	66,819	110,982
– Agreed upon procedures and other audit engagements	90,045	9,749
Fees for other services		
Subsidiaries directors' training	80,000	-
Due diligence	211,449	375,384
Remuneration advisory	357,646	232,728
Tax compliance	-	22,288
Total fees to Ernst & Young (Australia)	2,762,953	2,592,222
AUDIT SERVICES – Ernst & Young Overseas Member Firms		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	3,556,179	3,649,937
Fees for assurance services that are required by legislation to be provided by the auditor	13,845	13,322
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements (here there is discretion as to whether the service is provided by the auditor or another firm)		
– Agreed upon procedures and other audit engagements	77,009	146,024
Fees for other services	35,224	34,463
Total fees to overseas member firms of Ernst & Young (Australia)	3,682,257	3,843,746
Total audit services	5,760,891	5,771,105
Total non-audit services	684,319	664,863
Total auditor's remuneration	6,445,210	6,435,968

⁴ There were changes to the classification of two prior year non-audited services, which has resulted in changes to the amounts reported in the 2020 Directors' Report and accompanying financial statements. CSL notes that the changes are immaterial however wish to disclose the changes as a matter of full disclosure.

The role of the Audit & Risk Management Committee of the CSL Board of Directors (ARMC) is to oversee the integrity and quality of half-year and full-year financial reporting and disclosures. A key responsibility arising from this role is the appointment of the Company's independent auditor, including the selection, review and evaluation of the audit signing partner(s) and the negotiation of audit fees.

In accordance with its Charter and with CSL's commitment to best practice corporate governance practices, the ARMC regularly reviews the performance of the Company's independent auditor.

Matters considered in reviewing the performance of the Company's independent auditor in the 2021 financial year included:

- the professional qualifications and effectiveness of the auditor, the audit signing partner(s) and other key engagement partners;
- the auditor's historical and recent performance on the Company's audit, including the extent and quality of their communications with the ARMC;
- an analysis of the auditor's known legal risks and significant proceedings that may impair its ability to perform CSL's annual audit;
- the appropriateness of the auditor's fees;
- the auditor's independence policies and its processes for maintaining its independence and objectivity;
- the auditor's tenure as the Company's independent auditor and its depth of understanding of the Company's global business, operations and systems, accounting policies and practices, including the potential effect on the financial statements of the major risks and exposures facing the Company, and internal control over financial reporting; and
- the auditor's capability, expertise and efficiency in handling the breadth and complexity of CSL's global operations.

The current audit signing partners for CSL's auditor, EY, are Mr Rodney Piltz and Ms Kylie Bodenham.

The next rotation of audit signing partner for Ernst & Young is scheduled to take place at the conclusion of the 2023 financial year.

In accordance with best practice, CSL has decided to undertake a competitive external audit tender process during the 2022 financial year.

16. Rounding

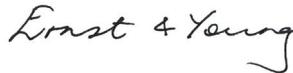
The amounts contained in this report and in the financial report have been rounded to the nearest \$100,000 (where rounding is applicable) unless specifically stated otherwise under the relief available to CSL under ASIC Corporations Instrument 2016/19. CSL is an entity to which the Instrument applies.

Auditor's Independence Declaration to the Directors of CSL Limited

As lead auditor for the audit of the financial report of CSL Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of CSL Limited and the entities it controlled during the financial year.



Ernst & Young



Rodney Piltz
Partner
17 August 2021

17. Remuneration Report

Dear Shareholder,

On behalf of the Board, I am pleased to present CSL's Remuneration Report (Report) for the year ended 30 June 2021. This Report contains detailed information regarding CSL's Key Management Personnel (KMP) for 2021.

CSL plays a critical role in the global community – providing life-saving therapies to people with serious disease, and vaccines that protect public health. The Board is proud of the entire CSL team for delivering on this critical role.

Delivering on our Promise in 2021

During the current pandemic, CSL under the leadership of our Chief Executive Officer and Managing Director (CEO), Mr Paul Perreault, has achieved a strong result.

Remaining focused on delivering on our promise to patients and public health, in 2021 we have delivered:

- Continued production of our core life-saving therapies – influenza vaccines and plasma and recombinant protein therapies;
- Support for COVID-19 vaccines across multiple programs and partnerships spanning vaccines, monoclonal antibodies and plasma therapies;
- An increase in reported Net Profit after Tax (NPAT) of 13.0%;
- An increase in reported Revenue of 12.7%;
- Cashflow from Operations (CFO) of US\$3,621.9m – an increase of 45.6% over prior year;
- Growth in Basic Earnings per Share (EPS) of 12.7%;
- Return on Invested Capital (ROIC) of 21.2%;
- 25 new plasma collection centres globally – taking the total to 303;
- Key research and development milestones to further strengthen and grow our pipeline;
- Improved our Environmental, Social and Corporate Governance (ESG) performance, including recognition in the FTSE4Good Index series;
- On our diversity strategy, including being named on Refinitiv's Diversity & Inclusion Top 100 list and named on the Forbes World's Best Employers list; and
- An employee engagement result of 73% - on par with prior year.

2021 Executive Key Management Personnel Changes

In March 2021, we welcomed Ms Joy Linton as our Chief Financial Officer. Ms Linton is a well-respected global leader with extensive strategic and financial experience as a Chief Financial Officer and brings significant experience and leadership capabilities to CSL.

On commencement of employment, Ms Linton received awards to compensate for the remuneration forgone at her previous employer. The CSL awards are pro-rata replacements and vest either at or beyond their original dates. Further details can be found in section 6.4.3.

As noted in 2020, we farewelled our former Chief Financial Officer, Mr David Lamont in October 2020.

CSL's Response to COVID-19 and Board Discretion Applied to Remuneration

CSL has played a meaningful part in the global response to COVID-19, collaborating across organisations and countries to contribute to solutions. We worked with the University of Queensland during the primary stages of its UQ-CS v451 COVID-19 vaccine candidate and co-founded the CoVig-19 Plasma Alliance, joining a group of 11 companies to develop a potential plasma-derived hyperimmune therapy for treating COVID-19. While both efforts concluded as deemed unsuitable to continue, learnings were taken and significant efforts were made by the CSL team.

Seqirus donated its well-established adjuvant technology – MF59® - to the vaccine efforts of multiple entities. We partnered with AstraZeneca and the Australian Government and produced AstraZeneca's COVID-19 vaccine for Australia.

Our employees kept our operations and commercial networks running efficiently throughout a changing pandemic environment. We have supported our people and introduced wellness leave, allowing employees to take two leave days in 2021 to focus on their own physical and emotional wellbeing. We continue to support staff working from home and for our US based employees, including plasma collection centre staff, launched care@work, providing access to services for caregiving of dependents where a staff member needs to work on site.

During the year we offered higher donor compensation, leveraged technology to make the donor experience more efficient and initiated a collaboration to deliver a new plasma collection platform.

The impact of COVID-19 on business performance has varied across the Behring and Seqirus businesses. Plasma collections have been challenged due to decreased mobility and government stimulus but are recovering to pre-COVID-19 levels due to multiple initiatives to drive

solid growth. Demand for influenza vaccine products is at the highest levels seen and in 2021 we have delivered a record number of doses worldwide.

Our teams have delivered strongly on the financial and non-financial targets. There have been no adjustments made to the terms and conditions, including performance measures, of short term incentive (STI) and long term incentive (LTI) awards on foot. The Board chose not to apply the 'Leading and Managing' modifier to outcomes which allows for recognition of extraordinary contribution in exceptional circumstances or significant leadership failure.

The Board considered the quality of the financial performance, management of risk and the impact of COVID-19. The Board considered the outcomes for the STI financial metrics and determined not to use discretion to adjust these outcomes. However, in assessing the non-financial STI outcomes for Executive KMP for 2021 and ensuring appropriate balance between remuneration and performance, the Board exercised its discretion on the CEO's objectives relating to reduced plasma collections in 2021 due to factors associated with COVID-19.

In recognition of his extraordinary contribution to supporting vaccine development and manufacturing in Australia, Professor Andrew Cuthbertson AO received a discretionary bonus of US\$483,067.

2021 CEO Remuneration Outcomes

In 2021, Mr Perreault had no increase to any component of reward, his fixed reward remained at US\$1,751,000, and his STI target was held at 120% of fixed reward and the LTI target at 400%.

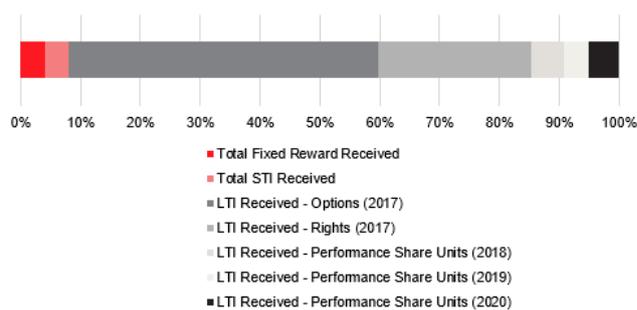
Mr Perreault will receive a STI payment of US\$1,807,032. The outcome is 86% of Mr Perreault's target reflecting target performance on NPAT, a maximum CFO outcome and an individual performance outcome that was below target. Details of these outcomes can be found in section 6 of the Report.

Following another strong year of LTI outcomes, Mr Perreault received vesting of awards granted annually over the period October 2016 to September 2019 of US\$41,686,616 (based on the market value of the award at the date of vesting). Further detail can be found in sections 6.4 and 8.2.

The 2021 'realised' remuneration for Mr Perreault was US\$45,360,031 and was a 61% increase on 2020 (full detail is provided in section 8.2, Table 13). This outcome was driven by the vesting of legacy LTI awards and the significant increase in share price since the date of grant of each award. From the total vesting value of US\$41,686,616, US\$32,975,340 is share price growth over the vesting period – a 79%

increase. There are no further legacy LTI plans outstanding.

2021 CEO Realised Remuneration



Remuneration in 2022

For 2022, the Board has determined that Mr Perreault will receive a market increase to fixed reward of 3% and no change to his STI and LTI target opportunity. This is the first increase to Mr Perreault's fixed reward since September 2015. While Mr Perreault's total direct compensation is below the median of our global pharmaceutical/biotechnology peer group, the Board feels that given reward outcomes for Mr Perreault in 2021 and the changes being made to the executive remuneration framework in 2022 which will see Mr Perreault's maximum STI opportunity increase from 180% to 240% of fixed reward, no further adjustment is appropriate at this time.

For our remaining Executive KMP, in 2022 a merit increase to fixed reward will be applied to Dr McKenzie and Ms Linton. There will be no change to STI and LTI target opportunities however, the maximum opportunity will increase to 200% of STI target opportunity for both. Professor Cuthbertson will retire from his current position in October 2021 and will not receive an annual reward review.

Following benchmarking to ASX12 and ASX25 Non-Executive Director (NED) remuneration, there will be an average increase of 4.2% for Board and Committee Chair roles and an average 2.8% increase for member fees in 2022.

Remuneration Framework Changes for 2022

Our current executive remuneration framework has been in place since 2017 and has effectively incentivised and rewarded executives and provided meaningful levels of equity in the hands of executives more quickly than before.

As communicated in our 2020 Remuneration Report, over the course of the 2021 financial year, we have undertaken a review of the framework with the aim of ensuring a fit for purpose design, alignment to our Total Reward Principles and responding to feedback from our investors. Competing for talent in a global market, it is critical that we have a framework that attracts and retains high quality talent to deliver on our strategy and deliver results. I thank shareholders

and proxy advisors for their feedback on our executive remuneration framework provided during the year.

In response to this feedback, effective 1 July 2021 the following changes will be implemented:

- **Maximum STI:** Increase of the maximum STI payout to 200% of STI target opportunity – driving our pay for performance philosophy and incentivising for outperformance, and aligning to our global pharmaceutical/biotechnology peers;
- **LTI Performance Measures:** Introduction of a second LTI measure of EPS growth – aligned to shareholder experience, a second measure will ensure focus on long term sustainable earnings growth and is aligned to market practice and investor expectations;
- **LTI Vesting Period:** Removal of vesting of awards at years one and two to a single point, three year vest. Responding to investor feedback, this also aligns with the approach taken by our global pharmaceutical/biotechnology peers;
- **ESG Measures in Remuneration:** While certain ESG measures are already included in the individual key performance indicators for Executive KMP, in the year commencing 1 July 2022 we will introduce a CSL global ESG measure for which all executives will be held accountable. In addition to the CSL financial measures of NPAT and CFO, this will ensure collective focus and accountability on our long term sustainability and global footprint; and
- **Mental Health:** CSL will secure access to quality and affordable coverage for mental health conditions for employees and their dependents.

Further detail on the changes is provided in section 4 of this Report.

Competition for talent in the pharmaceutical/biotechnology industry continues to increase and the Board will continue to review the competitiveness of our remuneration framework.

Thank you to my fellow committee members and thank you for supporting CSL and the patients we serve around the world.



Dr Megan Clark AC

Chair
Human Resources and Remuneration Committee

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4. Remuneration Framework Changes in 2022	11. Legacy Equity Programs
5. CSL Performance and Shareholder Returns	12. Additional Employee Equity Programs
6. Executive Key Management Personnel Outcomes in 2021	
7. Executive Key Management Personnel Statutory Remuneration Tables	

Independent audit of the Report

The Remuneration Report (Report) has been audited by Ernst & Young (EY). Please see page 40 of the Financial Statements for EY's report.

1. CSL Key Management Personnel

This Report sets out remuneration information for Key Management Personnel (KMP) which includes Non-Executive Directors (NEDs), Executive Directors (i.e. the Chief Executive Officer and Managing Director (CEO) and Senior Advisor to the CEO) and those key executives who have authority and responsibility for planning, directing and controlling the activities of CSL during the financial year (together with the Executive Directors, herein referred to as Executive KMP). The CSL KMP during the year ended 30 June 2021 and changes to KMP are outlined in Table 1. Each of the KMP listed in Table 1 held their position for the full reporting period, unless stated otherwise. Ms Alison Watkins will join the CSL Board as an independent NED on 19 August 2021.

Table 1: CSL Key Management Personnel in 2021

Non-Executive Directors

Chairman - Dr Brian McNamee AO

Mr Bruce Brook

Dr Megan Clark AC

Ms Carolyn Hewson AO

Ms Marie McDonald

Executive Key Management Personnel

Executive Director and Chief Executive Officer and Managing Director (CEO) - Mr Paul Perreault

Executive Director and Senior Advisor to the CEO - Professor Andrew Cuthbertson AO

Chief Financial Officer - Ms Joy Linton – appointed 5 March 2021

Chief Operating Officer - Dr Paul McKenzie

Former Non-Executive Directors

Mr Shah Abbas Hussain – resigned 25 June 2021

Ms Christine O'Reilly – retired 14 October 2020

Mr Pascal Soriot – appointed 19 August 2020 / resigned 31 January 2021

Former Executive Key Management Personnel

Chief Financial Officer - Mr David Lamont – resigned 31 October 2020

2. 2021 Key Management Personnel Remuneration Outcomes at a Glance

CEO	<ul style="list-style-type: none"> No increase to fixed reward (refer to section 8.1) A short term incentive (STI) payment of US\$1,807,032 – 57% of maximum opportunity (refer to section 6.2) Long term incentive (LTI) vesting during the year of US\$41,686,616 (face value at vesting date – refer to section 6.4) Received 'realised' remuneration of US\$45,360,031 (refer to section 8.2)
Other Executive KMP	<p>A Cuthbertson</p> <ul style="list-style-type: none"> LTI vesting US\$3,846,568 (face value at vesting date – refer to section 6.4) Received a discretionary bonus of US\$483,067 to recognise extraordinary contributions over the year (refer to section 6.3) 'Realised' remuneration in 2021 of US\$4,855,069 (refer to section 8.2)
	<p>J Linton</p> <ul style="list-style-type: none"> Received a sign on cash award of US\$78,220 and an equity award of US\$3,307,510 as partial compensation for forgone cash-settled LTI awards at prior employer (refer to section 6.4) STI of US\$288,464 was paid – 75% of maximum opportunity (refer to section 6.2) 'Realised' remuneration in 2021 of US\$766,899 (refer to section 8.2)
	<p>P McKenzie</p> <ul style="list-style-type: none"> Received an increase to fixed reward of 3% (refer to section 8.3) STI of US\$1,028,970 was paid – 72% of maximum opportunity (refer to section 6.2) LTI vesting of US\$2,065,127 (face value at vesting date – refer to section 6.4) 'Realised' remuneration in 2021 of US\$4,134,485 (refer to section 8.2)
NEDs	<ul style="list-style-type: none"> Received an increase to fees of 2.8% (refer to section 9.2)

3. Global Remuneration Framework

3.1 Global Total Rewards Principles

To deliver on our promise to patients and to protect public health, we rely on our people and need to ensure a strong global talent supply. Our Total Rewards Principles enable us to attract, engage and retain talent, provide us with the flexibility to address talent challenges in various markets and allow us to compete with larger global pharmaceutical companies. We motivate our people to deliver their best performance by enabling an approach that integrates market competitive and differentiated reward programs that align to CSL's strategy and business objectives.



Common Global Structure

- We leverage a market-based approach to offer competitive rewards, balancing both a global and local view
- We align employee and shareholder interests, and consider community expectations
- We benchmark ourselves against the life sciences industry¹
- We have a single pay design for all senior executives



Effort Matters

- We celebrate and recognise both the effort that is required along the way as well as the real results created by our employees



Results and Behaviours

- We are committed to a pay for performance culture based on both role requirements and how the individual performs
- Living our CSL Values is a non-negotiable expectation



Holistic Approach to Well-Being

- We foster an environment of well-being that is multi-dimensional – physical, emotional, financial and social health

¹ CSL Plasma is benchmarked against the Retail industry.



Internal Equity, Inclusive Culture

- We reward fairly and competitively
- We strive and monitor for equal pay for equal work



Simplicity and Clarity

- We aim to create easy to understand programs and policies so people value and use them
- We are committed to transparency in our communications – internally and externally

3.2 Remuneration Framework

As a leading global biotechnology company with manufacturing sites across six countries and over 25,000 employees in 39 countries, CSL develops and delivers innovative biotherapies and influenza vaccines that save lives, and help people with life-threatening medical conditions live full lives. This requires a research to commercialisation lifecycle that can extend seven to ten years. Accordingly, we have designed a remuneration framework that effectively incentivises and rewards our executives over the long term.

Our remuneration framework combines elements of traditional Fixed Reward (or base salary), STI and LTI plans with enhancements to several design factors to suit CSL's business, a very different business to other companies in Australia, and with a diverse global employee and shareholder base. Our international footprint requires global leadership and, with executives based in different countries, we need to ensure our framework is fair, equitable and market competitive in the countries and industry in which we operate in order to attract and retain highly talented people.

3.2.1 2021 Remuneration Framework Elements for Executive KMP

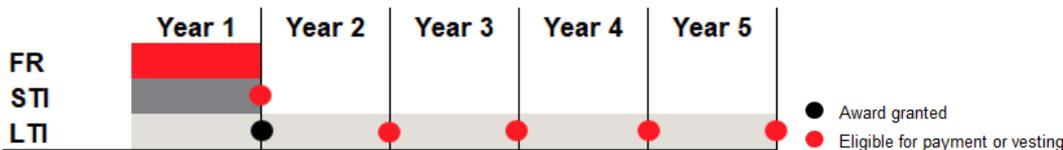
	Fixed Reward (FR)	Short Term Incentive (STI)	Long Term Incentive (LTI)
Purpose	Attract, retain and engage key talent to deliver our CSL strategy	Reward performance against annual Key Performance Indicators (KPIs) – maintaining a focus on underlying value creation within the business operations is critical to CSL's success and sustainability	Alignment to longer term performance and strategy of CSL, building economic alignment between Executive KMP and shareholders over the long term
Structure	Cash – salary and superannuation/pension	Cash	Performance Share Units ²
Approach	<p>Reviewed annually</p> <p>Determined based on the scope, complexity and responsibilities of the role, experience and performance</p> <p>Reviewed through both an internal and external relativity lens</p> <p>Peer group – global pharmaceutical/biotechnology peers or a general industry view depending on role (desired positioning at the median)</p>	<p>Paid annually</p> <p>Maximum payout is 150% of an Executive KMP's target STI opportunity (i.e. STI target multiplied by 150%)</p> <p>Outcomes based on business (60%) and individual performance measures (40%)</p>	<p>Granted annually with vesting in instalments over a four year period – 25% each year</p> <p>Performance measure is Return on Invested Capital – measured on a seven year rolling return in the year the award vests</p>
Peer Group	The global pharmaceutical/biotechnology industry peer group serves as a primary reference group for remuneration benchmarking, created such that CSL falls in the middle of the group with respect to market capitalisation and revenue. The group represents global industry peers and is updated annually. The peer group in 2021 included: AbbVie Inc.; Alexion Pharmaceuticals, Inc.; Allergan plc; Amgen Inc.; AstraZeneca PLC; Bausch Health Companies Inc.; Bayer Aktiengesellschaft; Biogen Inc.; Bristol-Myers Squibb Company; Eli Lilly and Company; GlaxoSmithKline plc; Gilead Sciences Inc.; Grifols, S.A.; Merck Kommanditgesellschaft auf Aktien; Novo Nordisk A/S; Regeneron		

² Our legacy LTI plans (Options and Performance Rights) are reported for the final time in 2021 – no further awards are outstanding. See section 11 for more details on key plan characteristics.

	Fixed Reward (FR)	Short Term Incentive (STI)	Long Term Incentive (LTI)
	<p>Pharmaceuticals, Inc.; UCB SA and Vertex Pharmaceuticals Incorporated. For the 2022 year, BioMarin Pharmaceutical Inc. and Takeda Pharmaceutical Company Limited have been added</p> <p>In addition, two general industry reference groups representing Australia and North America also help us appropriately reward senior talent and may be used as a primary, or hybrid, data set for certain Executive KMP dependent on role and location</p>		
Risk Management	<p>Before determining remuneration outcomes and vesting, we assess alignment with risk management outcomes to hold executives accountable for effective risk management – both financial and non-financial. In addition, all variable reward is subject to the Malus and Clawback Policy and the Board has full discretion over the outcome of any variable reward payment and vesting</p> <p>The Board has the discretion to apply a ‘Leading and Managing’ modifier to STI and LTI outcomes – formally recognising the importance of CSL’s culture including leadership behaviours, values, diversity objectives and management of risk. The modifier allows for the Board to adjust in exceptional circumstances +20%/-50% of annual STI earned, and/or LTI opportunity granted. The modifier is also available to adjust for risk management outcomes under our formal risk/consequence management framework. The Board has a discretion in all circumstances, including a significant risk management failure, to reduce further, including to zero</p>		
Malus and Clawback	<p>Executive KMP STI and LTI arrangements are subject to malus and clawback provisions that enable the Board to adjust both vested and unvested awards as appropriate. The circumstances include material misstatement or omission in financial statement, fraud, dishonesty, risk management outcomes or other serious misconduct</p>		
Shareholding Requirement	<p>Executive KMP must hold CSL shares equal to 100% of FR (300% for the CEO) within five years from the date of appointment to their role</p>		
Benefits	<p>We also provide market competitive benefits to attract and retain key talent. Benefits may include, but are not limited to, accident, disability and death insurance, health insurance, car parking and participation in local benefit programs</p>		

3.2.2 Remuneration Delivery Timeline

The diagram below illustrates how the components of the 2021 Executive KMP remuneration are delivered over a five year period.



3.2.3 Pay Mix

The following diagrams set out the remuneration mix for Executive KMP in 2021. The majority of the target reward mix is variable reward and is at risk. This better aligns Executive KMP rewards with shareholder interests and is aligned to our pay for performance philosophy, focusing efforts on driving growth and long term performance and sustainability. Professor Cuthbertson was not eligible in 2021 for variable reward under the executive remuneration framework due to the nature of his advisory role.

Remuneration Mix – P Perreault



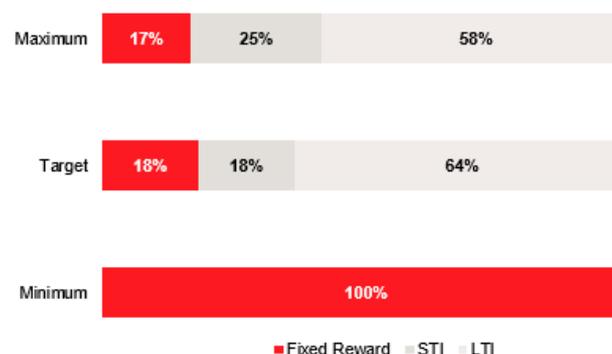
Remuneration Mix – A Cuthbertson



Remuneration Mix – J Linton



Remuneration Mix – P McKenzie



From a market alignment perspective, within our global pharmaceutical/biotechnology peer group our Executive KMP reward is competitive in the elements of fixed reward and STI, however LTI remains below market comparators for all roles, including the CEO. The Board will continue to keep the latter component under review to ensure we have competitive reward packages and effectively incentivise for the long term success of the organisation by aligning outcomes with shareholder interests.

3.2.4 Short Term Incentive (STI)

Rewarding performance over an annual period, the STI program is designed to drive business performance and the creation of shareholder value. The KPIs on which Executive KMP are assessed and rewarded are challenging and not just duties expected in the normal course of their role. The key features of the program for cash awards for the year ended 30 June 2021 (to be paid in September 2021) are detailed below.

Feature	Description				
Performance Period	Annual aligned with the financial year – 1 July 2020 to 30 June 2021				
Performance Measures	<p>Each Executive KMP has a maximum of six KPIs. The KPIs are made up of two critical financial measures of CSL business strength, shared by all participants – Net Profit after Tax (NPAT) and Cash Flow from Operations (CFO), plus up to four individual business building KPIs. Hurdles are set at threshold, target and maximum levels of performance and there is real difference between under achieve/achieve/over achieve targets and measures, so that a challenging but meaningful incentive is provided</p> <p>The performance measures are chosen to ensure Executive KMP are focused on the achievement of the CSL strategy, delivery of business results and ensuring CSL's success and sustainability</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Financial</th> <th style="text-align: left;">Individual</th> </tr> </thead> <tbody> <tr> <td>Financial growth is the foundation of long term sustainability and evidences our competitive advantage, whilst pursuing profitable growth, and aligns employee and shareholder objectives. The financial performance measures are NPAT measured at constant currency and CFO measured at the reported rate</td> <td>Individual performance hurdles align with strategic priorities, encourage appropriate decision making, and balance performance in non-financial priorities. The individual performance measures are based on individual responsibilities and categories include divisional performance, achievement of strategic objectives and improvement in operations, risk management, compliance, people, health and safety and quality</td> </tr> </tbody> </table>	Financial	Individual	Financial growth is the foundation of long term sustainability and evidences our competitive advantage, whilst pursuing profitable growth, and aligns employee and shareholder objectives. The financial performance measures are NPAT measured at constant currency and CFO measured at the reported rate	Individual performance hurdles align with strategic priorities, encourage appropriate decision making, and balance performance in non-financial priorities. The individual performance measures are based on individual responsibilities and categories include divisional performance, achievement of strategic objectives and improvement in operations, risk management, compliance, people, health and safety and quality
Financial	Individual				
Financial growth is the foundation of long term sustainability and evidences our competitive advantage, whilst pursuing profitable growth, and aligns employee and shareholder objectives. The financial performance measures are NPAT measured at constant currency and CFO measured at the reported rate	Individual performance hurdles align with strategic priorities, encourage appropriate decision making, and balance performance in non-financial priorities. The individual performance measures are based on individual responsibilities and categories include divisional performance, achievement of strategic objectives and improvement in operations, risk management, compliance, people, health and safety and quality				
Performance Measure Weighting	The weighting of the measures is NPAT 35%, CFO 25% and Individual 40%				
Executive KMP STI Targets	<p>Set as a percentage of Fixed Reward, target opportunity in 2021 was:</p> <ul style="list-style-type: none"> • Mr Perreault – 120% • Ms Linton – 85% • Dr McKenzie – 100% 				
Vesting	50% earned on threshold level performance, increasing on a straight line basis with 100% earned at target level performance and 150% on achievement of maximum level performance (capped at 150%). The STI Outcome percentages are then multiplied by the KPI weighting and individual STI opportunity (as disclosed in Table 3 in section 6.2) to determine the payment amount				
Cessation of Employment	A 'qualified leaver' (such as someone who retires) may receive a pro-rata payment paid in the ordinary course based on the portion of the Performance Period worked, subject to Performance Measures being met. If the Executive KMP is not a 'qualified leaver', no payment will be made				

3.2.5 Long Term Incentive (LTI)

Our current LTI plan was designed to align our executives' equity interests with those of our shareholders by rewarding sustainable Return on Invested Capital (ROIC) outcomes over the longer term – ensuring a focus on the long term growth of the organisation and delivering returns to our shareholders. The instalment vesting of awards over a four year period will only deliver reward where CSL performance has been strong over the longer term. When our target performance is achieved, we want our executives' LTI to vest – we set targets that require excellent outcomes for shareholders both absolutely and relative to the performance of our global peers. The LTI plan also rewards and assists us in retaining our talent. The key features of the program for 2021 LTI awards, granted 1 September 2020, are as follows.

Feature	Description
Summary	A conditional 'right' to a CSL share (i.e. full value instrument) or at the Board's discretion in exceptional circumstances, a cash equivalent payment. No price is payable by the Executive KMP on grant or vesting of rights. Shares are automatically allocated (or cash automatically paid) without the need for exercise by an Executive KMP
Security	Performance Share Unit (PSU)
Grant Methodology	To determine the number of PSUs issued, a five day volume weighted average share price is used. The LTI opportunity for each Executive KMP is divided by the calculated face value to determine the number of securities granted
Performance Period	Seven year rolling average: Tranche 1 – 1 July 2014 to 30 June 2021; Tranche 2 – 1 July 2015 to 30 June 2022 Tranche 3 – 1 July 2016 to 30 June 2023; and Tranche 4 – 1 July 2017 to 30 June 2024
Gateway Performance Measure	No vesting will occur unless an Investment Hurdle Rate (IHR) is achieved in the year of testing. The IHR is the minimum return CSL requires on its investments to ensure it is making sound investment decisions and appropriately managing risk and covering its cost base
Performance Measure	Return on Invested Capital
Performance Target	Threshold – 20.0% Target – 23.0%
Executive KMP LTI Targets³	<ul style="list-style-type: none"> • Mr Perreault – 400% of fixed reward • Dr McKenzie – 350% of fixed reward
Vesting Schedule	50% earned on threshold level performance, increasing on a straight line basis with 100% earned at target level performance (capped at 100%)
Vesting Date	Subject to performance, 25% of the award is eligible for vesting annually over four years: Tranche 1 – 1 September 2021; Tranche 2 – 1 September 2022; Tranche 3 – 1 September 2023; and Tranche 4 – 1 September 2024
Retesting	No retest of any tranche
Cessation of Employment	A 'qualified leaver' (such as someone who retires) may retain a pro-rated number of PSUs based on time elapsed since grant date. Retained PSUs will remain subject to original terms and conditions including satisfaction of performance conditions at the test date. If an Executive KMP is not a 'qualified leaver', all unvested awards will be forfeited
Change of Control	In the event of a change of control, the Board, in its absolute discretion, may determine that some or all of the awards vest having regard to the performance of CSL during the vesting period to the date of the change of control event. Vesting may occur at the date of the change of control event or an earlier vesting date as determined by the Board
Dividends and Voting Rights	No dividends or dividend equivalents are paid on unvested awards. Executive KMP are only eligible for dividends once shares have been allocated following vesting of any PSUs. PSUs do not carry any voting rights prior to vesting and allocation of shares

³ Ms Linton did not receive an annual LTI grant in 2021 however, a commencement benefit was granted and further detail can be found in section 6.4.3.

3.2.6 Leading and Managing Modifier

The Board, based on recommendations from the CEO for Executive KMP, and the Human Resources and Remuneration Committee (HRRC) for the CEO, has the discretion to apply a 'Leading and Managing' modifier to both the STI and LTI opportunity – allowing for recognition of extraordinary contribution in exceptional circumstances or significant leadership failure across culture and diversity. Applied to the overall STI outcome or LTI target opportunity, there can be an increase of up to 20% or a decrease of up to 50% applied. In 2021, the modifier was not used as the CEO and the Board determined that all Executive KMP had met expectations in the leadership of their respective business units and outcomes delivered, and consistently modelled the CSL Values. Below sets out an illustrative example of how the modifier is used on STI outcomes.



In addition to consideration during the determination of KPI outcomes, the modifier is also utilised for the assessment of the management of risk – both financial and non-financial. In consultation with the Audit and Risk Management Committee (ARMC), the HRRC use a principles approach to ensure alignment between remuneration outcomes and performance. This enables management to bring awareness to behaviours that encourage unacceptable levels of risk and discourage those behaviours, promotes behaviours that encourage acceptable levels of risk and enables the Board to recognise and appropriately address both acceptable and unacceptable behaviours. In the event of a significant risk management failure, the Board has the discretion to adjust further than the 50% downwards outcome, including to zero.

4. Remuneration Framework Changes in 2022

As communicated in our 2020 Report, in 2021 we undertook a review of our executive remuneration framework. Our current framework is now well established, but feedback from stakeholders highlighted opportunities for further improvement.

The objective of the review was to ensure each component of reward is fit for purpose for CSL and enables us to attract, engage, and retain talent, compete with larger global pharmaceutical companies, and motivate our people to deliver their best performance. Effective 1 July 2021 the following changes will be implemented:

	Change	Rationale
STI	Increase of the maximum payout opportunity from 150% to 200% of target opportunity	<ul style="list-style-type: none"> A market competitive program in line with our global pharmaceutical/biotechnology peers where 89% of peers have a maximum payout above 150% of target and 69% are at or above 200% of target opportunity Address attraction and retention issues in key growth markets, including the U.S. Better alignment to our pay for performance philosophy – rewards will only be earned for truly outstanding performance
LTI	Introduction of a second performance measure of Earnings per Share growth to complement the current ROIC measure - measured over a three year period and weighted at 30%	<ul style="list-style-type: none"> Introducing an additional measure to support continued focus on sustainable growth and execution of our long term strategy Alignment to shareholder experience and an indicator in increases in shareholder value Responding to investor feedback on a single metric Better aligning to market practice and peers where multiple measures are part of the LTI plan Weighting reflects the importance of our ROIC measure given our strong investment focus on research and development and our capacity investment cycle
LTI	Move from tranche vesting over a four year period to single point vesting at year three	<ul style="list-style-type: none"> Recognising our current approach has served its purpose of getting equity into the hands of executives more quickly Responding to investor feedback that LTI vests too early Simpler design compared to current framework Alignment with the most prevalent approach taken by our global pharmaceutical/biotechnology peers
Benefits	<p>Introduction of mental health initiatives</p> <p>Increase in Total Employment Cost (TEC) for Australian Executive KMP to adjust for the increase in the Superannuation Guarantee Rate</p>	<ul style="list-style-type: none"> Securing access to quality and affordable coverage for mental health conditions addresses the well-being of our employees and their dependents Considered as part of the annual merit review an increase to TEC consistent with other Australian based employees

Environment, Social and Corporate Governance (ESG) changes - CSL is committed to a healthier world. Our vision is a sustainable future for our employees, communities, patients and donors, inspired by innovative science and a values-driven culture. In 2021 we have adopted an ESG strategy that is based on the three pillars of Environment, Social and Sustainable Workforce. For the remainder of 2021 through to 2023, for the focus areas prioritised under each of the three pillars we will execute a number of actions to validate data sets and baselines.

While ESG metrics are currently included in the individual STI KPIs of our executives, we need to ensure a global shared focus on our long term sustainability and global footprint consistent with our CSL purpose and values. In the 2022 financial year, ESG metrics will continue to form part of Executive KMP individual

KPIs and when the Board assesses the STI outcomes for Executive KMP they will review the ESG outcomes of the organisation and consider the application of discretion through the 'Leading and Managing' modifier as appropriate. Effective 1 July 2022, we will introduce a CSL Group ESG metric that all executives will be held accountable for and will communicate this in our 2022 Remuneration Report.

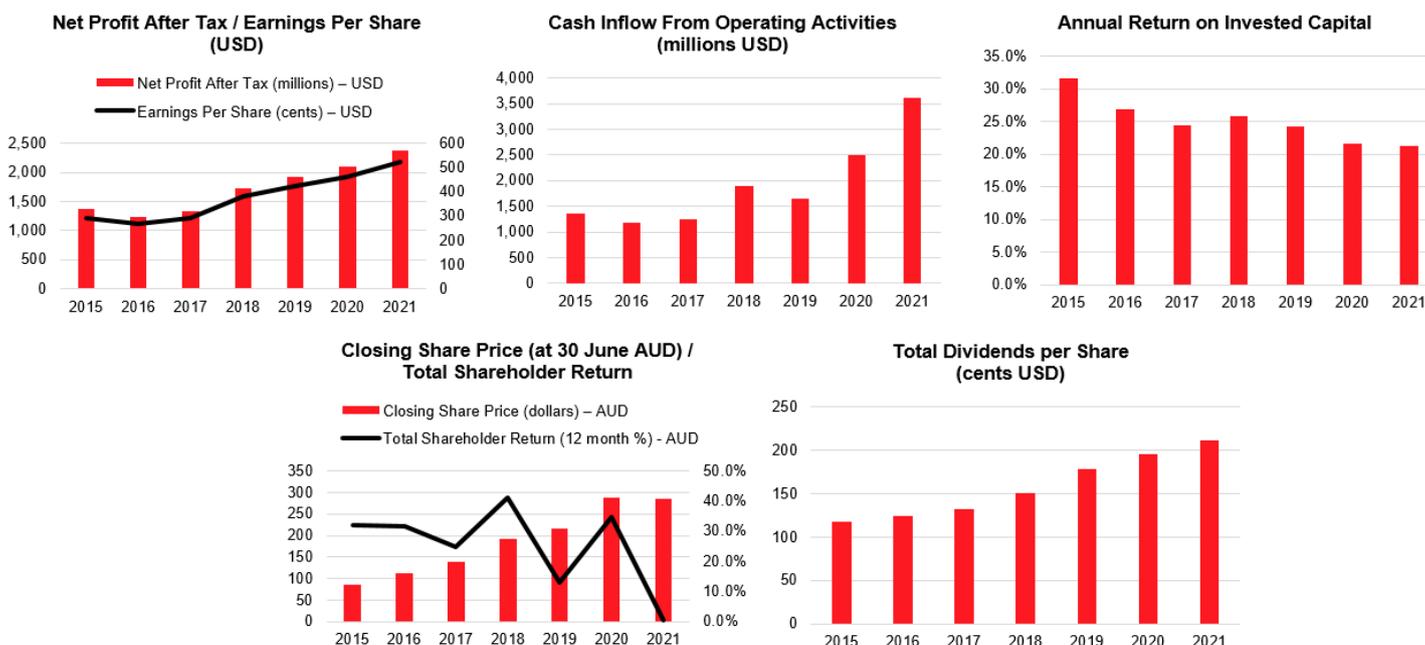
Remuneration Delivery Timeline - The following diagram sets out the timeline for delivery of remuneration under the new framework.



5. CSL Performance and Shareholder Returns

5.1 Financial Performance from 2015 to 2021

The following graphs⁴ summarise key financial performance over the past seven financial years. We have disclosed over a seven year period to align with our ROIC LTI performance measurement period.



⁴ The 2016 Annual Return on Invested Capital figure includes the gain on acquisition of Novartis' global influenza vaccine business of US\$176.1m. The opening share price on 1 July 2016 was A\$111.92. The Total Shareholder Return outcome at 30 June 2021 was 0.37%. The Total Dividends per Share is the actual total dividends paid within the financial year.

6. Executive Key Management Personnel Outcomes in 2021

6.1 CSL and Executive KMP Performance

2021 has been another year of strong performance outcomes in an unprecedented time. Financial performance has been solid and we continue to develop and progress our research and development pipeline, consistently innovating to ensure a sustainable business. In reviewing both the CSL financial outcomes of NPAT and CFO, along with the Executive KMP individual outcomes, the Board has considered the quality of outcomes, management of risk and the impact of COVID-19. The Board has determined not to use any discretion to adjust STI financial metric outcomes. The Board has exercised its discretion on Mr Perreault's individual outcomes relating to reduced plasma collections due to factors associated with COVID-19.

The following performance outcomes, as aligned to the CSL strategy, were achieved resulting in an average overall STI payment outcome of 102% of target level opportunity across the Executive KMP (see Table 3). The minimum STI earned as a percentage of target level opportunity was 86% and the maximum was 113% – the latter was 75% of the maximum STI outcome that could be achieved. Additional quantitative objectives, which were also integral to the achievement of individual performance, were considered by the Board when assessing Executive KMP performance. However, these remain confidential for commercial reasons.

Table 2: Achievements in 2021

Measure and commentary	Threshold 50%	Target 100%	Maximum 150%
Financials			
<ul style="list-style-type: none"> Solid NPAT result against target⁵ – reported NPAT of US\$2,375.0m 	US\$2,102.5m	US\$2,322.5m	US\$2,554.8m
<ul style="list-style-type: none"> Strong CFO outcome significantly exceeding target – reported CFO of US\$3,621.9m 	US\$2,214.9m	US\$2,461.0m	US\$2,830.1m
People			
<ul style="list-style-type: none"> Critical role succession plans and supporting employee development plans in place Employee engagement outcomes on par with prior year Transformation of our organisational design across enabling functions and End to End Supply Chain to ensure structure and processes are in place to support our 2030 strategy Progress against FY21 gender diversity objectives - surpassed our Board target of 30% female representation, achieved our Senior Executive target of 30% female representation and fell below our People Leader target of 50% female representation - remaining steady at 44% Created an internal CSL global diversity network of CSL leaders to mentor and sponsor diverse rising talent, build CSL brand ambassadors, and provide feedback on future Diversity, Equity and Inclusion initiatives Named on both the Refinitiv's Diversity & Inclusion Top 100 list and Forbes World's Best Employers list 			
Focus			
<ul style="list-style-type: none"> Global commercialisation and license agreement with uniQure for Haemophilia B Gene Therapy candidate R&D partnership with BIOPOLE and Baselaunch in Switzerland to support the growth of our research pipeline and cutting edge therapeutics 			
Innovation			
<ul style="list-style-type: none"> FLUAD® QIV launched in the US, ALBUNATE® launched in China, AFSTYLA® and IDELVION® launched in Argentina and Taiwan and HIZENTRA® launched in Colombia Achieved 28 product registrations or new indications across the globe Manufacture of the AstraZeneca COVID-19 vaccine in Australia Progression of the majority of our clinical portfolio projects 			

⁵ The NPAT KPI target is NPAT at constant currency set at financial year 2021 target rates. As constant currency financials set at budget rates are not audited, the reported NPAT outcome has been disclosed. EY undertook agreed-upon procedures on the constant currency model and process.

Measure and commentary

Threshold	Target	Maximum
50%	100%	150%

- CSL112 continues to progress with over 13,000 patients enrolled
- Commenced a Phase II study for an adjuvanted QIV cell-based influenza vaccine

Efficiency and Reliable Supply

- Challenging plasma collection levels however multiple initiatives are driving solid growth
- Delivery of a record-setting >100 million doses for the Northern Hemisphere 2020/2021 influenza campaign
- Network strategy developed across global operations, incorporating strategic external supply partnerships to optimise production and distribution, and improve patient access, revenue and cost to serve
- New Global Quality Management system implemented including new policies and standard operating procedures
- Implementation of a new electronic safety management system
- Improvement in 'On Time and In Full' performance outcomes
- 25 plasma collection centres opened taking our total to 303 globally
- Announcement of the new world-class biotechnology manufacturing facility in Melbourne Australia to supply influenza vaccines to Australia and the rest of the world with construction underway and on schedule
- Major capital projects at all manufacturing sites progressing, including the opening of the 'Protinus' state-of-the-art immunoglobulin production facility in Bern Switzerland
- Our ESG performance has again been recognised by the FTSE4Good Index Series - a leading sustainability index
- CDP (formerly the Carbon Disclosure Project) performance outcome in line with the global and biotechnology / pharmaceutical sector for climate change and a slightly lower outcome than the global average for water security



Digital Transformation

- Appointment of our Chief Digital Officer
- Creation of our Technology, Digital and Data strategy and transformation of our Information and Technology function to support the strategy
- Enterprise-wide partnership arrangement with Capgemini to provide technology services and operations support



6.2 STI Outcomes by Executive KMP in 2021

The financial performance of CSL (NPAT and CFO) makes up the majority weighting of the KPIs for Executive KMP – 60%, incentivising the delivery of strong financial performance. Professor Cuthbertson is not eligible for any STI awards in 2021 under the executive remuneration framework.

The NPAT at 30 June 2021 resulted in performance slightly above target and our CFO achieved a maximum performance outcome. The Board considered the quality of the financial performance, management of risk and the impact of COVID-19. The Board considered the outcomes for the STI financial metrics and determined not to use discretion to adjust these outcomes. However, in assessing the non-financial STI outcomes for Executive KMP for 2021 and ensuring appropriate balance between remuneration and performance, the Board exercised its discretion on the CEO's KPIs relating to reduced plasma collections in 2021 due to factors associated with COVID-19.

Achievements that contributed to the outcomes detailed in Table 3 below can be found in Table 2 of this Report. The Board made no adjustments under the Malus and Clawback Policy and no risk management, behaviour or compliance issues involving Executive KMP were identified during the joint consultation between the HRRC and ARMC.

Table 3: STI Outcomes in 2021

Executive	Value of STI Earned US\$	STI opportunity at Target level hurdle as a % of FR	STI opportunity at Maximum level hurdle as a % of FR	Target STI earned as % of opportunity	STI earned as % of Maximum opportunity ⁶	STI earned as % of FR	Financial Performance Outcome	Individual Performance Outcome
P Perreault	1,807,032	120%	180%	86%	57%	103%	Between Target and Maximum	Between Threshold and Target
J Linton	288,464	85%	128%	113%	75%	31%	Between Target and Maximum	Between Threshold and Target
P McKenzie	1,028,970	100%	150%	108%	72%	108%	Between Target and Maximum	Between Threshold and Target

6.2.1 CEO 2021 STI Achievement and Outcome

The Board considered the following highlights when determining the STI outcome for Mr Perreault.

Table 4: CEO STI Outcomes in 2021

Measure and commentary	Weight	Threshold 50%	Target 100%	Maximum 150%	% of maximum opportunity
Financials					
<ul style="list-style-type: none"> Solid NPAT result against target – reported NPAT of US\$2,375.0m 	35%				68.3%
<ul style="list-style-type: none"> Strong CFO outcome significantly exceeding target – reported CFO of US\$3,621.9m 	25%				100%
Stabilise plasma business fundamentals and return to sustainable growth					
<ul style="list-style-type: none"> Challenging plasma collection levels however multiple initiatives are driving solid growth 	20%				0%
Deliver growth options and build a robust pipeline of safe and effective life-saving medicines					
<ul style="list-style-type: none"> Successful integration of acquisitions COVID-19 collaboration initiatives undertaken (e.g. UQ vaccine, COVID-19 hyper-immune and COVID-19 related respiratory distress) 	10%				43.3%
<ul style="list-style-type: none"> Restart and reset of ongoing clinical trials delayed due to COVID-19 priorities - revised timelines and milestones in place 					
People and Culture					
<ul style="list-style-type: none"> Renewal of executive leadership team and portfolios complete including all key appointments filled Strengthened leadership pipeline in place 	10%				43.3%
<ul style="list-style-type: none"> Improvement in all safety metrics over prior year – TRIFR improvement across most locations with enhanced near miss reporting and closeout processes and actions 					

⁶ Any STI that was not earned was automatically forfeited.

6.3 2021 Discretionary Bonus – Professor Cuthbertson

In 2020, when Professor Cuthbertson transitioned into the part time position of Special Advisor to the CEO and Executive Director, the Board determined that Professor Cuthbertson would not be eligible for any future grants of variable reward, STI or LTI, under the executive remuneration framework.

Following the extraordinary efforts and increased workload outside of contractual hours of Professor Cuthbertson in 2021 on CSL's global response to the COVID-19 pandemic, a discretionary bonus payment is being made. The Board is recognising Professor Cuthbertson's work on assisting the State and Federal governments and some research institutes to develop their responses to the COVID-19 pandemic. This included leading CSL's work with the Australian Government to manufacture the AstraZeneca vaccine, and the partnership with the University of Queensland in the early stages of its UQ-CSL v451 COVID-19 vaccine candidate, along with the renewed Australian BioSecurity agreement with the Australian Government. The Board has determined a cash payment of US\$483,067 to be paid in September 2021.

6.4 LTI Outcomes by Executive KMP in 2021

6.4.1 LTI awards tested in 2021

In 2021, in the course of annual performance testing, four LTI grants were tested across both legacy and current LTI awards. This is the final testing of CSL's legacy Option and Performance Right awards. Due to CSL's continued outstanding performance against a peer group of global pharmaceutical and biotechnology companies, and CSL's strong share price growth over the performance period, vesting value outcomes were high. The table below shows the performance of CSL against the targets with vesting occurring in August 2020 and September 2020.

Table 5: LTI Awards Tested in 2021

Grant Date	Security	Tranche	Performance Period	Exercise Price A\$	Performance Outcome	Vesting Outcome
1 October 2016	Option	1	1 July 2016 - 30 June 2020	107.25	Individual Performance	100%
	Right	1		-	RTSR ranking – 95th%ile against a peer group of global Pharmaceutical and Biotechnology companies	100%
	Right	2		Annual EPS growth at 14.6%	100%	
	Right	3		Annual EPS growth at 14.6%	80% ⁷	
1 October 2017	PSU	3	1 July 2013 – 30 June 2020	-	Seven year ROIC at 26.6%	93.33% ⁸
1 September 2018	PSU	2	1 July 2013 – 30 June 2020	-	Seven year ROIC at 26.6%	93.33% ⁹
1 September 2019	PSU	1	1 July 2013 – 30 June 2020	-	Seven year ROIC at 26.6%	100%

⁷ The remaining 20% of this tranche has lapsed – there is no retest.

⁸ The remaining 6.67% of this tranche has lapsed – there is no retest.

⁹ The remaining 6.67% of this tranche has lapsed – there is no retest.

6.4.2 Fair Value of Awards Granted, Vested and Lapsed Equity in 2021

The table below details the fair value at the date of grant for all awards granted¹⁰, vested and lapsed in 2021. The values are shown in Australian Dollars (AUD).

Table 6: Grant Fair Value

Security	Tranche	Grant Date	Vest/Lapse Date	Fair Value at Grant A\$
Option	1	1 Oct 2016	20 Aug 2020	16.14
Right	1	1 Oct 2016	20 Aug 2020	60.07
Right	2/3	1 Oct 2016	20 Aug 2020	100.50
PSU	3	1 Oct 2017	1 Sep 2020	126.78
PSU	2	1 Sep 2018	1 Sep 2020	221.72
PSU	1	1 Sep 2019	1 Sep 2020	232.89
PSU	1	1 Sep 2020	1 Sep 2021	287.79
PSU	2	1 Sep 2020	1 Sep 2022	284.81
PSU	3	1 Sep 2020	1 Sep 2023	281.87
PSU	4	1 Sep 2020	1 Sep 2024	278.95
PSU	1	1 Apr 2021	1 Sep 2021	265.48
Restricted Share Unit (RSU)	1	1 Apr 2021	1 Sep 2021	265.48
RSU	2	1 Apr 2021	1 Mar 2022	264.08
RSU	3	1 Apr 2021	1 Mar 2023	261.26
RSU	4	1 Apr 2021	1 Mar 2024	258.47

6.4.3 Summary of Executive KMP Granted, Vested and Lapsed Equity in 2021

The table below summarises the details of equity awards granted, vested and lapsed in US Dollars (USD) for each Executive KMP. For awards granted, the maximum number of securities that may vest is shown. For accounting purposes, the maximum value of each grant is the fair value of the equity granted multiplied by the number of equity instruments granted, or remaining each year. Ultimately, the maximum value of the equity awards will be equal to the number of securities granted multiplied by the CSL share price at the time of vesting. The minimum number of securities and the value of the equity awards is zero if the equity award is fully lapsed. Details of the performance and service criteria applying to awards granted in prior years are summarised in section 11 and prior Remuneration Reports corresponding to the reporting period in which the awards were granted.

On commencement of employment, Ms Linton has been granted a benefit in the form of both hurdled and unhurdled Rights – the grant date of the award was 1 April 2021. This grant is to provide a more competitive reward offering to Ms Linton and compensate for a pro-rata portion of the loss of cash-settled LTI awards held at the time of cessation with her prior employer, Bupa. Bupa awards that had been performance-based were matched with CSL performance hurdled PSU awards, and Bupa awards that had been time-based were matched with CSL RSU time-based awards. The PSU grant is subject to a ROIC performance hurdle, measured over the period 1 July 2014 to 30 June 2021 – in line with the annual PSU hurdle set for grants made in September 2020. Each PSU and RSU is a conditional right to receive a share in CSL (or a cash equivalent payment). No price is payable by Ms Linton on the grant or vesting of PSUs or RSUs awarded as a sign-on award. Further details of how remuneration is determined is set out in section 10.2

¹⁰ The grant date of PSUs granted to P Perreault was 14 October 2020. Shareholder approval for the grant of PSUs and any shares to be issued at the time of vesting, was obtained under ASX Listing Rule 10.14 at the 2020 Annual General Meeting.

and details on the terms of the awards can be found in section 3.2.5 for the PSU grants, and section 12.2 for RSU grants.

Table 7: Movement in Equity in 2021

Executive	Security	Grant Date	Vesting Date	Exercise Price A\$	Fair Value at Grant US\$	Face Value at Grant US\$ ¹¹	Granted	Vested	Lapsed	Face Value at Vest – Vested Award US\$ ¹²	Face Value at Lapse – Lapsed Award US\$ ¹³
P Perreault	Option	1 Oct 2016	20 Aug 2020	107.25	1,961,337	-	163,514	163,514	-	23,423,028	-
	Right	1 Oct 2016	20 Aug 2020	-	2,973,872	4,113,342	51,727	50,843	884	11,572,911	197,091
	PSU	1 Oct 2017	1 Sep 2020	-	1,226,089	1,295,526	13,013	12,146	867	2,542,629	181,497
	PSU	1 Sep 2018	1 Sep 2020	-	1,542,650	1,581,542	9,362	8,738	624	1,829,202	130,627
	PSU	1 Sep 2019	1 Sep 2020	-	1,917,197	1,982,890	11,077	11,077	-	2,318,846	-
	PSU	1 Sep 2020	1 Sep 2021	-	1,751,247	1,714,066	8,188	-	-	-	-
	PSU	1 Sep 2020	1 Sep 2022	-	1,733,112	1,714,066	8,188	-	-	-	-
	PSU	1 Sep 2020	1 Sep 2023	-	1,715,223	1,714,066	8,188	-	-	-	-
	PSU	1 Sep 2020	1 Sep 2024	-	1,697,454	1,714,066	8,188	-	-	-	-
A Cuthbertson	Right	1 Oct 2016	20 Aug 2020	-	654,764	905,656	11,389	11,195	194	2,548,248	43,253
	PSU	1 Oct 2017	1 Sep 2020	-	198,899	210,164	2,111	1,971	140	412,607	29,307
	PSU	1 Sep 2018	1 Sep 2020	-	368,608	377,901	2,237	2,088	149	437,100	31,191
	PSU	1 Sep 2019	1 Sep 2020	-	370,908	383,617	2,143	2,143	-	448,613	-
D Lamont	Right	1 Oct 2016	20 Aug 2020	-	671,675	929,035	11,683	11,484	199	2,614,022	44,368
	PSU	1 Oct 2017	1 Sep 2020	-	192,115	202,995	2,039	1,903	136	398,372	28,470
	PSU	1 Oct 2017	1 Sep 2021	-	188,719	202,895	2,038	-	2,038	-	435,538
	PSU	1 Sep 2018	1 Sep 2020	-	290,833	298,165	1,765	1,648	117	344,991	24,493
	PSU	1 Sep 2018	1 Sep 2021	-	287,803	298,165	1,765	-	1,765	-	377,196
	PSU	1 Sep 2018	1 Sep 2022	-	283,339	297,996	1,764	-	1,764	-	376,982
	PSU	1 Sep 2019	1 Sep 2020	-	316,042	326,872	1,826	1,826	-	382,253	-
	PSU	1 Sep 2019	1 Sep 2021	-	312,799	326,872	1,826	-	1,826	-	390,232
	PSU	1 Sep 2019	1 Sep 2022	-	309,597	326,872	1,826	-	1,826	-	390,232
	PSU	1 Sep 2019	1 Sep 2023	-	306,253	326,693	1,825	-	1,825	-	390,018
J Linton	PSU (sign-on)	1 Apr 2021	1 Sep 2021	-	646,155	640,119	3,275	-	-	-	-
	RSU (sign-on)	1 Apr 2021	1 Sep 2021	-	423,404	419,449	2,146	-	-	-	-

¹¹ Securities granted multiplied by the closing CSL share price on the date of grant. For Options granted, Options were multiplied by the share price at the date of grant minus the exercise price payable (A\$107.25). The face value of the Options at the date of grant for Mr Perreault is shown as zero as the exercise price was higher than the closing CSL share price on the date of grant. The AUD value was converted to USD at an average exchange rate for the 2021 financial year of 1.34557.

¹² Securities vested multiplied by the closing CSL share price on the date of vest. For Options vested during the year, Options were multiplied by the share price at the date of vesting minus the exercise price payable (A\$107.25). The AUD value was converted to USD at an average exchange rate for the 2021 financial year of 1.34557.

¹³ Securities lapsed multiplied by the closing CSL share price on the date of lapse. The AUD value was converted to USD at an average exchange rate for the 2021 financial year of 1.34557.

Executive	Security	Grant Date	Vesting Date	Exercise Price A\$	Fair Value at Grant US\$	Face Value at Grant US\$ ¹¹	Granted	Vested	Lapsed	Face Value at Vest – Vested Award US\$ ¹²	Face Value at Lapse – Lapsed Award US\$ ¹³
	RSU (sign-on)	1 Apr 2021	1 Mar 2022	-	1,179,123	1,174,301	6,008	-	-	-	-
	RSU (sign-on)	1 Apr 2021	1 Mar 2023	-	989,649	996,240	5,097	-	-	-	-
	RSU (sign-on)	1 Apr 2021	1 Mar 2024	-	76,067	77,401	396	-	-	-	-
P McKenzie	PSU (sign-on)	1 Sep 2019	1 Sep 2020	-	948,646	981,152	5,481	5,262	219	1,101,541	45,845
	PSU	1 Sep 2019	1 Sep 2020	-	796,683	823,982	4,603	4,603	-	963,586	-
	PSU	1 Sep 2020	1 Sep 2021	-	834,131	816,421	3,900	-	-	-	-
	PSU	1 Sep 2020	1 Sep 2022	-	825,493	816,421	3,900	-	-	-	-
	PSU	1 Sep 2020	1 Sep 2023	-	816,972	816,421	3,900	-	-	-	-
	PSU	1 Sep 2020	1 Sep 2024	-	808,509	816,421	3,900	-	-	-	-

6.4.4 Executive KMP 2022 Equity Vesting Opportunity

As disclosed earlier, our legacy LTI awards are now complete with no further testing or reporting of awards. In 2022, we have five awards being tested under our revised LTI plan introduced in 2017. The following tables set out a preview of the awards that will be tested in 2022 for Executive KMP with Table 9 providing the specific grant details for each Executive KMP. The face value in Table 8 is provided in AUD.

Table 8: LTI Awards to be Tested in 2022

Grant Date	Security	Performance Measure	Exercise Price A\$	Face Value of a CSL Share at Date of Grant A\$
1 October 2017	PSU	ROIC	-	133.96
1 September 2018	PSU	ROIC	-	227.31
1 September 2019	PSU	ROIC	-	240.87
1 September 2020	PSU	ROIC	-	281.68
1 April 2021	PSU	ROIC	-	263.00
1 April 2021	RSU	Individual Performance	-	263.00

Table 9: Executive KMP LTI Opportunity to be Tested in 2022

Executive	Number of Performance Share Units	Number of Restricted Share Units
P Perreault	41,640	-
A Cuthbertson	6,489	-
J Linton	3,275	8,154
P McKenzie	17,634	-

7. Executive Key Management Personnel Statutory Remuneration Tables

Remuneration is reported in USD, unless otherwise stated. This is consistent with the presentation currency used by CSL.

7.1 Executive KMP Remuneration 2020 and 2021

Table 10: Statutory Remuneration Disclosure – Executive KMP

Executive	Year ¹⁴	Short Term Benefits				Post-Employment Super US\$	Other Long Term LSL US\$	Share Based Payments ¹⁵					Total US\$	% Performance Related
		Cash Salary and Fees US\$ ¹⁶	Cash Bonus US\$ ¹⁷	Cash Sign On US\$	Non-Monetary US\$ ¹⁸			Performance Rights US\$	Options US\$	Performance Share Units US\$	Restricted Share Units US\$	EDIP US\$		
P Perreault – CEO and Managing Director	2021	1,697,123	1,807,032	-	95,083	20,300	-	(66,026)	-	6,570,910	-	-	10,124,422	82%
	2020	1,676,919	2,477,746	-	52,404	19,950	-	717,831	473,426	5,474,555	-	223,961	11,116,792	84%
A Cuthbertson – Senior Advisor to CEO	2021	505,666	483,067	-	32,648	18,579	11,603	(14,490)	-	723,043	-	-	1,760,116	68%
	2020	714,704	699,030	-	29,944	16,808	16,531	158,047	-	1,114,393	-	47,754	2,797,211	72%
J Linton ¹⁹ – Chief Financial Officer	2021	281,781	288,464	78,220	122,927	6,786	6,840	-	-	384,315	708,425	-	1,877,758	74%
	2020	-	-	-	-	-	-	-	-	-	-	-	-	-
P McKenzie - Chief Operating Officer	2021	989,079	1,028,970	-	70,140	22,123	-	-	-	3,684,975	-	-	5,795,287	81%
	2020	999,747	1,164,765	-	552,870	22,243	-	-	-	2,817,245	1,274,105	-	6,830,975	77%
Former Executive KMP														
D Lamont ²⁰ – Chief Financial Officer	2021	327,026	-	-	-	6,193	7,730	(14,863)	-	(660,221)	-	-	(334,135)	-
	2020	887,558	901,581	-	14,747	16,808	20,979	162,128	-	937,367	-	45,216	2,986,384	69%

¹⁴ The AUD compensation paid during the years ended 30 June 2020 and 30 June 2021 have been converted to USD. For the 30 June 2021 compensation, this has been converted to USD at an average exchange rate for the 2021 financial year: AUD – 1.34557. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the exchange rates. No termination benefits were paid in 2021.

¹⁵ The Performance Rights and Options have been valued using a combination of the Binomial and Black Scholes option valuation methodologies including Monte Carlo simulation as at the grant date adjusted for the probability of hurdles being achieved. The Performance Share Units and Restricted Share Units have been valued using the Black Scholes option valuation methodology. These valuations were undertaken by Deloitte and PricewaterhouseCoopers. The amounts disclosed have been determined by allocating the value of the Options, Performance Rights, Performance Share Units and Restricted Share Units over the period from grant date to vesting date in accordance with applicable accounting standards. Share based payments have been converted to USD at an average exchange rate for the 2021 financial year: AUD – 1.34557.

¹⁶ Includes cash salary, cash allowances and short term compensated absences, such as annual leave entitlements accrued but not taken during the year.

¹⁷ The cash bonus in respect of 2021 is scheduled to be paid in September 2021. The cash component of the cash bonus received in 2020 was paid in full in September 2020 for all Executive KMP as previously disclosed, with no adjustment.

¹⁸ Includes any health benefits, insurances benefits and other benefits. For International Assignees and domestic and international relocations, this may include personal tax advice, health insurance, removalists, temporary accommodation and other expatriate assignment benefits.

¹⁹ In 2021 J Linton was an Executive KMP for the period 5 March 2021 to 30 June 2021. The cash sign on bonus was paid to Ms Linton in March 2021 on commencement of employment and was to compensate for deferred cash forfeited on cessation of employment with Bupa.

²⁰ In 2021 D Lamont was an Executive KMP for the period 1 July 2020 to 31 October 2020.

Executive	Year ¹⁴	Short Term Benefits				Post- Employment	Other Long Term	Share Based Payments ¹⁵					Total US\$	% Performance Related
		Cash Salary and Fees US\$ ¹⁶	Cash Bonus US\$ ¹⁷	Cash Sign On US\$	Non- Monetary US\$ ¹⁸	Super US\$	LSL US\$	Performance Rights US\$	Options US\$	Performance Share Units US\$	Restricted Share Units US\$	EDIP US\$		
TOTAL	2021	3,800,675	3,607,533	78,220	320,798	73,981	26,173	(95,379)	-	10,703,022	708,425	-	19,223,448	78%
	2020	4,278,928	5,243,122	-	649,965	75,809	37,510	1,038,006	473,426	10,343,560	1,274,105	316,931	23,731,362	79%

7.2 Executive KMP Shareholdings

Details of shares held directly, indirectly or beneficially by each Executive KMP, including their related parties, are provided in Table 11. Details of Options, Performance Rights, Performance Share Units and Restricted Share Units held directly, indirectly or beneficially by each Executive KMP, including their related parties, are provided in Table 12. Any amounts are presented in USD. Following the vesting of awards, any trading undertaken by Executive KMP was subject to the Group Securities Dealing Policy (outlined in section 10.6). Approved trading disclosed was actioned in accordance with the Policy, including forced trades to cover CSL tax withholding obligations.

Table 11: Executive KMP Shareholdings

Executive	Balance at 1 July 2020	Number of shares acquired on exercise of Options, Performance Rights, PSUs or RSUs during year US\$	Value of shares acquired on exercise of Options²¹, Performance Rights, PSUs or RSUs during year US\$	Number of (Shares Sold)/ Purchased	Balance at 30 June 2021
P Perreault	127,381	246,318	40,083,277	(210,458)	163,241
A Cuthbertson	89,182	17,397	3,695,947	-	106,579
J Linton ²²	-	-	-	-	-
P McKenzie	4,013	9,865	2,065,127	(3,227)	10,651
Former Executive KMP					
D Lamont ²³	19,275	16,861	3,576,774	24	36,160

There have been no movements in shareholdings of Executive KMP between 30 June 2021 and the date of this Report.

²¹ The value of Options at exercise date has been determined by the share price at the close of business on exercise date less the Option exercise price, multiplied by the number of Options exercised during 2021. For Performance Rights and Performance Share Units, the value at exercise date has been determined by the share price at the close of business on the exercise date multiplied by the number of securities exercised during 2021. The AUD value was converted to USD at an average exchange rate for the year of 1.34557.

²² The opening balance for J Linton is 5 March 2021 being the date J Linton became Executive KMP.

²³ The closing balance for D Lamont is 31 October 2020 being the date D Lamont ceased to be Executive KMP.

Table 12: Executive KMP Option, Performance Right, Performance Share Unit and Restricted Share Unit Holding

Executive	Security	Balance as at 30 June 2021							
		Balance as at 1 July 2020	Number Granted	Number Exercised	Number Lapsed	Balance as at 30 June 2021	Number Vested During Year	Vested ²⁴	Unvested
P Perreault	Option	163,514	-	163,514	-	-	163,514	-	-
	Right	51,727	-	50,843	884	-	50,843	-	-
	PSU	98,419	32,752	31,961	1,491	97,719	31,961	-	97,719
A Cuthbertson	Option	-	-	-	-	-	-	-	-
	Right	11,389	-	11,195	194	-	11,195	-	-
	PSU	19,501	-	6,202	289	13,010	6,202	-	13,010
J Linton²⁵	Option	-	-	-	-	-	-	-	-
	Right	-	-	-	-	-	-	-	-
	PSU	-	3,275	-	-	3,275	-	-	3,275
	RSU	-	13,647	-	-	13,647	-	-	13,647
P McKenzie	Option	-	-	-	-	-	-	-	-
	Right	-	-	-	-	-	-	-	-
	PSU	39,591	15,600	9,865	219	45,107	9,865	-	45,107
Former Executive KMP									
D Lamont²⁶	Option	-	-	-	-	-	-	-	-
	Right	11,683	-	11,484	199	-	11,484	-	-
	PSU	16,674	-	5,377	11,297	-	5,377	-	-

8. 2021 and 2022 Executive Key Management Personnel Remuneration

8.1 CEO Target Remuneration

The Board determines any increases to reward for the CEO based on his performance and relative to external benchmarks. When comparing Mr Perreault's total reward to the reward of CEOs across the pharmaceutical/biotechnology peer group, Mr Perreault lags the median – specifically on the LTI component.

8.1.1 2021 CEO Target Remuneration

As has been the case for the prior five years, there was no increase to fixed reward, remaining at US\$1,751,000. Mr Perreault's STI percentage remained set at 120% of his Fixed Reward for target performance and his maximum payout opportunity capped at 180% for outstanding performance. There was no increase applied to his LTI target, remaining at 400% of fixed reward (also maximum opportunity).

8.1.2 2022 CEO Target Remuneration

In 2022, the Board has determined that Mr Perreault will receive a 3% increase to Fixed Reward. There will be no change to Mr Perreault's STI percentage, again remaining at 120% of his Fixed Reward for target performance. As noted in section 4 with the changes being introduced to the remuneration framework in 2022, Mr Perreault's maximum STI payout opportunity will be increased to 240% for outstanding performance (i.e. target of 120% multiplied by 200% maximum outcome). There was no increase applied to his LTI target, remaining at 400% of fixed reward (also maximum opportunity). Mr Perreault's target reward for 2022 is displayed below, along with the 2022 comparison to CEOs in our pharmaceutical/biotechnology peer group.

²⁴ Vested awards are exercisable to the Executive KMP. There are no vested and unexercisable awards.

²⁵ The opening balance for J Linton is 5 March 2021 being the date J Linton became Executive KMP.

²⁶ The closing balance for D Lamont is 31 October 2020 being the date D Lamont ceased to be Executive KMP.

2022 CEO Target Remuneration and Peer Group Comparison – USD

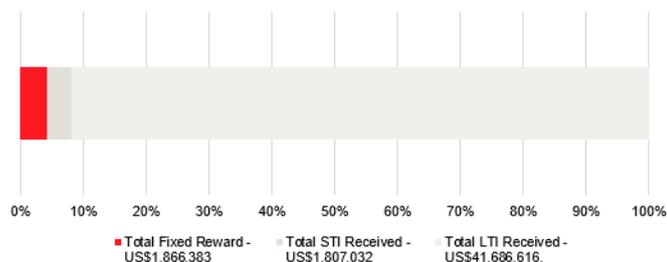


8.2 2021 Executive KMP Realised Remuneration

8.2.1 2021 CEO Realised Remuneration

Below we have disclosed the CEO ‘realised’ remuneration. This is a voluntary disclosure which the Board believes is simple and affords a transparent view of what the CEO’s actual take-home pay was in 2021. These outcomes are aligned with the CEO’s and CSL’s performance during 2021, as well as being aligned to CSL’s longer term performance. This information has not been prepared in accordance with the Australian accounting standards. See section 7.1 Table 10 for the Statutory Remuneration disclosure that has been prepared in accordance with the Australian accounting standards.

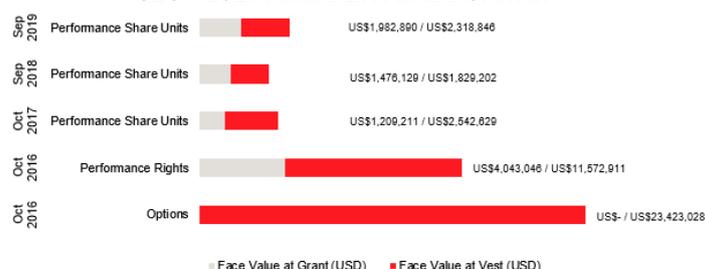
2021 CEO Realised Remuneration – USD



Mr Perreault’s total ‘realised’ remuneration for 2021 was US\$45,360,031 and this is a 61% increase from the prior year. Consistent with prior years, this increase was driven by the vesting of LTI awards made under our legacy plans – the 2017 Option and Performance Right awards (granted 1 October 2016 with further details in section 6.4). The value shown is based on the value of LTI at the vesting date and is converted to USD at the average exchange rate for the 2021 financial year of 1.34557. The actual value to Mr Perreault is based on the share price at the date of exercise and any exchange rate at that time. This is the final award vesting under our legacy plan. As you will have experienced as shareholders, there has been a significant increase in the CSL share price over this period (Options had an exercise price of

A\$107.25 (set at grant²⁷) and the share price at vesting was A\$300.00) leading to increased reward outcomes for the CEO. The graph following, depicts the increase in value of each of the vested awards over the period of grant to vest using the face value of the vested award at each point in time (CSL closing share price). For Options, the value shown is the difference between the exercise price and the closing price on date of vest.

CEO – 2021 Vested LTI Award Growth



Our executive remuneration framework is designed to align employee and shareholder interests. As noted above the increase in the CSL share price over the past five years has been significant. The following graph shows CSL’s Total Shareholder Return (TSR) performance compared to our global pharmaceutical/biotechnology peer group over the past five years.

²⁷ At the date of grant, the Options were out of the money as the exercise price was higher than the CSL closing share price on the date of grant.

CSL's Five Year TSR Performance Against Global Pharmaceutical/Biotechnology Peer Group



8.2.2 2021 Executive KMP Realised Remuneration

Table 13 shows the 'realised' remuneration of Executive KMP for the year ended 30 June 2021 in USD, providing a simple and transparent view of what Executive KMP actual take home pay was in 2021. Some of the 'realised' remuneration in the table was earned over the previous three to four years, but was not vested until 2021. This includes equity settled LTI earned over four years from 2017 to 2021. The significant increase in the CSL share price over the period of grant to vest has provided Executive KMP with a significant increase in value of the LTI component of reward. This has been demonstrated in the table below. The benefit of the increased share price has been shared by shareholders and Executive KMP alike.

Table 13: Executive KMP 'Realised' Remuneration (Received or Available as Cash) in 2021

Executive	2021 Total Fixed Reward US\$ ²⁸	2021 STI US\$ ²⁹	LTI Vested in 2021 US\$ ³⁰	Total Reward Received US\$	Total LTI Reward Received (valued at grant date) US\$ ³¹	LTI Growth in Value (due to share price growth) US\$ ³²
Period Earned	2021	2021	2017-2021	2017-2021	2017-2021	2017-2021
P Perreault	1,866,383	1,807,032	41,686,616	45,360,031	8,711,276	32,975,340
A Cuthbertson	525,434	483,067	3,846,568	4,855,069	1,822,801	2,023,767
J Linton	478,435	288,464	-	766,899	-	-
P McKenzie	1,040,388	1,028,970	2,065,127	4,134,485	1,765,931	299,196

8.3 2021 and 2022 Executive KMP Remuneration Adjustments

CSL competes for talent in a global market and we need to attract and retain high calibre executives in a highly competitive global pharmaceutical and biotechnology industry. The unique skill set with specialised pharmaceutical and biotechnology expertise and experience that we require is critical to enable us to deliver on our strategy, promise to patients and deliver returns to our shareholders.

²⁸ Includes base salary, retirement/superannuation benefits, and other benefits such as insurances, relocation and allowances paid in 2021.

²⁹ Relates to STI earned in 2021 and will be paid in September 2021 (refer to section 6.2).

³⁰ Value of LTI vested at 20 August 2020 (Options and Performance Rights) and 1 September 2020 (Performance Share Units) that became unrestricted (refer to section 6.4). The value at vest has been determined by multiplying the number of vested units by the closing share price on the date of vest. For Options, it is the difference between the closing share price and the exercise price on the date of vest. This has been converted to USD at an average exchange rate for the 2021 financial year of 1.34557.

³¹ The value at grant has been determined by multiplying the number of vested units by the closing share price on the date of grant. For Options, it is the difference between the closing share price and the exercise price on the date of grant. This has been converted to USD at an average exchange rate for the 2021 financial year of 1.34557.

³² This figure shows the increase in market value of the LTI awards due to share price growth between the grant date and the vesting date. The increase in value of the awards is calculated by multiplying the number of vested and/or exercised awards by the difference between the share price of CSL shares on the grant date and the vesting date or exercise date (as applicable). This has been converted to USD at an average exchange rate for the 2021 financial year of 1.34557.

Table 14 sets out the changes to Executive KMP reward for 2021 (effective 1 September 2020) and 2022 (effective 1 September 2021). As noted earlier in this report, a global pharmaceutical/biotechnology peer group is used for external benchmarking³³. We align reward with the median of this peer group. The below rewards position our Executive KMP more competitively in the market, at or below the median for total reward and recognises the changes to the executive remuneration framework in 2022. The increases also take into consideration the skills and experience of Executive KMP. In determining reward, the Board considers internal pay relativity across the full Global Leadership Group.

Table 14: Adjustments to Executive KMP Reward 2021 and 2022

Executive	Year	% change in FR	% change in STI \$ opportunity at target	% change in LTI \$ opportunity at target	Total Reward Adjustment %	Total Reward Adjustment US\$
P Perreault	2022	3.00%	3.00%	3.00%	3.00%	325,686
	2021	-	-	-	-	-
A Cuthbertson	2022	0.46%	-	-	0.46%	2,229
	2021	-35.00%	-100.00%	-100.00%	-83.00%	(2,168,730)
J Linton	2022	3.40%	3.40%	3.40%	3.40%	113,706
	2021	-	-	-	-	-
P McKenzie	2022	3.00%	3.00%	3.00%	3.00%	157,207
	2021	3.00%	3.00%	14.00%	10.00%	476,375

³³ Two general industry reference groups, being Australia and North America, are also used for benchmarking of certain Executive KMP roles.

9. Non-Executive Director Remuneration

9.1 NED Fee Policy

Feature	Description
Strategic Objective	CSL's NED fee arrangements are designed to appropriately compensate suitably qualified directors, with appropriate experience and expertise, for their Board responsibilities and contribution to Board committees. In the 2021 year, the Board had four Committees for which fees were payable
Maximum Aggregate Fees Approved by Shareholders	The current maximum aggregate fee pool of A\$4,000,000 was approved by shareholders on 12 October 2016 and has applied from this date. Actual NED fees paid during the 2021 year (including superannuation contributions, NED Rights Plan sacrifice amounts and Committee fees) is within this agreed limit, and totalled A\$2,625,899. NEDs may be reimbursed for reasonable expenses incurred by them in the course of discharging their duties and this reimbursement is not included within this limit
Remuneration Reviews	The Board reviews NED fees on an annual basis in line with general industry practice. Fees are set with reference to the responsibilities and time commitments expected of NEDs along with consideration to the level of fees paid to NEDs of comparable Australian companies
Independence	To ensure independence and impartiality is maintained, NEDs do not receive any performance related remuneration
NED Equity	The NEDs participate in the NED Rights Plan – introduced to enable NEDs to build up meaningful levels of equity more quickly. Under the plan, NEDs sacrifice at least 20% of their pre-tax base fee in return for a grant of Rights, each Right entitling a NED to acquire one CSL share at no cost. The number of Rights granted is equivalent to the fee sacrificed divided by the prevailing market price of CSL shares at that time. Rights are allocated in two tranches and vesting occurs following the disclosure of half year and full year financial results following the grant of Rights. For Australian based NEDs, shares are allocated at vesting of the Rights and for overseas based NEDs, shares are allocated at the end of the nominated restriction period. At the end of a nominated restriction period, of three to fifteen years, the NED is able to access their shares. No price is payable on vesting and exercise of rights. Shares are automatically allocated without the need for exercise by a NED. As this is a salary sacrifice plan, no performance conditions apply to the Rights. The shares are purchased on-market. Additional shares may be purchased by NEDs on-market at prevailing share prices in accordance with CSL's Securities Dealing Policy
Shareholding Requirement	NEDs must hold CSL shares equal to 100% of their Board base fee within five years from the date of appointment to their role
Post-Employment Benefits	Superannuation contributions are made in accordance with legislation and are included in the reported base fee and are not additional to the base fee. NEDs are not entitled to any compensation on cessation of appointment
Contracts	NEDs are appointed under a letter of appointment and are subject to ordinary election and rotation requirements as stipulated in the ASX Listing Rules and CSL Limited's constitution

9.2 NED Fees in 2021

The following table provides details of current Board and Committee fees from 1 July 2020. As a truly global business, our NED fee structure allows us to attract and recruit globally experienced directors.

In 2021, after reviewing both ASX12 and ASX25 comparative Board fees, the Board has determined to increase Board and Committee fees from 1 July 2021. An average increase of 4.2% was applied to the Board and Committee Chair fees and an average increase of 2.8% was applied to Board and Committee member fees. These increases ensure market competitive fees and allow us to attract and retain high quality NEDs. Fees remain within the existing aggregate fee pool approved by shareholders in 2016. The Board considers that sufficient headroom remains within the existing fee pool. Committee fees are not payable to the Chairman or to members of the Securities & Market Disclosure Committee.

Table 15: NED Fees 2021 and 2022

	2021 Fees		2022 Fees	
Board Chairman Fee	A\$820,350		A\$870,000	
Board NED Base Fee	A\$238,550		A\$245,250	
Committee Fees	Committee Chair	Committee Member	Committee Chair	Committee Member
Audit & Risk Management	A\$67,650	A\$33,300	A\$70,000	A\$34,250
Corporate Governance & Nomination	A\$29,300	A\$14,700	A\$30,100	A\$15,100
Human Resources & Remuneration	A\$56,550	A\$29,300	A\$60,000	A\$30,100
Innovation & Development	A\$56,550	A\$29,300	A\$58,150	A\$30,100

A travel allowance of A\$15,000 per annum is in place for those NEDs who reside outside of Australia and travel to and from Australia to attend Board and Committee meetings. Where no travel is undertaken in a quarter, no allowance is paid.

9.3 Non-Executive Share Purchases

During 2021, CSL completed two on-market purchases of shares for the purposes of the NED Rights Plan. A total of 2,100 shares were purchased during the reporting period and the average price paid per share was A\$292.77.

9.4 Non-Executive Director Statutory Remuneration Tables

Remuneration is reported in USD, unless otherwise stated. This is consistent with the presentation currency used by CSL.

9.4.1 Non-Executive Director Remuneration 2020 and 2021

Table 16: Statutory Remuneration Disclosure – Non-Executive Directors

Non-Executive Director	Year	Short Term Benefits	Post-Employment	Share Based Payments	Total	
		Cash Salary and Fees US\$ ³⁴	Superannuation US\$	Retirement Benefits US\$		Rights US\$ ³⁵
B McNamee – Chairman	2021	471,611	16,123	-	120,767	608,501
	2020	415,099	14,121	-	106,768	535,988
B Brook	2021	186,907	16,123	-	37,492	240,522
	2020	133,343	14,121	-	60,325	207,789
M Clark	2021	200,432	16,123	-	34,982	251,537
	2020	176,446	14,121	-	30,692	221,259
C Hewson³⁶	2021	140,471	16,123	-	109,237	265,831
	2020	15,816	7,060	-	61,332	84,208
M McDonald	2021	166,922	4,031	-	52,574	223,527
	2020	136,035	14,121	-	45,574	195,730
Former Non-Executive Director						
A Hussain³⁷	2021	185,291	87	-	37,532	222,910
	2020	170,277	423	-	30,692	201,392
C O'Reilly³⁸	2021	45,206	-	-	29,286	74,492
	2020	162,258	7,060	-	46,082	215,400
P Soriot³⁹	2021	76,875	103	-	13,312	90,290
	2020	-	-	-	-	-

³⁴ The AUD compensation paid and share based payments during the years ended 30 June 2020 and 30 June 2021 have been converted to USD. For the 2021 compensation, this has been converted to USD at an average exchange rate for the 2021 financial year: AUD – 1.34557. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates. No long term or termination benefits were paid in 2021.

³⁵ As disclosed in the section 9.1, NEDs participate in the NED Rights Plan under which NEDs are required to take at least 20% of their after-tax base fees (excluding superannuation guarantee contributions) in the form of Rights. Rights are granted upfront and are expensed over the period of grant to vest. The Fair Value per Right at the grant date of 27 August 2020 was A\$293.64 for Tranche 1 (vests 23 February 2021) and A\$292.16 for Tranche 2 (vests 23 August 2021).

³⁶ In 2020 C Hewson was a NED for the period 9 December 2019 to 30 June 2020.

³⁷ In 2021 A Hussain was a NED for the period 1 July 2020 to 25 June 2021.

³⁸ In 2021 C O'Reilly was a NED for the period 1 July 2020 to 14 October 2020.

³⁹ In 2021 P Soriot was a NED for the period 19 August 2020 to 31 January 2021.

Non-Executive Director	Year	Short Term Benefits	Post-Employment		Share Based Payments	Total
		Cash Salary and Fees US\$ ³⁴	Superannuation US\$	Retirement Benefits US\$	Rights US\$ ³⁵	
T Yamada ⁴⁰	2021	-	-	-	-	-
	2020	8,530	-	-	87,774	96,304
TOTAL	2021	1,473,715	68,713	-	435,182	1,977,610
	2020	1,217,804	71,027	-	469,239	1,758,070

9.4.2 Non-Executive Director Shareholdings

Details of shares held directly, indirectly or beneficially by each NED, including their related parties, is provided in Table 17. Any amounts are presented in USD. Details of Rights held directly, indirectly or beneficially by each NED, including their related parties, is provided in Table 18. Following the vesting of awards, any trading undertaken by NEDs was subject to the Group Securities Dealing Policy (outlined in section 10.6).

Table 17: Non-Executive Director Shareholdings

KMP	Balance at 1 July 2020	Number of shares acquired on exercise of Rights during year	Value of shares acquired on exercise of Rights during year US\$ ⁴¹	Number of (Shares Sold)/Purchased	Balance at 30 June 2021
Non-Executive Director					
B McNamee	161,057	624	131,250	-	161,681
B Brook	5,322	282	60,216	-	5,604
M Clark	3,224	181	38,064	-	3,405
C Hewson	174	590	125,326	-	764
M McDonald	2,983	272	57,214	-	3,255
Former Non-Executive Director					
A Hussain ⁴²	41	-	-	340	381
C O'Reilly ⁴³	3,692	151	33,118	-	3,843
P Soriot ^{44,45}	1,000	-	-	-	1,000

There have been no movements in shareholdings of NEDs between 30 June 2021 and the date of this Report.

⁴⁰ In 2020 T Yamada was a NED for the period 1 July 2019 to 16 October 2019.

⁴¹ The value at exercise date has been determined by the share price at the close of business on the exercise date multiplied by the number of Rights exercised during 2021. The AUD value was converted to USD at an average rate for the year of 1.34557.

⁴² The closing balance for A Hussain is 25 June 2021 being the date A Hussain ceased to be a Non-Executive Director and KMP.

⁴³ The closing balance for C O'Reilly is 14 October 2020 being the date C O'Reilly ceased to be a Non-Executive Director and KMP.

⁴⁴ The opening balance for P Soriot is 19 August 2020 being the date P Soriot became a Non-Executive Director and KMP.

⁴⁵ The closing balance for P Soriot is 31 January 2021 being the date P Soriot ceased to be a Non-Executive Director and KMP.

Table 18: Non-Executive Director Right Holdings

KMP	Security	Balance at 1 July 2020	Number Granted ⁴⁶	Face Value of Rights Granted US\$ ⁴⁷	Fair Value of Rights Granted US\$ ⁴⁸	Number Exercised	Value of Rights Exercised US\$ ⁴⁹	Number Lapsed	Balance at 30 June 2021	Number Vested During Year	Balance at 30 June 2021	
											Vested ⁵⁰	Unvested
Non-Executive Director												
B McNamee	Right	346	556	121,297	121,028	624	131,250	-	278	624	-	278
B Brook	Right	201	161	35,124	35,047	282	60,216	-	80	282	-	80
M Clark	Right	100	161	35,124	35,047	181	38,064	-	80	181	-	80
C Hewson	Right	388	404	88,137	87,942	590	125,326	-	202	590	-	202
M McDonald	Right	151	242	52,795	52,678	272	57,214	-	121	272	-	121
Former Non-Executive Director												
A Hussain⁵¹	Right	411	161	35,124	35,047	-	-	-	572	181	492	80
C O'Reilly⁵²	Right	151	404	88,137	87,942	151	33,118	-	404	151	-	404
P Soriot⁵³	Right	-	139	30,324	30,258	-	-	-	139	-	-	139

⁴⁶ The number of Rights granted is determined by dividing the NEDs elected percentage of pre-tax base fee (minimum 20%) by the five day volume weighted average price at which CSL shares were traded on the ASX ending on (and including) the last ASX trading day prior to the date of grant of the Rights being 26 August 2020 of A\$295.05. The Rights were granted on 27 August 2020 in two tranches. Tranche one had a vesting date of 23 February 2021 and tranche two vests 23 August 2021.

⁴⁷ The value at grant date has been determined by the share price at the close of business on the grant date of 27 August 2020 being A\$293.55 multiplied by the number of Rights granted during 2021. The AUD value was converted to USD at an average exchange rate for the year of 1.34557.

⁴⁸ The value of Rights is calculated based on an assessment of the fair market value of the instruments in accordance with the accounting standards (refer to Note 18 in the Financial Statements). The fair value of each Right granted on 27 August 2020 was Tranche 1: A\$293.64 and Tranche 2: A\$292.16 multiplied by the number of Rights granted during 2021.

⁴⁹ The value at exercise date has been determined by the share price at the close of business on the exercise date multiplied by the number of Rights exercised during 2021. The AUD value was converted to USD at an average exchange rate for the year of 1.34557. Australian based NEDs have Rights exercised at the vesting date and a holding lock is placed on the shares for a period of three to fifteen years as elected by the NED. The UK based NEDs hold vested but unexercisable Rights until the end of the nominated restriction period.

⁵⁰ Vested Rights are exercisable to the NED at the end of the nominated restriction period. All vested Rights are currently unexercisable until the end of the nominated restriction period.

⁵¹ The closing balance for A Hussain is 25 June 2021 being the date A Hussain ceased to be a Non-Executive Director and KMP.

⁵² The closing balance for C O'Reilly is 14 October 2020 being the date C O'Reilly ceased to be a Non-Executive Director and KMP.

⁵³ The closing balance for P Soriot is 31 January 2021 being the date P Soriot ceased to be a Non-Executive Director and KMP.

10. Remuneration Governance

The following diagram illustrates CSL's remuneration governance framework.

CSL Board:

The Board is responsible for the oversight and strategic direction of CSL. It monitors operational and financial performance, human resources policies and practices, and approves the company's budgets and business plans. It is also responsible for overseeing CSL's risk management, financial reporting and compliance framework.

The Board reviews, makes comment on and, as appropriate, approves HRRC remuneration recommendations. The Board approves the remuneration and remuneration outcomes for the CEO and Non-Executive Directors and approves the policies and processes that govern both.

HRRC:

The HRRC has oversight of all aspects of remuneration at CSL. The Board has delegated responsibility to the HRRC for reviewing and making recommendations to the Board with regard to:

- Executive remuneration design;
- Approval of awards to the CEO;
- Senior executive succession planning;
- The design and implementation of any incentive plan (including equity based arrangements);
- The remuneration and other benefits applicable to NEDs; and
- The CSL diversity policy and measurable objectives for achieving gender diversity.
- The HRRC is able to approve the remuneration of Executive KMP (excluding the CEO).

Members

Dr Megan Clark AC (Chair), Ms Carolyn Hewson AO and Ms Marie McDonald. Mr Abbas Hussain and Ms Christine O'Reilly were members until their cessation of directorships.

ARMC:

The ARMC assists the Board in the governance of CSL's financial reporting and disclosures, risk identification and management, and compliance.

The ARMC advises the HRRC on any material risk management and financial matters that may impact remuneration outcomes.

External Remuneration Advisers:

The Board and the HRRC may seek and consider advice directly from external advisers, who are independent of management.

In 2021 the HRRC engaged the services of Aon Consulting in the US, and EY in Australia. Under engagement and communication protocols adopted by CSL, the market data and other advice were provided directly to the HRRC by both Aon Consulting and EY. Neither Aon Consulting nor EY provided Remuneration Recommendations during the 2021 financial year.

Joint HRRC and ARMC meetings:

The Committees meet at least annually to review and consider relevant risk management matters in the determination of the Executive KMP remuneration outcomes.

10.1 HRRC Activities

During 2021, the HRRC met formally on nine occasions involving the following activities:

- Review of the executive remuneration framework;
- Review and consideration of investor feedback received across the year;
- Appointment of external remuneration advisers;
- Review of senior executive appointments and remuneration arrangements;
- Review of STI and LTI arrangements, and reward outcomes for senior executives;
- Review of the CSL diversity objectives and report, and gender pay review and progress against diversity objectives;
- Review of talent and succession planning for senior executives;
- Review of long term remuneration strategy and global trends in remuneration;
- Review of NED remuneration;
- Adopted a formal Protocol for Engagement of and Interaction with Remuneration Consultants; and
- Review of the HRRC Charter and HRRC performance.

Full responsibilities of the HRRC are outlined in its Charter (reviewed annually). The Charter is available at

<http://www.csl.com.au/about/governance.htm>

10.2 Remuneration Determination

The Board has discretion across each element of Executive KMP reward and considers business performance, individual performance and shareholder experience before setting and approving reward outcomes.

Remuneration Recommendations – Reviewed on an annual basis, the CEO makes a recommendation to the HRRC for Executive KMP, with the HRRC recommending to the Board for the CEO, any change to fixed reward and STI and LTI targets for the year ahead. Recommendations take into consideration market conditions, position in market within the global pharmaceutical/biotechnology peer group, individual performance, role responsibilities and internal relativity. Remuneration is reviewed in the context of Total Reward. There is a higher proportion of Total Reward in the form of performance related variable pay.

STI Outcomes – A formal review of Executive KMP progress against KPIs is conducted twice annually by the CEO and annually by the Board

for the CEO. Regular performance conversations are held during the year. Following the full year performance review, the CEO makes recommendations in respect of Executive KMP to the HRRC. The HRRC and the Board assess individual performance against KPIs at the end of the financial year, and approve the actual STI payments to be made. The Board determines the outcomes for the CEO, based on recommendations from the HRRC, who are informed by the Chairs of the Board and HRRC. The Board believes this is the most appropriate method of measurement.

LTI Outcomes – The HRRC assess performance against the hurdle measures set at grant by the Board. Following this, the HRRC undertakes a review to ensure the remuneration outcomes are aligned with overall business performance and the shareholder experience and then submits outcomes to the Board for approval. The Board believes this is the most appropriate method of measurement.

Board Discretion – Prior to approving all remuneration outcomes, the Board assesses the quality of the outcomes and considers whether there are any circumstances warranting application of the Malus and Clawback Policy. It also considers the 'Leading and Managing' modifier and ensures that the interaction of remuneration outcomes is in alignment with risk management outcomes for the year and that any material risk issues and behaviours and/or compliance breaches are addressed. The Board's assessment is informed by the review undertaken by the HRRC in conjunction with the ARMC. The Board has discretion to determine final vesting outcomes to ensure outcomes are in line with CSL performance, market reported financial outcomes and shareholder outcomes. The discretion can be used to both increase and reduce vesting outcomes, which includes reducing to zero. In 2021, after reviewing the outcome for the two CSL Group Financial measures of NPAT and CFO, and considering the impact of COVID-19, the Board has not exercised any discretion over these two outcomes.

New Hires and Internal Promotions – The Remuneration Framework as set out in section 3.2 applies to the remuneration arrangements for any newly hired or promoted Executive KMP, ensuring a market competitive Total Reward offering. In the case of external hires, the HRRC and Board may determine that it is appropriate for a commencement benefit to be offered. Commencement benefits in the form of cash and/or equity can be made to compensate for remuneration being forfeited from a former employer. For any foregone equity awards, CSL

equity will be used as compensation. Awards may be discounted to take into consideration any performance conditions on the award at the former employer and the HRRC will determine the appropriate service and performance conditions on the CSL award within the CSL framework. For internal promotions, the HRRC may determine that an award of equity should be made to ensure an appropriate Total Reward package. This is done as hurdled equity under the LTI framework described in section 3.2.5.

In 2021, commencement benefits were provided to Ms Linton. As a well-respected global leader with extensive strategic and financial experience as CFO who brings significant experience and leadership capabilities that will continue to drive CSL's sustainable growth, the Board approved the grants to compensate Ms Linton for remuneration foregone from Bupa. Awards details are disclosed in sections 6.4.3 and 7 of this Report.

10.3 Contractual Provisions for Executive KMP

Executive KMP are employed on individual service contracts that outline the terms of their employment, which include:

Duration of Contract	Notice Period Employee	Notice Period CSL*	Termination Payment
No fixed term	Six months	Six months	12 months

*CSL may also terminate at any time without notice for serious misconduct and/or breach of contract.

10.4 Other Transactions

No loans or related party transactions were made to Executive KMP or their associates during 2021.

No loans were made to NEDs during 2021. All NED related party relationships are based on normal commercial arms' length terms. None of the NEDs were, or are, involved in any procurement or other Board decision-making regarding the companies or firms which they have an association.

CSL is not required to make the following disclosures but for transparency reasons notes the following relationships and transactions:

- CSL has entered into a number of contracts, including collaborative research agreements, with Monash University, of which Dr Megan Clark AC is a member of Council;
- Financial services provided by Bank of America Merrill Lynch of which Dr Megan Clark AC is a member of the Australian Advisory Board and is a member of the Global Advisory Council of the Bank of America;
- CSL has entered into a research collaboration with the Centre of Eye Research Australia, of which Professor Andrew Cuthbertson AO is a director;
- CSL has entered into research collaboration and lease arrangements with the University of Melbourne, of which Professor Andrew Cuthbertson AO is a member of the Council;
- CSL has entered into a number of contracts, including collaborative research agreements, with the Walter and Eliza Hall Institute for Medical Research (WEHI), of which Ms Marie McDonald is a director;
- CSL has entered into a research collaboration with the Baker Heart and Diabetes Institute, of which Ms Christine O'Reilly is a director;
- CSL has a corporate account with Medibank Private Limited, of which Ms Christine O'Reilly is a director; and
- Mr Pascal Soriot is the CEO of AstraZeneca and was a director of CSL for a portion of the financial year. During that period, CSL entered into an agreement with AstraZeneca for the manufacture and supply of COVID-19 vaccine. Appropriate governance arrangements were in

place whilst this contract was being negotiated. CSL did not receive any monies from AstraZeneca under this contract during the period whilst Mr Soriot was a Director of CSL.

10.5 Malus and Clawback Policy

CSL operates a Malus and Clawback Policy. 'Malus' means adjusting or cancelling all or part of an individual's variable reward as a consequence of a materially adverse development occurring prior to payment (in the case of cash incentives) and/or prior to vesting (in the case of equity incentives). 'Clawback' means seeking recovery of a benefit paid to take into account a materially adverse development that only comes to light after payment, including shares delivered post vesting.

The Board, in its discretion, may apply the policy to any incentive provided to a senior executive, including a former senior executive, in the event of a material misstatement or omission in the financial statements of a Group company or the CSL Group, or other material error, or in the event of fraud, dishonesty or other serious and wilful misconduct involving a senior executive, leading to a senior executive receiving a benefit greater than the amount which would have been due based on the corrected financial statements or had the error or misconduct not occurred.

In 2021, following a joint review of reward outcomes by both the HRRC and the ARMC, there was no application of the policy.

10.6 Securities Dealing

The CSL Securities Dealing Policy prohibits employees from using price protection arrangements (e.g. hedging) in respect of CSL securities, or allowing them to be used. The Policy also provides that no CSL securities can be used in connection with a margin loan. Upon vesting of an award, an employee may only deal in their CSL securities in accordance with the Policy. A breach of the Policy may result in disciplinary action. A copy of the Policy is available at <http://www.csl.com.au/about/governance.htm>.

10.7 Minimum Shareholding Guideline

To be met within a target of the first five years of appointment, or within five years for current incumbents, and to be held whilst in the role at CSL, the following levels of vested equity must be held:

- CEO: Three times base salary;
- Executive KMP: One times base salary; and
- NEDs: One times base fee.

As at 30 June 2021, all KMP hold, or are on track to hold, the minimum shareholding requirement within the relevant time period.

11. Legacy Equity Programs

The following table provides information on the key characteristics of the legacy programs on foot during the 2021 reporting period. The 2018 (granted October 2017), 2019 (granted September 2018) and 2020 (granted September 2019) PSU LTI awards have the same key characteristics as the 2021 award disclosed in section 3.2.5.

Key Characteristics of Prior Financial Year Performance Right and Option Grants

Feature	2017
Grant Date	1 October 2016 (reported 2017/expiry 30 Sep 2021)
Instrument	Options and Performance Rights
Tranches	One tranche of Options and three tranches of Performance Rights
Performance Period	Four years
Performance Measure	Options – individual performance measure Performance Rights T1 – relative TSR (rTSR) against selected global Pharmaceutical and Biotechnology companies, and T2 and T3 – EPS growth (EPSg)
Vesting Schedule	<p>Tranche 1 – rTSR</p> <p>< 50th %ile – 0% vesting 50th %ile – 50% vesting Between 50th and 75th %ile – Straight line vesting from 50% to 100% vesting ≥ 75th %ile – 100% vesting</p> <p>Tranche 2 – EPS target performance</p> <p>< 8% – 0% vesting 8% to 13% – Straight line vesting from 35% to 100% vesting 13% – 100% vesting</p> <p>Tranche 3 – EPS maximum performance</p> <p>13% – 0% vesting 13% to 15% – Straight line vesting from 0% to 100% vesting 15% – 100% vesting</p>
Exercise Price	Options only: A\$107.25
Retesting	No retest

12. Additional Employee Equity Programs

In addition to the Executive Performance and Alignment Plan LTI program described earlier in this Report, CSL operates two additional employee equity programs – the Global Employee Share Plan and the Retain and Grow Plan. An overview of those programs is provided below.

12.1 Global Employee Share Plan

CSL's Global Employee Share Plan (GESP) provides all employees the opportunity to share in the ownership of our company and share in our future.

Operating across two six month contribution periods, an employee can elect to make post tax salary contributions between A\$365 and A\$6,000 per six month period. The employee then receives shares at a 15% discount to the applicable market rate over the five day period up to and including the first and last ASX trading days of the six month period, whichever is the lower. Shares are then held in restriction for a period of one or three years as determined upfront by the employee. The shares may be issued or purchased on market.

To participate in GESP an employee must have at least six months service at the start of the contribution period. Participation is open to regular permanent full or part time and fixed term contract employees and excludes Executive Directors.

12.2 Retain and Grow Plan

The CSL Group Retain and Grow (RGP) LTI program is designed to attract, motivate and retain key talent across the organisation. RGP provides eligible employees with longer-term share ownership in CSL, enabling them to share in the company's success and any capital growth.

The RGP recognises those individuals in management roles (Manager to Senior Vice President) across the CSL Group. Awards under the RGP are not guaranteed and the CSL Board will review participation on an annual basis.

Key plan elements are as follows

- A conditional 'right' to a CSL share (i.e. full value instrument) or at the Board's discretion, a cash equivalent payment. No price is payable by the participant on grant or vesting of rights. Shares are automatically allocated (or cash automatically paid) without the need for exercise by a participant;
- The security is a Restricted Share Unit (RSU) – settled as an Ordinary Fully Paid Share;

- LTI opportunity set as % of local salary (converted to AUD at grant);
- Number of RSUs determined using face value (5 day weighted average share price);
- Individual performance hurdle – must not fail to meet performance expectations;
- 25% of RSUs will vest on the first, second, third and fourth anniversaries of the Issue Date;
- There is no retesting of awards;
- On cessation of employment a 'qualified leaver' (such as retirement) may retain a pro-rated number of RSUs based on time elapsed since grant date, subject to original terms and conditions. If a participant is not a 'qualified leaver', all unvested awards will be forfeited;
- In the event of a change of control, the Board, in its absolute discretion, may determine that some or all of the awards vest having regard to the performance of the participant during the vesting period to the date of the change of control event. Vesting may occur at the date of the change of control event or an earlier vesting date as determined by the Board; and
- No dividends or dividend equivalents are paid on unvested awards. Participants are only eligible for dividends once shares have been allocated following vesting of any RSUs. RSUs do not carry any voting rights prior to vesting and allocation of shares.

To align with the change to a three year vesting period on the Executive PSU LTI plan, for awards made in 2022 (granted from 1 September 2021), 33% of RSUs will vest on the first and second anniversaries of the Issue Date, with the remaining 34% vesting on the third anniversary.

Our Senior Vice President and Vice President employees participate in both the Executive Performance and Alignment PSU and RGP LTI Plans with a higher portion of awards aligned to the executive plan.

The RGP is also used for commencement benefits, retention and recognition awards. The difference to the annual program is the vesting schedule, which is reviewed and determined on a case by case basis.

CSL ASX Full Year Information

2021 Key Dates

18 August	Annual profit and final dividend announcement
2 September	Shares traded ex-dividend
3 September	Record date for final dividend
30 September	Final dividend paid
12 October	Annual General Meeting
31 December	Half year ends

2022 Key Dates

16 February	Half-year profit and interim dividend announcement
7 March	Shares traded ex-dividend
8 March	Record date for interim dividend
6 April	Interim dividend paid
30 June	Full year ends
17 August	Annual profit and final dividend announcement
6 September	Shares traded ex-dividend
7 September	Record date for final dividend
5 October	Final dividend paid
12 October	Annual General Meeting
31 December	Half year ends

2021 Annual General Meeting

The 2021 Annual General Meeting (AGM) of CSL Limited (ABN 99 051 588 348) will be held on-line on Tuesday, 12 October 2021 at 10am (Melbourne time).

In accordance with CSL's Constitution, the closing date for director candidate nominations is Tuesday 31 August, being at least 30 business days before the Annual General Meeting.



CSL Limited

ABN: 99 051 588 348

Financial Statements 30 June 2021

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2021

	Notes	Consolidated Entity	
		2021 US\$m	2020 US\$m
Continuing operations			
Sales and service revenue		9,979.5	8,796.6
Influenza pandemic facility reservation fees		160.1	145.4
Royalties and license revenue		125.7	158.5
Other income		44.7	50.3
Total operating revenue		10,310.0	9,150.8
Cost of sales		(4,466.7)	(3,924.4)
Gross profit		5,843.3	5,226.4
Research and development expenses	6	(1,001.4)	(921.8)
Selling and marketing expenses		(980.2)	(896.2)
General and administration expenses		(731.7)	(691.9)
Total expenses		(2,713.3)	(2,509.9)
Operating profit		3,130.0	2,716.5
Finance costs	2	(170.8)	(150.8)
Finance income		3.9	7.0
Profit before income tax expense		2,963.1	2,572.7
Income tax expense	3	(588.1)	(470.2)
Net profit for the year		2,375.0	2,102.5
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations, net of hedges on foreign investments	12	198.9	13.3
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains/(losses) on defined benefit plans, net of tax	19	83.4	(13.6)
Total other comprehensive income/(losses)		282.3	(0.3)
Total comprehensive income for the year		2,657.3	2,102.2
Earnings per share (based on net profit for the year)			
		US\$	US\$
Basic earnings per share	10	5.22	4.63
Diluted earnings per share	10	5.21	4.61

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

Consolidated Balance Sheet

As at 30 June 2021

	Notes	Consolidated Entity	
		2021 US\$m	2020 (restated) US\$m
CURRENT ASSETS			
Cash and cash equivalents	14	1,808.8	1,194.4
Receivables and contract assets	15	1,711.2	1,703.9
Inventories	4	3,780.6	3,509.5
Current tax assets		84.3	35.1
Other financial assets		4.8	3.3
Total Current Assets		7,389.7	6,446.2
NON-CURRENT ASSETS			
Property, plant and equipment	8	6,434.3	5,366.0
Intangible assets	7	2,669.7	2,291.0
Right-of-use assets	8	1,101.7	939.4
Deferred tax assets	3	529.5	543.0
Other receivables	15	6.6	14.3
Other financial assets		21.5	14.2
Retirement benefit assets	18	3.9	1.4
Total Non-Current Assets		10,767.2	9,169.3
TOTAL ASSETS		18,156.9	15,615.5
CURRENT LIABILITIES			
Trade and other payables	15	2,039.7	1,525.4
Interest-bearing liabilities and borrowings	11	473.8	202.3
Current tax liabilities		313.0	253.7
Provisions	16	227.4	156.9
Deferred government grants	9	49.7	3.2
Total Current Liabilities		3,103.6	2,141.5
NON-CURRENT LIABILITIES			
Interest-bearing liabilities and borrowings	11	5,333.1	5,790.5
Retirement benefit liabilities	18	286.4	347.5
Deferred tax liabilities	3	459.4	385.0
Provisions	16	107.8	41.7
Deferred government grants	9	37.2	40.1
Other non-current liabilities	15	448.1	341.6
Total Non-Current Liabilities		6,672.0	6,946.4
TOTAL LIABILITIES		9,775.6	9,087.9
NET ASSETS		8,381.3	6,527.6
EQUITY			
Contributed equity	12	(4,504.6)	(4,561.0)
Reserves	12	633.2	336.3
Retained earnings	19	12,252.7	10,752.3
TOTAL EQUITY		8,381.3	6,527.6

The consolidated balance sheet should be read in conjunction with the accompanying notes.

The comparative balances for intangible assets, deferred tax liabilities and other non-current liabilities have been restated to reflect the finalisation of the Vitaeris' acquisition accounting (refer to Note 1b).

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2021

Consolidated Entity	Contributed Equity		Foreign currency translation reserve		Share based payment reserve		Retained earnings		Total	
	US\$m		US\$m		US\$m		US\$m		US\$m	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
As at the beginning of the year	(4,561.0)	(4,603.0)	7.6	(5.7)	328.7	247.7	10,752.3	9,612.3	6,527.6	5,251.3
Profit for the year	—	—	—	—	—	—	2,375.0	2,102.5	2,375.0	2,102.5
Other comprehensive income/ (losses)	—	—	198.9	13.3	—	—	83.4	(13.6)	282.3	(0.3)
Total comprehensive income for the year	—	—	198.9	13.3	—	—	2,458.4	2,088.9	2,657.3	2,102.2
Transactions with owners in their capacity as owners										
Opening balance sheet adjustment adopting AASB 16 (see annual financial report at 30 June 2020)	—	—	—	—	—	—	—	(65.0)	—	(65.0)
Share based payments	—	—	—	—	98.0	81.0	—	—	98.0	81.0
Dividends	—	—	—	—	—	—	(958.0)	(883.1)	(958.0)	(883.1)
Share issues										
- Employee share scheme	56.4	42.0	—	—	—	—	—	—	56.4	42.0
Other	—	—	—	—	—	—	—	(0.8)	—	(0.8)
As at the end of the year	(4,504.6)	(4,561.0)	206.5	7.6	426.7	328.7	12,252.7	10,752.3	8,381.3	6,527.6

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2021

	Notes	Consolidated Entity	
		2021 US\$m	2020 US\$m
Cash Flows from Operating Activities			
Profit before income tax expense		2,963.1	2,572.7
Adjustments for:			
Depreciation, amortisation and impairment		589.6	419.8
Inventory provisions		208.3	189.5
Share-based payments expense		91.8	81.0
Bad debt provision		3.5	10.1
Finance costs		170.8	142.4
(Gain)/Loss on disposal of property, plant and equipment		(0.3)	0.5
Unrealised foreign exchange losses/(gains)		70.4	(11.1)
Changes in operating assets and liabilities:			
Decrease in trade and other receivables		36.5	131.9
Increase in inventories		(367.7)	(685.4)
Increase in trade and other payables		454.9	158.4
Increase/(decrease) in provisions and other		56.4	(24.1)
Income tax paid		(494.5)	(355.0)
Finance costs paid		(160.9)	(142.4)
Net cash inflow from operating activities		3,621.9	2,488.3
Cash flows from Investing Activities			
Payments for property, plant and equipment		(1,196.3)	(1,206.8)
Payments for intangible assets		(470.8)	(160.8)
Payments for business acquisition (net of cash acquired)		—	(17.8)
(Payments)/receipts from other investing activities		(6.1)	18.7
Net cash outflow from investing activities		(1,673.2)	(1,366.7)
Cash flows from Financing Activities			
Proceeds from issue of shares		56.4	42.0
Dividends paid	10	(958.0)	(883.1)
Proceeds from borrowings	11	38.7	1,652.7
Repayment of borrowings	11	(470.9)	(1,399.2)
Principal payments of lease liabilities		(64.5)	(54.7)
Other financing activities		(3.5)	(0.4)
Net cash outflow from financing activities		(1,401.8)	(642.7)
Net increase in cash and cash equivalents		546.9	478.9
Cash and cash equivalents at the beginning of the financial year		1,151.3	657.8
Exchange rate variations on foreign cash and cash equivalent balances		31.9	14.6
Cash and cash equivalents at the end of the year		1,730.1	1,151.3
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the end of the year as shown in the statement of cash flows is reconciled as follows:			
Cash and cash equivalents		1,808.8	1,194.4
Bank overdrafts		(78.7)	(43.1)
Cash and cash equivalents at the end of the year		1,730.1	1,151.3

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

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About this Report

Notes to the financial statements:

Corporate information

CSL Limited (“CSL”) is a for-profit company incorporated and domiciled in Australia and limited by shares publicly traded on the Australian Securities Exchange. This financial report covers the financial statements for the consolidated entity consisting of CSL and its subsidiaries (together referred to as the Group). The financial report was authorised for issue in accordance with a resolution of directors on 17 August 2021.

A description of the nature of the Group’s operations and its principal activities is included in the directors’ report.

a. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the *Australian Accounting Standards Board*, *International Financial Reporting Standards (IFRS)* and the *Corporations Act 2001*. It presents information on a historical cost basis, except for certain financial instruments, which have been measured at fair value. Amounts have been rounded off to the nearest hundred thousand dollars.

The report is presented in US Dollars, because this currency is the pharmaceutical industry standard currency for reporting purposes. It is the predominant currency of the Group’s worldwide sales and operating expenses.

b. Principles of consolidation

The consolidated financial statements comprise the financial statements of CSL and its subsidiaries as at 30 June 2021. CSL has control of its subsidiaries when it is exposed to, and has the rights to, variable returns from its involvement with those entities and when it has the ability to affect those returns. A list of significant controlled entities (subsidiaries) at year-end is contained in Note 17.

The financial results of the subsidiaries are prepared using consistent accounting policies and for the same reporting period as the parent company.

In preparing the consolidated financial statements, all intercompany balances and transactions have been eliminated in full. The Group has formed a trust to administer the Group’s employee share scheme. This trust is consolidated as it is controlled by the Group.

c. Foreign currency

While the presentation currency of the Group is US dollars, entities in the Group may have other functional currencies, reflecting the currency of the primary economic environment in which the relevant entity operates. The parent entity, CSL Limited, has a functional currency of US dollars.

If an entity in the Group has undertaken transactions in foreign currency, these transactions are translated into that entity's functional currency using the exchange rates prevailing at the dates of the transactions. Where the functional currency of a subsidiary is not US dollars, the subsidiary's assets and liabilities are translated on consolidation to US dollars using the exchange rates prevailing at the reporting date, and its profit and loss is translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income and in the foreign currency translation reserve in equity.

d. Other accounting policies

Significant accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

e. Key judgements and estimates

In the process of applying the Group's accounting policies, a number of judgements and estimates of future events are required. Material judgements and estimates are found in the following notes:

Note 2:	Revenue and Expenses	Page 10
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f. The notes to the financial statements

The notes to these financial statements have been organised into logical groupings to help users find and understand the information they need. Where possible, related information has been provided in the same place. More detailed information (for example, valuation methodologies and certain reconciliations) has been placed at the rear of the document and cross-referenced where necessary. CSL has also reviewed the notes for materiality and relevance and provided additional information where it is helpful to an understanding of the Group's performance.

g. Significant changes in current reporting period

The consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2020, except for the impact of an announcement during the year by the International Financial Reporting Interpretations Committee ("IFRIC") with respect to 'Configuration and Customisation ('CC') costs in a Cloud Computing Arrangement' and Software as a Service (SaaS) arrangements. As a result of the decision, the Group has revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing SaaS with previously capitalised costs now being expensed. The updated accounting policy is presented in Note 7 Intangible Assets, the impact of the change in the accounting policy does not have a material impact to the prior period or current period results.

There were no other changes in accounting policy during the year ended 30 June 2021, nor did the introduction of new accounting standards lead to any change in measurement or disclosure in these financial statements.

The Group has not adopted any accounting standards that are issued but not yet effective. Significant accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided in the annual financial report.

Our Current Performance

Note 1: Segment Information and Business Combinations

The Group's segments represent strategic business units that offer different products and operate in different industries and markets. They are consistent with the way the CEO (who is the chief operating decision-maker) monitors and assesses business performance in order to make decisions about resource allocation. Performance assessment is based on EBIT (earnings before interest and tax) and EBITDA (earnings before interest, tax, depreciation, amortisation and impairment). These measures are different from the profit or loss reported in the consolidated financial statements which is shown after net interest and tax expense. This is because decisions that affect net interest expense and tax expense are made at the Group level. It is not considered appropriate to measure segment performance at the net profit after tax level.

The Group's operating segments are:

- **CSL Behring** – manufactures, markets, and develops plasma therapies (plasma products and recombinants), conducts early stage research on plasma and non-plasma therapies, excluding influenza, receives licence and royalty income from the commercialisation of intellectual property and undertakes the administrative and corporate function required to support the Group.
- **Seqirus** – manufactures and distributes non-plasma biotherapeutic products and develops influenza related products.

	CSL Behring US\$m		Seqirus US\$m		Consolidated Entity US\$m	
	2021	2020	2021	2020	2021	2020
Sales and service revenue	8,427.8	7,661.0	1,551.7	1,135.6	9,979.5	8,796.6
Influenza pandemic facility reservation fees	—	—	160.1	145.4	160.1	145.4
Royalty and license revenue	125.7	158.5	—	—	125.7	158.5
Other income	20.3	34.2	24.4	16.1	44.7	50.3
Total segment revenue	8,573.8	7,853.7	1,736.2	1,297.1	10,310.0	9,150.8
Segment gross profit	4,847.6	4,540.3	995.7	686.1	5,843.3	5,226.4
Segment gross profit %	56.5%	57.8%	57.3%	52.9%	56.7%	57.1%
Segment EBIT	2,646.9	2,451.4	483.1	265.1	3,130.0	2,716.5
Consolidated operating profit					3,130.0	2,716.5
Finance income					3.9	7.0
Finance costs					(170.8)	(150.8)
Consolidated profit before tax					2,963.1	2,572.7
Income tax expense					(588.1)	(470.2)
Consolidated net profit after tax					2,375.0	2,102.5
Amortisation	66.6	42.8	29.3	29.7	95.9	72.5
Depreciation	343.4	309.9	56.0	37.4	399.4	347.3
Impairment	93.3	—	1.0	—	94.3	—
Segment EBITDA	3,150.2	2,804.1	569.4	332.2	3,719.6	3,136.3

	CSL Behring US\$m		Seqirus US\$m		Intersegment Elimination US\$m		Consolidated Entity US\$m	
	2021	2020 (restated) ¹	2021	2020	2021	2020	2021	2020 (restated) ¹
Segment assets	15,907.3	14,344.2	2,573.3	1,617.0	(323.7)	(345.7)	18,156.9	15,615.5
Segment liabilities	8,881.2	8,661.0	1,156.3	715.1	(261.9)	(288.2)	9,775.6	9,087.9
Other Segment information - capital expenditure								
Payments for property, plant and equipment	1,048.7	1,079.9	147.6	126.9	—	—	1,196.3	1,206.8
Payments for intangibles	463.1	136.2	7.7	24.6	—	—	470.8	160.8
Total capital expenditure	1,511.8	1,216.1	155.3	151.5	—	—	1,667.1	1,367.6

Inter-segment sales

Inter-segment sales are carried out on an arm's length basis and reflect current market prices.

¹ The comparative balances have been restated to reflect the finalisation of the Vitaeris' acquisition accounting (refer to Note 1b).

Note 1: Segment Information and Business Combinations continued**Geographical areas of operation**

The Group operates predominantly in Australia, the USA, Germany, the United Kingdom, Switzerland and China. The rest of the Group's operations are spread across many countries and are collectively disclosed as 'Rest of World'.

Geographic areas	Australia US\$m		United States US\$m		Germany US\$m		UK US\$m		Switzerland US\$m		China US\$m		Rest of World US\$m		Total US\$m	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020 (restated) ²	2021	2020 (restated) ²
External operating revenue	859.1	752.4	4,983.5	4,598.2	854.1	825.9	579.5	478.2	307.0	285.8	650.9	215.2	2,075.9	1,995.1	10,310.0	9,150.8
PPE, ROU and intangible assets	1,435.4	1,063.9	3,543.8	3,011.2	1,087.7	936.8	417.3	362.2	2,792.9	2,298.1	483.9	477.0	444.7	447.2	10,205.7	8,596.4

Note 1b: Business Combination

There were no acquisitions in the year ending 30 June 2021.

Vitaeris acquisition

On 8 June 2020 CSL acquired 100% of the share capital of Vitaeris Inc. for an upfront payment of \$20m and a series of contingent payments subject to the achievement of development milestones. Vitaeris has developed Clazakizumab, a potential treatment of chronic active antibody-mediated rejection, the leading cause of long-term rejection in kidney transplant recipients. CSL had entered into a strategic collaboration with Vitaeris in 2017, one of the main drivers behind the acquisition was to be in a position to exercise greater control over the R&D program than was possible under the collaboration.

During the year ending 30 June 2021, the purchase price accounting for the acquisition of Vitaeris was finalised. The acquisition was provisionally accounted for at 30 June 2020. Details of the purchase consideration, and finalised fair values of the net assets acquired and goodwill at the date of acquisition were as follows:

Asset Class	US\$m
Cash	2.2
Trade and other receivables	0.1
Prepaid expenses	3.0
Intellectual property	305.8
Goodwill	85.6
Trade and other payables	(8.8)
Other liabilities	(3.5)
Deferred tax liabilities	(85.6)
Fair Value of Net Assets Acquired	298.8
Consideration paid	20.0
Contingent consideration recognised as liability at the date of acquisition	278.8

Upon finalisation of the purchase price accounting, the probabilities and expected timing applied to the contingent payments have been adjusted to reflect a final view of the likelihood and timing of payments based on facts in existence at date of acquisition. This has had the impact of increasing both the fair value of contingent consideration and the value of the intellectual property by \$117.8m to \$278.8m and \$305.8m respectively from the provisionally accounted position as at 30 June 2020.

The liability recognised at the date of acquisition has been calculated by reference to our judgement of the expected probability and timing of the contingent consideration, based upon level 3 inputs under the fair value hierarchy, which is then discounted to a present value using an appropriate discount rate. The liability is included in the other non-current liabilities.

Goodwill is recorded solely as a consequence of the recognition of deferred tax liabilities in respect of intellectual property acquired, which has increased by \$33.0m to \$85.6m following the finalisation of acquisition accounting for Vitaeris.

The comparative balances for intangible assets (Note 7), deferred tax liabilities (Note 3) and other non-current liabilities (Note 15b) have been restated to reflect the finalisation of the accounting for the acquisition of Vitaeris.

² The comparative balances for intangible assets have been restated to reflect the finalisation of the Vitaeris' acquisition accounting (refer to Note 1b).

Note 2: Revenue and Expenses**Recognition and measurement of revenue**

Revenue is recognised when the Group satisfies a performance obligation by transferring control of the promised good or service to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for the goods or services.

Further information about each source of revenue from contracts with customers and the criteria for recognition follows.

Sales: Revenue is earned (constrained by variable considerations, which include returns, discounts, rebates and allowances) from the sale of products and services. Sales are recognised when performance obligations are either satisfied over time or at a point in time. Generally the supply of product under a contract with a customer will represent the satisfaction of a performance obligation at a point in time, which is when control of the product passes to the customer, or generally upon shipment.

Significant estimates on Seqirus sales returns is performed in respect of the influenza season expected to be subject to return. The estimate is performed with inputs including historical returns and customer sales data amongst other factors. For contracts where the customer controls the plasma (tolling contracts) and the Group provides fractionation services – the Group recognises revenue over time as the performance obligations are satisfied based upon a percentage of completion of our fractionation services.

Royalties: Revenue from licensees of CSL intellectual property reflect a right to use the intellectual property as it exists at the point in time in which the licence is granted. Where consideration is based on sales of product by the licensee, it is recognised when the customer's subsequent sales of product occurs.

License revenue: Revenue from licensees of CSL intellectual property reflects the transfer of a right to use the intellectual property as it exists at the point in time in which the licence is transferred to the customer. Consideration is highly variable and estimated using the most likely amount method. Subsequently, the estimate is constrained until it is highly probable that a significant revenue reversal will not occur when the uncertainty is resolved. Revenue is recognised as or when the performance obligations are satisfied.

Influenza pandemic facility reservation fees: Revenue from governments in return for access to influenza manufacturing facilities in the event of a pandemic. Contracts are time based and revenue is recognised progressively over the life of the relevant contract, which aligns to the performance obligations being satisfied.

Revenue from contracts with customers includes amounts in total operating revenue except other income.

	2021 US\$m	2020 US\$m
Expenses		
Finance costs	158.7	142.4
Unrealised foreign currency losses on debt	12.1	8.4
Total finance costs	170.8	150.8
Depreciation and amortisation of fixed assets	399.4	347.3
Amortisation of intangibles	95.9	72.5
Impairment expenses	94.3	—
Total depreciation, amortisation and impairment	589.6	419.8
Write-down of inventory to net realisable value	208.3	189.5
Employee benefits expense	2,781.6	2,528.1

Recognition and measurement of expenses

Total finance costs: Includes interest expense & borrowing costs, including interest expense related to the AASB 16 lease liabilities, which have been disclosed separately in Note 11(d).

Non-AASB 16 related interest expense and borrowing costs are recognised as an expense when incurred, except where finance costs are directly attributable to the acquisition or construction of a qualifying asset where they are capitalised as part of the cost of the asset. Capitalised interest for qualifying assets during the year ended 30 June 2021 was \$7.3m (2020: \$15.8m). Interest-bearing liabilities and borrowings are stated at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the borrowing period using the effective interest method.

Unrealised foreign currency losses on debt is related to the EUR350m and CHF400m of Senior Unsecured Notes in the US Private Placement market (see Note 11). The foreign currency risk related to this debt was partially hedged as a cash flow hedge in 2021 and 2020.

Depreciation, amortisation and impairment: Depreciation and amortisation of fixed assets includes depreciation of fixed assets and right-of use assets, further details can be found in Note 8. Refer to Note 7 for full details on amortisation of intangible assets. The impairment expenses for the year ended 30 June 2021 were relating to the impairment of intangible assets and fixed assets, refer to Note 7 and Note 8 for details.

Write-down of inventory to net realisable value: Included in Cost of Sales in the Statement of Comprehensive Income. Refer to Note 4 for details of inventories.

Employee benefits expense: Refer to Note 5 for further details.

Goods and Services Tax (GST) and other foreign equivalents: Revenues, expenses and assets are recognised net of GST, except where GST is not recoverable from a taxation authority, in which case it is recognised as part of an asset's cost of acquisition or as part of the expense.

Note 3: Tax

	2021 US\$m	2020 (restated) ³ US\$m
a. Income tax expense recognised in the statement of comprehensive income		
Current tax expense		
Current Year	442.2	410.4
Deferred tax expense/(recovery)		
Origination and reversal of temporary differences	127.5	28.6
Total deferred tax expense	127.5	28.6
Under provided in prior years	18.4	31.2
Income tax expense	588.1	470.2
b. Reconciliation between tax expense and pre-tax net profit		
The reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before income tax	2,963.1	2,572.7
Income tax calculated at 30% (2020: 30%)	888.9	771.8
Effects of different rates of tax on overseas income	(217.1)	(325.8)
Research and development incentives	(69.1)	(22.8)
Under provision in prior year	18.4	31.2
Revaluation of deferred tax balances	(19.8)	51.7
Other non-assessable revenue	(13.2)	(35.9)
Income tax expense	588.1	470.2
c. Income tax recognised directly in equity		
Deferred tax benefit		
Share based payments	6.2	6.8
Income tax benefit recognised in equity	6.2	6.8
d. Deferred tax assets and liabilities		
Deferred tax asset	529.5	543.0
Deferred tax liability	(459.4)	(385.0)
Net deferred tax asset	70.1	158.0
Deferred tax balances reflect temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Inventories	291.8	246.0
Property, plant and equipment	(301.5)	(285.0)
Intangible assets	(253.4)	(260.8)
Trade and other payables	93.1	72.0
Recognised carry-forward tax losses ⁴	95.7	142.2
Retirement liabilities, net	55.2	69.1
Receivables and contract assets	(83.4)	(19.8)
Other assets	2.8	0.1
Interest bearing liabilities	57.7	55.7
Other liabilities and provisions	68.5	75.9
Tax bases not in net assets - share based payments	8.8	34.0
Total recognised in the statement of comprehensive income	35.3	129.4
Amounts recognised in equity		
Share-based payments	34.8	28.6
Net deferred tax asset	70.1	158.0
e. Movement in temporary differences during the year		
Opening balance	191.0	210.0
(Charged)/credited to profit before tax	(97.5)	43.3
Charged to other comprehensive income	(17.2)	(0.1)
Charged to equity	(6.2)	(9.6)
Net deferred tax liabilities recognised in business combination	—	(85.6)
Closing balance	70.1	158.0
Unrecognised deferred tax assets		
Tax losses with no expiry date ⁵	0.4	0.4

³ The comparative balances have been restated to reflect the finalisation of the Vitaeris' acquisition accounting (refer to Note 1b).

⁴ Deferred tax assets in respect of carry forward tax losses are principally recorded in CSL entities in Switzerland and the UK (prior year: Switzerland and the UK) and are recognised as it is probable that future taxable profit will be available in those entities to utilise the losses.

⁵ Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available for utilisation in the entities that have recorded these losses.

Current taxes

Current tax assets and liabilities are the amounts expected to be recovered from (or paid to) tax authorities, under the tax rates and laws in each jurisdiction. These include any rates or laws that are enacted or substantively enacted as at the balance sheet date.

Deferred taxes

Deferred tax liabilities are recognised for taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences, carried forward unused tax assets and unused tax losses, only if it is probable that taxable profit will be available to utilise them.

The carrying amount of deferred income tax assets is reviewed at the reporting date. If it is no longer probable that taxable profit will be available to utilise them, they are reduced accordingly.

Deferred tax is measured using tax rates and laws that are enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or when the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set-off current tax assets against current tax liabilities and if they relate to the same taxable entity or group and the same taxation authority.

Income taxes attributable to amounts recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or in equity, and not in the income statement.

CSL Limited and its 100% owned Australian subsidiaries have formed a tax consolidated group effective from 1 July 2003.

**Key Judgements and Estimates – Tax**

The risk of uncertain tax positions, and recognition and recoverability of deferred tax assets, are regularly assessed. To do this requires judgements about the application of income tax legislation in jurisdictions in which the Group operates and the future operating performance of entities with carry forward losses. These judgements and assumptions, which include matters such as the availability and timing of tax deductions and the application of the arm's length principle to related party transactions, are subject to risk and uncertainty. Changes in circumstances may alter expectations and affect the carrying amount of deferred tax assets and liabilities. Any resulting adjustment to the carrying value of a deferred tax item will be recorded as a credit or charge to the statement of comprehensive income.

Note 4: Inventories

	2021 US\$m	2020 US\$m
Raw materials	1,309.1	876.8
Work in progress	1,249.6	1,361.1
Finished goods	1,221.9	1,271.6
Total inventories	3,780.6	3,509.5

Raw Materials

Raw materials comprise collected and purchased plasma, chemicals, filters and other inputs to production that will be further processed into saleable products but have yet to be allocated to manufacturing.

Work in Progress

Work in progress comprises all inventory items that are currently in use in manufacturing and intermediate products such as pastes generated from the initial stages of the plasma production process.

Finished Products

Finished products comprise material that is ready for sale and has passed all quality control tests.

Inventories generally have expiry dates and the Group provides for product that is short dated. Expiry dates for raw material are no longer relevant once the materials are used in production. The relevant expiry date at this point then becomes that of the resultant intermediate or finished product.

Inventories are carried at the lower of cost or net realisable value. Cost includes direct material and labour and an appropriate proportion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity.

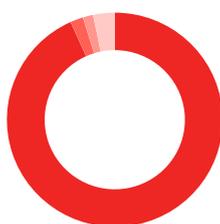
Net realisable value is the estimated revenue that can be earned from the sale of a product less the estimated costs of both completion and selling. The Group assesses net realisable value of plasma derived products on a basket of products basis given their joint product nature.

**Key Judgements and Estimates – Inventory**

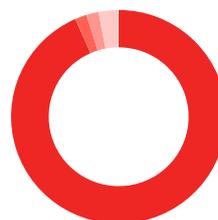
Various factors affect the assessment of recoverability of the carrying value of inventory, including regulatory approvals and future demand for the Group's products. These factors are taken into account in determining the appropriate level of provisioning for inventory.

Note 5: People Costs**(a) Employee Benefits**

Employee benefits include salaries and wages, annual leave and long-service leave, defined benefit and defined contribution plans and share-based payments incentive awards.

People Cost 2021 - US\$2,781.6m

■	Salaries and wages \$2,595.1m
■	Defined benefit plan expense \$53.8m
■	Defined contribution plan expense \$43.0m
■	Equity settled share-based payments expense (LTI) \$89.7m

People Cost 2020 - US\$2,528.1m

■	Salaries and wages \$2,361.6m
■	Defined benefit plan expense \$44.4m
■	Defined contribution plan expense \$46.1m
■	Equity settled share-based payments expense (LTI) \$73.6m
■	Cash settled share-based payments expense (EDIP) \$2.4m

Salaries and wages

Wages and salaries include non-monetary benefits, annual leave and long service leave. These are recognised and presented in different ways in the financial statements:

- The liability for annual leave and the portion of long service leave expected to be paid within twelve months is measured at the amount expected to be paid.
- The liability for long service leave and annual leave expected to be paid after one year is measured as the present value of expected future payments to be made in

respect of services provided by employees up to the reporting date.

- The liability for annual leave and the portion of long service leave that has vested at the reporting date is included in the current provision for employee benefits.
- The portion of long service leave that has not vested at the reporting date is included in the non-current provision for employee benefits.

Defined benefit plans**Expenses recognised in the income statement are as follows:**

	2021 US\$m	2020 US\$m
Current service costs	52.3	41.1
Net interest cost	1.4	3.3
Past service costs	0.1	—
Total included in employee benefits expense	53.8	44.4

Defined benefit pension plans provide either a defined lump sum or ongoing pension benefits for employees upon retirement, based on years of service and final average salary.

Liabilities or assets in relation to these plans are recognised in the balance sheet, measured as the present value of the obligation less the fair value of the pension fund's assets at that date.

Present value is based on expected future payments to the reporting date, calculated by independent actuaries using the projected unit credit method. Past service costs are recognised in income on the earlier of the date of plan amendments or curtailment, and the date that the Group recognises restructuring related costs.

Detailed information about the Group's defined benefit plans is in Note 18.

**Key Judgements and Estimates – People Costs**

The determination of certain employee benefit liabilities requires an estimation of future employee service periods and salary levels and the timing of benefit payments. These assessments are made based on past experience and anticipated future trends. The expected future payments are discounted using the rate applicable to high quality corporate bonds. Discount rates are matched to the expected payment dates of the liabilities.

Defined contribution plans

The Group makes contributions to various defined contribution pension plans and the Group's obligation is limited to these contributions. The amount recognised as an expense for the year ended 30 June 2021 was \$43.0m (2020: \$46.1m).

Equity settled share-based payments expense

Share-based payments expenses arise from plans that award long-term incentives. Detailed information about the terms and conditions of the share-based payments arrangements is presented in Note 18.

Outstanding share-based payment equity instruments

The number and weighted average exercise price for each share-based payment scheme outstanding is as follows. All schemes are settled by physical delivery of shares except for instruments that may be settled in cash at the discretion of the Board.

	Options		Performance Rights		Retain and Grow Plan (RGP)		Executive Performance and Alignment Plan (EPA)		Non-Executive Director Plan (NED)		Global Employee Share Plan (GESP)		Total
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	Number
		A\$		A\$		A\$		A\$		A\$		A\$	
Outstanding at the beginning of the year	308,186	A\$105.63	211,364	A\$0.00	717,104	A\$0.00	433,523	A\$0.00	1,748	A\$0.00	96,508	A\$243.95	1,768,433
Granted during year	0	A\$0.00	0	A\$0.00	415,189	A\$0.00	167,045	A\$0.00	2,228	A\$0.00	192,553	A\$228.62	777,015
Exercised during year	(308,186)	A\$105.63	(197,646)	A\$0.00	(253,126)	A\$0.00	(138,369)	A\$0.00	(2,278)	A\$0.00	(179,960)	A\$236.94	(1,079,565)
Cash settled during year	0	A\$0.00	(1,813)	A\$0.00	(3)	A\$0.00	(120)	A\$0.00	0	A\$0.00	0	A\$0.00	(1,936)
Forfeited during year	0	A\$0.00	(3,555)	A\$0.00	(77,798)	A\$0.00	(35,958)	A\$0.00	(365)	A\$0.00	0	A\$0.00	(117,676)
GESP true-up	0	A\$0.00	0	A\$0.00	0	A\$0.00	0	A\$0.00	0	A\$0.00	(9,889)	A\$243.95	(9,889)
Closing balance at the end of the year	0	A\$0.00	8,350	A\$0.00	801,366	A\$0.00	426,121	A\$0.00	1,333	A\$0.00	99,212	A\$229.74	1,336,382
Exercisable at the end of the year	0	A\$0.00	8,350	A\$0.00	0	A\$0.00	0	A\$0.00	492	A\$0.00	0	A\$0.00	8,842

The share price at the dates of exercise (expressed as a weighted average) by equity instrument type, is as follows:

	2021	2020
Options	A\$290.64	A\$243.87
Performance Rights	A\$290.92	A\$243.73
RGP	A\$280.98	A\$248.01
EPA	A\$281.68	A\$239.85
GESP	A\$263.25	A\$276.35

(b) Key Management Personnel Disclosures

The remuneration of key management personnel is disclosed in section 18 of the Directors' Report and has been audited.

Total compensation for key management personnel

	2021	2020
	US\$	US\$
Total of short term remuneration elements	9,280,941	11,389,819
Total of post employment elements	142,694	146,836
Total of other long term elements	26,173	37,510
Total share-based payments	11,751,250	13,915,267
Total of all remuneration elements	21,201,058	25,489,432

Our Future

Note 6: Research and Development

The Group conducts research and development activities to support future development of products to serve our patient communities, to enhance our existing products and to develop new therapies.

All costs associated with our research and development activities are expensed as incurred as uncertainty exists up until the point of regulatory approval as to whether a research and development project will be successful. At the point of approval, the total cost of development has largely been incurred. Development costs incurred after regulatory approval

are expensed unless it meets the criteria to be recognised as intangible assets.

The Group also gains control of Intellectual Property (IP) through acquisitions or licence arrangements. In certain circumstances the acquired IP will be capitalised, dependant on the phase of development.

For the year ended 30 June 2021, the research and development costs, net of recoveries, were \$1,001.4m (2020: \$921.8m). Further information about the Group's research and development activities can be found on the CSL website.

Note 7: Intangible Assets

Year	Goodwill US\$m		Intellectual Property US\$m		Software US\$m		Intangible capital work in progress US\$m		Total US\$m	
	2021	2020 (restated) ⁶	2021	2020 (restated) ⁶	2021	2020	2021	2020	2021	2020 (restated) ⁶
Cost	1,188.1	1,187.2	1,131.1	693.5	789.8	696.1	77.7	133.4	3,186.7	2,710.2
Accumulated amortisation	—	—	(195.6)	(184.0)	(321.4)	(235.2)	—	—	(517.0)	(419.2)
Net carrying amount	1,188.1	1,187.2	935.5	509.5	468.4	460.9	77.7	133.4	2,669.7	2,291.0
Movement										
Net carrying amount at the beginning of the year	1,187.2	1,101.8	509.5	233.5	460.9	394.6	133.4	148.4	2,291.0	1,878.3
Additions ⁷	—	—	450.0	—	8.1	44.2	31.3	76.8	489.4	121.0
Business acquisition (Note 1b)	—	85.6	—	305.8	—	—	—	—	—	391.4
Transfers from intangible capital work in progress	—	—	—	—	84.1	93.1	(84.1)	(93.1)	—	—
Transfers to/from property, plant and equipment	—	—	—	—	—	(1.0)	(0.9)	—	(0.9)	(1.0)
Disposals	—	—	—	(25.2)	—	—	—	(0.1)	—	(25.3)
Reclassification to expenses due to SaaS accounting policy change (refer to Note g)	—	—	(5.1)	—	(10.3)	—	(1.2)	—	(16.6)	—
Amortisation for the year ⁸	—	—	(0.9)	(3.7)	(95.0)	(68.8)	—	—	(95.9)	(72.5)
Impairment for the year ⁹	—	—	(19.9)	—	—	—	—	—	(19.9)	—
Currency translation differences	0.9	(0.2)	1.9	(0.9)	20.6	(1.2)	(0.8)	1.4	22.6	(0.9)
Net carrying amount at the end of the year	1,188.1	1,187.2	935.5	509.5	468.4	460.9	77.7	133.4	2,669.7	2,291.0

Goodwill

Any excess of the fair value of the purchase consideration of an acquired business over the fair value of the identifiable net assets (minus incidental expenses) is recorded as goodwill.

Goodwill is allocated to each of the cash-generating units but is monitored at the segment (business unit) level. The aggregate carrying amounts of goodwill allocated to each business unit are as follows:

	2021 US\$m	2020 US\$m
CSL Behring	1,188.1	1,187.2
Closing balance of goodwill as at 30 June	1,188.1	1,187.2

Goodwill is not amortised but is measured at cost less any accumulated impairment losses. Impairment occurs when a

business unit's recoverable amount falls below the carrying value of its net assets.

The results of the impairment test show that each business unit's recoverable amount exceeds the carrying value of its net assets, inclusive of goodwill. Consequently, there is no goodwill impairment as at 30 June 2021.

A change in assumptions significant enough to lead to impairment is not considered a reasonable possibility.

Intellectual property

Intellectual property acquired separately or in a business combination is initially measured at cost, which is its fair value at the date of acquisition. Following initial recognition, it is carried at cost less any accumulated amortisation and impairment.

⁶ The comparative balances have been restated to reflect the finalisation of the Vitaeris' acquisition accounting (refer to Note 1b).

⁷ On 24 June 2020, the Group entered into a global commercialisation and license agreement with uniQure for etranacogene dezaparvovec (AMT-061), a novel gene therapy for the treatment of haemophilia B. An upfront cash payment of \$450m was made in May 2021 following the completion of regulatory approvals, which was capitalised as an intellectual property. Under the terms of the agreement, uniQure may be entitled to potential future milestone payments, subject to the achievement of certain regulatory and commercial milestones (refer to Note 13 Commitments and Contingencies).

⁸ The amortisation charge is recognised in general and administration expenses in the statement of comprehensive income.

⁹ During the year ended 30 June 2021, the Group impaired certain intellectual property assets associated with the Calimmune acquisition.

Notes to the Financial Statements

Amortisation is calculated on a straight-line basis over periods generally ranging from 5 – 20 years, except where it is considered that the useful economic life is indefinite. Certain intellectual property acquired in a business combination may be considered to have an indefinite life.

Contingent consideration in connection with the purchase of individual assets outside of business combinations is recognised as a financial liability only when a non-contingent obligation arises (i.e. when milestone is met). The determination of whether the payment should be capitalised or expensed is usually based on the reason for the contingent payment. If the contingent payment is based on regulatory approvals received (i.e. development milestone), it will generally be capitalised as the payment is incidental to the acquisition so the asset may be made available for its intended use. If the contingent payment is based on period volumes sold (i.e. sales related milestone), it will generally be expensed.

Changes in the fair value of financial liabilities from contingent consideration should be capitalised or expensed based on the nature of the asset acquired (refer above), except for changes due to interest rate fluctuations and the effect from unwinding discounts. Interest rate effects from unwinding of discounts as well as changes due to interest rate fluctuations are recognised as finance costs.

Software

Costs incurred in developing or acquiring software, licences or systems that will contribute future financial benefits are capitalised. These include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 10 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility, where the Group has the intention and ability to use the asset.

Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period.

The Group applies judgement in determining the nature and the resulting accounting treatment of the costs of SaaS arrangements.

Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software.

Recognition and measurement

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful life of the asset on a straight-line basis. Significant software intangible assets are amortised over the useful life of up to ten years. The amortisation period and method is reviewed at each financial year end at a minimum.

Intangible assets with indefinite useful lives are not amortised. The useful life of these intangibles is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable.

Impairment of intangible assets

Assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets that have an indefinite useful life (including goodwill) or not yet ready for use are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired.

An impairment loss is recognised in the statement of comprehensive income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units), other than goodwill that is monitored at the segment level.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash generating units, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.



Key Judgements and Estimates

The impairment assessment process requires significant judgement. Determining whether goodwill and indefinite lived intangibles have been impaired requires an estimation of the recoverable amount of the cash generating units using a discounted cash flow methodology. The goodwill calculation uses cash flow projections based on operating budgets and a ten-year strategic business plan, after which a terminal value, based on our view of the longer term growth profile of the business is applied. Cash flows have been discounted using an implied pre-tax discount rate of 8.0% (2020: 7.6%) which is calculated with reference to external analyst views, long-term government bond rates and the company's pre-tax cost of debt.

The determination of cash flows over the life of an asset requires judgement in assessing the future demand for the Group's products, any changes in the price and cost of those products and of other costs incurred by the Group.

Note 8: Property, Plant and Equipment

	Land US\$m		Buildings US\$m		Leasehold improvements US\$m		Plant and Equipment US\$m		Right-of-use assets US\$m		Capital work in progress US\$m		Total US\$m	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Cost	39.5	38.7	964.3	782.0	546.0	461.0	3,603.4	3,302.9	1,587.6	1,347.2	3,627.8	2,852.5	10,368.6	8,784.3
Accumulated depreciation	—	—	(253.4)	(220.3)	(157.0)	(136.2)	(1,936.3)	(1,714.6)	(485.9)	(407.8)	—	—	(2,832.6)	(2,478.9)
Net carrying amount	39.5	38.7	710.9	561.7	389.0	324.8	1,667.1	1,588.3	1,101.7	939.4	3,627.8	2,852.5	7,536.0	6,305.4
Movement														
Net carrying amount at the start of the year	38.7	38.8	561.7	490.0	324.8	265.9	1,588.3	1,468.6	939.4	925.8	2,852.5	2,221.0	6,305.4	5,410.1
Transferred from capital work in progress / intangible assets	—	—	157.2	92.9	79.8	84.5	266.5	297.0	—	—	(502.6)	(474.4)	0.9	—
Additions ¹⁰	0.4	—	0.5	—	2.8	—	49.0	63.2	238.8	85.3	1,318.5	1,124.6	1,610.0	1,273.1
Disposals	—	—	—	—	(0.1)	(2.8)	(4.1)	(18.4)	—	—	(8.1)	(8.2)	(12.3)	(29.4)
Other Adjustments	—	—	—	(4.6)	—	—	—	—	—	—	—	(0.5)	—	(5.1)
Depreciation / amortisation for the year	—	—	(29.2)	(23.4)	(20.7)	(22.9)	(272.4)	(229.3)	(77.1)	(71.7)	—	—	(399.4)	(347.3)
Impairment for the year ¹¹	—	—	—	—	—	—	—	—	—	—	(74.4)	—	(74.4)	—
Currency translation differences	0.4	(0.1)	20.7	6.8	2.4	0.1	39.8	7.2	0.6	—	41.9	(10.0)	105.8	4.0
Net carrying amount at the end of the year	39.5	38.7	710.9	561.7	389.0	324.8	1,667.1	1,588.3	1,101.7	939.4	3,627.8	2,852.5	7,536.0	6,305.4

Property, plant and equipment

Land, buildings, capital work in progress and plant and equipment assets are recorded at historical cost less, where applicable, depreciation and amortisation.

Right-of-use assets are measured at cost, less accumulated depreciation, impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities and restoration obligations recognised less any lease incentives received and initial direct costs.

Depreciation or amortisation is recognised on a systematic basis over the estimated useful life of the asset, generally on a straight-line basis.

Buildings	5 – 40 years
Plant and equipment	3 – 15 years
Leasehold improvements	5 – 25 years
Right-of-use assets	
- Plasma centres	5 - 40 years

- Office and warehouses	1 - 39 years
- Land	43 - 101 years

The units-of-production depreciation ("UoP") method, based on the expected use or output as the asset is being used, may be applied during the early stages of operation of manufacturing facilities, as a substantial period of time may be required to ramp up the production and operate at intended capacity. This method is to be applied consistently from period to period unless there is a change in the expected pattern of consumption of those future economic benefits.

Assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. Items of property, plant and equipment are derecognised upon disposal or when no further economic benefits are expected from their use or disposal.

Impairment testing for property, plant and equipment will be performed if an impairment trigger is identified.

¹⁰ The capital work in progress additions are the result of major capacity projects. One of these projects is our recombinant protein facility in Lengnau which is subject to an agreement with Thermo Fisher to lease the facility to them upon the achievement of defined milestones.

¹¹ During the year ended 30 June 2021, the Group recorded an impairment expense of \$74.4m for assets associated with major capital projects which have been identified as surplus to requirements as a result of the change in project scope for these projects.

Notes to the Financial Statements

Gains and losses on disposals of items of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income when realised.

40% of the Holly Springs facility, acquired with the Novartis Influenza business, is legally owned by the US Government. Full legal title will transfer to CSL on the completion of the Final Closeout Technical Report, expected in the next one to three years. CSL has full control of the asset and 100% of the value of the facility is included in the consolidated financial statements.

Leasehold improvements

The cost of improvements to leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

Right-of-use ("ROU") assets

The Group primarily has leases for plasma centres, office buildings, warehouses, land and vehicles.

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Group accounting policy for lease liabilities has been discussed in Note 11(d).

Unless the Group is reasonably certain to obtain ownership of the underlying asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Note 9: Deferred Government Grants

	2021 US\$m	2020 US\$m
Current deferred income	49.7	3.2
Non-current deferred income	37.2	40.1
Total deferred government grants	86.9	43.3

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. During the year the Group received government grants for various activities including the manufacture and development of vaccines as well as the development of facilities. Government grants relating to an expense item are deferred and recognised in the statement of comprehensive income against the related costs over the period necessary to match them with the expenses that they are intended to compensate.

Government grants received for which there are no future related costs are recognised in the statement of comprehensive income immediately. Government grants relating to the purchase or construction of property, plant and equipment are included in current and non-current liabilities as deferred income and are released to the statement of comprehensive income on a straight-line basis over the expected useful lives of the related assets.

Returns, Risk & Capital Management

Note 10: Shareholder Returns

Dividends

Dividends are paid from the retained earnings and profits of CSL Limited, as the parent entity of the Group. (See Note 22 for the parent entity's retained earnings). During the year, the parent entity reported profits of \$106.1m (2020: \$93.1m). The parent entity's retained earnings as at 30 June 2021 were \$6,854.4m (2020: \$7,706.4m). During the financial year \$958.0m was distributed to shareholders by way of a dividend, with a further \$537.0m being determined as a dividend payable subsequent to the balance date.

	2021 US\$m	2020 US\$m
Dividend Paid		
Paid: Final ordinary dividend of US\$1.07 per share, unfranked, paid on 9 October 2020 for FY20 (prior year: US\$1.00 per share, unfranked, paid on 11 October 2019 for FY19)	484.7	453.9
Paid: Interim ordinary dividend of US\$1.04 per share, unfranked, paid on 1 April 2021 for FY21 (prior year: US\$0.95 per share, unfranked, paid on 9 April 2020 for FY20)	473.3	429.2
Total paid	958.0	883.1
Dividend determined, but not paid at year end:		
Final ordinary dividend of US\$1.18 per share, 10% franked at 30% tax rate, expected to be paid on 30 September 2021 for FY21, based on shares on issue at reporting date. The aggregate amount of the proposed dividend will depend on actual number of shares on issue at dividend record date (prior year: US\$1.07 per share, unfranked paid on 9 October 2020 for FY20)	537.0	485.8

The distribution in respect of the 2021 financial year represents a US\$2.22 dividend paid for FY2021 on each ordinary share held. These dividends are approximately 42.5% of the Group's basic earnings per share ("EPS") of US\$5.22.

Earnings per Share

CSL's basic and diluted EPS are calculated using the Group's net profit for the financial year of \$2,375.0m (2020: \$2,102.5m).

	2021	2020
Basic EPS	US\$5.22	US\$4.63
Weighted average number of ordinary shares	454,865,604	453,808,099
Diluted EPS	US\$5.21	US\$4.61
Adjusted weighted average number of ordinary shares, represented by:	456,203,803	455,605,010
Weighted average ordinary shares	454,865,604	453,808,099
Plus:		
Employee Share Schemes (See Note 5 & Note 18)	1,338,199	1,796,911

Diluted EPS differs from Basic EPS as the calculation takes into account potential ordinary shares arising from employee share schemes operated by the Group.

Contributed Equity

The following table illustrates the movement in the Group's contributed equity.¹²

	2021		2020	
	Number of shares	US\$m	Number of shares	US\$m
Opening balance at 1 July	454,048,707	(4,561.0)	453,138,632	(4,603.0)
Shares issued to employees via (see also Notes 5 and 18):				
Performance Options Plan	308,186	24.4	299,078	18.0
Performance Rights Plan (for nil consideration)	197,646	—	151,486	—
Retain and Grow Plan (for nil consideration)	253,126	—	168,866	—
Executive Performance & Alignment Plan (for nil consideration)	138,369	—	91,822	—
Global Employee Share Plan (GESP)	179,960	32.0	198,823	24.0
Closing balance	455,125,994	(4,504.6)	454,048,707	(4,561.0)

¹² Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Where the Group reacquires its own shares, for example as a result of a share buy-back, those shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid to acquire the shares, including any directly attributable transaction costs net of income taxes, is recognised directly as a reduction in equity.

Note 11: Financial Risk Management

CSL holds financial instruments that arise from the Group's need to access financing, from the Group's operational activities and as part of the Group's risk management activities.

The Group is exposed to financial risks associated with its financial instruments. Financial instruments comprise cash and cash equivalents, receivables, payables, bank loans and overdrafts, unsecured notes, and lease liabilities.

The primary risks these give rise to are:

- Foreign exchange risk.
- Interest rate risk.
- Credit risk.
- Funding and liquidity risk.
- Capital management risk.

Source of Risk

Risk Mitigation

a. Foreign Exchange Risk

The Group is exposed to foreign exchange risk because of its international operations. These risks relate to future commercial transactions, assets and liabilities denominated in other currencies and net investments in foreign operations.

Where possible CSL takes advantage of natural hedging (i.e. the existence of payables and receivables in the same currency). The Group also reduces its foreign exchange risk on net investments in foreign operations by denominating external borrowings in currencies that match the currencies of its foreign investments.

b. Interest Rate Risk

The Group is exposed to interest rate risk through its primary financial assets and liabilities.

The Group mitigates interest rate risk on borrowings primarily by entering into fixed rate arrangements, which are not subject to interest rate movements in the ordinary course. If necessary, CSL also hedges interest rate risk using derivative instruments. As at 30 June 2021, no derivative financial instruments hedging interest rate risk were outstanding (2020: Nil).

c. Credit Risk

The Group is exposed to credit risk from financial instruments contracts and trade and other receivables. The maximum exposure to credit risk at reporting date is the carrying amount, net of any provision for impairment inclusive of any lifetime expected credit loss under AASB 9, if applicable, of each financial asset in the balance sheet.

The Group mitigates credit risk from financial instruments contracts by only entering into transactions with counterparties who have sound credit ratings and with whom the Group has a signed netting agreement. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

The Group minimises the credit risk associated with trade and other debtors by undertaking transactions with a large number of customers in various countries. Creditworthiness of customers is reviewed prior to granting credit, using trade references and credit reference agencies.

d. Funding and Liquidity Risk

The Group is exposed to funding and liquidity risk from operations and from external borrowing.

One type of this risk is credit spread risk, which is the risk that in refinancing its debt, CSL may be exposed to an increased credit spread.

Another type of this risk is liquidity risk, which is the risk of not being able to refinance debt obligations or meet other cash outflow obligations when required.

Liquidity and re-financing risks are not significant for the Group, as CSL has a prudent gearing level and strong cash flows.

The Group mitigates funding and liquidity risks by ensuring that:

- The Group has sufficient funds on hand to achieve its working capital and investment objectives
- The Group focuses on improving operational cash flow and maintaining a strong balance sheet
- Short-term liquidity, long-term liquidity and crisis liquidity requirements are effectively managed, minimising the cost of funding and maximising the return on any surplus funds through efficient cash management
- It has adequate flexibility in financing to balance short-term liquidity requirements and long-term core funding and minimise refinancing risk

e. Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern while providing returns to shareholders and benefits to other stakeholders. Capital is defined as the amount subscribed by shareholders to the Company's ordinary shares and amounts advanced by debt providers to any Group entity.

The Group aims to maintain a capital structure, which reflects the use of a prudent level of debt funding. The aim is to reduce the Group's cost of capital without adversely affecting the credit margins applied to the Group's debt funding.

Each year the Directors determine the dividend taking into account factors such as profitability and liquidity.

The Directors have proposed share buybacks in previous years, consistent with the aim of maintaining an efficient balance sheet, and with the ability to cease a buyback at any point should circumstances such as liquidity conditions change.

Risk management approach

The Group uses sensitivity analysis (together with other methods) to measure the extent of financial risks and decide if they need to be mitigated.

If so, the Group's policy is to use derivative financial instruments, such as foreign exchange contracts and interest rate swaps, to support its objective of achieving financial targets while seeking to protect future financial security.

The aim is to reduce the impact of short-term fluctuations in currency or interest rates on the Group's earnings.

Derivatives are exclusively used for this purpose and not as trading or other speculative instruments.

a. Foreign Exchange Risk

The objective is to match the contracts with committed future cash flows from sales and purchases in foreign currencies to protect the Group against exchange rate movements.

The Group reduces its foreign exchange risk on net investments in foreign operations by denominating external borrowings in currencies that match the currencies of its foreign investments.

The total value of forward exchange contracts in place at reporting date is nil (2020: nil).

Sensitivity analysis – USD values

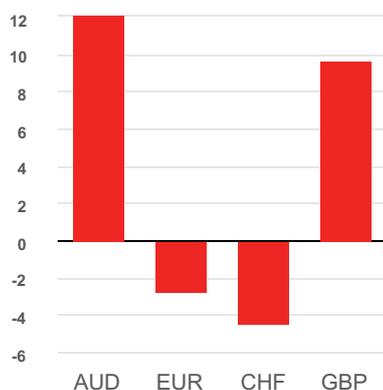
Profit after tax – sensitivity to general movement of 1%

A movement of 1% in the USD exchange rate against AUD, EUR, CHF and GBP would not generate a material impact to profit after tax.

Equity – sensitivity to general movement of 1%

Any change in equity is recorded in the Foreign Currency Translation Reserve.

FX Sensitivity on Equity (US\$m)



This calculation is based on changing the actual exchange rate of US Dollars to AUD, EUR, CHF and GBP as at 30 June 2021 by 1% and applying these adjusted rates to the net assets (excluding investments in subsidiaries) of the foreign currency denominated financial statements of various Group entities.

b. Interest Rate Risk

At 30 June 2021, it is estimated that a general movement of one percentage point in the interest rates applicable to investments of cash and cash equivalents would have changed the Group's profit after tax by approximately \$12.7m (2020: \$8.1m). This calculation is based on applying a 1% movement to the total of the Group's cash and cash equivalents at year end.

At 30 June 2021, it is estimated that a general movement of one percentage point in the interest rates applicable to floating rate unsecured bank loans would have changed the Group's profit after tax by approximately \$3.9m (2020: \$6.7m). This calculation is based on applying a 1% movement to the total of the Group's floating rate unsecured bank loans at year end.

As at 30 June 2021, the Group had the following bank facilities, unsecured notes and other secured borrowings:

- Five revolving committed bank facilities totalling \$1,613.6m are available. Of these facilities \$77.4m expires in the twelve months, \$36.2m in November 2022 and \$1.5b in February 2025. Interest on the facilities is paid quarterly in arrears at a variable rate. As at the reporting date the Group had \$1,546.8m in undrawn funds available under these facilities;
- US\$750m uncommitted Commercial Paper Program. As at the reporting date there was \$750.0m in undrawn funds available under this facility;
- EUR184.7m committed bank facility (the KfW loan) with quarterly repayments commenced in September 2021 through to September 2027;
- US\$2,900m of Senior Unsecured Notes in the US Private Placement market. The notes mature in November 2021 (US\$250m), March 2023 (US\$150m), November 2023 (US\$200m), March 2025 (US\$100m), October 2025 (US\$100m), October 2026 (US\$150m), November 2026 (US\$100m), May 2027 (US\$100m), October 2027 (US\$250m), October 2028 (US\$200m), October 2029 (US\$200m), August 2030 (US\$300m), October 2031 (US\$200m), May 2032 (US\$150m), October 2032 (US\$150m), May 2035 (US\$200m) and October 2037 (US\$100m). The weighted average interest rate on the notes is fixed at 3.23%;
- EUR350m of Senior Unsecured Notes in the US Private Placement market. The Notes mature in November 2022 (EUR100m), November 2024 (EUR150m) and November 2026 (EUR100m). The weighted average interest rate on the notes is fixed at 1.90%;
- CHF400m of Senior Unsecured Notes in the US Private Placement market. The notes mature in October 2023 (CHF150m) and October 2025 (CHF250m). The weighted average interest rate on the notes is fixed at 0.88%;
- US\$500m of Unsecured Floating Rate Notes (the QDI Bond) in the Hong Kong market. The notes mature in October 2023;
- Other borrowings with a weighted average term of 4 years (2020: 5 years). The weighted average discount rate implicit in these liabilities is 5.18% (2020: 5.24%). The Group's other borrowings are secured by assets of \$13.1m (2020: \$13.1m). In the event of default, the assets securities revert to the lender.

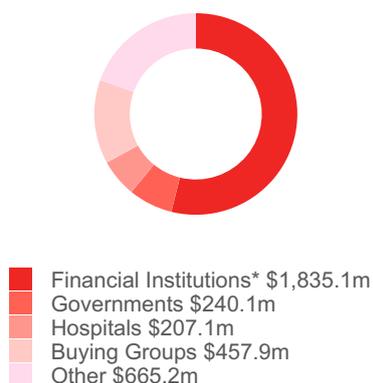
The Group is in compliance with all debt covenants.

c. Credit Risk

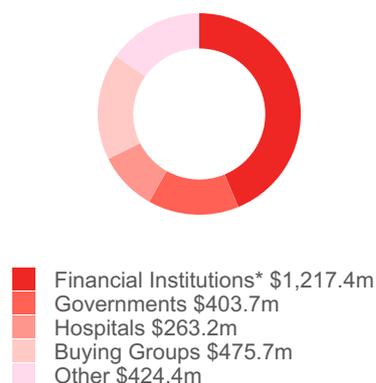
The Group only invests its cash and cash equivalent financial assets with financial institutions having a credit rating of at least 'BBB+' or better, as assessed by independent rating agencies.

	Floating Rate ¹³		Non-Interest Bearing		Total		Average Closing Interest Rate	
	US\$m		US\$m		US\$m		%	
	2021	2020	2021	2020	2021	2020	2021	2020
Financial Assets								
Cash and cash equivalents	1,808.8	1,194.4	—	—	1,808.8	1,194.4	0.02 %	0.24 %
Receivables and contract assets (excluding prepayments)	—	—	1,570.3	1,572.5	1,570.3	1,572.5	—	—
Other financial assets	—	—	26.3	17.5	26.3	17.5	—	—
	1,808.8	1,194.4	1,596.6	1,590.0	3,405.4	2,784.4		

Credit quality of financial assets
(30 June 2021 in US\$m)



Credit quality of financial assets
(30 June 2020 in US\$m)



* \$1,808.8m of the assets held with financial institutions are held as cash or cash equivalents and \$26.3m of other financial assets. Financial assets held with non-financial institutions include \$1,570.3m of trade and other receivables.

* \$1,194.4m of the assets held with financial institutions are held as cash or cash equivalents, \$5.6m of trade and other receivables and \$17.5m of other financial assets. Financial assets held with non-financial institutions include \$1,566.9m of trade and other receivables.

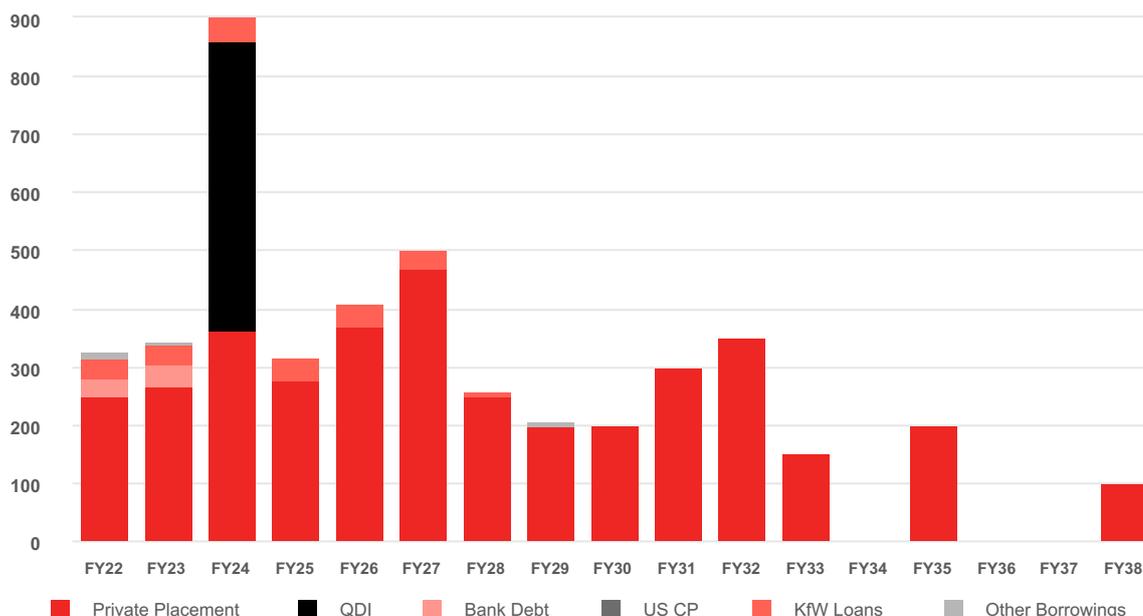
Refer to Note 15 for the Group's policy on expected credit loss.

The Group has not renegotiated any material collection/repayment terms of any financial assets in the current financial year.

Government or government-backed entities (such as hospitals) often account for a significant proportion of trade receivables. As a result, the Group carries receivables from a number of Southern European governments. The credit risk associated with trading in these countries is considered on a country-by-country basis and the Group's trading strategy is adjusted accordingly. The factors taken into account in determining the credit risk of a particular country include recent trading experience, current economic and political conditions and the likelihood of continuing support from agencies such as the European Central Bank. An analysis of trade receivables that are past due and, where required, the associated provision for expected credit loss, is as follows. All other financial assets are less than 30 days overdue.

	Trade Receivables					
	Gross		Provision		Net	
	2021	2020	2021	2020	2021	2020
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
Trade receivables and contract assets						
current	1,140.3	1,191.0	(9.6)	(9.2)	1,130.7	1,181.8
less than 30 days overdue	33.1	46.1	—	—	33.1	46.1
between 30 and 90 days overdue	16.5	27.7	—	—	16.5	27.7
more than 90 days overdue	41.6	47.5	(13.9)	(16.1)	27.7	31.4
	1,231.5	1,312.3	(23.5)	(25.3)	1,208.0	1,287.0

¹³ Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date. All interest rates on floating rate financial assets and liabilities are subject to reset within the next six months.

d. Funding and Liquidity Risk**Maturity Profile of Debt by Facility (US\$m)**

The following table analyses the Group's financial liabilities:

	2021 US\$m	2020 US\$m
Interest-bearing liabilities and borrowings		
<i>Current</i>		
Bank overdraft – unsecured	78.7	43.1
Bank borrowings – secured	66.2	70.9
Commercial paper	—	10.0
Senior unsecured notes – unsecured	250.0	—
Lease liabilities	77.8	75.2
Other borrowings – secured	1.1	3.1
	473.8	202.3
<i>Non-current</i>		
Bank loans – unsecured	220.0	619.8
Senior unsecured notes – unsecured	3,993.9	4,204.9
Lease liabilities	1,104.6	952.3
Other borrowings – secured	14.6	13.5
	5,333.1	5,790.5

Interest-bearing liabilities and borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing liabilities and borrowings are stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the statement of comprehensive income over the period of the borrowings.

Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The Group is in compliance with all debt covenants.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Group uses the incremental borrowing rate of the lessee at the lease commencement date if the interest rate implicit in the lease is

not readily determinable. The Group exercises judgement when determining the incremental borrowing rate based on the interest that the lessee would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment, and observable inputs such as market interest rates are used as applicable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

Subsequent to initial recognition, lease liabilities are measured at amortised cost. Lease liabilities are remeasured if there is a

Notes to the Financial Statements

modification, such as a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group's lease liabilities are inclusive of extension options the Group is reasonably certain to exercise based upon our judgement as of the reporting date. Lease extension options that the Group is not reasonably certain to exercise as of the reporting date are appropriately excluded from the lease liabilities.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption, which relates to leases such as office photocopiers, gas storage cylinders, and other miscellaneous low value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The following table categorises the financial liabilities into relevant maturity periods, taking into account the remaining period at the reporting date and the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows and hence will not necessarily reconcile with the amounts disclosed in the balance sheet.

	Contractual payments due								Average interest rate	
	1 year or less		Between 1 year and 5 years		Over 5 years		Total		rate	
	US\$m		US\$m		US\$m		US\$m		%	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Trade and other payables (non-interest bearing)	2,039.7	1,525.4	—	—	—	—	2,039.7	1,525.4	—	—
Bank loans – unsecured (floating rates)	31.2	39.9	36.4	426.8	—	—	67.6	466.7	1.8%	1.3%
Bank loans – unsecured (fixed rates)	38.1	36.3	148.7	141.7	40.8	73.1	227.6	251.1	1.0%	1.0%
Bank overdraft – unsecured (floating rates)	78.7	43.1	—	—	—	—	78.7	43.1	—	—
Commercial paper (floating rates)	—	10.0	—	—	—	—	—	10.0	0.4%	0.4%
Senior unsecured notes (fixed rates)	350.7	104.9	1,343.6	1,498.9	2,768.7	2,924.1	4,463.0	4,527.9	2.8%	2.8%
Senior unsecured notes (floating rates)	5.0	4.5	507.6	502.3	—	—	512.6	506.8	1.0%	0.9%
Lease liabilities (fixed rates)	108.7	91.0	365.1	331.7	1,095.6	891.0	1,569.4	1,313.7	2.9%	2.5%
Other borrowings (fixed rates)	7.4	5.2	5.6	6.8	6.1	7.8	19.1	19.8	5.2%	5.2%
	2,659.5	1,860.3	2,407.0	2,908.2	3,911.2	3,896.0	8,977.7	8,664.5		

Floating interest rates represent the most recently determined rate applicable to the instrument at balance sheet date. All interest rates on floating rate financial assets and liabilities are subject to reset within the next six months.

Fair value of financial assets and financial liabilities

The carrying value of financial assets and liabilities is materially the same as the fair value. The following methods and assumptions were used to determine the net fair values of financial assets and liabilities.

Cash

The carrying value of cash equals fair value, due to the liquid nature of cash.

Trade and other receivables/payables

The carrying value of trade and other receivables/payables with a remaining life of less than one year is deemed to be equal to its fair value.

Interest bearing liabilities

Fair value is calculated based on the discounted expected principal and interest cash flows, using rates currently available for debt of similar terms, credit risk and remaining maturities.

The Group also has foreign currency loans payable that have been designated as a cash flow hedge against forecast sale transactions in foreign currency.

An effective hedge is one that meets certain criteria. Gains or losses on the cash flow hedge that relate to the effective portion of the hedge are recognised in equity. Gains or losses relating to the ineffective portion, if any, are recognised in the consolidated statement of comprehensive income.

Valuation of financial instruments

For financial instruments measured and carried at fair value, the Group uses the following to categorise the method used:

- Level 1: Items traded with quoted prices in active markets for identical liabilities
- Level 2: Items with significantly observable inputs other than quoted prices in active markets
- Level 3: Items with unobservable inputs (not based on observable market data)

There were no derivatives outstanding as of 30 June 2021 (30 June 2020 – nil). There were no transfers between Level 1 and 2 during the year.

The contingent consideration liabilities associated with business combinations are measured at fair value (refer to Note 15b) which has been calculated with reference to our judgement of the expected probability and timing of the potential future milestone payments, based upon level 3 inputs under the fair value hierarchy, which is then discounted to a present value using appropriate discount rates with reference to the Group's incremental borrowing rates.

Note 12: Equity and Reserves**(a) Contributed Equity**

	2021 US\$m	2020 US\$m
Ordinary shares issued and fully paid	—	—
Share buy-back reserve	(4,504.6)	(4,561.0)
Total contributed equity	(4,504.6)	(4,561.0)

Ordinary shares receive dividends as declared and, in the event of winding up the company, participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the company.

Due to share buy-backs being undertaken at higher prices than the original subscription prices, the balance for ordinary share contributed equity has been reduced to nil, and a reserve created to reflect the excess value of shares bought over the original amount of subscribed capital.

Information relating to employee performance option plans and GESP, including details of shares issued under the scheme, is set out in Note 5 and Note 18.

(b) Movement in Reserves

	Share-based payments reserve (i)		Foreign currency translation reserve (ii)		Total	
	US\$m		US\$m		US\$m	
	2021	2020	2021	2020	2021	2020
Opening balance	328.7	247.7	7.6	(5.7)	336.3	242.0
Share based payments expense	91.8	74.2	—	—	91.8	74.2
Deferred tax on share based payments	6.2	6.8	—	—	6.2	6.8
Net exchange gains/(losses) on translation of foreign subsidiaries, net of hedge	—	—	198.9	13.3	198.9	13.3
Closing balance	426.7	328.7	206.5	7.6	633.2	336.3

Nature and purpose of reserves**i. Share-based payments reserve**

The share-based payments reserve is used to recognise the fair value of options, performance rights and GESP rights issued to employees.

ii. Foreign currency translation reserve

Where the functional currency of a subsidiary is not US dollars, its assets and liabilities are translated on consolidation to US dollars using the exchange rates prevailing at the reporting date, and its profit and loss is translated at average exchange rates.

All resulting exchange differences are recognised in other comprehensive income and in the foreign currency translation reserve in equity. Exchange differences arising from borrowings designated as hedges of net investments in foreign entities are also included in this reserve.

Note 13: Commitments and Contingencies¹⁴**(a) Capital Commitments**

Commitments in relation to capital expenditure contracted but not provided for in the financial statements are payable as follows:

	Capital Commitments	
	US\$m	US\$m
	2021	2020
Not later than one year	520.0	505.9
Later than one year but not later than five years	24.3	79.1
Total	544.3	585.0

The Company has entered into a lease for a building, currently under construction in Melbourne, as the new global headquarters. The lease is expected to commence in early 2023 with an annual lease cost of approximately \$15m.

(b) Contingent assets and liabilities**Litigation**

The Group is involved in litigation in the ordinary course of business, including litigation for breach of contract and other claims.

The Group remains subject to certain patent infringement actions brought by competitors. CSL is highly confident in our intellectual property positions which are the product of many years of innovative research by the Group. The Company is vigorously defending against the claims.

Other contingent assets and liabilities

The Group has entered into collaboration arrangements, including in-licensing arrangements with various companies. Such collaboration agreements may require the Group to make payments on achievement of stages of development, launch or revenue milestones and may include variable payments that are based on unit sales (e.g. royalty payments). The amount of royalties payable under the arrangements is inherently uncertain and difficult to predict, given the direct link to future sales and the range of outcomes.

The maximum amount of unrecognised potential future commitments for such payments associated with uniQure and Momenta licensing arrangements amount to \$2,105.0m (2020: \$550.0m). These amounts are undiscounted and are not risk-adjusted, which include all such possible payments that can arise assuming all products currently in development are successful and all possible performance objectives are met.

¹⁴ Commitments and contingencies are disclosed net of the amount of GST (or equivalent) recoverable from, or payable to, a taxation authority.

Efficiency of Operation

Note 14: Cash and Cash Equivalents

	2021 US\$m	2020 US\$m
Cash at bank and on hand	1,426.0	773.4
Cash deposits	382.8	421.0
Total cash and cash equivalents	1,808.8	1,194.4

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. They are made up of:

- Cash on hand.
- At call deposits with banks or financial institutions.
- Investments in money market instruments with original maturities of six months or less, that are readily

convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purposes of the cash flow statement, cash at the end of the financial year is net of bank overdraft amounts.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from or payable to a taxation authority are presented as part of operating cash flows.

Note 15: Trade Receivables and Payables

(a) Trade and other receivables

	2021 US\$m	2020 US\$m
<i>Current</i>		
Trade receivables	997.0	1,121.1
Contract assets	234.5	191.2
Less: Provision for expected credit loss	(23.5)	(25.3)
	1,208.0	1,287.0
Sundry receivables	355.7	271.2
Prepayments	147.5	145.7
Carrying amount of current receivables and contract assets⁸	1,711.2	1,703.9
<i>Non Current</i>		
Long term deposits/other receivables	6.6	14.3
Carrying amount of non-current trade and other receivables¹⁵	6.6	14.3

Trade, other receivables, and contract assets are initially recorded at fair value and are generally due for settlement within 30 to 60 days from date of invoice. Collectability is regularly reviewed at an operating unit level.

A provision for expected credit loss (ECL) is recognised based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. When a trade receivable for which a provision for expected credit loss has been recognised becomes uncollectible in a subsequent period, it is written off against the provision.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group

does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Contract assets and deferred revenue (contract liabilities): The completion of performance obligations often differs from contract payment schedules. A contract asset is initially recognised for revenue earned from satisfying a performance obligation; however, the receipt of consideration is conditional upon the full satisfaction of the performance obligation within the contract. Upon completing the full performance obligation, the amount recognised as contract assets is reclassified to trade receivables. Amounts billed in accordance with customer contracts, but where the Group had not yet provided a good or service, are recorded and presented as part of deferred revenue. Deferred revenue is recognised as revenue when the Group performs under the contract.

Other current receivables are recognised and carried at the nominal amount due upon an unconditional right to payment. Non-current receivables are recognised and carried at amortised cost. They are non-interest bearing and have various repayment terms.

¹⁵ The carrying amount disclosed above is a reasonable approximation of fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable disclosed above. Refer to Note 11 for more information on the risk management policy of the Group and the credit quality of trade receivables.

As at 30 June 2021, the Group had made provision for expected credit loss of \$23.5m (2020: \$25.3m).

	2021 US\$m	2020 US\$m
Opening balance as at 1 July	25.3	17.5
(Allowance utilised/written back) / Additional allowance	(2.3)	9.4
Currency translation differences	0.5	(1.6)
Closing balance at 30 June	23.5	25.3

Non-trade receivables do not include any impaired or overdue amounts and it is expected they will be received when due. The Group does not hold any collateral in respect to other receivable balances.



Key Judgements and Estimates

In applying the Group's accounting policy to trade and other receivables with governments and related entities in South Eastern Europe as set out in Note 11, significant judgement is involved in assessing the expected credit loss of trade or other receivable amounts. Matters considered include recent trading experience, current economic and political conditions and the likelihood of continuing support from agencies such as the European Central Bank.

(b) Trade and other payables

	2021 US\$m	2020 (restated) ¹⁶ US\$m
<i>Current</i>		
Trade payables	523.0	458.3
Accruals and other payables	1,516.7	1,067.1
Carrying amount of current trade and other payables	2,039.7	1,525.4
<i>Non-current</i>		
Accruals and other payables	102.3	—
Contingent consideration associated with business combinations ¹⁶	345.8	341.6
Carrying amount of non-current trade and other payables	448.1	341.6

Trade and other payables represent amounts reflected at notional amounts owed to suppliers for goods and services provided to the Group prior to the end of the financial year that are unpaid. Trade and other payables are non-interest bearing and have various repayment terms but are usually paid within 30 to 60 days of recognition.

Receivables and payables include the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, taxation authorities is included in other receivables or payables in the balance sheet.

The Group has recognised contingent consideration associated with the past business combinations for Vitaeris and Calimmune as non-current financial liabilities at fair value, which is then remeasured at each subsequent reporting date at fair value through profit and loss.

The fair value estimations typically depend on factors such as technical milestones or market performance, and are adjusted for the probability of their likelihood of potential future payments, and are appropriately discounted to reflect the impact of time. Refer to Note 11 for further details on the fair value measurement. As at 30 June 2021, the maximum amount of undiscounted potential future milestone payments for Vitaeris and Calimmune are \$470.0m and \$325.0m (2020: \$470.0m and \$325.0m) respectively, of which \$345.8m (2020: \$341.6m) is reflected as a contingent consideration liability at fair value.

Changes in the fair value of contingent consideration liabilities in subsequent periods are recognised in research and development expenses for early stage products and as cost of sales for currently marketed products. The effect of unwinding the discount over time for contingent consideration carried at fair value is recognised as finance costs.

¹⁶ The comparative balances have been restated to reflect the finalisation of the Vitaeris' acquisition accounting (refer to Note 1b).

Note 16: Provisions

	Employee benefits		Legal		Other ¹⁷		Total	
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
	2021	2020	2021	2020	2021	2020	2021	2020
<i>Current</i>								
Carrying amount at the start of the year	156.1	130.4	—	63.7	0.8	0.8	156.9	194.9
Utilised	(47.2)	(56.5)	—	(40.7)	(0.2)	—	(47.4)	(97.2)
Reversal of previously recognised provision	—	—	—	(23.0)	—	—	—	(23.0)
Additions	97.2	83.1	—	—	15.5	—	112.7	83.1
Currency translation differences	5.6	(0.9)	—	—	(0.4)	—	5.2	(0.9)
Carrying amount at the end of the year	211.7	156.1	—	—	15.7	0.8	227.4	156.9
<i>Non-current</i>								
Carrying amount at the start of the year	41.7	35.9	—	—	—	—	41.7	35.9
Utilised	(2.9)	(2.6)	—	—	—	—	(2.9)	(2.6)
Additions	8.2	8.4	—	—	34.6	—	42.8	8.4
Reclassification from accruals	—	—	—	—	25.0	—	25.0	—
Currency translation differences	0.9	—	—	—	0.3	—	1.2	—
Carrying amount at the end of the year	47.9	41.7	—	—	59.9	—	107.8	41.7

Provisions are recognised when all three of the following conditions are met:

- The Group has a present or constructive obligation arising from a past transaction or event
- It is probable that an outflow of resources will be required to settle the obligation
- A reliable estimate can be made of the obligation.

Provisions are not recognised for future operating losses.

Provisions recognised reflect our best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to settle the obligation at a pre-tax discount rate that reflects current market assessments of the time value of money and of the risks specific to the obligation.

Detailed information about the employee benefits is presented in Note 5.

¹⁷ Other provisions as at 30 June 2021 included the provisions for asset retirement obligations and onerous contracts.

Other Notes

Note 17: Related Party Transactions

Ultimate controlling entity

The ultimate controlling entity is CSL Limited, otherwise described as the parent company.

Related party transactions

The parent company entered into the following transactions during the year with related parties in the Group.

Wholly owned subsidiaries

- Loans were advanced and repayments received on the long term intercompany accounts.
- Interest was charged on outstanding intercompany loan account balances.
- Sales and purchases of products.
- Licensing of intellectual property.
- Provision of marketing services by controlled entities.
- Management fees were received from a controlled entity.
- Management fees were paid to a controlled entity.
- R&D services were charged from and to controlled entities.

The transactions were undertaken on commercial terms and conditions.

Payment for intercompany transactions is through intercompany loan accounts and may be subject to extended payment terms.

Ownership interests in related parties

All transactions with subsidiaries have been eliminated on consolidation.

Subsidiaries

The following table lists the Group's material subsidiaries.

Company	Country of Incorporation	Percentage owned (%)	
		2021	2020
CSL Limited	Australia		
Subsidiaries of CSL Limited:			
CSL Innovation Pty Ltd	Australia	100	100
CSL Behring (Australia) Pty Ltd	Australia	100	100
CSL Behring LLC	USA	100	100
CSL Plasma Inc	USA	100	100
CSL Behring GmbH	Germany	100	100
CSL Behring AG	Switzerland	100	100
CSL Behring Lengnau AG	Switzerland	100	100
Seqirus UK Limited	UK	100	100
Seqirus Pty Ltd	Australia	100	100
Seqirus Vaccines Limited	UK	100	100
Seqirus Inc	USA	100	100

Note 18: Detailed Information - People Costs**(a) Defined benefit plans**

The Group sponsors a range of defined benefit pension plans that provide either a lump sum or ongoing pension benefit for its worldwide employees upon retirement. Entities of the Group who operate defined benefit plans contribute to the respective plans in accordance with the Trust Deeds, following the receipt of actuarial advice. The surplus/deficit for each defined benefit plan operated by the Group is as follows:

Pension Plan	June 2021 US\$m			June 2020 US\$m		
	Plan Assets	Accrued benefit	Plan surplus / (deficit)	Plan Assets	Accrued benefit	Plan surplus / (deficit)
CSL Pension Plan (Australia) – provides a lump sum benefit upon exit	19.0	(18.6)	0.4	17.8	(18.6)	(0.8)
CSL Behring AG Pension Plan (Switzerland) – provides an ongoing pension	755.7	(760.1)	(4.4)	649.7	(730.5)	(80.8)
CSL Behring Union Pension Plan (USA) – provides an ongoing pension	66.8	(63.3)	3.5	68.0	(66.6)	1.4
CSL Behring GmbH Supplementary Pension Plan (Germany) – provides an ongoing pension	—	(207.2)	(207.2)	—	(226.9)	(226.9)
CSL Behring Innovation GmbH Supplementary Pension Plan (Germany) – provides an ongoing pension ¹⁸	—	(34.1)	(34.1)	—	—	—
bioCSL GmbH Pension Plan (Germany) – provides an ongoing pension	—	(3.2)	(3.2)	—	(3.0)	(3.0)
CSL Behring KG Pension Plan (Germany) – provides an ongoing pension	—	(19.0)	(19.0)	—	(17.7)	(17.7)
CSL Plasma GmbH Pension Plan (Germany) – provides an ongoing pension	—	(0.4)	(0.4)	—	(0.3)	(0.3)
CSL Behring KK Retirement Allowance Plan (Japan) – provides a lump sum benefit upon exit	—	(15.3)	(15.3)	—	(15.4)	(15.4)
CSL Behring S.A. Pension Plan (France) – provides a lump sum benefit upon exit	—	(1.9)	(1.9)	—	(1.5)	(1.5)
CSL Behring S.p.A Pension Plan (Italy) – provides a lump sum benefit upon exit	—	(0.9)	(0.9)	—	(1.1)	(1.1)
Total	841.5	(1,124.0)	(282.5)	735.5	(1,081.6)	(346.1)

In addition to the plans listed above, CSL Behring GmbH, CSL Behring Innovation GmbH and Seqirus GmbH employees are members of multi-employer plans administered by an unrelated third party. CSL Behring GmbH, CSL Behring Innovation GmbH, Seqirus and their employees make contributions to the plans and receive pension entitlements on retirement. Participating employers may have to make additional contributions in the event that the plans have insufficient assets to meet their obligations. However, there is insufficient information available to determine this amount on an employer by employer basis. The contributions made by CSL Behring GmbH, CSL Behring Innovation GmbH and Seqirus GmbH are determined by the Plan Actuary and are designed to be sufficient to meet the obligations of the plans based on actuarial assumptions. Contributions made by CSL Behring GmbH, CSL Behring Innovation GmbH and Seqirus GmbH are expensed in the year in which they are made.

Movements in Accrued benefits and assets

During the financial year the value of accrued benefits increased by \$42.4m, mainly attributable to:

- Service cost charged to the profit and loss of \$49.4m. This amount represents the increased benefit entitlement of members, arising from an additional year of service and salary increases.

- Interest costs of \$7.5m, representing the discount rate on the benefit obligation and anticipated monthly benefit payments.
- Contributions made by employees of \$14.3m.
- Unfavourable foreign currency movements of \$16.2m which are taken directly to the Foreign Currency Translation Reserve.
- Offsetting these increases were benefits paid by the plans of \$33.5m and actuarial adjustments, due primarily to changes in assumptions at the end of the year than originally anticipated by the actuary, generating a decrease in accrued benefits of \$36.7m. These adjustments do not affect the profit and loss as they are recorded in Other Comprehensive Income.

Plan assets increased by \$106.0m during the financial year. The increase is mainly attributable to the following factors:

- Contributions made by employer and employee increased plan assets by \$43.5m.
- Investment returns increased plan assets by \$69.1m; and
- Offsetting these increases were benefits paid by the plans of \$29.7m and favourable foreign currency movements of \$1.6m which are taken directly to the Foreign Currency Translation Reserve.

¹⁸ During the financial year ended 30 June 2021, the defined benefit pension plan operated by CSL Behring Innovation GmbH was transferred from CSL Behring GmbH.

	2021	2020
The principal actuarial assumptions, expressed as weighted averages, at the reporting dates are:	%	%
Discount rate	0.7%	0.7%
Future salary increases	2.1%	2.1%
Future pension increases	0.5%	0.5%

Plan Assets:

	2021	2020
The major categories of total plan assets are as follows:	US\$m	US\$m
Cash	63.0	21.9
Instruments quoted in active markets:		
Equity instruments	313.0	241.7
Bonds	290.6	328.9
Unquoted investments - property	169.7	143.3
Other assets	5.2	(0.3)
Total Plan Assets	841.5	735.5

The variable with the most significant impact on the defined benefit obligation is the discount rate applied in the calculation of accrued benefits. A decrease in the average discount rate applied to the calculation of accrued benefits of 0.25% would increase the defined benefit obligation by \$43.5m. An increase in the average discount rate of 0.25% would reduce the defined benefit obligation by \$40.5m.

The defined benefit obligation will be discharged over an extended period as members exit the plans. The plan actuaries have estimated that the following payments will be required to satisfy the obligation. The actual payments will depend on the pattern of employee exits from the Group's plans.

Within one year	\$50.9m	(2020: \$44.4m)
Between two and five years	\$185.0m	(2020: \$164.1m)
Between five and ten years	\$215.6m	(2020: \$197.5m)
Beyond ten years	\$672.4m	(2020: \$676.0m)

(b) Share-based payments - equity settled

In 2017 CSL introduced a new long term incentive framework. Legacy programs ceased to operate in 2020.

Long Term Incentives under the current framework

A face value equity allocation methodology, being a volume weighted average share price based on the market price of a CSL share at the time of grant, is used to determine the number of units granted to a participant under each of the shared based payment plans, which are as follows:

The Executive Performance and Alignment Plan (EPA) that grants Performance Share Units (PSU) to qualifying executives. Vesting is subject to continuing employment, satisfactory performance and the achievement of an absolute return measure. The return measure is a seven year rolling average Return on Invested Capital.

The Retain and Grow Plan (RGP) that grants Restricted Share Units (RSU) to qualifying employees, participation in the RGP plan is broader than in the EPA plan. Vesting is subject to continuing employment and satisfactory performance.

Under both the EPA and annual RGP plans grants will vest in equal tranches on the first, second, third and fourth anniversaries of grant. For RGP commencement benefit awards, vesting dates will vary.

There have been no changes to the terms of grant of any existing instruments.

The fair value of the PSUs and RSUs granted is estimated at the date of grant using an adjusted form of the Black-Scholes model, considering the terms and conditions upon which the PSUs and RSUs were granted. There is no exercise price payable on PSUs or RSUs. The following grants were issued during the year ended 30 June 2021:

Date of grant	PSUs	RSUs
1 September 2020	156,719	385,370
1 March 2021	7,051	16,172
1 April 2021	3,275	13,647

The relevant tranche of PSUs and RSUs will exercise upon vesting between September 2020 and September 2024.

Legacy Share-based Long Term Incentives (LTI) issued in October 2016

Performance Right grants made in 2016 will vest over a four year period with no retest. The EPS growth test has 100% vesting occurring at a 13% compound annual growth rate and the potential for additional vesting on the achievement of stretch EPS growth targets. The relative TSR test is against a cohort of global pharmaceutical and biotechnology companies with 50% vesting where CSL's performance is at the 50th percentile rising to 100% vesting at the 75th percentile. Performance Options also vest over a four year period and have no performance hurdles. The options only have value when the share price on exercise exceeds the exercise price. The company does not provide loans to fund the exercise of options.

The Non-Executive Directors Plan (NED)

The Non-Executive Directors (NED) pay a minimum of 20% of their pre-tax base fee in return for a grant of Rights, each Right entitling a NED to acquire one CSL share at no cost (shares purchased on market). There is a nominated restriction period, of three to fifteen years, after which the NED will have access to their shares.

On 27 August 2020, 2,228 Rights were granted under the NED vesting on 23 February 2021 and 23 August 2021.

Global Employee Share Plan (GESP)

The Global Employee Share Plan (GESP) allows employees to make contributions from after tax salary up to a maximum of A\$6,000 per six month contribution period. The employees receive the shares at a 15% discount to the applicable market rate, as quoted on the ASX on the first day or the last day of the six-month contribution period, whichever is lower.

Recognition and measurement

The fair value of options or rights is recognised as an employee benefit expense with a corresponding increase in equity. Fair value is independently measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or rights.

Fair value is independently determined using a combination of the Binomial and Black Scholes valuation methodologies, including Monte Carlo simulation, considering the terms and conditions on which the options and rights were granted. The fair value of the options granted excludes the impact of any

non-market vesting conditions, which are included in assumptions about the number of options that are expected to vest.

At each reporting date, the number of options and rights that are expected to vest is revised. The employee benefit expense recognised each period considers the most recent estimate of the number of options and rights that are expected to vest. No expense is recognised for options and rights that do not ultimately vest, except where the vesting is conditional upon a market condition and that market condition is not met.

Valuation assumptions and fair values of equity instruments granted

The model inputs for share-based payments granted during the year ended 30 June 2021 included:

	Fair Value (A\$) ¹⁹	Share Price (A\$)	Exercise Price (A\$)	Expected Volatility ²⁰	Life Assumption	Expected Dividend Yield	Risk-free Interest Rates
Performance Share Units (by grant date)							
1 September 2020 - Tranche 1	\$287.79	\$290.79	Nil	38.98 %	12 months	1.04 %	0.25 %
1 September 2020 - Tranche 2	\$284.81	\$290.79	Nil	32.55 %	24 months	1.04 %	0.25 %
1 September 2020 - Tranche 3	\$281.87	\$290.79	Nil	28.55 %	36 months	1.04 %	0.25 %
1 September 2020 - Tranche 4	\$278.95	\$290.79	Nil	27.18 %	48 months	1.04 %	0.25 %
1 March 2021 - Tranche 1	\$266.12	\$267.58	Nil	24.11 %	6 months	1.09 %	0.11 %
1 March 2021 - Tranche 2	\$263.24	\$267.58	Nil	34.78 %	18 months	1.09 %	0.11 %
1 March 2021 - Tranche 3	\$260.39	\$267.58	Nil	31.01 %	30 months	1.09 %	0.11 %
1 March 2021 - Tranche 4	\$257.56	\$267.58	Nil	27.94 %	42 months	1.09 %	0.11 %
1 April 2021 - Tranche 1	\$265.48	\$266.68	Nil	24.00 %	5 months	1.07 %	0.08 %
Restricted Share Units (by grant date)							
1 September 2020 - Tranche 1	\$290.79	\$290.79	Nil	N/A	Nil	1.04 %	0.25 %
1 September 2020 - Tranche 2	\$289.30	\$290.79	Nil	51.10 %	6 months	1.04 %	0.25 %
1 September 2020 - Tranche 2	\$287.79	\$290.79	Nil	38.98 %	12 months	1.04 %	0.25 %
1 September 2020 - Tranche 3	\$286.31	\$290.79	Nil	34.14 %	18 months	1.04 %	0.25 %
1 September 2020 - Tranche 3	\$284.81	\$290.79	Nil	32.55 %	24 months	1.04 %	0.25 %
1 September 2020 - Tranche 4	\$283.35	\$290.79	Nil	30.42 %	30 months	1.04 %	0.25 %
1 September 2020 - Tranche 4	\$281.87	\$290.79	Nil	28.55 %	36 months	1.04 %	0.25 %
1 September 2020 - Tranche 5	\$278.95	\$290.79	Nil	27.18 %	48 months	1.04 %	0.25 %
1 March 2021 - Tranche 1	\$267.58	\$267.58	Nil	N/A	0 months	1.09 %	0.11 %
1 March 2021 - Tranche 2	\$266.12	\$267.58	Nil	24.11 %	6 months	1.09 %	0.11 %
1 March 2021 - Tranche 3	\$264.68	\$267.58	Nil	39.90 %	12 months	1.09 %	0.11 %
1 March 2021 - Tranche 4	\$263.24	\$267.58	Nil	34.78 %	18 months	1.09 %	0.11 %
1 March 2021 - Tranche 5	\$261.82	\$267.58	Nil	31.94 %	24 months	1.09 %	0.11 %
1 March 2021 - Tranche 6	\$260.39	\$267.58	Nil	31.01 %	30 months	1.09 %	0.11 %
1 March 2021 - Tranche 7	\$258.98	\$267.58	Nil	29.44 %	36 months	1.09 %	0.11 %
1 March 2021 - Tranche 8	\$257.56	\$267.58	Nil	27.94 %	42 months	1.09 %	0.11 %
1 April 2021 - Tranche 1	\$265.48	\$266.68	Nil	24.00 %	5 months	1.07 %	0.08 %
1 April 2021 - Tranche 2	\$264.08	\$266.68	Nil	27.26 %	11 months	1.07 %	0.08 %
1 April 2021 - Tranche 3	\$261.26	\$266.68	Nil	32.26 %	23 months	1.07 %	0.08 %
1 April 2021 - Tranche 4	\$258.47	\$266.68	Nil	29.47 %	35 months	1.07 %	0.08 %
Rights (by grant date)							
27 August 2020 - Tranche 1	\$293.64	\$295.05	Nil	50.90 %	6 months	1.00 %	0.25 %
27 August 2020 - Tranche 2	\$292.16	\$295.05	Nil	38.59 %	12 months	1.00 %	0.25 %
GESP (by grant date)²¹							
4 September 2020 - Tranche 1	\$31.88	\$279.05	\$247.17	51.10 %	6 months	1.04 %	0.25 %
5 March 2021 - Tranche 1	\$21.14	\$248.58	\$227.44	24.11 %	6 months	1.09 %	0.11 %

¹⁹ PSUs are subject to a ROIC based performance measure.

²⁰ The expected volatility is based on the historic volatility (calculated based on the remaining life assumption of each equity instrument, adjusted for any expected changes).

²¹ The fair value of GESP equity instruments is estimated based on the assumptions prevailing on the grant date. In accordance with the terms and conditions of the GESP plan, shares are issued at a 15% discount to the lower of the ASX market price on the first and last dates of the contribution period.

Note 19: Detailed Information - Shareholder Returns

	Consolidated Entity	
	2021 US\$m	2020 US\$m
Retained earnings		
Opening balance at 1 July	10,752.3	9,612.3
Net profit for the year	2,375.0	2,102.5
Opening balance sheet adjustment from AASB 16 adoption	—	(65.0)
Dividends	(958.0)	(883.1)
Actuarial gain/(loss) on defined benefit plans	100.6	(27.1)
Deferred tax (expense)/benefit on actuarial gain/loss on defined benefit plans	(17.2)	12.7
Closing balance at 30 June	12,252.7	10,752.3
Performance Options Plan		
Options exercised under Performance Option plans as follows:		
308,186 issued at A\$105.63 (2020: 299,078 issued at A\$89.52)	24.4	18.0
Global Employee Share Plan (GESP)		
86,619 issued at A\$247.17 on 4 September 2020 (2020: 104,722 issued at A\$162.76 on September/October 2019)	15.6	11.6
93,341 issued at A\$227.44 on 5 March 2021 (2020: 94,101 issued at A\$201.07 on 10 March 2020)	16.4	12.4
	56.4	42.0

Note 20: Auditor Remuneration

During the year, the following fees were paid or were payable for services provided by CSL's auditor and by the auditor's related practices:

	2021	2020
	US\$	US\$
AUDIT SERVICES – Ernst & Young Australia		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	1,956,994	1,841,091
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm		
– Sustainability assurance	66,819	110,982
– Agreed upon procedures and other audit engagements	90,045	9,749
Fees for other services		
Subsidiaries directors' training	80,000	—
Due diligence	211,449	375,384
Remuneration advisory	357,646	232,728
Tax compliance	—	22,288
Total fees to Ernst & Young (Australia)	2,762,953	2,592,222
AUDIT SERVICES – Ernst & Young Overseas Member Firms		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	3,556,179	3,649,937
Fees for assurance services that are required by legislation to be provided by the auditor	13,845	13,322
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm		
– Agreed upon procedures and other audit engagements	77,009	146,024
Fees for other services	35,224	34,463
Total fees to overseas member firms of Ernst & Young (Australia)	3,682,257	3,843,746
Total audit services	5,760,891	5,771,105
Total non-audit services	684,319	664,863
Total auditor's remuneration	6,445,210	6,435,968

Note 21: Deed of Cross Guarantee

On 3 February 2017, a deed of cross guarantee was executed between CSL Limited and some of its wholly owned entities, namely CSL International Pty Ltd (now CSL Behring (Holdings) Pty Ltd), CSL Finance Pty Ltd, Seqirus (Australia) Pty Ltd, CSL Innovation Pty Ltd, Seqirus Pty Ltd, CSL Behring (Australia) Pty Ltd and Seqirus Holdings Australia Pty Ltd. During the year ended 30 June 2021, CSL IP Investments Pty Ltd and Amrad Pty Ltd, were added to the deed. Under this deed, each company guarantees the debts of the others. By entering into the deed, these specific wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The entities that are parties to the deed represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by CSL Limited, they also represent the 'Extended Closed Group'. A consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2021 and 30 June 2020 and a consolidated balance sheet as at each date for the Closed Group is set out below.

	Consolidated Closed Group	
	2021	2020
Income Statement	US\$m	US\$m
<i>Continuing operations</i>		
Sales revenue	1,244.4	1,035.3
Cost of sales	(652.0)	(690.1)
Gross profit	592.4	345.2
Dividend income	667.3	1,405.0
Interest income	2.2	1.3
Research and development expenses	(139.4)	(141.8)
Selling and marketing expenses	(60.2)	(44.9)
General and administration expenses	(110.7)	(95.5)
Finance costs	(32.9)	(27.3)
Sundry expenses	(116.8)	(57.0)
Profit before income tax expense	801.9	1,385.0
Income tax (expense)/credit	(51.8)	20.3
Profit for the year	750.1	1,405.3

	Consolidated Closed Group	
	2021 US\$m	2020 US\$m
Balance Sheet		
Current Assets		
Cash and cash equivalents	334.7	481.8
Trade and other receivables	584.5	407.6
Inventories	267.4	212.2
Total Current Assets	1,186.6	1,101.6
Non-Current assets		
Trade and other receivables	39.6	48.1
Other financial assets	14,644.2	14,631.2
Property, plant and equipment	1,230.5	841.1
Deferred tax assets	77.0	121.8
Intangible assets	25.3	23.3
Retirement benefit assets	0.4	—
Total Non-Current assets	16,017.0	15,665.5
Total assets	17,203.6	16,767.1
Current Liabilities		
Trade and other payables	1,087.0	770.1
Provisions	69.1	53.0
Deferred government grants	49.9	2.9
Total Current Liabilities	1,206.0	826.0
Non-Current Liabilities		
Trade and other payables	112.9	26.6
Interest-bearing liabilities and borrowings	1,509.3	1,429.2
Provisions	46.9	9.4
Deferred government grants	26.1	27.8
Total Non-Current Liabilities	1,695.2	1,493.0
Total liabilities	2,901.2	2,319.0
Net assets	14,302.4	14,448.1
Equity		
Contributed equity	(3,476.6)	(3,476.6)
Reserves	(268.7)	(333.7)
Retained earnings	18,047.7	18,258.4
TOTAL EQUITY	14,302.4	14,448.1

	2021	2020
	US\$m	US\$m
Summary of movements in consolidated retained earnings of the Closed Group		
Retained earnings at beginning of the financial year	18,258.4	17,735.9
Net profit	750.1	1,405.3
Actuarial (loss)/gain on defined benefit plans, net of tax	(2.8)	0.3
Dividends paid	(958.0)	(883.1)
Retained earnings at the end of the financial year	18,047.7	18,258.4

The prior year amounts have been restated from that previously published.

Note 22: Parent Entity Information**Information relating to CSL Limited ('the parent entity')****(a) Summary financial information**

	2021	2020
	US\$m	US\$m
The individual financial statements for the parent entity show the following aggregate amounts:		
Current assets	373.6	310.6
Total assets	6,333.1	6,272.1
Current liabilities	342.5	323.7
Total liabilities	4,038.3	3,181.0
Contributed equity	(3,959.2)	(4,014.9)
Foreign currency translation reserve	(600.4)	(600.4)
Retained earnings	6,854.4	7,706.4
Net assets / Total equity	2,294.8	3,091.1
Profit for the year	106.1	93.1
Total comprehensive income	106.1	117.9

(b) Guarantees entered into by the parent entity

The parent entity provides certain financial guarantees in the ordinary course of business. No liability has been recognised in relation to these guarantees as the fair value of the guarantees is immaterial. These guarantees are mainly related to all external debt facilities of the Group. In addition, the parent entity provides letters of comfort to indicate support for certain controlled entities to the amount necessary to enable those entities to meet their obligations as and when they fall due, subject to certain conditions (including that the entity remains a controlled entity).

(c) Contingent liabilities of the parent entity

The parent entity did not have any material contingent liabilities as at 30 June 2021 or 30 June 2020. For information about guarantees given by the parent entity, please refer above and to Note 21.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any material contractual commitments for the acquisition of property, plant and equipment as at 30 June 2021 or 30 June 2020.

Note 23: Subsequent Events

Other than as disclosed elsewhere in these statements, there are no matters or circumstances which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, results of those operations or the state of affairs of the Group in subsequent financial years.

Note 24: Amendments to Accounting Standards and Interpretations

(a) Amendments to accounting standards and interpretations adopted by the Group

In addition to the impact of the IFRIC announcement with respect to Cloud Computing and SaaS arrangements disclosed in Note g, the Group has adopted the following amendments to accounting standards. None of the changes have had a material impact on the Group's accounting policies nor have they required any restatement.

- *AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business*
- *AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material*
- *AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- *AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*

(b) Amendments to accounting standards and interpretations not yet effective for the Group

A number of other accounting standards and interpretations have been issued and will be applicable in future periods. While these remain subject to ongoing assessment, no significant impacts have been identified to date. These standards have not been applied in the preparation of these Financial Statements.

Applicable to the Group for the year ending 30 June 2022:

- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*

Applicable to the Group for the year ending 30 June 2023:

- *AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*
 - *Reference to the Conceptual Framework – Amendments to AASB 3 Business Combinations*
 - *Property, Plant and Equipment – Proceeds before Intended Use*
 - *Onerous Contracts – Cost of Fulfilling a Contract*

Applicable to the Group for the year ending 30 June 2024:

- *Amendments to AASB 101: Classification of Liabilities as Current or Non-current*
- *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*
- *AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Directors' Declaration

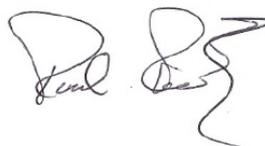
- 1) In the opinion of the Directors:
 - a) the financial statements and notes of the company and of the Group are in accordance with the Corporations Act 2001 (Cth), including:
 - i. giving a true and fair view of the company's and Group's financial position as at 30 June 2021 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and Corporations Regulations 2001.
 - b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 2) About this Report (a) in the notes to the financial statements confirms that the financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.
- 3) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 (Cth) for the financial period ended 30 June 2021.
- 4) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 21 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 3 February 2017.

This declaration is made in accordance with a resolution of the directors.



Brian McNamee AO

Chairman



Paul Perreault

Managing Director

Melbourne

August 17 2021

Independent Auditor's Report to the Members of CSL Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of CSL Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Existence and valuation of inventories

Why significant

At 30 June 2021, the Group holds inventories of \$3,780.6 million which are recorded at the lower of cost and net realisable value. The Group's accounting for inventories is complex as the nature of products being produced and the strict quality and efficacy requirements it must comply with leads to a risk that inventories may be valued at greater than their recoverable amount.

Provisions can be recognised for all components of inventories, including raw materials, work in progress and finished goods. The Group considers a number of factors when determining the appropriate level of inventory provisioning, including regulatory approvals and future demand for the Group's products.

In addition, the geographic footprint of the Group and the movements and sale of inventory between the Group's operations means both the existence of inventories and the valuation of inventories is a key audit matter. This includes considering whether any mark up of inventories from sales within the Group is appropriately eliminated in the consolidated financial statements.

The Group's disclosures with respect to inventories is included in Note 4 of the financial report.

How our audit addressed the key audit matter

We have assessed the carrying value of inventories, including costing and provisions for obsolescence and net realisable value at 30 June 2021.

The existence of inventories has been tested through our attendance at regular cycle counts conducted throughout the period or through attendance at year-end inventory stocktakes in all locations with significant stock holdings. Through our observation of physical inventories, we validated, on a sample basis, expiry dates of products and remained alert for obsolescence issues.

We assessed the appropriateness of the determination of inventory cost by assessing the accuracy of the standard costing used by the Group and assessing the recognition of variances from standard costs.

We assessed whether inventory is recognised at the lower of cost or net realisable value at period end by comparing the inventory value measured at cost to audit evidence supporting net realisable value such as the current selling price of the products and achieved margins.

We assessed whether the provisions for obsolescence calculated by the Group reflect known quality issues and commercial considerations including product expiration, market demand, and manufacturing plans, as well as their compliance with Australian Accounting Standards, and consistent application from prior periods.

We assessed the Group's financial report consolidation process, the elimination of any unrealised profits on transactions between group entities and resultant tax consequences. We have substantively tested the inputs to the calculation of the intercompany profit in stock, and verified that it eliminated upon consolidation.

We have assessed the Group's disclosures with respect to inventories in Note 4 of the financial report.

2. Uncertain Tax Positions

Why significant

The Group operates in a number of different tax jurisdictions, all of which have specific tax risks and regulations that need to be considered.

In particular, transfer pricing arrangements relating to transactions within the Group are significant with a large number of cross-border purchases and sales, intercompany charges as well as transfers of intellectual property between Group entities in different tax jurisdictions.

The Group's disclosures with respect to taxation are included in Note 3 of the financial report.

How our audit addressed the key audit matter

We assessed the Group's various tax exposures to assess whether adequate provisions have been recorded for exposures with higher risk and uncertainty.

Involving our taxation specialists in relevant countries, our audit procedures included:

- ▶ assessing the Group's determination of current and deferred income tax expense, with particular focus on uncertain tax positions and consideration of AASB Interpretation 23 'Uncertainty over Income Tax Treatments';
- ▶ considering any third-party taxation advice received;
- ▶ understanding the status of and accounting for any tax audits being conducted by regulators around the world and their findings; and
- ▶ considering the Group's transfer pricing documentation.

We have assessed the Group's disclosures with respect to taxation in Note 3 of the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

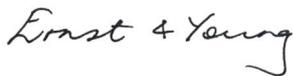
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of CSL Limited for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



Rodney Piltz
Partner
Melbourne
17 August 2021



Kylie Bodenham
Partner
Melbourne
17 August 2021