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# ASX Announcement

**For immediate release**

2 September 2022

## CSL ANNUAL REPORT 2021/22

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

The CSL Board of Directors is pleased to release CSL's 2021/2022 Annual Report.

Authorised for lodgement by:

Fiona Mead
Company Secretary

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CSL

# Driven by Our Promise

**CSL Limited** Annual Report 2021/22

# Contents



## CSL Calendar

**2022**

| | |
|---|---|
| 17 August | Annual results and final dividend announcement |
| 6 September | Shares trade ex-dividend |
| 7 September | Record date for final dividend |
| 5 October | Final dividend paid |
| 12 October | Annual General Meeting |
| 31 December | Half Year ends |

**2023**

| | |
|---|---|
| 15 February | Half Year results and interim dividend announcement |
| 9 March | Shares trade ex-dividend |
| 10 March | Record date for interim dividend |
| 5 April | Interim dividend paid |
| 30 June | Full Year ends |
| 16 August | Annual results and final dividend announcement |
| 11 September | Shares trade ex-dividend |
| 12 September | Record date for final dividend |
| 4 October | Final dividend paid |
| 11 October | Annual General Meeting |
| 31 December | Half Year ends |

## Annual General Meeting

The 2022 Annual General Meeting (AGM) of CSL Limited (ABN 99 051 588 348) will be held on Wednesday, 12 October 2022 at 10am (Melbourne time) at the Clarendon Auditorium, Melbourne Convention and Exhibition Centre, South Wharf, Melbourne 3000.

Find out more **CSL.com**

## About this report

This Annual Report combines CSL's financial and non-financial performance in one comprehensive account, linking our sustainability and strategic priorities to our business results. Unless otherwise stated, this report covers CSL's subsidiaries as listed on page 131. CSL conducted its fifth sustainability materiality assessment in 2021/22. The prioritised results of our assessment are available within this report and on CSL.com. In addition to an independent audit of our consolidated financial accounts, limited assurance on a selection of corporate responsibility (CR) metrics has been provided by Ernst & Young, and an assurance statement for non-financial indicators, along with more detailed Group and CR information, including our materiality assessment, can be found on CSL.com (Our Company > Corporate Responsibility).


Legal notice: This report is intended for global use.

This 2022 Annual Report is a summary CSL's operations and activities for the 12-month period ended 30 June 2022 and financial position as at 30 June 2022.

This report covers CSL's global operations, including subsidiaries, unless otherwise noted. A reference to CSL, CSL Group, we, us and our and similar expressions refer collectively to CSL Limited and its related bodies corporate.

Some statements about products, registered product indications or procedures may differ in certain countries. Therefore, always consult the country-specific product information, package leaflets or instructions for use. For more information, please contact a local CSL representative.

Brand names designated by a ® or a ™ throughout this publication are trademarks either owned by and/or licensed to CSL or its affiliates. Not all brands mentioned are used or registered as trade marks in all countries served by CSL.

**Forward-looking statements**

This report contains forward-looking statements including statements with respect to future company compliance and performance. This report also includes forward-looking statements regarding climate change and other environmental and energy transition scenarios. While these forward-looking statements reflect CSL's expectations at the date of this report, they are not guarantees or predictions of future performance or statements of fact. These statements involve known and unknown risks and uncertainties. Many factors could cause the Group's actual results, performances or achievements to differ, possibly materially, from those expressed in the forward-looking statements. These factors (including significant geopolitical issues relating to war in Ukraine, supply chain disruptions, energy security and inflation) include changes in government and policy; actions of regulatory bodies and other governmental authorities such as changes in taxation or regulation (or approvals under regulation); the effect of economic conditions; technological developments in the healthcare field; advances in environmental protection processes; and uncertainty and disruption caused by the COVID-19 pandemic and geo-political developments. There are also limitations with respect to scenario analysis, and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and relies on assumptions that may or may not prove to be correct or eventuate.

Readers are cautioned not to place undue reliance on forward-looking statements.

Except as required by applicable laws or regulations, CSL does not undertake to publicly update or review any forward-looking statements. Past performance cannot be relied on as a guide to future performance.

**Non-IFRS**

References to AASB refer to the Australian Accounting Standards Board and IFRS refers to the International Financial Reporting Standards. There are references to IFRS and non-IFRS financial information in this report. Non-IFRS financial measures are financial measures other than those defined or specified under any relevant accounting standard and may not be directly comparable with other companies' information. Non-IFRS financial measures are used to enhance the comparability of information between reporting periods, and enable further insight and a different perspective into the financial performance. Non-IFRS financial information should be considered in addition to, and is not intended to be a substitute for, IFRS financial information and measures. Non-IFRS financial measures are not subject to audit or review.



CSL Limited ABN 99 051 588 348

# Our Purpose

**The people and science of CSL save lives. We develop and deliver innovative medicines that help people with serious and life-threatening conditions live full lives and protect the health of communities around the world. Our CSL Values guide us in creating sustainable value for our stakeholders.**

## Arthur's story

**Staying active has always been a priority for Arthur.**

Arthur grew up playing sports and later moved on to weightlifting and bowling. In his late 30s, however, he was robbed of his mobility and left in severe pain by chronic inflammatory demyelinating polyneuropathy (CIDP). CIDP is a rare neurological disorder that can lead to symptoms such as weakness, paralysis or impairment in motor function, especially in the arms and legs.

After following a journey to diagnosis that lasted nearly 15 years, Arthur finally found the right treatment and is getting back to some of the activities that make him who he is.

He's also advocating for fellow CIDP patients and encouraging others to do the same. As he puts it, 'We need to speak up, work hard and be determined to overcome this.'

# 1 Chair and CEO Message

## Chair Message

Dear Fellow Shareholders,

I am pleased to share our results and operating review for 2021/22, from which you will see that CSL, supported by the strength of its foundations and an agile approach, is poised to deliver sustainable growth to our stakeholders.

### Poised for Growth

CSL has continued to be resilient to the external environment over the 2021/22 financial year. Our 2030 Strategy and our values continue to guide our leaders all the way through to our frontline employees.

Measured and ongoing investment into our business has been a key enabler of growth, and will continue to underpin that growth into the future. Our global capital investment program has advanced according to plan, and we continue to make great progress in our research and development (R&D) pipeline.

During the financial year, the Board approved the proposed acquisition of Vifor Pharma, a global pharmaceutical company focusing on the treatment areas of iron deficiency, dialysis, nephrology and rare disease. Through this acquisition, our global reach, R&D capabilities, and balance sheet will help accelerate opportunities to bring new and innovative products to the large and underserved community of people suffering with kidney disease and iron deficiencies.

The Board looks forward to the full integration of this business and we thank shareholders for their support for this acquisition.

### Our Governance Priorities

Another way we ensure we are poised to take advantage of the many opportunities afforded to us is through rigorous, best-practice governance, which is always a major focus of the Board.

In line with an observed trend in many jurisdictions towards a tenure limit for audit firms, we completed a competitive tender process to appoint new external auditors. This appointment is subject to shareholder approval at CSL's 2023 Annual General Meeting. If approved by shareholders, Deloitte Touche Tohmatsu will be CSL's external auditor for the 2024 financial year (commencing 1 July 2023). We wish to thank EY for their many years of distinguished service to shareholders.

The composition of the Board is an ever-present priority. We aim to have the right skills and expertise to navigate our industry and the broader macro environment. We believe we have a strong and complementary dynamic that will continue our long track record of exceptional governance.

The return of our ability to travel has meant that the Board has been able to come together in person more often, and I particularly enjoyed visiting our Kankakee and Holly Springs facilities in the United States with my fellow Board members and meeting the dedicated teams working at those sites.

Last year we announced our new sustainability strategy. While this has always been a focus for us at both the Board and operational levels, I am pleased to say the new strategy has provided us a refreshed impetus to be clear about our sustainability priorities. You can read about our progress, and specifically for the environment, further in this document.

### An Opportune Time

Although the global pandemic has entered a new phase, the operating environment continues to prove testing. Once again, I would like to thank our Managing Director and Chief Executive Officer, Paul Perreault, his Global Leadership Group and all of our CSL colleagues for successfully navigating your company through this challenging time.

There has been an overwhelming response to the pandemic from the scientific community, including CSL, and the many partners we engage with all over the world. Our partnership with AstraZeneca for example, manufactured 50 million doses of the VAXZEVRIA® COVID-19 vaccine requisitioned by the Australian Government. This enabled the protection of millions of Australians, as well as many of the country's neighbours in the Pacific region.

While we hope that the pandemic challenge starts to fade, it is in the nature of our industry to look to the other problems we try to solve every day, and work out how we can approach them more effectively. These unmet medical needs are an opportunity for our people, from our scientists, researchers, knowledge workers, to our manufacturing experts and phlebotomists to contribute to helping protect the health of communities around the world. This pursuit has received a great boost over the past two years as we have witnessed new approaches to clinical trials, fast-tracked approval processes and new precedents for what collaboration can look like.

This is an opportune time for our company to meet the world's increasing expectations, and our industry to heighten its contribution to achieving a healthier world.

**US$2.255**
billion in reported net profit after tax

**US$2.22**
dividend per share for 2022

## Outlook

While I began this note expressing my optimism, I am always wary of the broader environment in which we operate. At the time of writing there are significant geopolitical issues relating to war in the Ukraine, supply chain disruptions, energy security, and inflation.

There are no quick fixes to many of these issues, but the vital nature of the products and treatments that CSL produces means we can factor in a level of confidence to our growth plan.

I can assure you that we will work to control what is within our control with the people who rely on our vaccines and therapies as our priority. As always, in doing so we will continue to strive to create value for shareholders. I am pleased to report that the total full year dividend per share is US$2.22 per share, which is held constant with the previous financial year.

Thank you for your ongoing support of our company.

**Brian McNamee AO**
Chair

More on CSL.com (Investors > Financial Results and Information)

# 1 Chair and CEO Message

## CEO Message

Dear Shareholders,

I am pleased to be addressing you after another year when CSL was able to deliver solid results, as promised, in an ongoing complex global environment.

As I move around and connect with our people, patients and donors, I have been reminded repeatedly that when we trust in science and our purpose, the reward is repaid many times over, and allows us to continue delivering our promises to our stakeholders.

### Culture is Key

Whilst science has firmly and rightly been in the spotlight through the pandemic, progress in this domain does not happen without talented people.

As our people continue to connect both virtually and in person across plasma centres, our manufacturing sites, our research labs and our offices, there are many conversations within and between the diverse teams of people who make CSL so successful. The common thread I hear is that, although life has changed, our people stay motivated day-to-day through an overwhelming dedication to our purpose and our values.

Together, these have driven a culture that is not easily replicable, and one that I truly believe is unique and enduring at CSL.

The science and people of CSL save lives, and it is important to our leaders that employees feel motivated and proud to come to work, and that they have a promising future with us. This priority has been acknowledged this year with CSL honoured to be recognised as one of Australia and New Zealand's best places to work by the *Australian Financial Review*. In March, *Forbes* magazine also named CSL among America's Best Employers for 2022. It is encouraging to see that we are making progress and are receiving recognition for our efforts.

### Executing on Our 2030 Strategy

CSL's strategic framework guides us in how we make considered strategic decisions to evolve our organisation so that it remains effective, sustainable and efficient.

Our priority areas are: people and culture, focus, innovation, efficiency and supply, sustainable growth and digital transformation. You can read more about these in detail on page 19 of this report, but I want to reiterate that we are executing to plan and I am pleased with the progress we've made so far, particularly in relation to setting emissions reduction targets.

I would also like to elaborate on Dr McNamee's comments regarding Vifor Pharma. In December, we were pleased to enter into an agreement to acquire Vifor Pharma, a global specialty pharmaceutical company with leadership in renal disease and iron deficiency.

The acquisition fits strongly with our strategy. It adds a durable and growing business with leadership positions across nephrology, dialysis and iron deficiency, and will provide a platform to build a significant renal franchise. It also extends the reach of CSL's high-value pipeline in the renal space by leveraging enhanced access to unique patient populations which will support clinical trial execution.

The acquisition was funded through an institutional placement, a share purchase plan and a debt raising and I would like to thank all of our stakeholders for the overwhelming support they have shown for the transaction. Now, we look forward to the important work of integrating this business into the CSL family and driving the sustainable growth that this acquisition will add to the CSL business.

### Investment and Innovation

In 2021/22, CSL increased its investment into research and development by 17% at constant currency.

Enduring organisations have many high-value capital allocation options; initiatives to invest in that will help the organisation prosper into the future. Optionality is a good problem to have, and one that our leadership group debates regularly.

While these can take years to realise, it is great to share the achievement when we do. One recent example was the completion of the US$156 million expansion of our CSL Seqirus manufacturing facility in Holly Springs, North Carolina in the US. This new fill and finish production line gives us the ability to streamline our production process more efficiently, which ultimately helps us to better meet the needs of our patients and, in turn, better meet the needs of public health. CSL Seqirus' new A$800+ million cell culture vaccine production facility in Tullamarine is also making good progress and when finished (expected to be in 2026) will be the only one of its kind in the Southern Hemisphere.

Our R&D pipeline is at the heart of future therapies and our investment in our R&D infrastructure is significant. Construction of our new R&D campus in Marburg, Germany, is nearly complete and this building will have capacity to house about 500 R&D employees, who will form strong, collaborative linkages with our other R&D campuses around the world.

In Melbourne, Australia, our state-of-the-art global R&D campus and new corporate headquarters under construction in Parkville's biomedical precinct are well advanced, with plans for completion in early 2023.

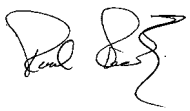
We have also made good progress in our investment into our late-stage R&D pipeline. In May, we received notice that the US Food and Drug Administration had accepted our Biologics License Application, for priority review, for the promising gene therapy etranacogene dezaparvovec. In clinical trials, etranacogene dezaparvovec has been shown to significantly reduce the rate of annual bleeds in people with haemophilia B after a single, one-time infusion compared to when these people were receiving recombinant factor IX therapy alone. If approved, it would be the first ever gene therapy treatment option for the haemophilia B community. This is a great development, and we are excited about the prospect of launching new and innovative products over the coming years.

Another example of a valuable investment relates to improving our donors' experience when they visit our centres. Plasma donors are a fundamental part of our business, and without them patients would not have access to life-changing medicines. In order to optimise their experience in our centres, we are employing a new plasmapheresis platform utilising technology to support a safe, efficient and improved experience for plasma donors, as well as a better process for CSL Plasma employees. We will introduce this new technology across our 300 US centres in the future.

## A Promising Future

In closing, I would like to thank our people, shareholders, partners, plasma donors and the many other stakeholders who allow us to bring people and science together to execute on our strategy. This combination helps us to achieve our purpose, which is to develop and deliver innovative medicines that help people with serious and life-threatening conditions live full lives and protect the health of communities around the world.

While we are not immune to the macroeconomic environment, I can assure you we will continue to operate with resilience, integrity and agility and deliver sustainable growth



**Paul Perreault**
CEO and MD

## Acquisition of Vifor Pharma

We recently announced the acquisition of Vifor Pharma (Vifor), a leading Swiss based company.

Vifor has a world-leading iron replacement platform for treatment of diseases such as iron deficiency anaemia and continues to generate extensive clinical data in related areas of high unmet medical need, such as iron deficiency in heart failure and patient blood management.

Through its extensive dialysis portfolio, Vifor has built a strong presence in renal diseases which continues to benefit from the introduction of novel therapies impacting disease progression.

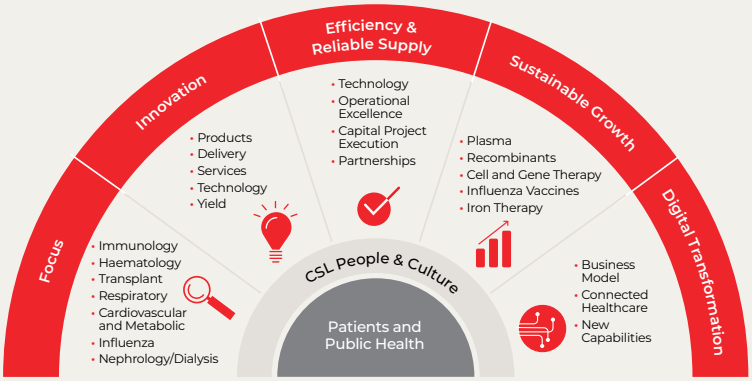
A cornerstone of Vifor's growth strategy has been its strategic partnerships, which have allowed Vifor to both broaden its portfolio and provide patients access to the treatments they need.

The Vifor business enhances CSL's established focus on protecting the health of patients with a range of rare and serious medical conditions. Some of the strategic benefits of CSL's acquisition of Vifor include:

- Strengthening CSL's Value driven strategy: Vifor adds a durable and growing business with leadership positions across complementary and adjacent franchises, delivering greater benefit to patients.
- Combined with CSL's R&D capabilities and financial scale, it enables a significant renal disease franchise to be established in this large and growing market.
- Extends the reach of CSL's high value pipeline: Together, CSL and Vifor will have a complementary portfolio and enhanced access to unique patient populations for future clinical studies.

We look forward to aligning the rebrand of Vifor to CSL Vifor and integrating the business within CSL's organisational structure and our 2030 Strategy.

### CSL's 2030 strategy with Vifor



# Our Values

**CSL's strong commitment to living our values has guided us for many decades. Our values are fundamental to our success – helping us to save lives, protect the health of people and earn our reputation as a trusted and reliable global leader. They are at the core of how our employees interact with each other, make decisions and solve problems.**

**Patient focus**

**Innovation**

**Integrity**

**Collaboration**

**Superior performance**

# Focus

## Danielle's story

**Danielle is leading a fulfilling life.**

With the pending arrival of twins and a newly earned master's degree in hand, Danielle is leading a fulfilling life. As a rare disease patient, however, it wasn't always an easy path to where she is now.

Danielle is living with common variable immunodeficiency, which is one of hundreds of primary immunodeficiency (PI) conditions. People living with a PI are especially vulnerable to infections. It took Danielle about 10 years to get the right diagnosis.

Now that she's managing her condition with the right treatment, Danielle is paying it forward by mentoring other PI patients and showing them how it's possible to live the life they've always envisioned.

# 2 Our Company

## CSL at a glance

40+
**Countries** of operations around the world

30,000+
**employees around the world**

US$10.6
**billion** in annual revenue

2,000+
**R&D employees**

US$4.6
**billion** in R&D investments in the last 5 years to advance product pipeline

330
**Plasma collection centres across China, Europe and North America**

## Our businesses

### CSL Behring

CSL Behring is a global biotherapeutics leader driven by our promise to save lives. Focused on serving patients' needs by using the latest technologies, we discover, develop and deliver innovative therapies for people living with conditions in the immunology, haematology, cardiovascular and metabolic, respiratory, and transplant therapeutic areas. We use three strategic scientific platforms of plasma fractionation, recombinant protein technology, and cell and gene therapy to support continued innovation and continually refine ways in which products can address unmet medical needs and help patients' lead full lives.

CSL Behring operates one of the world's largest plasma collection networks CSL Plasma.

### CSL Seqirus

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

CSL 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.


CSL

# Our R&D Pipeline

## 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 technologies developed by our own high-calibre scientists and innovative collaborations. R&D utilises its expertise in our strategic platforms – plasma fractionation; recombinant protein technology; cell and gene therapy; and vaccines technology. 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 vaccines.

In 2021/22 CSL invested US$1.16 billion* in R&D across our businesses. 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 is expected to contribute new revenue streams well into the following decades.

*Limited assurance by Ernst & Young

# Global Research and Development Pipeline 2021/22

## 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 | | | |
| **Etranacogene dezaparvovec** (Recombinant adeno-associated viral vector with codon-optimized Padua derivative of Human FIX cDNA) Haemophilia B | | | |
| **KCENTRA®** (Prothrombin Complex Concentrate) Trauma | | | |
| **CSL889** (Hemopexin) Sickle Cell Disease | | | |

## Respiratory

| | Clinical | Registration | Post-Launch |
|---|---|---|---|
| **ZEMAIRA®/RESPREEZA®** (Alpha 1 Antitrypsin) AAT Deficiency | | | |
| **Garadacimab** (Anti-FXIIa mAb) Interstitial Lung Disease/Idiopathic Pulmonary Fibrosis | | | |
| **Trabikibart** (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 Pandemic Vaccine) Influenza A (H5N1) | | | |
| **FLUAD®** (Trivalent Adjuvanted Vaccine) Influenza | | | |
| **FLUAD®** (Quadrivalent Adjuvanted Vaccine) Influenza | | | |
| **FLUCELVAX®** (Quadrivalent Cell-based Vaccine) Influenza | | | |
| **FOCLIVIA®/FOCETRIA** (Adjuvanted Egg-based Pandemic Vaccine) Influenza A (H5N1) | | | |
| **aQIVc** (Adjuvanted Quadrivalent Cell-based Vaccine) Influenza | | | |

## Outlicensed Programs

| | Clinical | Registration | Post-Launch |
|---|---|---|---|
| **Eblasakimab** (Anti-IL-13R mAb) Atopic Dermatitis | | | |
| **Mavrilimumab** (Anti-GM-CSFR mAb) Giant Cell Arteritis, Rheumatoid Arthritis** | | | |

* Partnered Project

**Mavrilimumab Phase II studies in GCA & RA complete. Kinikska evaluating development in rare cardiovascular diseases.

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 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 (PID), chronic inflammatory demyelinating polyneuropathy (CIDP), hereditary angioedema (HAE) and inherited respiratory disease. CSL Behring's products are also used in cardiac surgery, for burns treatment and for urgent warfarin reversal.

### Immunology

Our world leading immunoglobulin franchise is the cornerstone of the immunology therapeutic area.

Key CSL Behring products in market include PRIVIGEN®, HIZENTRA®, BERINERT®, HAEGARDA® and a range of hyperimmunes.

### Haematology

We are focused on maximising the value of our existing portfolio, developing new therapies and identifying transformational treatments to help patients realise a life full of potential.

Key CSL Behring products in market include IDELVION®, AFSTYLA®, HUMATE P®/HAEMATE®, BERIPLEX®/KCENTRA®, VONCENTO®/BIOSTATE® and albumin.

### Cardiovascular and metabolic

We are focused on improving and extending the lives of patients with cardiovascular disease (CVD) and diabetic kidney disease.

### Respiratory

Respiratory diseases impose an enormous burden on patients and society and are a leading cause of death and disability worldwide.

Key CSL Behring 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. We are focused on developing therapies to address transplant rejection.

### CSL Seqirus

Our broad range of influenza vaccines meets the needs of different populations around the world. In Australia and New Zealand, CSL 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.

# Operating Review

## CSL Behring

Total revenue was US$8,598 million, up 2%[1] when compared to the prior comparable period.

**Immunoglobulin (Ig)** product sales of US$4,024 million, were down 3%[1] as supply was constrained by the lower plasma collected in the previous year.

Despite the challenging environment, HIZENTRA® (Immune Globulin Subcutaneous (Human), 20% Liquid) sales were steady due to the preference for home administration and the continued uptake for HIZENTRA® for the treatment of Chronic Inflammatory Demyelinating Polyneuropathy (CIDP), a debilitating neurological disorder.

PRIVIGEN® (Immune Globulin Intravenous (Human), 10% Liquid) declined modestly, impacted by supply constraints and the patient preference for HIZENTRA®.

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

**Specialty product** sales of US$1,792 million, up 3%[1] led predominately by demand for KCENTRA® and to a lesser extent HAEGARDA®.

KCENTRA® (4 factor prothrombin complex concentrate) recorded sales growth of 18%[1], as hospital demand for the product returned to pre-pandemic levels driven by penetration within large hospitals and expansion into smaller regional accounts.

HAEGARDA®, a therapy for patients with hereditary angioedema, grew by 5%[1], driven by continued patient growth and a continued shift from on-demand to prophylaxis treatment. New launches in Europe and Australia have contributed to the rise in patient numbers.

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

**Haemophilia** product sales of US$1,166 million increased 8%[1].

IDELVION®, CSL Behring's novel long-acting recombinant factor IX product, achieved strong growth of 20%[1] driven by its clinical profile that continues to attract patient demand and gain market share. It remains 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$1,072 million, were down 1%[1]. Sales in China were up strongly whereas sales in other major market such as the US and Europe declined modestly due to the supply constraints from the lower plasma collections in the previous year.

## Plasma collections

Whilst plasma collections were adversely impacted by the COVID-19 pandemic in the previous financial year, this year saw strong growth with plasma volumes collected up 24%.

This was the result of targeted marketing efforts and enhanced digital initiatives to attract donors.

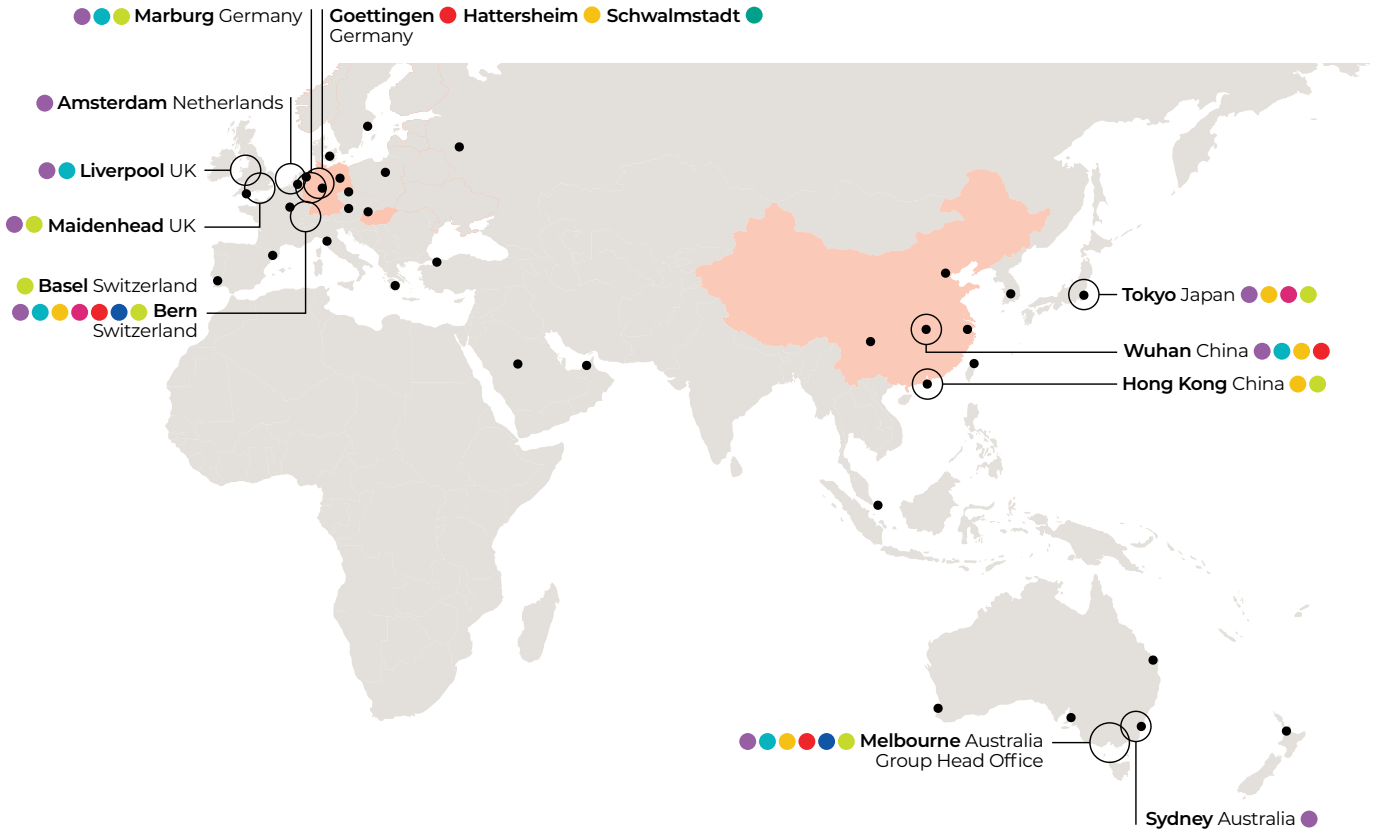
The cost of collections also increased including donor compensation and labour.

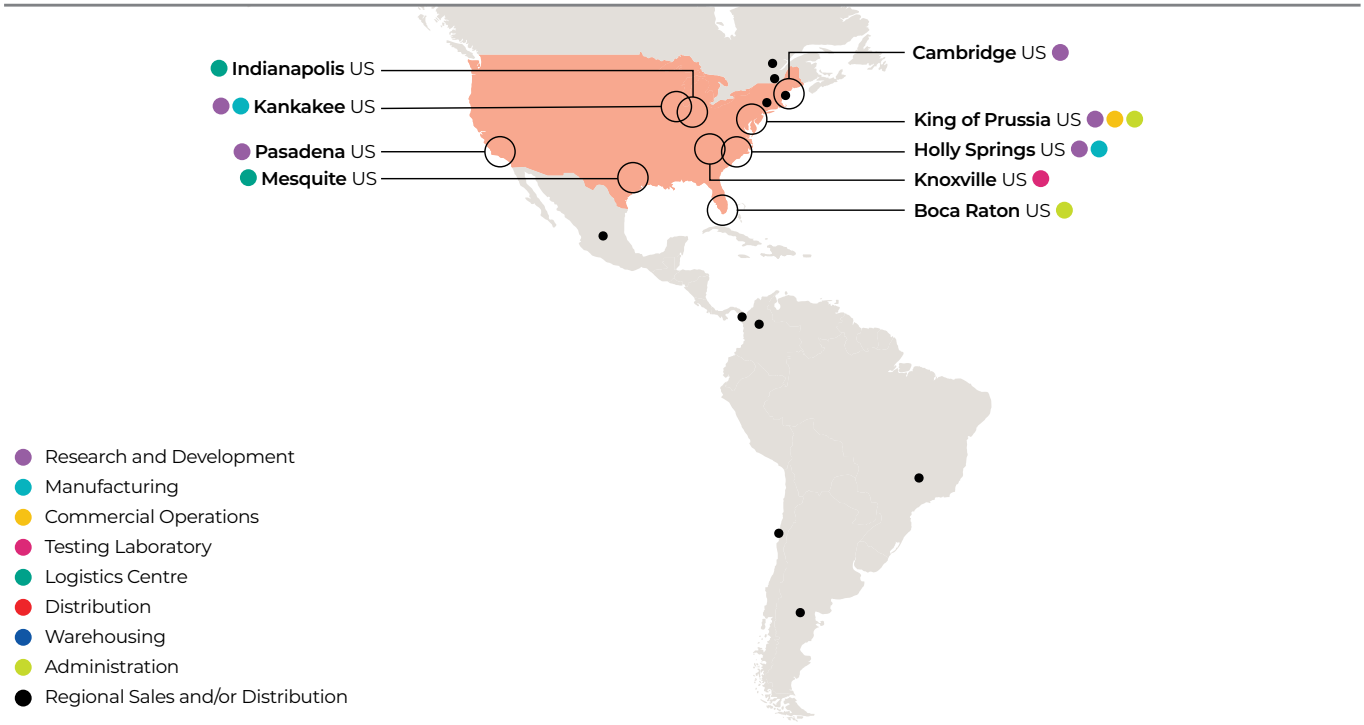
## CSL Seqirus

Total revenue of $1,964 million, was up 13%[1] driven by growth in seasonal influenza vaccines and CSL Seqirus' differentiated high value products, in particular FLUAD®, the adjuvanted product for the elderly market.

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 locations




- Research and Development
- Manufacturing
- Commercial Operations
- Testing Laboratory
- Logistics Centre
- Distribution
- Warehousing
- Administration
- Regional Sales and/or Distribution

**Plasma collection centres**

- Less than 50 centres
- More than 300 centres

# Efficiency and reliable supply

# 3 Our Performance and Strategy

## Business performance highlights

### Focus

- Remained focused on delivering on our promise to patients and public health during an unprecedented time of uncertainty.
- US$17.8 million supporting product access across the world.*
- US$50 million in global community investment across our strategic areas of support.

### Innovation

- Research and development (R&D) investment of US$1.16 billion.*
- Etranacogene dezaparvovec (Haemophilia B gene therapy) primary end point achieved in HOPE-B study with MAA (EU) and BLA (US) submitted.
- Garadacimab Phase III study enrolment completed for HAE.
- CSL112 (currently in Phase III for cardiovascular disease) continues to progress with over 80% enrolment.
- Phase II study for an adjuvanted QIV cell-based influenza vaccine completed.
- Government funding for new biotech start-up incubator partnership between CSL, WEHI and University of Melbourne.
- Achieved 24 product registrations or new indications across the globe.

### Efficiency and reliable supply

- Ongoing investment in major capital projects at all manufacturing sites to support future growth.
- In 2021/22, 27 new plasma collection centres opened.
- New plasmapheresis platform approved.
- Participated in 406 regulatory inspections of our manufacturing facilities and plasma collection centres.*
- 135 million influenza vaccine doses distributed by CSL Seqirus.
- Fill and finish capacity expansion projects completed at Holly Springs and Liverpool for influenza vaccines.

### Sustainable growth

- Revenue up 3% at constant currency.
- Significant growth in plasma collections.
- Strong performance by HIZENTRA®, our market leading subcutaneous immunoglobulin product with sales up 20%.
- KCENTRA®, our peri-operative bleeding product, grew 18% as hospital demand returned to pre-pandemic levels.
- CSL Seqirus revenue up 13% at constant currency driven by strong growth in seasonal influenza vaccines and product differentiation.
- US$9.9 billion distributed in supplier payments, employee wages and benefits, shareholder returns, government taxes and community contributions.*
- Announced Science Based Targets initiative aligned emissions reduction targets.

### Digital transformation

- Enhanced CSL Plasma Donor App with new functionality.
- Progression of the converged enterprise network strategy across the organisation.
- Initiation of our next generation Donation Management System.

### People and culture

- Achieved 77.9% employee engagement* score, an increase on the previous year.
- 44% female representation at Board level, 61% female across the Group.*
- Established early career programs for STEM talent around the globe to build our future talent pipeline.
- CSL named among America's best employers by Forbes magazine and also recognized as one of Australia and New Zealand's Best Places to Work by The Australian Financial Review.

**Patients and Public Health underpin everything we do**

* Limited assurance by Ernst & Young.

# Financial Highlights & Reported Results

**Interim unfranked dividend of**

**US$1.04**
per share

+

**Final 10% franked dividend of**

**US$1.18**
per share[1]

=

**Total ordinary dividends for 2022**

**US$2.22**
per share

**CSL announced a net profit after tax of**

**US$2.255 billion**
for the 12 months ending 30 June 2022

**Net profit after tax at constant currency[2] declined**

**6%**

**Sales revenue was**

**US$10,136 million**

## Expense performance

- Research and development (R&D) expenses were US$1,156 million, up 17%[2] when compared to the prior comparable period. The increase in expenses reflect further progression of our R&D projects since the easing of COVID-19 restrictions.
- Selling and marketing expenses (S&M) were steady[2] at US$961 million in comparison to the previous year. Whilst we had additional expenses on Etranacogene dezaparvovec pre-launch activities, we managed to hold S&M expenses in-line with prior year.
- General and administrative (G&A) expenses were US$688 million, an increase of 4%[2] when compared to the prior comparable period. The increase in G&A expenses were largely related to costs associated with acquiring Vifor. Excluding Vifor acquisition costs, G&A expenses were lower than prior year.
- Depreciation, amortisation (D&A) expense and impairment was US$668 million, up 14%[2] in comparison to the prior comparable period. D&A has increased due to continued commissioning of major capital and IT projects.
- Net finance costs were US$148 million, down 4%[2]. The decrease in net finance costs were predominantly related to an increase in finance income, largely driven by higher interest rates and operating cash balances inclusive of the equity proceeds related to the acquisition of Vifor.

## Financial position

- Cashflow from operations was US$2,629 million, down 27%. This reflects lower profit before tax and significant increase in inventories driven by higher plasma costs per litre and improved plasma volumes collected.
- Cashflow used for investing was US$1,636 million, down 2% when compared to the prior comparable period, predominantly driven by lower capital spend.
- CSL's balance sheet remains in a strong position with net assets of US$14,578 million.
- Current assets increased by 123% to US$16,461 million. The main driver was from strong cash inflows from operations as well as equity and debt proceeds related to the acquisition of Vifor.
- Non-current assets increased by 10% to US$11,885 million in comparison to the previous year. The increase is mainly due to continued capital project spend, new right of use assets relating to leases of new facilities together with the on market acquisition of a minority of Vifor shares.
- Current liabilities increased by 129% to US$7,108 million. The significant increase is mostly related to debt finance raised for the Vifor acquisition, which was treated as a current liability at 30 June due to a redemption feature should the deal not have completed. Following the subsequent completion of the Vifor acquisition, the related debt will be classified as non-current from the date of completion with the redemption feature now being met.
- Non-current liabilities were steady at $6,660 million compared to last financial year. Increase in deferred tax liabilities were mostly offset by lower non-current interest-bearing liabilities and borrowings coupled with decrease in retirement benefit liabilities.

1 For shareholders with an Australian registered address, the final dividend of US$1.18 per share (approximately A$1.68) will be franked to 10% for Australian tax purposes and paid on 5 October 2022. For shareholders with a New Zealand registered address, the dividend of US$1.18 per share (approximately NZ$1.86) will be paid on 5 October 2022. The exchange rates will be fixed at the record date of 7 September 2022. All other shareholders will be paid in US$. CSL also offers shareholders the opportunity to receive dividend payments in US$ by direct credit to a US bank account.

2 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 Value Creation Chain

## What we depend on

**Unmet need**
Opportunities to improve and protect the quality of life of patients and communities in therapy areas we treat.

**Natural resources**
Includes: plasma donations for rare and serious diseases; influenza virus strains for product manufacture; and environmental inputs such as water and energy.

**Physical assets**
Plasma centres to collect raw material, manufacturing facilities for our products, warehouses, offices for our people and laboratories for our scientists.

**Our people**
30,000+ people with diverse skills that are driven by our purpose and values.

**Financial resources**
Cash, equity and debt for future growth.

**Collaborators and business partners**
Accessing and sharing intellectual know how to develop and innovate our products.

## CSL's Strategy


**Strategic Sustainability Pillars & Focus Areas**
- Environment
- Social
- Workforce

## Our expertise and operations


CSL's Purpose, Values and Code of Responsible Business Practice

## Value we create

**A healthier more productive society**
Protecting global health and the wellbeing of individuals, families, businesses and communities from life-threatening and/or complications resulting from influenza.

Saving and/or improving the quality of life of hundreds and thousands of people with rare and serious diseases.

**Sustainable financial growth**
Delivering consistent, profitable and responsible growth for our investors, which fuels innovation and development.

**Social and economic opportunity**
Enabling hundreds of thousands of people to benefit from opportunity created by growing along with us, including employees, suppliers, plasma donors and research partners.

**Our promise to patients**

# Our 2030 Strategy

**CSL is driving sustainable growth to bring lifesaving therapies to patients and protect public health across the globe. We are focused on delivering across our therapeutic areas through innovation and our tireless approach to efficiency and reliable supply.**

CSL's 2030 Strategy has been developed to maximise our capabilities and advantages in a competitive and constantly changing world. Historically and to this day, we are continuously innovating to increase efficiencies in our supply chain with plasma collections to finished product for our plasma-derived protein therapeutics – a business that has grown sustainably over the years, is difficult to replicate and does not face patent cliffs. Our differentiated cell-based and adjuvanted influenza products offer communities improved protection against 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.

Our strategic pillars are represented in the Our 2030 Strategy (with Vifor) graphic on page 5. We focus on supporting patients and global public health in our core therapeutic areas. Our sustained investment in innovation, with an R&D budget of around US$1 billion, allows us the resources to develop the next generation of products to serve patients and public health. We are driven to be a leader in our fields of expertise and deliver a reliable supply of our lifesaving therapies. For sustainable growth of the enterprise, we are committed to serving our populations with the best available therapy across our strategic scientific platforms – plasma fractionation, recombinant protein technology, cell and gene therapy and vaccines. We see the promise of digital transformation to drive efficiency in our business and innovation to patients. At the centre of it all, we are investing in the more than 30,000 people who make up CSL, while remaining environmentally responsible as part of our sustainability strategy.

## Driving Sustainable Growth of Our Core Platforms

Plasma-derived therapies rely on plasma collections from donors to manufacture lifesaving products at our sites around the world. While the pandemic disrupted collections, we continued to invest in centre openings, operational improvements and digital engagement to donors through our CSL Plasma app to drive our sustainable growth path as conditions become more favorable. Today, collection volumes are exceeding our pre-pandemic levels.

As plasma collection volumes increase, we continue our investment in efforts to increase the yield of proteins recovered from each litre of plasma. Our commitment to innovation and our end-to-end network approach allow us to look at new ways to recover as much lifesaving protein as possible, from systematic process improvements through to highly innovative, transformative technologies.

CSL's core plasma products have a long history of being safe and effective. We continue to explore the potential benefits of our existing products in new indications to expand the number of patients that can benefit. We are also looking at new products derived from plasma, such as CSL112, which has the potential to be another important, lifesaving product and drive sustainable growth for the enterprise.

CSL Seqirus distributed a record number of vaccine doses in the last year, reflecting the public health benefits of our innovative influenza vaccines product portfolio.

We also continue to invest in the capabilities needed to drive sustainable growth, including commercial, R&D, medical and government affairs, which are critical to driving recognition of the benefits of our differentiated vaccine technologies.

We are taking a pioneering role in innovation, leveraging our cell, adjuvant and self-amplifying mRNA (sa-mRNA) technologies. Several of our products have been recognised by achieving preferred recommendations from National Immunisation Technical Advisory Groups.

To support future growth in vaccines, we are also investing in new manufacturing capabilities, including recently completed fill and finish expansions in Liverpool, UK, and Holly Springs, North Carolina, US, and ongoing work at our new cell-based manufacturing facility in Tullamarine, Australia, which is expected to commence commercial vaccine production in 2026.

## Disruptive R&D Innovation to Better Meet the Needs of Patients and Public Health

We are committed to serving patients and public health within our therapeutic areas by developing novel therapeutics and vaccines using our plasma fractionation, recombinant protein technology, cell and gene therapy and vaccines platforms.

Today, we have a single, integrated R&D portfolio encompassing all programs across multiple therapeutic areas and scientific platforms, providing strong foundations for sustainable growth.

Bringing together and integrating resources in our R&D functions allows us to share capabilities when possible and to enrich collaboration in functions where capabilities remain separate. The integrated portfolios, scientific synergies and complementary mindset will serve to build an even more robust pipeline and future for CSL. There are already numerous success stories of teams joining forces to solve challenging problems.

Our focus on patients and innovation has delivered novel products like our class-leading recombinant factor IX albumin fusion protein, IDELVION®, for the treatment of haemophilia B. IDELVION® is the most trusted brand in the haemophilia B space and we continue to deliver for patients with the promising etranacogene dezaparvovec, a gene therapy with transformative potential to the lives of haemophilia B patients.

Beyond haemophilia, we continue to develop promising products for patients with other diseases such as hereditary angioedema (HAE). While HAEGARDA® results in near-elimination of HAE attacks for patients, garadacimab – our anti-factor XIIa monoclonal antibody in late stage development has the potential to provide patients with similar control with less frequent dosing and easier administration. Other products in development include CSL112, our human apolipoprotein A-I product to reduce the risk of recurrent cardiovascular events during the 90-day high-risk period following a heart attack, and planning for a global Phase III study to evaluate the early administration of KCENTRA® (4-factor prothrombin complex concentrate) on survival in trauma patients suffering life-threatening bleeding.

We are also investing in new vaccine technologies to protect the public health, including next generation technologies such as sa-mRNA and aQIVc.

These are just some examples of how CSL's R&D team seeks to disrupt the status quo and explore better options for patients, including the potential benefits of our existing products in new indications.

## Our Digital Transformation

Technology is pushing us forward. Advances in analytics and automation are accelerating our path to sustainable growth. This acceleration is also extending the value of digital transformation from productivity of our processes and people, to new ways of keeping our promise to patients.

In the core of our business, analytics and automation are enhancing the plasma donor experience, improving yield in the supply chain, and facilitating customer-centricity. Supporting this is analytics and automation, these support the rate of experimentation in biomedical discovery, differentiate our therapies through observational and real-world evidence, and guide our patients through the complexity of care.

Going forward, we expect more change. Real world observations are likely to lead to clinical decision support algorithms for insights at the point of care. Yield improvements are likely to lead to digital twinning of our supply chain. Patient engagement is likely to lead to decentralised clinical trials.

Underlying our digital transformation is an effort to modernise our technology backbone to further enhance reliability and security. The renewed foundation also operates as a platform for a better workplace experience and an increasing rate of digital innovation.

## Advancing Promising Futures for Our People

CSL's sustained success and the lives of the patients we serve rely on the more than 30,000 people who make up CSL around the world. Investing in our people is an enterprise-wide priority, and we have a variety of initiatives in place to ensure we attract, develop, reward and retain the best talent across the globe.

At CSL, we believe our people can enjoy promising futures where they fulfill their individual career aspirations and potential and are inspired by a purpose-driven company with a values-based culture.

At every level of the organisation, we focus on:

- enabling career development across the enterprise with special attention to front-line leaders;
- establishing succession plans to support a robust leadership pipeline now and in the future;
- enhancing CSL's culture by listening to our employees and key stakeholders and making improvements to the employee and patient experience; and
- embedding diversity, equity and inclusion in all aspects of our business – from planning to decision making – and ensuring we have an engaging culture and workplace.

# Our Sustainability Strategy

To foster a more sustainable future, we announced our sustainability strategy in August 2021, focussing on three strategic pillars – Environment, Social and Sustainable Workforce. We have identified these three strategic pillars as material to our business where we plan to increase our engagement and accelerate action over the medium- to long-term. Performance across our strategic pillars will support execution of our 2030 Strategy and our promise to improve the lives of patients and protect public health. Our pillar focus areas are further guided by our material topics, which inform continuous improvement across our operations and transparency in areas that matter most to our key stakeholders.

## Sustainability Framework

### Our Vision

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

| | Environment | Social | Sustainable Workforce |
|---|---|---|---|
| **Focus areas** | · Integrate sustainability considerations into business decisions<br>· Reduce carbon emissions<br>· Minimise end to end production of waste through removal, reduction and recycling<br>· Reduction of carbon emissions/ waste in our supply chain | · Being trusted by donors through a focus on their experience and wellbeing, and their communities<br>· Strengthen societal health through access to our existing products and therapies and investment in innovation<br>· Enhance our industry position as a patient-focused and public health leader | · Raise awareness, visibility and engagement of sustainability across the end-to-end working experience for our employees<br>· Communicate to and engage with employees in programs that maximise diversity, equity and inclusion<br>· Ensure all CSL employees have access and opportunity to participate in community giving programs and volunteerism for local needs |
| **Material topics*** | · Promoting environmental protection<br>· Climate change and climate resilience<br>· Energy and emissions<br>· Waste and packaging<br>For more see section 8 in this report. | · Product safety and quality<br>· Supply continuity and resilience, including human rights and responsible supply chain^<br>· Innovation and R&D<br>· Trust and transparency<br>· Health security<br>· Accessible and affordable healthcare<br>For more see section 9 in this report. | · Talent recruitment, development and retention<br>· Health, safety and wellbeing<br>· Diversity, equity and inclusion<br>For more see section 7 in this report. |
| **Key SDGs** |  |  <br>  |  |
| | 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, inequality, innovation and climate change. For CSL, these goals continue to guide our actions and inform our 2030 and sustainability strategies, with four being identified as key goals where our sustainability performance can positively influence their achievement. More on SDGs on CSL.com (Our Company > Corporate Responsibility > Approach). | | |

*Limited assurance by Ernst & Young

^ Human rights and responsible supply chain was identified as a material topic under Governance, but has been combined with supply continuity and resilience. Ethics and integrity was the other material topic prioritised under Governance and detailed in section 10 of this report. More on material topics can be found on CSL.com (Corporate Responsibility > Approach).

# 3 Our Performance and Strategy

For the reporting year, our focus has been on advancing progress across our environmental pillar. We have taken necessary steps to understand the impacts of climate change on key assets and in responding to the challenges of a warming globe by delving deep into our operations today and well into the future. We have developed emission reduction targets across Value Chain. We are pleased to announce new carbon emissions reductions targets that will serve as a tangible, transparent roadmap to decarbonise our operations by reducing our direct and indirect emissions footprint. As such, in alignment with science-based targets, we commit to a 40% reduction in absolute Scope 1 and Scope 2 emissions by 2030, using the average of CSL's FY19-21 emissions as the basis. Further, we intend to ensure that suppliers who contribute 67% of our Scope 3 emissions have set Science Based Targets initiative aligned Scope 1 and 2 reductions by 2030.

We continue to progress other focus areas across our other pillars, including access to our therapies, sustainable workforce, employee engagement and diversity, equity and inclusion, as detailed within this report.

In support of our efforts, an executive committee has been established with several global executives as members. This committee has hands-on responsibility for formulating and achieving CSL's sustainability goals. It will create a culture of accountability across CSL. CSL's Board of Directors will retain oversight of progress through the Board and its Committees.

**Climate change risk assessment**

CSL has a practice of periodically conducting climate change risk assessments. This year we concluded an enterprise-wide risk assessment of our manufacturing facilities, CSL Plasma operations and key warehouse and third-party logistics infrastructure.

Our current view of the impact of climate change has been factored into our financial reporting for the year ended 30 June 2022. The impact assessment was primarily focused on the valuation and useful lives of intangible assets and the identification and valuation of provisions and contingent liabilities, as these are judged to be the key areas that could be impacted by the current reasonably foreseeable climate risks. No material accounting impacts or changes to judgements or other required disclosures were noted. While the Group's assessment did not have a material impact for the year ended 30 June 2022, this may change in future periods as the Group regularly updates its assessment of the impact of the lower carbon economy.

# Innovation

# 4 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 and vaccine industries, which include research and development, intellectual property and clinical trials.**

We are also exposed more broadly to external risks such as the COVID-19 pandemic and the Russia-Ukraine conflict and we regularly review our group risk profile to proactively identify material business risks and opportunities and assess external risks that could affect our global 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 team have identified the key risks that are material to CSL. These material group risks are described below along with an explanation of 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 vaccine, 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.

Our processes and procedures meet good pharmacovigilance practice (GPV) and good clinical practice (GCP) standards we seek to ensure 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 meeting product quality requirements through our manufacturing and supply, we adopt and comply with a broad suite of internationally recognised standards through the CSL Quality Management System, including good manufacturing practice (GMP), good distribution practice (GDP) and audits of third-party vendors and suppliers. We are frequently inspected by independent regulatory authorities auditing compliance with these standards.

## 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 cell and gene therapies. This material risk may alter the economics and characteristics of, and the demand for, CSL's plasma and adjacent therapies, and may also affect 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 vaccines). 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 cell-culture technology 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, economical and efficient supply. When considering this material risk, we constantly monitor the demand for and supply of collecting and acquiring human plasma.

We also monitor the scalability of specialised companies who supply raw materials, software and bespoke manufacturing equipment to match our business demand and growth objectives.

Both plasma collection and raw material supply across our businesses have been impacted by COVID-19, requiring us to implement both immediate and continued risk mitigations to manage this risk. Similarly, with the ongoing Russia Ukraine conflict, the EU energy crisis continues to escalate. Higher gas prices could affect all our sites and suppliers, while gas supply constraints will mostly affect our EU operations. Several mitigation actions have been identified and contingency plans established to help prevent disruption to our operations however the situation will continue to be monitored as the conflict continues.

In our US and European plasma collection centres, we utilise modern techniques and technologies to facilitate the safest, most efficient donation process. We consistently update our 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, increasing throughput of our existing facilities 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, including the use of expert third party providers to ensure a resilient, reliable and sustainable supply chain. We examine and prioritise our operational effectiveness efforts, capital plans, inventory targets, supply chain visibility, distribution and regulatory strategies to enhance the positions of our products from a business continuity and supply chain resilience standpoint.

### Market access

Policy making 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 meeting and exceeding the standards expected by our stakeholders and the community. We have a number of programs and policies in place to ensure that our values underlie how we do things including our 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 review market practice, and frequently benchmark ourselves against the markets in which we operate to ensure we offer total rewards that are both compelling and competitive with our peers and competitors.

In addition to this, we recognise the evolution of our workforce environment, including the challenges and opportunities created by COVID-19. We have implemented a flexible working environment for those workers at CSL where it makes sense to do so. We constantly challenge ourselves to create a work dynamic where our people can focus on meaningful, valuable work.

As the cornerstone to our employee value proposition, we have implemented an initiative called Promising Futures, which emphasises digitalisation and automation, employee development, collaboration and connectivity and customised rewards for attracting next-generation talent.

### Privacy and cybersecurity

Maintaining privacy and security of all data including that of our patients, plasma donors, employees and company data is critical. We continue to see a growing trend in cyberthreats against individuals and companies. The nature of these cyberattacks is constantly evolving and can include sophisticated phishing scams and attacks on critical infrastructure. Additionally, the privacy and security of the data we hold may be compromised by breaches of our information technology (IT) security and unauthorised or inadvertent release of information through human error, malware or espionage.

CSL continuously monitors and assesses its cybersecurity threats. We have implemented robust and externally tested security controls for our IT systems, infrastructure and data, 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 details about our enterprise risk management framework and how we manage our business risks is provided in our 2022 Corporate Governance Statement available on CSL.com (Our Company > Corporate Governance).

# 5 Our Future Prospects

**The fundamentals of CSL's business, including our talented people, strong platforms and leading products, position CSL to deliver growth over the long term.**

Our commitment to patients and to deliver innovative products is unwavering. As CSL looks ahead, the 2030 Strategy is designed to be resilient and allow us to better serve our patients well into the future, providing a strong platform for growth for shareholders.

We focus on life saving therapies for people with rare diseases and on providing differentiated influenza vaccines that protect the health of populations. The underlying demand for our existing products in the core plasma, recombinant and vaccine platforms is driven by expanding markets and indications across geographies in each of our six therapeutic areas.

The core plasma and influenza vaccines platforms have advantages that position us for growth over the long term, and provide competitive advantage over our peers. They deliver products that are complex to make, and require special skills that are not easily replicable. In addition, not all of our products are subject to patent protection and the subsequent revenue cliffs that can occur upon expiry. This allows us to sustainably grow our core business' across therapeutic areas, platforms and geographies.

The future prospects of our core business depend on having the right talent to execute our 2030 Strategy. As a purpose-driven organisation, we are recognised as a great place to work because of our culture and values. It takes a unique mix of people to get the most out of our plasma business, grow our vaccines footprint and innovate the next generation of products.

Given these strong advantages in platforms, products and people, the outlook for CSL is strengthening as we move beyond the COVID-19 pandemic.

## CSL's platforms, products and people moving us beyond COVID-19

- The COVID-19 pandemic has affected the industry's ability to collect plasma, which in turn has caused a tightness in supply of the end products and constrained the industry's ability to fulfill patient demand.
- Our plasma collection volumes have recovered to their pre-pandemic levels. Notwithstanding a long manufacturing cycle (typically 9-12 months) we expect the tightness in supply to alleviate throughout the rest of the calendar year.
- Continued investments over the last few years, including expanding the collections network to over 300 centres and the rollout of the new Terumo plasma collection device, improve the donor experience and gives us a great position to capture growth opportunities, particularly in our leading HIZENTRA®/PRIVIGEN® immunoglobulin franchise.
- Over the past two years, we have experienced strong demand for influenza vaccines as governments look to protect their health systems and populations, and to avoid a twindemic of COVID-19 and influenza. The demand profile is likely to continue to be robust as stakeholders recognise the benefits of population-level protection.
- The acquisition of Vifor, upon closing, broadens our base with additional growth opportunities in iron replacement, dialysis and nephrology.

Beyond our existing products, the R&D organisation is developing a portfolio of novel products to drive the next generation of growth. We are poised to launch our first gene therapy product, etranacogene dezaparvovec for haemophilia B, in the coming year and continue to develop novel monoclonal antibodies as well as next-generation technologies including aQIVc and sa-mRNA. In addition to novel products, our R&D efforts include expanding markets and indications for our existing products. These efforts provide new areas of growth across our therapeutic areas. Some examples are listed:

- In the near term our gene therapy candidate, etranacogene dezaparvovec, is in the final stages of submission and if approved, will transform how haemophilia B patients are treated.
- In the mid-term we will endeavour to broaden our offering to patients with hereditary angioedema to include our recombinant monoclonal antibody, garadacimab.
- Over the longer term, we have a number of innovative R&D programs in our pipeline such as CSL112, currently in development and aimed at reducing the risk of recurrent cardiovascular events.

Our focus on extending and improving the lives of patients with rare and serious diseases has not wavered through the COVID-19 pandemic. In the future we may face a new set of challenges and opportunities that we must address to position us for growth over the long-term.

We expect some cost pressure due to inflation and other supply chain factors. At the time of this writing, inflation is the highest in decades due to supply chain uncertainty, geopolitical challenges including the war in Ukraine and other factors. While policy makers have signalled the priority for fighting inflation, inflation could remain elevated for a sustained period. Given the markets we serve, we aim to grow sustainably through cost containment and productivity measures, such as yield improvements.

We also expect significant competition from companies manufacturing products similar to ours and the uncertain impact of substitute products that are on the market or in development. The entry of anti-FcRn products may also represent a competitive threat, however demand for plasma products, particularly immunoglobulin, is expected to continue in the long-run driven by diagnosis of diseases such as primary immunodeficiency disease (PID). In the near term (3-5 years) immunomodulation indications where FcRns may receive approval are not expected to be substitutes for our immunoglobulin products. In addition, other competitors are exploring the use of novel technologies, such as mRNA, in the influenza vaccine space.

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 on page 24.

**CSL Outlook**

- Demand for CSL Behring's core plasma products is expected to remain robust. The significant growth in plasma collections is expected to underpin strong future sales of core plasma therapies.
- Product differentiation is expected to continue to drive strong demand for CSL Seqirus' influenza vaccines.
- The company anticipates a strong financial performance and a return to growth in FY2023.

## Business strategies, prospects and likely developments

This Operating and Financial Review (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. 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.

# Sustainable growth

# 6 Powered by Innovation

What stands CSL in good stead is our quantitative approach to understanding the nature and biology of a disease at a molecular and cellular level, married to a deep understanding of the clinical and commercial aspects of those diseases where we aim to introduce new innovative products.

CSL's philosophy of global collaboration underpins our presence within research precincts around the world. Strong global research networks and collaborations are an integral part of our global R&D business as they provide valuable opportunities for our scientists to interact, discover and innovate with external partners. We continue to identify and expand our network of collaborators, both academic and industry-based, to enrich external innovation and thinking.

## Expanding our R&D footprint

CSL continues to advance its global programs and teams and expand its R&D footprint. CSL has:

- 2,000+ R&D employees in nine countries, working in integrated teams;
- R&D centres located in leading biomedical locations including:
  - Melbourne in Australia;
  - Bern in Switzerland;
  - Marburg in Germany;
  - Amsterdam in the Netherlands; and
  - Cambridge, Holly Springs, Pasadena and King of Prussia in the US.
- access to worldwide, leading innovation that leverages both the knowledge from CSL employees as well as from research and medical institutions/alliances proximate to CSL's R&D centres.

The following are some notable examples of our investment in our strategic growth over the last 12 months.

- Construction of CSL's new global headquarters in the Parkville Biomedical Precinct in Melbourne, Australia, is on track for completion in early 2023. The base building structure and facade are complete with internal fit-out in progress. The facility will house around 800 employees, including product development teams from throughout CSL R&D, and include leading-edge laboratories along with space for external collaborators, innovators and start-ups. The facility is just 500m from the Bio21 Institute, where CSL's early stage research team has been based for over 10 years, and will further enable collaboration with other researchers in this multidisciplinary biomedical precinct.
- The new R&D campus, in Marburg, Germany will open its doors in September 2022 and will be the new home for about 500 CSL R&D employees as well as hosting academic partners and collaborators. The R&D campus is almost 40,000 square metres including 7,400 $m^2$ of laboratory space, 10,300 square metres of working space, a state of the art vivarium and 905 $m^2$ of collaborative laboratory space. As one of the homes for our future innovation, innovative sustainability was at the forefront of our mind when we designed the building. It was constructed according to KfW (a German state-owned investment and development bank) eligibility criteria for green financing. The investment is consistent with the Sustainable Development Goals of the United Nations – it contributes to the sustainability targets #7 – Affordable and Clean Energy and #13 – Climate Action.
- Our new facility in Waltham, Massachusetts, in the US, will support CSL's growing R&D portfolio, including the self-amplifying mRNA technology platform, the next generation of mRNA vaccine technology, for seasonal and pandemic influenza vaccines. The custom-built facility consists of approximately 13,000 $m^2$ overall including 5,000 $m^2$ of laboratory space and the ability to house about 300 full-time employees. All ongoing R&D programs currently taking place in Cambridge, Massachusetts will transition to the Waltham facility in the coming months and it will act as a future North American campus for global research collaborations. The new site is expected to be fully operational later in 2022.

# 6 Powered by Innovation

## CSL's therapeutic areas

| | | | | | | |
|---|---|---|---|---|---|---|
| **Therapeutic Areas** | Immunology | Haematology | Respiratory | Cardiovascular and Metabolic | Transplant | Influenza Vaccines (Seasonal, Pandemic) |

| | | | | |
|---|---|---|---|---|
| **Platform** | **Plasma Fractionation** | **Recombinant Technology** | **Cell and Gene Therapy** | **Adjuvanted** **Cell-based** **Egg-based** |

### Immunology

Our efforts in this area focus on providing trusted products and technologies to serve patients with a range of serious immunologic and neurologic diseases, including primary and secondary immunodeficiencies (PID and SID) and chronic inflammatory demyelinating polyneuropathy (CIDP). We are optimising patient experience and convenience through more flexible ways to dose and administer our existing immunoglobulin products. We are also progressing key recombinant assets in early development such as our anti-G-CSFR monoclonal antibody, CSL324, in certain neutrophilic dermatoses. We continue to build on our strong 40-year legacy in hereditary angioedema (HAE) as we look to expand on our current medicines to provide optimal treatments for the full range of HAE patients, including our recombinant monoclonal antibody garadacimab, which is currently in Phase III development.

### Haematology

CSL remains focused on easing the burden of disease and improving the lives of patients with rare bleeding disorders. We have made major advances in haemophilia A and B in recent years with the launch of our novel recombinant coagulation factor medicines and through the acquisition of exclusive global licence rights to commercialise etranacogene dezaparvovec, an AAV5 (adeno-associated virus) gene therapy for the treatment of haemophilia B, which is currently under regulatory review. Additionally, we are undertaking exciting research and development efforts to explore new indications in haematology as well as novel therapeutics in haemostasis and thrombosis. This includes planning for an important global Phase III study to evaluate the early administration of KCENTRA® (4-factor prothrombin complex concentrate) on survival in trauma patients suffering life-threatening bleeding.

### Cardiovascular and Metabolic

The cardiovascular and metabolic therapeutic area is focused on improving and extending the lives of patients with cardiovascular disease (CVD) and diabetes. CSL112, apolipoprotein A-I (human), is being developed to reduce the risk of recurrent cardiovascular events during the 90-day high-risk period following a heart attack, the period when the majority of first-year recurrent cardiovascular events occur. If successful, CSL112 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. Beyond CVD, type 2 diabetes is one of the fastest growing chronic diseases. CSL346, our innovative anti-VEGF-B monoclonal antibody therapy is being studied to augment the current standard of care to decrease the progression of diabetic kidney disease, a frequent and serious long-term diabetic complication.

### Respiratory

In addition to our existing product ZEMAIRA®/RESPREEZA® for patients with alpha 1 antitrypsin deficiency, CSL is investigating new clinical treatments for respiratory diseases using novel recombinant monoclonal antibodies and plasma-derived therapies to address this need. Trabikibart CSL311, our anti-beta common monoclonal antibody, is being investigated for the treatment of severe uncontrolled asthma and severe chronic obstructive pulmonary disease (COPD). In idiopathic pulmonary fibrosis (IPF), a severe debilitating disease, we have started a clinical development program with garadacimab, the first of our compounds being explored in this disease area. CSL787, our plasma-derived, inhaled immunoglobulin is being investigated for patients with bronchiectasis and severe COPD patients.

### Transplant

In kidney transplant recipients, antibody-mediated rejection (AMR) is a leading cause of allograft loss, and there is significant unmet need for effective treatments. Clazakizumab, our anti-interleukin-6 (IL-6) monoclonal antibody, is currently being investigated in a Phase III clinical trial (IMAGINE) for the potential treatment of chronic active antibody-mediated rejection. In haematopoietic stem cell transplantation, acute graft-versus-host disease (GvHD) is a life-threatening type of rejection where the donor cells attack the recipient; it is a leading cause of mortality and morbidity following transplant. There is a significant unmet need for more effective, less toxic therapies for GvHD. We are investigating alpha 1 antitrypsin (AAT, ZEMAIRA®) for the prevention and treatment of acute GvHD in two Phase III studies.

### Influenza Vaccines

With a focus on influenza, developing new and better vaccines across all age groups in expanded markets is a strategic priority for CSL Seqirus, including further advancing our cell-based manufacturing technology and our MF59® adjuvant and developing our self-amplifying messenger RNA (sa-mRNA) technology, to enhance the immune response of those particularly vulnerable to influenza such as children and older adults. We are also investigating a quadrivalent adjuvanted cell culture influenza vaccine (aQIVc) which combines FLUCELVAX® antigen with MF59® adjuvant, an additive that acts to strengthen the immune response to vaccination.

# Why We Need to 'Disrupt' Ourselves

## Patients, Public Health, Our Employees and the CSL business are counting on it

To be an innovator means that, at times, you will disrupt the status quo and challenge orthodoxies to achieve better outcomes. At CSL, we have a history of disrupting 'the way things are'. Equally, we are not afraid to also disrupt ourselves if it means an even better experience or outcome for patients and public health.

*'As a key driver of CSL's future growth, R&D's job is to create the pipeline and capabilities necessary to help the CSL Behring and CSL Seqirus businesses grow in the decades ahead. We need to provide our businesses with the scientific platforms, products, skills, and expertise that will meet the future health needs of patients and the general public. This means that sometimes, our innovation will disrupt our own offerings or ways of working in order to better address the needs of those we serve.'*

**Dr William Mezzanotte,** Executive Vice President, Head of Research & Development and Chief Medical Officer

We need to look no further than CSL's advancements in haemophilia B, a rare disorder where blood doesn't clot normally due to not having sufficient factor IX.

Decades ago, CSL stepped up and introduced plasma-derived factor replacement therapies – which, at the time, significantly transformed the lives of people living with this rare bleeding disorder. Despite having to be routinely intravenously infused, and having to monitor their activities, haemophilia B patients found this medicine provided a benefit by helping them to lead fuller, more active lives.

Nevertheless, we knew we could do better. In 2016 we received our first approval for IDELVION®, our long-acting recombinant factor IX albumin fusion protein for the treatment of haemophilia B. IDELVION® is also infused intravenously, but patients who are well-controlled on this regimen may potentially switch to a 14-day dosing interval allowing them to better fit dosing into their schedules. Moreover, this treatment reduces breakthrough bleeds and gives patients the ability to lead a more active life. IDELVION® is the standard of care in several countries around the world, however, there is still an unmet need for many patients.

Which brings us to today, and our quest to bring the promising etranacogene dezaparvovec, also known as CSL222, to the market. Etranacogene dezaparvovec is an adeno-associated virus vector serotype 5-based (AAV5) gene therapy that is specifically designed to enable near-normal blood-clotting ability by addressing the underlying cause of haemophilia B – a faulty gene that causes a deficiency in clotting factor IX. In clinical studies, etranacogene dezaparvovec, after a single, one-time infusion, has been shown to significantly reduce the rate of annual bleeds in patients with haemophilia B, compared to when these patients were receiving recombinant factor IX therapy alone. If approved, etranacogene dezaparvovec would be the first ever gene therapy treatment option for the haemophilia B community and enable a major change to the lives of those patients who are appropriate for the therapy.

*'Etranacogene dezaparvovec, potentially the first gene therapy approved for haemophilia B, further demonstrates CSL's mission to relentlessly pursue innovative and disruptive technologies when it benefits patients with rare and serious disease. This is what it means to truly Deliver on Our Promise.'*

**Dr William Mezzanotte,** Executive Vice President, Head of Research & Development and Chief Medical Officer

Patients with hereditary angioedema (HAE) can expect the same type of dedication from us. From the ground-breaking BERINERT®, designed to halt HAE attacks, to the disruptive HAEGARDA® which results in near-elimination of HAE attacks, CSL is moving one step further as we study garadacimab, an anti-factor XIIa monoclonal antibody. In Phase II studies, this home-grown therapy produced similar efficacy for HAE patients as does HAEGARDA® but with a less frequent, once-monthly administration schedule and with the additional patient-friendly benefit of an autoinjector for easier administration.

CSL also disrupts in other areas where we already have a lot of experience and world-class capabilities. Egg-based vaccine manufacturing is the most common way that influenza vaccines are made, with CSL producing them since the 1940's. However, newer technologies such as cell-based vaccines, offer a modern, efficient and scalable alternative to traditional egg-based manufacturing for seasonal influenza vaccine production and rapid pandemic response. As the largest cell-based influenza vaccine producer in the world, CSL has been able to accelerate production from pilot scale to industrial scale. Adding an adjuvant to both egg-based and cell-based vaccines is intended to make these vaccines more effective.

While we have world-class capabilities in cell-based and adjuvanted vaccines, CSL continues to innovate with a self-amplifying messenger RNA (sa-mRNA) technology platform – the next generation of mRNA technology. During the COVID-19 outbreak, mRNA technology was thrust into the spotlight for its role in fighting the pandemic; sa-mRNA takes the technology one step further. It could be beneficial in both pandemic response and to help prevent seasonal influenza more effectively and consistently, a major advantage for public health.

In fact, to help expedite our work in this exciting area, CSL is advancing a new R&D campus for sa-mRNA in Waltham, Massachusetts, in the US, that will serve as the company's central R&D site for current and future vaccine design, and collaborations with stakeholders from across the industry and academia.

CSL will continue to explore ways to innovate and improve medicines for patients and public health, even when we are successful. That is what we have done for patients with haemophilia B and hereditary angioedema, and with our influenza vaccines and what we plan to do for others. It's an exciting time to be in the business of disruptive innovation for patients, public health, our employees and the CSL business as CSL R&D drives forward with this approach.

# 6 Powered by Innovation

## Our strategic scientific platforms

To ensure a robust and diverse innovation pipeline based on a foundation of scientific excellence, CSL continues to strengthen its therapeutic area focus. We use our strategic scientific platforms of plasma fractionation, recombinant protein technology, cell and gene therapy, and vaccines technology to support continued innovation and continually refine ways in which products can address unmet medical needs, help prevent infectious disease and protect public health, and help patients lead full lives.

| | |
|---|---|
| **Plasma Fractionation** | Plasma is a valuable resource for many current and potentially new biological therapies. We rely upon our donors to provide this lifesaving resource and as such, CSL Behring has an obligation to maximise the development and delivery of important products from this vital resource for the benefit of patients. Maximising patient benefit through our yield and reliability programs for donated plasma continues to be an important, strategic area of focus for CSL as we strive to be the industry pacesetter. |
| **Recombinant Protein Technology** | The capability to develop and manufacture recombinant proteins facilitates the ability to manipulate the sequence of naturally occurring proteins to achieve desired therapeutic goals, such as the ability to replace a patient's own deficient or inactive protein, selectively target specific biological mechanisms, enhance potency and improve pharmacokinetics, resulting in more effective, highly differentiated medicines with the potential to optimise the route and frequency of delivery. Monoclonal antibodies are a specific subset of recombinant proteins that are developed to have a highly specific targeting to block or enhance certain biologic or immune processes which lead to disease states – the specificity of the targeting of monoclonal antibodies ensures very high efficacy with minimal side-effects. |
| **Cell and Gene Therapy** | Cell and gene therapies are highly innovative, next-generation products that, after decades of research and development, are now starting to improve the lives of patients with serious diseases. For diseases with few effective therapeutic options, such as certain blood cell cancers, or where successful therapy has required a lifetime of regular symptomatic treatment, such as rare inherited genetic deficiencies, they offer the promise of a long-term cure. The fundamental differentiating characteristic of cell and gene therapies is that the patient's own cells are manipulated to produce the disease-correcting protein, rather than the traditional approach of manufacturing the protein and then periodically administering it to the patient. |
| **Vaccines Technology** | CSL's Seqirus business is a global leader in seasonal influenza prevention and control and a transcontinental partner in pandemic preparedness. Our broad range of influenza vaccines – egg-based and cell-based products, seasonal, pre-pandemic and pandemic influenza vaccines – meets the needs of different populations around the world. CSL's commitment to population protection is evidenced through our innovative vaccines pipeline, which includes next generation technologies such as aQIVc and self-amplifying mRNA. |

## Global collaborations for innovation

Our R&D portfolio focuses on innovation in new products, improved products and manufacturing expertise, ensuring our continued growth. In pursuit of these goals, we recognise and embrace that we cannot, and should not, do it ourselves. Thus, CSL continues to identify and build strategic collaborations that align with our therapeutic areas of focus and enhance our chances of bringing forward beneficial disruptive innovation.

An incubator, to be located at CSL's new global corporate headquarters under construction in the world-leading Melbourne Biomedical Precinct, will support start-up companies to translate promising medical research into commercial outcomes. The incubator will be the first and only incubator in Australia co-located with a leading biotechnology company. This has been made possible with financial and in-kind support from CSL, University of Melbourne and the WEHI, who have formed an incorporated joint venture to establish and operate the incubator, plus a contribution from Breakthrough Victoria, an independent Victorian Government owned company administering the Victorian Government's landmark A$2 billion Breakthrough Victoria Fund. The incubator is scheduled to open to start-ups in 2023 with cutting edge facilities for up to 40 early stage companies from around Australia.

Located over two floors of CSL's new corporate headquarters being built in the Melbourne Biomedical Precinct, the incubator will have one floor of purpose-built wet laboratory space and another for meetings and office space. There, the incubator will be embedded alongside seven floors of leading-edge laboratory and clinical manufacturing space supporting CSL's own R&D programs.

*'CSL is driven by our promise as a patient-focused organisation, so this incubator model clearly aligns with our Values and Purpose. We are well positioned to support incubator residents, whose experience often lies purely within the lab, better understand clinical and commercial aspects of medicines development that may be foreign or new to them.'*

**Paul Perreault,** Chief Executive Office

*'Formalising a place to nurture promising start-ups is a natural extension of our long-term support of, and collaboration with many like-minded partners. We hope to see significant long-term health, social and R&D benefits from this initiative, including greater retention and upskilling of domestic research and development capabilities and an increase in commercial acumen of [Melbourne Biomedical] Precinct researchers.'*

**Dr Andrew Nash**, Chief Scientific Officer and Senior Vice President, Research

Each year, CSL works to identify promising research programs across the globe which will benefit most from industry collaboration and support.

In October 2021, WEHI and CSL, announced a collaboration to create a Centre for Biologic Therapies (Centre) which will combine WEHI's expertise in immunology, cancer, inflammatory disorders and infectious diseases with CSL's world-class human antibody library and experience in biologic drug discovery and development.

Based at WEHI, the Centre will provide access to expert biologic discovery and optimisation capabilities accelerating drug development into the clinic, ultimately addressing a current gap in Australian medical research. The Centre aims to generate high-quality and clinic-ready therapeutic antibodies against novel targets in human disease. The partners will contribute equal funding to the Centre, with a combined investment of A$10 million for the next five years.

In November 2021, CSL announced a collaboration with StartX, the industry and stage-agnostic community of founders based in Silicon Valley, as an Innovation Partner over a two-year program. Through this partnership, CSL will support entrepreneurs in the StartX community as they commercialise innovative technologies and develop novel therapeutics. By providing access to commercial, R&D, clinical, intellectual property, marketing and manufacturing expertise, CSL will work with the StartX community to accelerate the start-up trajectory and deliver outcomes to patients faster.

Similarly, the partnership will further one of CSL's innovation goals of broadening and diversifying its R&D portfolio through strategic partnering with biotech incubators, accelerators and entrepreneurial ecosystems.

*'The Centre for Biologic Therapies is an interface of innovation between research and industry and sets the foundations for significant growth in the Australian biologics discovery and development space that has the potential to create opportunities for researchers locally and innovative medicines for patients globally.'*

**Dr William Mezzanotte**, Executive Vice President, Head of Research and Development and Chief Medical Officer

In support of the yearly seasonal influenza vaccine epidemic, CSL Seqirus collaborates with the WHO Collaborating Centre in Melbourne, Australia to prepare vaccine seeds and potency reagents that are made widely available. This is an important contribution to assist with the global effort to prepare for the forthcoming vaccination season.

Influenza remains one of our greatest global health threats. CSL is committed to collaborating with like-minded partners to advance understanding of the human response to influenza and to discover new and innovative vaccine solutions. CSL's research development program will benefit from the recent multi-year contract with the US Department of Health & Human Services (HHS) to investigate influenza vaccine technologies and develop cell-based and sa-mRNA influenza A (H2Nx) vaccine candidates for assessment in a Phase I clinical study with the goal of helping to safeguard communities in the event of an influenza pandemic.

This builds on our longstanding public-private partnership to provide a rapid response in the event of an influenza pandemic. The company will continue to consider options for an industrial-scale mRNA vaccine manufacturing facility and determine where it is most compatible within our global network. As announced in November 2020, a new facility for the manufacture of cell-based influenza vaccines is currently under construction in Melbourne and is on track to open in 2026.

## Strategic support for innovative medical research

One of our core values at CSL is innovation and over the past year we have continued to support collaborative innovation through the endowment of the following awards to researchers around the world.

- The Heimburger award is a global award available to researchers across the world. Professor Dr Norbert Heimburger, a CSL Behring employee for over three decades, was a pioneer of modern coagulation therapy. Among his many achievements, Prof Dr Heimburger developed virus-safe plasma products based on pasteurisation, including launching the first effectively virus-inactivated FVIII concentrate in 1981. In his honour, CSL Behring created the Heimburger Award, recognising clinical and/or preclinical research of emerging coagulation specialists who are driven to improve the care of patients with bleeding disorders. In July 2021, five recipients from Australia, Belgium, Italy, Ireland and the Netherlands received this award.
- In October 2021, two Australian scientists were each awarded a CSL Centenary Fellowship, valued at A$1.25 million over five years, to investigate two novel technologies to enable the rapid development of antiviral drugs and to unravel the processes that enable production of proteins from genes, both of which will generate fundamental knowledge that could transform how we fight disease.

# 6 Powered by Innovation

## Listening to our patients' needs

One of CSL's most valuable assets is our ability to engage in meaningful dialogue with patients and their support networks. Understanding patient needs has contributed significantly to the success of CSL's R&D operations. During 2021/22, more than 40 advisory boards were conducted with patients and members of their support community.

Building on this experience, we are creating events and forums where patients sit alongside senior CSL executives to guide and shape our corporate patient focus mindset and strategies. Through our close working relationship with patients, CSL is better able to keep our promise to patients and the public's health and enhance our overall reputation.

*'We embed patient focus into our ways of working – learning the needs of patients and amplifying their voices in the development of therapies – helping us to Deliver on Our Promise.'*

**Deirdre BeVard**, Senior Vice President, R&D Strategic Operations

## Clinical trials in progress and new

In 2021/22, CSL had 58 clinical trials in operation across all therapeutic areas. Of those, 5 had a first patient enrolled in the trial during the year.

CSL conducts ethical clinical trials and adheres to exemplary standards of integrity in the formulation, conduct and reporting of scientific research. This is based upon three primary elements: scientific integrity; patient safety; and investigator objectivity.

**58**
**clinical trials in operation across all therapeutic areas**

**3**
**regulatory authority inspections with no impact to clinical trial conduct**

The CSL Clinical Quality Management System allows us to monitor and effectively oversee the quality of our clinical trials and includes both regulatory authority inspections and internal audits for good clinical practice (GCP), good pharmacovigilance practice (GVP), good manufacturing practice (GMP), good laboratory practice (GLP) and good research laboratory practice (GRLP).

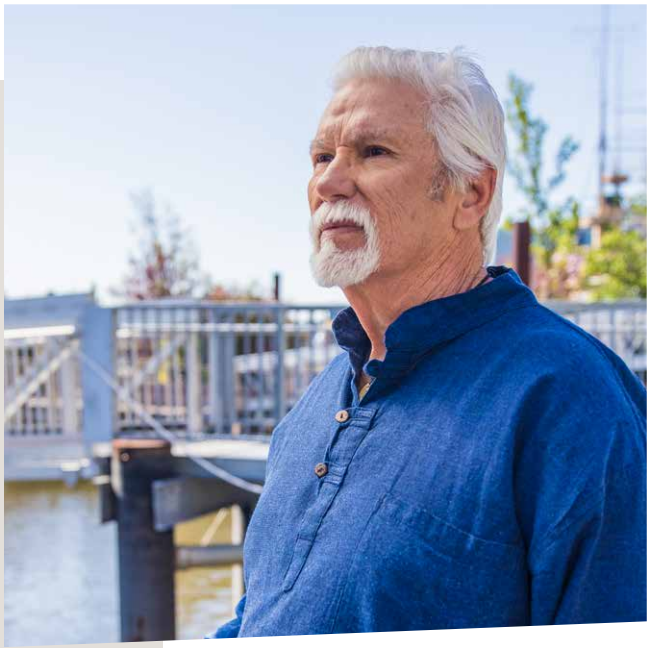
Over the reporting period, three clinical trials were added, and 15 clinical trial results were posted, on an International Committee of Medical Journal Editors (ICMJE)-recognised public clinical trial registry. These were all disclosed in a timely manner and in compliance with our transparency policy. Our policy reflects international requirements and standards including requirements from ICMJE, WHO guidance and legislative requirements.

In addition, three inspections were undertaken by regulatory agencies including the Japanese Pharmaceuticals and Medical Devices Agency (PMDA) and regional health authorities in Germany. All inspections confirmed adherence with GCP requirements, validated the data integrity of our clinical trials and had no impact on clinical trial operations.

## When Patients Speak – CSL Listens

When CSL needed to assess how best to implement a series of upcoming studies, we didn't make assumptions – we asked patients.

By listening to patients from several countries around the world, we were able to gain valuable insights regarding the diagnosis journey, treatment paradigms, potential barriers to study participation, attitudes around clinical research within the patient population and other key factors crucial to study protocol design and clinical trial planning. Our Clinical Operations group has also pioneered embedding patients into our study teams to better ensure patient focus in our clinical trials.



## New products to market

CSL Behring continues to broaden the geography and use of our medicines for rare and specialty diseases across the globe within our immunology, haematology and vaccine therapeutic areas.

Within the immunology portfolio, regulatory indication expansion and new registrations are primarily focused on our subcutaneous immunoglobulin HIZENTRA®, our intravenous immunoglobulin PRIVIGEN® and our human C1-esterase inhibitor BERINERT®. In 2021/22, indication expansion was sought for HIZENTRA® and PRIVIGEN® for chronic inflammatory demyelinating polyneuropathy (CIDP) and secondary immunodeficiency (SID). Additionally, further indication expansion for PRIVIGEN® was sought in select markets. CIDP is a chronically progressive, rare autoimmune disorder that affects the peripheral nerves and may cause permanent nerve damage. The myelin sheath, or the protective covering of the nerves, is damaged, which may result in numbness or tingling, muscle weakness, fatigue and other symptoms, which worsen over time. SID is similar to primary immunodeficiency (PID) however SID occurs when the immune system is compromised as a result of disease or due to an environmental factor (e.g., chemotherapy, disease complication). Additionally, four new product registrations were achieved for RHOPHYLAC® 300 and two for TETAGAM®.

In our haematology therapeutic area, the focus in 2021/22 was continuing the expansion of the current portfolio. Five new product registrations were achieved for our human coagulation factor VIII/vWF HAEMATE® and four for human albumin. Three new product registrations were achieved for each of BERIATE®, our human coagulation factor VIII product and AFSTYLA®, our recombinant factor VIII product, both of which are used to control and prevent bleeding episodes in people with haemophilia A, and three for BERIPLAST ® P, our combined human fibrinogen, factor XIII and bovine aprotinin product. Two new product registrations were achieved for HAEMOCOMPLETTAN® P, our human fibrinogen concentrate. Additionally, new product registrations were achieved for IDELVION®, our recombinant factor IX product, and BERIPLEX®, our human prothrombin complex concentrate.

For our CSL Seqirus business, 2021/22 brought progress in the expansion of our influenza vaccine portfolio through new licences and extension of indications.

In 2022, FLUAD® QUAD, our four-strain adjuvanted influenza vaccine, was authorised for persons 65 years and older in Argentina.

Launch of FLUCELVAX® QUAD, for six months and above, was first achieved in Argentina in the Southern Hemisphere 2022 influenza season.

FLUCELVAX® QUADRIVALENT was also approved for expanded age indications down to six months of age in the US. FLUCELVAX® QUAD was also approved for expanded age indications down to six months of age in Canada, down to two years of age in Australia and nine years in New Zealand.

In Australia and New Zealand, CSL Seqirus' in-licensing business continues to provide greater access to a broad portfolio of vaccines and medicines. The RYALTRIS® (olopatadine hydrochloride and mometasone furoate monohydrate) licence was extended in Australia to include the treatment of symptoms associated with allergic rhinitis and rhinoconjunctivitis in patients six years of age and older.

# Product Registrations and Indications 2021/22*

**Immunology Products** Focus on improved patient convenience, plasma yield improvements, expanded labels, new formulation science and recombinant technology.

| Product | Type | Country/Region |
|---|---|---|
| **BERINERT®** C1-Esterase Inhibitor (Human) Intravenous or Subcutaneous[1] | NR | India, Taiwan, Netherlands, Ireland, Hong Kong, Lithuania, Estonia (500 IU); Netherlands, Ireland, Lithuania, Estonia (1500 IU); Russia, Netherlands, Ireland, Chile, Lithuania, Estonia (2000 IU & 3000 IU) |
| **PRIVIGEN®** Immune Globulin Intravenous (Human) 10% Liquid | NR | Qatar, Brunei |
| **RHOPHYLAC®** 300 Human anti-D (Rh0) immunoglobulin | NR | Hong Kong, Peru, Ecuador, Paraguay |
| **TETAGAM®** Human Tetanus Immunoglobulin | NR | Netherlands, Belgium |
| **HIZENTRA®** Immune Globulin Subcutaneous (Human) 20% Liquid | NI | European Union, Great Britain, Hong Kong, Macedonia (SID); Philippines, Hong Kong, Jordan (CIDP) |
| **PRIVIGEN®** Immune Globulin Intravenous (Human) 10% Liquid | NI | Taiwan (MMN, MG, LEMS, SPS); Hong Kong (CIDP, SID) |

**Haematology Products** Maximise the value and performance of our existing coagulation therapies and develop new protein and gene-based therapies.

| | | |
|---|---|---|
| **AFSTYLA®** Coagulation Factor VIII (Recombinant) | NR | Saudi Arabia, United Arab Emirates, Qatar |
| **Albumin (human)** 20% Behring, low salt | NR | Algeria |
| **ALBURX®** Human Albumin | NR | Ukraine, Peru, Jamaica |
| **BERIATE®** Coagulation Factor VIII (Human) | NR | Malaysia, Ecuador, Jamaica |
| **BERIPLAST® P** Combi-Set | NR | India, Paraguay, Indonesia (3 mL) |
| **BERIPLEX®** Prothrombin complex (Human) | NR | Paraguay |
| **HAEMATE®** Coagulation Factor VIII/vWF (Human) | NR | Chile, Lithuania, Latvia, Estonia; Malaysia (1000 IU) |
| **HAEMOCOMPLETTAN® P** Fibrinogen Concentrate (Human) | NR | India, Hong Kong |
| **IDELVION®** Coagulation Factor IX (Recombinant) Albumin Fusion Protein | NR | Russia |
| **ALEVIATE®** Coagulation Factor VIII/vWF (Human) | NI | Hong Kong (vWD prophylaxis) |

**Vaccines** Develop products for the prevention of infectious diseases.

| | | |
|---|---|---|
| **Adjuvanted Quadrivalent Influenza Vaccine** (Surface Antigen, Inactivated) Seqirus suspension for injection PFS (unbranded duplicate of FLUAD® TETRA) | NR | Great Britain |
| **Cell-based Quadrivalent Influenza Vaccine** (surface antigen, inactivated) Seqirus suspension for injection in PFS (unbranded duplicate of FLUCELVAX® TETRA) | NR | Great Britain |
| **FLUAD®** QUAD Influenza Vaccine, Adjuvanted (surface antigen, inactivated) | NR | Argentina (for the prevention of influenza in persons 65 yrs of age and older) |
| **FLUCELVAX®** QUADRIVALENT Influenza Vaccine (cell culture) | NI | United States (for the prevention of influenza in persons six months of age and older) |
| **FLUCELVAX®** QUAD Influenza Vaccine (surface antigen, inactivated, cell culture) | NI | Canada, Argentina (for the prevention of influenza in persons six months of age and older) |
| **FLUCELVAX®** QUAD Influenza Vaccine (surface antigen, inactivated, cell culture) | NI | Australia (for the prevention of influenza in persons two yrs of age and older) |
| **FLUCELVAX®** QUAD Influenza Vaccine (surface antigen, inactivated, cell culture) | NI | New Zealand (for the prevention of influenza in persons nine yrs of age and older) |

**In-Licensed Products[2]**

| | | |
|---|---|---|
| **RYALTRIS®** (olopatadine hydrochloride & mometasone furoate monohydrate) | NI | Australia (for the treatment of symptoms associated with allergic rhinitis and rhinoconjunctivitis in persons six yrs of age and older) |

* First-time registrations or indications for CSL products in the listed countries/regions over the reporting period.

1 In some markets, subcutaneous version of C1-esterase inhibitor can be marketed as HAEGARDA®.

2 RYALTRIS® is a registered trademark of Glenmark Pharmaceuticals Ltd.

CIDP = Chronic Inflammatory Demyelinating Polyneuropathy, LEMS = Lambert-Eaton Myasthenic Syndrome, MG = Myasthenia Gravis, MMN = Multifocal Motor Neuropathy, NI = New Indication, NR = New Registration, PFS = Pre-Filled Syringe, SID = Secondary Immunodeficiency, SPS = Stiff Person Syndrome.

# 7 Our People

**At CSL, we are driven by our promise to save and improve lives. Our highest priority is the safety and wellbeing of our people, donors and patients.**

Throughout this year, our employees, guided by our CSL Values, navigated ongoing challenges while they demonstrated remarkable agility and resiliency. The majority of our more than 30,000 global employees worked onsite in our manufacturing facilities and plasma donation centres to ensure our lifesaving medicines and vaccines were available to the patients and communities we have the privilege to serve.

CSL's success starts with a culture and workplace where people can do their best work and have promising futures, and we continue to invest in our people.

## Promoting diversity, equity and inclusion

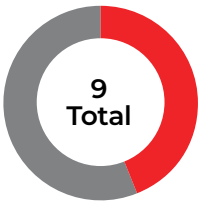
We strive to embed diversity, equity and inclusion (DE&I) in everything we do – from how we attract talent and support our employees to how we engage with the communities in which we live and work. People represent a variety of dimensions of diversity, including but not limited to: gender, nationality, ethnicity, disability, sexual orientation, gender identity, generation/age, socioeconomic status, marital/family status, religious beliefs, language, professional and educational background, and cultural experiences. Focusing on diversity alone is not enough. We also need our people to feel like they belong (inclusion) and experience fair treatment and access to opportunities (equity). CSL's global diversity and inclusion policy can be found on CSL.com (Our Company > Corporate Governance).

We set annual DE&I objectives, with multiyear goals, aligned with the following pillars:

- Diverse Workforce: build a more diverse workforce to bring a wide variety of viewpoints and ideas to the work that we do every day, including achieving positive progress toward gender diversity within management and senior executive levels, while reflecting ethnic, cultural and disability diversity;
- Inclusion: foster an inclusive culture in which all employees are respected, valued and inspired to do their best work, including implementing an internal global DE&I series to develop employees on inclusive behaviours and other DE&I topics; and
- Marketplace Reputation: enhance our external reputation by partnering with organisations and suppliers who share our passion for DE&I.

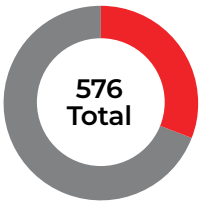
We continue to make positive strides in our diversity makeup and aim to achieve greater diversity in the composition of our senior executive and management populations. Looking at our year-end gender composition as of 30 June 2022, the following graphs highlight the proportion of women and men on the CSL Board of Directors, in senior executive positions (senior director and above), people managers with three or more direct reports as well as all employees across the entire organisation.

**Board***
Target 30% representation by either gender



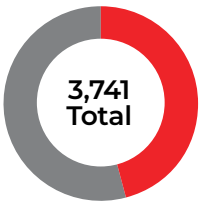

- Female **44%**
- Male **56%**

**Senior Executive***
Target 40% by FY30



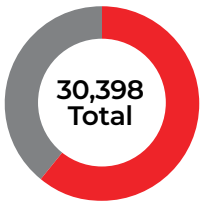

- Female **31%**
- Male **69%**

**People Manager***
Target 50% by FY25




- Female **46%**
- Male **54%**

**All Employees***




- Female **61%**
- Male **39%**

* Limited assurance by Ernst & Young. Percentage data for Senior Executive, People Manager and All Employees excludes 100 employees with unspecified gender.

**Our long-term gender targets**

We have set a People Manager target of 50% female representation and will continue to pursue this target and look to achieve it by 2025. For Senior Executives, we have set a target of 40% female representation by 2030.

In accordance with the requirements of Australia's Workplace Gender Equality Act 2012 (Act), CSL lodged its annual public report with the Workplace Gender Equality Agency (WGEA). A copy of this report is available at CSL.com (Our Company > Corporate Responsibility > Workplace).

# 7 Our People

Our multigenerational workforce includes employees ranging in ages from baby boomer to generation Z.

### All Employees*

- Gen Y (1980-2000) **56%**
- Gen X (1962-1979) **33%**
- Baby Boomers (1946-1961) **6%**
- Gen Z (2001+) **5%**

### Senior Executives

- Gen X (1962-1979) **78%**
- Gen Y (1980-2000) **10%**
- Baby Boomers (1946-1961) **12%**

### People Managers

- Gen X (1962-1979) **51%**
- Gen Y (1980-2000) **43%**
- Baby Boomers (1946-1961) **6%**

Data includes all employees globally where birthday is recorded (99.8% of population).

* Limited assurance by Ernst & Young.

CSL is assessing the global legal landscape to be able to capture demographic information related to multiple diversity classifications. This information will be used to measure and further focus our efforts as we strive to ensure we have the broadest array of diversity within our employee population. Currently, our ethnically diverse talent represents 53% of our workforce in the US.

Ethnicity of our US employee population follows.

- White **45%**
- African American/Black **30%**
- Hispanic **16%**
- Asian **4%**
- Two or More Races **4%**
- Other **1%**

## Providing promising futures for employees

At CSL, we want all employees to pursue their career aspirations and reach their potential. We launched our Promising FUTURES channel to reflect our commitment to helping employees develop and thrive. From stories about colleagues' career journeys to career development tips to guidance on how to use our HR programs and benefits, colleagues around the world are encouraged to learn, grow and be inspired.

We believe in the power of education to create opportunities and change peoples' lives. CSL launched its Promising Futures Scholarship program in the US two years ago to provide financial assistance to employees and their dependents for technical school, vocational school, two- and four-year colleges or advanced education. The program was specifically designed to support individuals from traditionally underprivileged, under-represented communities – those who have had to overcome substantial obstacles to pursue their studies or first-generation college students. Thanks to the overwhelmingly positive response to the U.S. program, we expanded and introduced the program to include Australia this year.

*'I just wanted to sincerely thank you for all the help and guidance you provided to Christian and I in submitting his application for the 'Promising Future' scholarship. We are both elated by this opportunity CSL has provided to us and feel really fortunate to have been given this support. I can't thank you enough...'*

**Robert LaFerla**, Manufacturing Sciences and Technology Principal, Australia

*'I am elated by this scholarship being awarded to me and feel really fortunate to have been given this support in the pursuit of my studies. I am incredibly grateful for receiving this award as it guides me towards completing my tertiary education in biological sciences. This means far more to me than I can explain as my future goal is to work and be a part of CSL Behring. I can't thank you enough for all the support you have provided me.'*

**Christian LaFerla**, Scholarship Recipient

# People and culture

CSL has also established early career programs for STEM talent around the globe to build our future talent pipeline.

Our **Australian Graduate Program** focuses on attracting, developing and retaining top graduates who are highly driven, innovative and tech-savvy. The two-year program provides undergraduates career opportunities within our global businesses through cross-functional rotations and specialised development. Since the program's inception, we have recruited 64 graduates with 96% conversion into roles post-program and a 92% retention rate.

The **EMEA Trainee Program** offers candidates, who recently graduated with a bachelor, master and doctorate degree, a two-year, cross-functional rotation program in the areas of engineering, marketing, medical affairs, manufacturing, quality and/or R&D. Candidates have an assigned mentor and participate in a wide range of development and social opportunities, including leadership assessments, innovation sessions and project management. All trainees who have completed the program have secured full-time employment with CSL.

Our **North America Internship & Co-op Program** attracts and retains students enrolled in a four-year college or university. The 12- to 26-week program builds on classroom theory by providing students with practical, hands-on experience. Interns receive a wide range of development opportunities, including an Insights Discovery Assessment, skill-building workshops and business-specific training. The roles span multiple CSL entities, business functions and locations. This year, CSL hired 38 interns and co-op students in the U.S.

## Developing Our Future Leaders

We maintain a wide range of personal and professional development programs to ensure we can meet the evolving needs and expectations of our leaders. From developing strategy and executing undertakings with excellence to driving innovation and fostering an inclusive culture, the role of a leader has never been more critical. That is why we continue to support the ongoing development of CSL's current and future leaders. Following are descriptions of some of our development offerings.

- Mentoring has been embedded into our learning and development for people leaders across the globe. More than 1,400 employees – 51% of whom are female and 41% ethnic (U.S. ethnicity only) – are currently participating in our Global Mentoring Program.
- Leadership Excellence is a program for directors and associate directors across all areas of our business. The program features subject matter centred around leadership agility and translating future trends into enterprise strategy. It also includes business simulations and reverse mentoring to broaden participant perspectives. To date, nearly 400 CSL leaders – 52% female and 48% male – across four cohorts have participated.
- Management Essentials is a program for senior managers and managers across all areas of our business. This program historically engages an even split of female and male participants throughout the learning experience. Core and elective modules help participants build leadership capabilities related to a variety of topics. This year, we added Unconscious Bias as a core module of the program with a focus on the individual biases that affect relationships, collaboration and performance. In 2022, 119 employees graduated from the program.
- Our Discovery program focuses on enhancing the knowledge and capabilities of our self-led, individual contributors through the development of their own personal effectiveness, expanded self-awareness and collaboration capabilities, and improved change and time management skills. There were 216 participants – 68% female and 32% male – in our 2022 cohort.

## Celebrating employees' contributions

CSL's global recognition program, Celebrate the Promise, is an online platform that allows employees and leaders to easily send recognition to anyone at any time and for any reason – from a simple thank you to acknowledgement of a major accomplishment. Each recognition is tied to a specific CSL Value. For more significant achievements, employees may receive points to purchase merchandise from an online catalogue. Since launching the program in September 2020, participation has been impressive with over 212,000 global recognition moments (as of 30 June 2022) being shared, and Collaboration and Superior Performance being the top two most-recognised CSL Values.

## Listening to our people

As we emerge from the pandemic and experience a new way of working, we continue listening to our employees' views on critical aspects related to working at CSL. Conducted in financial year 2021/22 in partnership with external vendor Korn Ferry, our enterprise-wide Culture & Learning Assessment indicated that the overwhelming majority – **96%** – have a clear understanding of CSL's Values (+ 11 to global benchmark), and **88%** agree CSL is customer- and patient-focused (+ 12 to global benchmark). 61% of all people leaders participated in the assessment, which also involved eight focus groups of individual contributors and interviews with 14 executives.

Each year, we invite employees to provide feedback on numerous important topics, such as our CSL Values and culture, employee engagement and development, collaboration across the enterprise, CSL's Vision and decision-making through our Employee Engagement Survey. In 2022, we had the highest participation to date with more than 20,500 colleagues sharing their thoughts and opinions.

This year's Engagement Index is **77.9***, up 4.2 points from last year's survey and on par with the global external benchmark maintained by our survey administrator, Perceptyx, and representing responses from over 11 million employees across multiple industries and geographies. As in prior years, each member of our Global Leadership Group analyses their respective results to identify a few meaningful engagement objectives and related action plans for the new financial year. We also offer 'Analytics to Action' training to managers, supporting them with interpreting their team feedback and identifying strengths on which to build or opportunities to improve.

*Limited assurance by Ernst & Young

## Caring for our people

The health and well-being of our employees is a top priority at CSL, and we have implemented numerous programs to enhance our support of employees' physical, emotional and financial health especially in light of the pandemic. Enhancements have included:

- offering employees two wellness days in 2022 as we did in 2021;
- expanding Employee Assistance Programs across all locations and offering eight sessions to all employees and their dependents at no cost;
- introducing Headspace, a mental health and well-being app, to employees in nearly all locations;
- augmenting CSL's existing leave offerings by providing more options to assist global caregivers with paid time off and accommodate those who need additional time away from work;
- reviewing and adjusting health and risk coverage in all major geographies to ensure employees have access to care specifically needed in light of COVID-19, including coverage for death and disability, inpatient and outpatient services, COVID-19 testing, vaccination and telemedicine;
- introducing a charitable matching contribution program for employees in the US and Australia;
- providing family forming benefits and gender affirmation coverage to employees in US locations; and
- offering employees in U.S. locations additional support to help them find and pay for back-up care for children, elders and pets.

As our people balance a variety of professional and personal demands, we continue to support workplace flexibility. We established a hybrid work environment for those whose roles permit remote work and embedded an ongoing emphasis on safety and enhanced recognition for essential employees.

## Building a sustainable workforce

At CSL, our people are our greatest asset, and ensuring we have a sustainable workforce is critical to our business growth and sustained success.

In 2022, we continued to execute on our sustainability strategy with a focus on:

- Raising awareness, visibility and action, including the promotion of sustainability across the end-to-end working experience;
- Communicating to and involving employees in programs that maximise diversity, equity and inclusion; and
- Ensuring all employees have access and opportunity to engage with community-giving programs and volunteering for local needs.

Employee response to the company's sustainability efforts has been positive. According to the 2022 Employee Engagement Survey, **78.2%*** said they feel good about the ways CSL contributes to the community – up 2.5 points year over year and on par with the global external benchmark maintained by our survey administrator.

*Limited assurance by Ernst & Young

## Safety and wellbeing

CSL is committed to providing safe, healthy and secure workplaces for our employees, other persons present on our premises and the communities in which we operate.

Our Environmental, Health and Safety (EHS) Management System seeks to uphold our EHS principles that aim to keep people safe, protect the environment and build trust internally and externally. Each year, CSL establishes robust key performance indicators to measure our adherence to our values and drive improved results.

The EHS team works collaboratively with site operations management and employees to proactively identify and correct workplace hazards and risks, strengthen communication, define roles and responsibilities and promote a company-wide culture of safety at all of our manufacturing, laboratory and office locations.

Over this reporting period we continued the implementation of Enablon®, a cloud-based EHS software solution utilised by all employees, contractors, and visitors for event reporting, incident investigation, inspections, corrective measures and metrics. Enablon® is utilised to standardise and modernise safety reporting and processes across the organisation.

As part of our commitment to continuously improving our EHS performance, a global review of our management system against ISO 14001 & 45001 was conducted during the year, and an update to the system and implementation is planned for next financial year.

### Our Health and Safety Performance*

**Total Recordable Injury Frequency Rate (TRIFR)† (per million hours worked)**

| Year | | Targets‡ | Results‡ |
|---|---|---|---|
| 21-22 | Non-CSL Plasma sites | ≤3.5 | 1.39 |
| | CSL Plasma | ≤10.8 | 10.67 |
| | Fatalities (employees and contractors)^ | 0 | 0 |
| 20-21 | Non-CSL Plasma sites | ≤3.5 | 1.88 |
| | CSL Plasma | ≤10.8 | 11.20 |
| | Fatalities (employees and contractors)^ | 0 | 0 |

* Limited assurance by Ernst & Young.

† Total Recordable Injury Frequency Rate (TRIFR) is the rate of injuries resulting in a fatality, lost time from work ≥ one day/shift, and medical treatment beyond first aid calculated as TRIFR = (# Injuries) x(1,000,000)/(hours worked). Includes employees and workers directly supervised by an employee.

‡ Data is calculated over a 36-month period of time. Targets are set at 50% of the 36-month industry average for the period published. Data is separated into CSL Plasma and non-CSL Plasma sites to account for the difference in the inherent hazards in plasma collection centres as compared to manufacturing facilities and the resulting differences in how industry data is published.

^ Applies globally to all operations and employees, including part-time employees, contracted employees, and temporary employees (or other individuals) whose work is directly supervised by a CSL employee. This includes contracted employees that perform work that is directly related to the company's core work and provide work direction from the Company. Does not apply to independent contractors: who perform non-core servicing, maintenance or construction related work. Work performed by an independent contractor is not controlled nor directed by CSL and its entities but by the hired party.

# 8 Environment

**Our commitment to a healthier world means delivering for both people and our planet. For a century we have strived to provide our life-saving medicines in an efficient, inclusive and environmentally respectful way. We take this responsibility seriously, and our promise is to continue to further build environmental considerations into our business so we can deliver a sustainable world for the next century and beyond.**

**In addition to material topics featured, our strategic sustainability focus areas include the following:**

- **Integrate sustainability considerations into business decisions.**
- **Reduce carbon emissions.**
- **Minimise end to end production of waste through removal, reduction and recycling.**
- **Across our supply chain reduce waste and emissions.**

## Promoting environmental protection

At CSL, we recognise that responsible management and efficient use of natural resources is key to our sustainable growth and our ability to enable efficient and reliable supply of our life-saving medicines.

CSL has an Environment, Health, Safety and Sustainability (EHS[2]) function, which ensures its facilities operate to industry and regulatory standards. This strategy includes compliance with government regulations and commitments to minimise the impact of operations on the environment. Our EHS[2] Management System provides the platform for policies, procedures and guidelines, which manage our business processes. We are committing resources and time into new technology to capture, calculate and report global environmental data, a significant stepping stone to delivering on our roadmap for achieving our emissions reduction targets.

In 2021/22, across our network of manufacturing facilities and CSL Plasma centres there were no breaches of environmental laws that resulted in a financial penalty or public notice.

### Protecting a natural reserve

CSL Behring's manufacturing facility at Broadmeadows, Australia, is located within close vicinity to Jack Roper Reserve. The reserve, while primarily serving as a flood mitigation retention basin, is also a picturesque lake and popular park for local families. With the significant expansion of our facility at this site, works were undertaken to ensure appropriate management of stormwater runoff.
In order to buffer stormwater from our site a wetlands was installed on location, along with a series of weirs and outfeed pipes that will bring the site within specification for release, even during a one-in-100 year rain event. The wetlands are also designed with an automated valve that can be closed in case of the unlikely event of chemical spill. The wetlands were approved by the local water authority and passed all reviews and inspections.

## Environmental trends

Compared with the prior year, modest increases were experienced across energy consumption, greenhouse gas emissions and water consumption. These increases are largely due to fluctuating manufacturing volumes and commissioning activities across new infrastructure.

Our environmental performance includes data from the following operations:

- CSL Seqirus, three manufacturing facilities – Australia, the UK and the US;
- CSL Behring, five manufacturing facilities – Australia, Germany, Switzerland, the US and China;
- CSL Plasma operations, including testing laboratories and plasma centres, across China, Germany, Hungary and the US;
- administrative and R&D operations co-located with our manufacturing facilities; and
- the respective head offices for CSL Behring (King of Prussia, US), CSL Plasma (Boca Raton, US) and CSL Limited (Parkville, Australia).

| Indicator | Unit | 19-20[1,5] (April to March) | 20-21[1,5] (April to March) | 21-22[1,5] (April to March) |
|---|---|---|---|---|
| Energy consumption[2] | Petajoules (PJ) | 3.79 | 3.74 | 3.92 |
| Greenhouse gas emissions[3] | Metric kilotonnes $CO_2$-e (KT) | 341 | 324 | 347 |
| Water consumption | Gigalitres (GL) | 4.25 | 4.44 | 4.67 |
| Total waste | Metric kilotonnes (KT) | 66.75 | 59.18 | 55.54 |
| Waste recycling rate[4] | % | 46 | 39 | 38 |

1 Data reported are inclusive of CSL Behring and CSL Seqirus manufacturing facilities, CSL Plasma and CSL Behring headquarters.

2 Includes Scope 1 and 2 energy sources. Scope 1 energy sources are fossil energy sources supplied or used onsite. Scope 2 energy sources are electricity and steam supplied to site.

3 The majority of greenhouse gas (GHG) emitted from CSL's operation is carbon dioxide ($CO_2$). In the US, Germany, the UK and Switzerland, GHG emission factors are used to calculate $CO_2$ emissions only. In Australia, GHG emission factors used by CSL calculate carbon dioxide, nitrous oxide and methane emissions. Total emissions for Australian facilities are expressed as carbon dioxide equivalents ($CO_2$-e).

4 The recycling rate represents the proportion of total waste generated that is either reused or recycled.

5 CSL Plasma uses validated factors to calculate electrical power, gas and water consumption. Utility invoices were used to establish these factors and calculate natural gas, electricity and water consumption for all CSL Plasma centres. Utility invoices were also used for the two CSL Plasma Logistic centres in Knoxville (US) and Union (US). CSL Plasma uses the contracted waste hauler monthly data to calculate the total yearly waste impact. In the absence of hauler information, a factorial is applied to calculate the estimated waste impact per volume of plasma collected

## Environmental metrics

With the development of CSL's 2030 emissions reduction target, the following metrics are under review.

**Intensity measure.** Previously CSL has reported environmental performance utilising an intensity measure drawn from environmental inputs (absolute numbers) against group revenue. With the establishment of an absolute target alternative indicators will be explored to support measuring performance against our targets.

**Scope 3 emissions.** These are indirect emissions resulting from value chain activities including the supply of goods and services, distribution of products by third parties and employee travel. In 2022/23, CSL expects to disclose its scope 3 boundary and baseline data.

## Our Scope 1 and 2 emissions profile

CSL's Scope 1 greenhouse gas emissions come from the combustion of fossil fuels. This is primarily burning natural gas to generate steam at manufacturing facilities. Scope 2 emission are from purchased electricity and to a lesser extent purchased steam. Sites in Switzerland and the UK currently purchase electricity from renewable sources.

**CSL Limited**
Scope 1 and 2 GHG emissions 21-22

- Scope 1 **30%**
- Scope 2 **70%**

## Climate change and resilience

Climate change poses a risk for the health of the global population, businesses, communities and the economy. A warming planet increases the risk of wildfires, rising sea levels, extreme heat, severe weather and droughts. These hazards can have a direct effect on population health and further stress health care infrastructure, including the network of global manufacturing facilities and warehouses utilised by CSL in the production of life-saving medicines and therapies. We recognise the need to limit global warming to 1.5°C in line with the Paris Agreement in order to reduce even worst impacts in the long-term, as reiterated in the most recent Intergovernmental Panel on Climate Change (IPCC).

While we strive to save and improve the lives of our patients and protect public health, we've taken actions to proactively mitigate and adapt to climate change. Our recent efforts include undertaking enterprise-wide climate risk and opportunity assessments in 2019/20 and 2021/22 using the IPCC Fifth and Sixth Assessment Reports (IPCC AR5 and IPCC AR6) across our plasma centres, critical suppliers, manufacturing facilities and warehouses, disclosing against the CDP (formerly known as Carbon Disclosure Project) framework, and developing a decarbonisation roadmap.

Climate change affects all aspects of businesses and communities, both directly and indirectly, with the severity varying significantly by region. We have identified multiple opportunities to quantify and lower our greenhouse gas emissions, and expand knowledge-sharing opportunities between different functions and geographies to develop multi-purpose adaptation and mitigation solutions.

With involvement from CSL staff across our key geographies, we identified and prioritised physical and transition climate risks and opportunities referencing CSL's risk framework to 2030, with climate scenario analysis informing long-term changes and potential impacts in climate policy and climate hazards relevant to our operations.

Primarily focussing on a 2030 timeframe, in line with our strategy, the materiality of these risks as is predicted today is currently of low to moderate impact, and we will continue to regularly monitor and reassess these risks as the effects of climate change further unfold, with our approach to management of these risks now embedded in our Enterprise Risk Management Framework.

The resiliency of our operations is aided by having a geographically diverse but integrated network of manufacturing facilities; a reliance on plasma collections via an expanding network of more than 300 centres across the US, and also in China, Germany and Hungary; a supply chain that is actively monitored and risk-managed, particularly for critical and sole source suppliers involved in the manufacture of our products; a roadmap for reducing emissions by 2030; and an emerging need to investigate how climate change affects supply chain routes that are dependent on cold-chain transportation.

These efforts ensure we can contribute to limiting global warming, while continuing to improve the lives of our patients and protect public health.

We also continue working towards including the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) into future disclosures, giving consideration to the rapidly evolving standards and impending release of the International Sustainability Standards Board's Climate-related Disclosures (Climate Exposure Draft) which builds upon the recommendations of the TCFD and incorporates industry-based disclosure requirements derived from the Sustainability Accounting Standards Board (SASB) standards.

## Scenarios utilised for analysis

### Using scenario analysis

Scenario analysis is an established method of informing strategic planning and is a useful tool for understanding the strategic implications of climate-related risks and opportunities. CSL uses scenario analysis and resilience testing to understand the potential impacts that a range of physical and transition risks associated with climate change may have on CSL's operations. While scenario planning is an important planning tool for CSL, there are limitations with scenario analysis and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis is not an indication of probable outcomes and the assumptions relied upon for the purpose of this analysis may or may not prove to be correct or eventuate. However, CSL uses scenario assessment to help us understand potential business outcomes in different scenarios to support with our planning.

### Physical

The global warming futures are evaluated using scenarios collectively known as the Shared Socioeconomic Pathways (SSPs) that offer different narratives regarding socioeconomic trends that could shape the future over time and associated with distinct global warming trends. The SSPs are from the IPCC Sixth Assessment Report (IPCC AR6). The SSPs build upon the Representative Concentration Pathways (RCPs) from the IPCC Fifth Assessment Report (IPCC AR5). We use the RCP scenarios (that are aligned to the SSP scenarios) from the IPCC AR5 for metrics that have not yet been constructed within the IPCC AR6 models.

The frequency and intensity of chronic and extreme temperature and precipitation patterns and the occurrence of storm surge events and hurricanes was assessed under two IPCC AR5/AR6 scenarios, namely a moderate emissions RCP4.5/SSP2-4.5 'Current Policies' pathway (the world meets current climate targets and pledges, but does not quite meet the Paris Agreement target), and a high emission 'Limited Action' RCP8.5/SSP5-8.5 global inaction pathway. We assessed multiple time horizons from now to 2050. We used multiple climate datasets and models to inform future implications across CSL operations and geographies.

Scenarios explored the change in extreme weather events, chronic and extreme heat, flood and extreme rain and water scarcity over the applicable time horizons.

### Transition

We conducted scenario analysis on CSL manufacturing sites across the US, Europe and Asia Pacific. We used two scenarios from the Network for Greening the Financial System (NGFS) for 2030, 2040 and 2050. These were a low emission 1.5°C-aligned 'Net Zero 2050' pathway that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero $CO_2$ emissions around 2050, and a moderate emission 3-4°C 'Current Policies' pathway that assumes that only currently implemented policies are preserved, leading to high physical risks. These scenarios have been selected to capture the spread (diversity) of potential future combination edge-cases.

The potential financial exposure of CSL's emissions have been projected using the trends of carbon and energy prices inherent to the decarbonisation scenarios. These were quantified by exploring alternate combinations of CSL's decarbonisation actions and the decarbonisation actions on a global scale. We used metrics and information including carbon and energy prices, fuel mix, existing policies and regulations, targets and commitments, and regionally-significant sectoral emissions.

## Energy and emissions

The main sources of energy for CSL's manufacturing facilities are electricity and natural gas. Steam and compressed air are imported onto the Marburg, Germany, facility as energy sources. Small amounts of diesel, gasoline and heating oil are also used as energy sources. For our CSL Plasma network of centres, electricity is the main source of energy. Combined, our manufacturing facilities and CSL Plasma's centres contribute most of CSL's energy consumption and therefore greenhouse gas emissions.

Following the adoption of our sustainability strategy in 2021 we have undertaken detailed analysis of our current and projected footprint and the short and near-term decarbonisation levers available. As a result, we have set emissions reduction targets for 2030.

### Our target

As part of the environment pillar of our strategy, we set out to develop targets based on validated data sets and robust baselines. As a result of this effort, and in alignment with Science Based Targets initiative, we commit to a 40% reduction in absolute Scope 1 and 2 emissions by 2030, using the average of CSL's FY19-21 emissions as the basis. Further, we intend to ensure that suppliers who contribute 67% of our Scope 3 emissions have set Science Based Targets aligned Scope 1 and Scope 2 reductions by 2030.

For CSL, this is an escalation of our approach to environmental responsibility, recognising and responding to the risk global warming poses to our patients, donors, communities and public health.

| |  |  |  |
|---|---|---|---|
| **Scope** | | | |
| **Target*** | 40% reduction by 2030 on our baseline | | For 67% of emissions, applicable third parties have set science-based Scope 1 and 2 targets by 2030 |
| **Key abatement levers over the target timeframe** | · Increased energy efficiency<br>· Best-in-class facility design for greenfield sites and new buildings<br>· Switching fuels to less carbon intensive energy sources | · A push towards more renewable power<br>· Re-designing some of our manufacturing sites<br>· Increased energy efficiencies | · Revised procurement standards and award criteria<br>· Supplier enablement through advocacy and education<br>· Strategic partnerships to innovate and collaborate |
| **Definitions** | *Excludes Vifor<br>**Scope 1** controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, or vehicles.<br>**Scope 2** emissions are released as a result of one or more activities that generate electricity, heating, cooling or steam that is consumed by the facility, but that do not form part of the facility.<br>**Scope 3** emissions are the result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain. Scope 3 emissions include all sources not within an organisation's Scope 1 and 2 boundary. | | |

## Embedding environmental considerations into key business decisions


In November 2020, CSL Seqirus announced the build of the only cell-based influenza vaccine manufacturing facility in the Southern Hemisphere, producing seasonal and pandemic influenza vaccines, CSL Seqirus proprietary adjuvant and Australian antivenoms and Q-Fever vaccine.

The facility will be built at a green-field site in Tullamarine, Victoria, Australia and is currently designed to feature best-in-class sustainable design features including, to name a few:

- onsite renewable energy generation;
- electrification of plant to reduce reliance on natural gas;
- heat recovery from waste management processes;
- reclaim water reuse;
- embedded night setback operating mode for suitable spaces when activity levels are low;
- electric car and bicycle charging stations;
- detailed waste management and circular economy plans to minimise construction and operations waste; and
- reuse of recycled materials in construction.

The facility is expected to be operational in 2026 and will seek certification to the Green Building Council Australia's Green Star building rating.

## Innovation and sustainability intertwine in Marburg, Germany

The new research and development (R&D) campus in Marburg, Germany, is one of the places where CSL will shape the future. For the first time, more than 500 R&D colleagues along with external partners can collaborate under one roof in state-of-the-art work spaces and in highly innovative laboratories.

While the new building seeks to fuel R&D innovation, innovation has also been fundamental in the design of the building. An innovative sustainability-driven heating and cooling feature has been installed. Heating and cooling will be provided by heat pumps plus an innovative ice storage system, which will be one of the largest ice storage facilities in Europe. At the end of the heating period, the water in the ice storage begins to freeze and this stored cold can be used at no expense for cooling during warmer periods. This system reduces primary energy consumption by about 37% below the minimum standard required by law.

Completion of the building is planned for September 2022, and the new building is expected to reduce $CO_2$ emissions by 1,870 tonnes per annum.

## Waste and packaging

CSL's objective is to reduce the amount of waste that is generated throughout the production and use of all products; to reuse and recycle waste as far as possible; and to dispose of the residual waste responsibly. The amount of waste produced and how it is handled varies between CSL's different facilities according to production processes and available disposal options.

A large part of the waste stream is made up of glass, plastics, cardboard, wooden pallets and other types of packaging, which is necessary for ensuring product safety of pharmaceuticals. Disposal of packaging presents particular challenges for pharmaceutical companies because packaging such as single-use plastics, glass syringes and vials are not recyclable and must be disposed of in a safe manner.

CSL's operations in Europe dispose of almost all waste by recycling or incineration. In Australia, CSL is a signatory to the Australian Packaging Covenant and reports regularly on plans and progress to minimise waste. There is also a wide variety of waste recycling programs at our US facilities. However more can be done to reduce waste to landfill across our Australian and US operations and this remains a focus area for CSL in the near-term.

Over the past year CSL has actively sought ways to reduce paper and cardboard packaging usage and waste, including the following examples:

- The replacement of patient information leaflets from the product pack with an electronic leaflet has been initiated for the Japanese market;
- At our Marburg, Germany, site, the implementation of digitally printed packaging for smaller markets, has helped to reduced over-ordering and packaging material write-offs; and
- New generation labels that use 30% less material were utilised to launch an albumin-based product in China.

## CSL Plasma innovation drives sustainability

With US regulatory clearance of the Rika Plasma Donation System, Terumo Blood and Cell Technologies and CSL Plasma continue working together to deliver this new plasma collection platform at CSL Plasma US collection centres. With this implementation, we expect to see reduced environmental impacts; strengthen our commitments and reputation with donors, patients and communities; and raise awareness and involvement toward sustainable practices.

We expect the following to occur at a high level, to minimise end-to-end production of waste through removal, reduction and recycling.

- There will be less biohazard waste as the disposables used on the Rika device have a smaller footprint. Initial data analysis indicates a Rika-generated plasma donation reduces biowaste by 68g (0.15lb) per donation.
- We will see less cardboard waste as less packaging material is required for the Rika separation set, which are components involved to separate blood cells from plasma.
- Terumo will be providing a digital interface and we will be moving to more paperless processes.

With millions of plasma donations collected each year and a growing footprint of operations, these represent a significant reduction of biowaste. Further analysis will be undertaken as we begin rollout of devices across the CSL Plasma centre network in the US.

## Optimised ethanol recycling

CSL's Bern, Switzerland, site utilises ethanol in production steps and for cleaning and disinfecting equipment, work tools and rooms.

Post use, ethanol is purified by distillation and reused. This reprocessing requires five times less energy than industrial ethanol production and the proportion of internally recycled ethanol is 77%, reducing the amount of ethanol purchased and transported to CSL Behring.

In 2021, a distillation plant was optimised with the aim of processing the same amount of ethanol with less steam and thus saving natural gas. This was achieved by lowering the differential pressure. In addition, the heat exchanger for feed preheating was replaced. This allows more energy to be recovered from the plant's hot wastewater. With this optimisation, the system requires 2'448'980 kWh less energy in the form of natural gas per year (equivalent to brewing over 171 million cups of coffee).

# 9 Social

## Our greatest opportunity to contribute to society is through the development of new therapies for serious unmet medical needs and through the continued supply of life-saving vaccines and plasma and protein-based therapies.

From developing new, innovative therapies for diseases to enabling greater access to life-saving vaccines, protecting the safety and wellbeing of our patients and communities around the world sits at the center of our purpose as a business. This includes a commitment to a positive experience and the trust of our donors, who make vital therapies possible, and to continuous engagement with the stakeholders we depend upon to fulfill our promise.

**In addition to material topics featured, our strategic sustainability focus areas include:**

- **strengthening societal health through access to our existing products and therapies and investment in innovation;**
- **being trusted by donors through a focus on their experience and wellbeing, and their communities; and**
- **enhancing our industry position as a patient-focussed and public health leader.**

**US$9.9 billion**

**over the reporting period distributed in supplier payments, employee wages and benefits, shareholder returns, government taxes and community contributions***

*Limited assurance by Ernst & Young.

### Plasma donors

CSL Plasma is one of the world's largest collectors of human plasma and a leader in plasma collection. CSL Plasma's 14,000 employees commit to excellence and innovation across the full cycle of plasma collection, including donor screening, the donation process, plasma testing and logistics, ensuring plasma is available for the manufacturing of life-saving therapies. Plasma donors continue to be the critical link to ensure tens of thousands of people can live normal, healthy lives.

The company has strengthened and grown its footprint to support a positive donor experience and reliable plasma supply as patient demand has increased. Donor management and safe, compliant and efficient plasma collection remain integral to a quality supply of raw material.

More than 300 CSL Plasma centres provide the plasma that is the foundation of life-saving and life-enhancing therapies, as well as serving as a positive force in local communities, supporting donor wellbeing and the surrounding area. As one example, for a second year in a row, CSL Plasma provided vouchers to plasma donors in the U.S. to access influenza vaccines at no cost at a local pharmacy during the US autumn and winter seasons, when influenza is most likely to manifest and spread.

### CSL Plasma donor experience and profile

The socio-demographic background of US CSL Plasma donors remains diverse. Based on self-reported survey data administered through the newly deployed CSL Plasma mobile app (1 Sept 2021 to 30 June 2022), CSL Plasma donors provided details on occupational status^:

- 55% described themselves as working full-time.
- 20% described themselves as unemployed, inclusive of full-time parents, donors who are not looking for work or the unemployed.
- 15% described themselves as part-time.
- 3% described themselves as students.
- 7% described themselves as other (e.g. military, retired).

Of those plasma donors surveyed, 95% are willing to donate again, and 91% of plasma donors are willing to refer a friend to donate plasma at their CSL Plasma centre.^

**95%**

**of plasma donors are willing to donate again^**

**91%**

**of plasma donors are willing to refer a friend to donate plasma at their CSL Plasma centre^**

^ Limited assurance by Ernst & Young. CSL Plasma updated post-donation survey questions in September 2021 to use a Likert response scale from a prior yes or no answer. Data is based on 2.9 million survey responses. The percentages for willing to donate and refer a friend are comprised of total number of respondents who selected the top two (4 and 5) of five numbers on the Likert scale.

## Advancing innovation at CSL Plasma

In March 2022, the US Food and Drug Administration (FDA) provided regulatory clearance of the Rika Plasma Donation System developed by Terumo Blood and Cell Technologies.

CSL and Terumo announced a collaboration in 2021 to deliver the new plasma collection platform at CSL Plasma US collection centres. CSL Plasma will begin implementation of the new device as part of the limited market release at centres in the Denver and Colorado area and then continue with full implementation across all US CSL Plasma centers during 2022/23.

The Rika system includes technology to support a safe, efficient and improved experience for plasma donors, as well as an improved employee experience. Additional system features support the collection of more plasma, in shorter periods of time. This helps us better serve patients who rely on plasma-based therapies.

Benefits of the Rika system include the following.

- It completes one plasma collection in 35 minutes or less on average, enabled by the proprietary design of the centrifuge to maximise the plasma yield per cycle. When considering prior average CSL Plasma donation times, this could represent a nearly 30% reduction in average donation time for donors.
- It ensures there's not more than 200ml of blood outside the donor's body at one time. This is expected to improve the donor's comfort during the donation and reduce occurrence of a red cell loss deferral.
- It is designed with an advanced user interface to guide CSL Plasma front-line employees who operate the device. Status indicators keep donors informed of their donation progress and allow employees more information to assist donors.
- The system has built-in safety features that minimise errors and reduce interruptions; and
- It features training modules that can be integrated into any learning management system to efficiently train operators and technicians.

A clinical trial of the device supported regulatory clearance. Overall, donor satisfaction with the procedure was high during the trial as donors were pleased with the reduced procedure time and often expressed that they felt better at the end of the procedure with the new device than they did during previous donations.

## Initiatives further support donor experience

Our ability to supply life-enhancing and often life-saving therapies is only made possible by ensuring a positive donor experience. All our centres operate to the same standards for the management and care of plasma donors.

CSL Plasma has studied several strategies to reduce donor adverse events (AEs), particularly pre-faint or fainting among first-time donors. An analysis of donor adverse events was recently published with the trade association in the medical journal *Transfusion*, including data from CSL Plasma and two other companies. This data helped to inform our approach.

We have completed two controlled studies evaluating promising interventions based on information in the medical literature. A cross-functional team has been examining the results, and will implement an approach to further reduce AEs in the next financial year. Our focus is to minimise overall AEs, especially among first-time donors. We have also increased proactive health and wellbeing messaging for plasma donors through traditional and digital channels, to support plasma donation and healthier lifestyles.

Another study involving a three-year analysis of donor deferrals from 255 centres in the US was published in the *Journal of Clinical Apheresis* in October 2021. Plasma deferrals occur when initial and periodic onsite screening of donors renders them unable to undertake a plasma donation.

The study analysed a total of 4,587,923 events from 255 plasma donation centres (an average of 9% of total donations) over a three-year period (1 April 2017 to 31 March 2020). Most donor deferrals were due to particularly high blood pressure, elevated pulse, low protein and low haematocrit – which is the make-up of blood with blood cells.

Although rates of deferrals in other categories have been slightly increasing over time, they comprise a small percentage. Donor education regarding healthy lifestyle choices may improve overall donor health, decrease deferrals and increase source plasma supply. CSL Plasma's donor app, website and social media channels help raise awareness of and educate donors on lifestyle choices.

# 9 Social

## Product safety and quality

The development, manufacture and supply of high-quality and safe products is critical to our ability to continue to protect public health, save lives and improve the health and wellbeing of patients with rare and serious diseases. CSL employs an independent quality function that strives to maintain the highest standards through the use of global quality standards.

These are reflected in global policies, global and local procedures, as well as global electronic systems to support management of the quality processes. In 2021/22, CSL's quality systems, plasma collection and manufacturing operations were subject to 406 regulatory agency inspections* around the world. These independent inspections resulted in no suspensions or terminations of a licence to market a product in any market in which CSL is active and confirm that the quality systems established globally by CSL are effective and in line with regulatory agency expectations.

**406**

**regulatory inspections of our manufacturing facilities and plasma collection centres* with no suspensions or terminations of a licence to market a product in any market in which CSL is active**

To assure continued consistent high-quality materials from our partners, CSL Behring and CSL Seqirus conducted a combined 678 quality regulatory audits* of suppliers worldwide, comprised of on-site, virtual, and paper-based audits.

Over the reporting period, there were 12 reported cases of suspected counterfeit products from CSL customers. CSL was able to confirm that three of the 12 cases were counterfeit products, three investigations could not confirm the counterfeit status and six remain under investigation.

Over the reporting period, as a precautionary measure, six lots of PRIVIGEN and four lots of HIZENTRA were voluntarily withdrawn from the US market due to a higher rate of allergic/hypersensitivity type reactions. Hypersensitivity and anaphylactic reactions are a known risk with immune globulin products. Across our operations, there were no safety-related recalls of finished product initiated by a regulator.

Oversight and management of pharmacovigilance and clinical safety affords our patients the opportunity to fully realise the benefits of our products. CSL's Global Clinical Safety and Pharmacovigilance function continues to assure the safety of patients and clinical study participants while further deepening its capabilities and improved quality outputs. Compliance metrics have remained at high levels.

Over the reporting period, CSL Behring and CSL Seqirus pharmacovigilance quality assurance (PVQA) performed a total of 69 pharmacovigilance (PV) audits:

- 20 on internal systems and processes across our sites, including affiliates; and
- 49 on third parties that undertake PV responsibilities on CSL's behalf in various countries all over the world.

None of these audits resulted in an outcome which affected our ability to supply product.

CSL Behring underwent several GMP inspections which focused on patient safety and pharmacovigilance. None of these inspections resulted in an outcome which affected patient safety nor resulted in critical findings.

## Supply continuity and resilience, including human rights and responsible supply chain.

To meet the global demand for CSL's lifesaving medicines, we are focused on driving a global mindset and creating an end-to-end operation organisation that is modern and scalable, from plasma collection through to our patients.

As an industry, collecting plasma during the global pandemic has been challenging. COVID-19 has presented the plasma industry with many challenges with the ability to collect plasma having been the most adversely affected. CSL Plasma has continued to implement a number of targeted initiatives focussing on growing plasma collections for example, donor fees were increased industrywide. We enhanced our operating and marketing efforts to attract not only new donors but also lapsed donors, both of which are an important source of future donations. We also provided influenza vaccination vouchers to US plasma donors following the completion of two plasma donations made within a calendar month and introduced new technologies, such as our donor app, to improve the donor experience.

CSL has continued to implement strategic partnerships with contract manufacturers to establish services that increase capacity and mitigate risks. Several new partnerships entered the commercial supply phase which has enabled CSL to spread singled sourced product supply over multiple manufacturers. These partnerships will also deliver greater capacity to support CSL's growth plans.

Many projects are in various stages of the technology transfer process and when delivered will further increase supply reliability and resilience of CSL's most important products.

Over the reporting period, CSL enhanced its third-party risk management (TPRM) digital tool, by means of amended or additional questions for supplier self-assessments, which was released in 2021. The tool assesses risks across new vendors. Since the launch of TPRM we have loaded 170 vendors and only two were identified as high risk.

CSL is also in the process of rolling out DisasterAware, a digital platform that provides early indication warnings to our procurement team of natural and human-induced risks based on the physical location of our vendors. This will go live in the second half of 2022.

CSL also operates an on-going process of vendor audits and we conducted 678 such audits during the reporting period. We continue to refine our tools in this space and this level of effort reflects our continued focus on understanding our suppliers and our commitment to enabling a reliable supply of our therapies.

**678**

**quality audits of suppliers***

*Limited assurance by Ernst & Young.

In December 2021, CSL's second, Board-approved, public Modern Slavery Statement under new Australian laws was published by the Australian regulator. To help minimise disruption to product manufacturing and supply, and to support our efforts to identify, remedy and ultimately prevent risks of instances of modern slavery occurring in our supply chain. CSL has joined the Pharmaceutical Supply Chain Initiative (PSCI) to collaborate with like-minded organisations across a number of social and environmental aspects including human rights and labour practices. We also continue to adapt our processes to assess and mitigate third party risk prior to onboarding. For existing suppliers we have commenced a process of communicating our expectations for business conduct by sharing (and in some case undertaking training on) our Third Party Code of Conduct, which was published in September 2021.

Anyone with information about potential misconduct is encouraged to 'Speak Up' under the CSL Speak Up Policy. This includes all of CSL's current and past employees, directors, contractors, customers, suppliers and associates. All reports made under this policy will be received and treated sensitively and seriously, and will be dealt with promptly, fairly and objectively.

From 1 July 2021 to 30 June 2022, no reports related to human trafficking or slavery and forced labour in our global operations were received.

You can read more on CSL's modern slavery response in our 2021 Statement on CSL.com (Our Company > Corporate Responsibility > Key Publications).

## Health security

A measure of the trust we have built is our position as a global leader in influenza pandemic preparedness and response. Thirty governments around the world rely on CSL Seqirus for pandemic influenza preparedness, including the US, the UK and Australia. CSL Seqirus also provides pandemic response commitments to the World Health Organization.

Our government partners reserve pandemic vaccine doses from our facilities to protect their populations in the event of an influenza pandemic. CSL Seqirus also supplies pre-pandemic vaccine stockpiles that could be deployed to first-responders upon a declaration of an influenza pandemic.

CSL Seqirus has three state-of-the-art manufacturing facilities on three different continents, together with a global fill and finish network located close to our end markets.

CSL Seqirus passed two key milestones in the US in 2022. In February, CSL Seqirus renewed a multi-year agreement with the Biomedical Advanced Research and Development Authority (BARDA), a division of the Office of the Assistant Secretary for Preparedness and Response (ASPR) within the U.S. Department of Health and Human Services (HHS).

The agreement provides influenza vaccines and adjuvants for pre-pandemic stockpiling or for manufacture to support rapid response to an influenza pandemic or other public health emergency.

In June, CSL Seqirus announced that its manufacturing facility in Holly Springs, North Carolina, has successfully achieved all criteria required to establish domestic manufacturing capability for cell-based seasonal and pandemic influenza vaccines as outlined by BARDA.

With this recognition, the US Government confirms that CSL Seqirus has established and will maintain the required pandemic readiness to deliver 150 million doses of cell-based pandemic influenza vaccine within six months of an influenza pandemic declaration in the US. CSL Seqirus' adjuvanted egg-based pandemic and pre-pandemic vaccines have now been augmented, with the first ever adjuvanted cell-based pandemic vaccine, AUDENZ™ (Influenza A(H5N1) Monovalent Vaccine). This vaccine is designed to help protect people six months of age and older against influenza A(H5N1) in the event of a pandemic and is approved for use by the US Food and Drug Administration (FDA). Construction work has also commenced on Seqirus' new A$800+ million influenza vaccine manufacturing facility in Australia. The facility will utilise the same innovative cell-based technology used at our Holly Springs site, which has the potential for the rapid ramp-up of vaccine production in the event of a pandemic emergency.

## Access to our products

Our products provide substantial and meaningful value to patients, healthcare providers, health insurance payers and healthcare systems around the world.

We are proud of these contributions and seek to ensure that patients and communities have access to a reliable supply of biopharmaceuticals and vaccines.

We work with governments, health insurance payers and other stakeholders to support timely and appropriate market entry and access, in order to enable appropriate patients to benefit from our therapies as quickly as possible. We value an ongoing dialogue with policymakers, advocacy groups, and other stakeholders to understand and respond to their needs and expectations.

We articulate and communicate comprehensive evidence on the value of our innovations to inform access and reimbursement decisions, and we provide patient assistance programs and support advocacy efforts that improve access to care and affordability.

In 2021/22, CSL's investment for humanitarian access programs and product support initiatives totalled US$17.8 million.* In the US, access programs are critical to patients who are uninsured, underinsured or who cannot afford therapy.

**US$17.8 million**

**supporting product access across the world***

We are also committed to pricing practices that reflect the value our products bring to patients and society. To that end, we evaluate real-world and clinical trial data that demonstrate the clinical benefits our therapies deliver, as well as the cost savings they provide to overall healthcare. We also consider patient needs and preferences and how our therapies improve patients' quality of life and productivity.

*Limited assurance by Ernst & Young. Dollar value is a sub-set of CSL's total community contributions.

# 9 Social

## Supporting patients with haemophilia

In May 2022, CSL Behring announced a ground-breaking new partnership with the World Federation of Hemophilia (WFH).

Commencing in 2023, CSL Behring will donate 500 million international units (IUs) of coagulation factor therapy to the WFH as part of its continued support of the WFH Humanitarian Aid Program. The donation, which includes product specifically manufactured for the purposes of being donated, will create consistent and reliable access to treatment for people living with bleeding disorders in more than 60 developing countries.

By manufacturing product specifically for the purposes of donation, the coagulation factor therapy will have a standard shelf life of three years, thus enabling greater access to these life-saving therapies for people around the world. The donated product will be delivered twice a year for five years.

In addition to the product donation, the partnership supports progress in improving the diagnosis and treatment of bleeding disorders through the WFH's Global Alliance for Progress (GAP). CSL Behring will provide financial support for logistics costs and training programs designed to address unmet needs for people living with haemophilia in developing countries who are undiagnosed, untreated, or undertreated.

This substantive partnership extends CSL Behring's longstanding commitment to the WFH, with CSL Behring currently in its fifth multiyear commitment to donate coagulation factor therapies to the WFH.

## The role of real world evidence (RWE) in driving vaccine value and access

Unlike other viruses, such as human papillomavirus (HPV) or measles, the influenza virus can change significantly each year, making it critical for us to assess seasonal vaccine effectiveness through real world evidence, year after year.

As a company on the front line of influenza prevention, CSL Seqirus is committed to using RWE to continually evaluate the clinical benefit and cost effectiveness of our innovative seasonal influenza vaccines compared to more traditional options. Health agencies use RWE to make decisions about which influenza vaccines to recommend for certain populations, providing access for the most vulnerable people through government-funded immunisation programs.

In June 2021, CSL Seqirus published a study showing cost-effectiveness of FLUCELVAX QUADRIVALENT in people aged 50 years and above in the UK, lending support to the UK Governments decision to include this cohort in its national influenza vaccination program during the COVID-19 pandemic.

In June 2022, the US Advisory Committee on Immunisation Practices of the CDC evaluated the body of evidence including clinical and observational data to preferentially recommend three adjuvanted or higher dose influenza vaccines, including FLUAD, for people 65 years of age and older in the US. This decision will also help improve access to these vaccines for ethnic and racial minorities in this vulnerable age group

## Social investment

CSL's approach to community support is guided by our Code of Responsible Business Practice and supplemented by our Global Community Contributions Policy. The policy applies to all CSL businesses and employees and is intended to be implemented to guide decision-making and management of any form of community contribution, financial or by other means. The core of the policy is our community contributions framework, which sets out our key focus areas of support: patient communities, innovation and science and local communities. In 2021/22, CSL contributed US$50 million to support global efforts where we operate.

**US$50** million in community contributions

**50%^** to patient communities

**49%^** to innovation and science

**2%^** to local communities

| Sub focus areas | | | |
|---|---|---|---|
| | • Enhancing quality of life for patients in the conditions our therapies treat.<br>• Improving access to our biological medicines. | • Advancing knowledge in medical and scientific communities.<br>• Fostering the next generation of medical researchers. | • Supporting community efforts where we live and work.<br>• Supporting communities in times of emergency. |

^Due to rounding, percentages do not total 100.

## PNG expanded antivenom access – moving beyond roads, to air and the sea


YWAM Medical Ship in PNG

Now in its fourth year, the Papua New Guinea (PNG) Snakebite Partnership continues to address an important public health issue through strategic partnerships resulting in new and innovative ways to improve access to antivenoms. CSL Seqirus collaborates with the Australian High Commission in PNG, the PNG Department of Health, and the University of Melbourne to donate up to 600 vials of antivenom per year, which are distributed across PNG via trained healthcare workers. This improves the chances of timely administration of antivenom to potentially help save lives in a country with one of the highest snakebite rates in the world.

During the COVID-19 pandemic, the program has found innovative ways to open up access to more remote parts of the country through collaborations with St John Ambulance on the roads of Central Province, Manolos Aviation to leverage the airspace above Lae and beyond, and the Youth with a Mission (YWAM) Medical Ship that serves communities along the southern coast of PNG.

## Standing up for Ukraine

CSL and its employees are saddened by the violence and devastating toll caused by the war in Ukraine and have joined the statements and initiatives to support the people and patients affected by the war.

To aid with humanitarian efforts, CSL participated in *Global Citizen's Stand Up For Ukraine* campaign in April 2022, under the auspices of the European Commission and governments. CSL CEO and MD, Paul Perreault, personally engaged in this initiative and stated our strong commitment to human health and human rights, and CSL pledged a donation of our life-saving medicines, for a value of more than €1.6 million to support humanitarian efforts in the region.

We have worked with the European institutions and governments, and coordinated with Ukrainian authorities to deliver this donation through the European Union RescuEU program and the EU Civil Protection Mechanism to Ukraine. Our life saving medicines will help treat infected wounds, provide treatment for people exposed to hepatitis B, help control bleeds with blood-clotting therapies and treat those suffering from shock following serious injury, severe burn or surgery.

In addition, we have also worked with several international organisations, such as WHO, to provide a number of our life-saving medicines. We continue in close dialogue with other international partners active in Ukraine and the region, such as Direct Relief and UNICEF, as well as European and local patient and clinician organisations, to stay close to evolving patient needs and provide access to our medicine supply network as they strengthen their overall support capabilities in the area.

We also initiated an employee donation match and CSL Plasma donor campaign, raising a combined US$249,154 for several charitable organisations providing on-ground emergency relief for war-affected communities and in surrounding countries.

We continue to monitor risks of the war in Ukraine and stand ready to assist where our capabilities and therapies can provide assistance.

# 10 Governance

**CSL Limited's Board and management team maintain high standards of corporate governance as part of CSL's commitment to maximise shareholder value. This is achieved through promoting effective strategic planning, risk management, transparency and corporate responsibility.**

## Governance structure

Our approach to corporate governance and the role it plays goes well beyond meeting our compliance obligations. We believe that our governance framework fosters our high performing and respectful culture while underpinning CSL's Values of Patient Focus, Innovation, Integrity, Collaboration and Superior Performance. The Board has a formal charter documenting its membership, operating procedures and the allocation of responsibilities between the Board and management. CSL's Board charter is central to the governance framework at CSL as it embodies our corporate purpose, strategy and values and defines when we are successful.

CSL's Board of Directors is responsible for overseeing the management of CSL and providing strategic direction. It monitors operational and financial performance, strategic human resource matters and approves CSL's budgets and business plans. It is also responsible for overseeing CSL's risk management, financial reporting and compliance framework.

The Board has delegated the day-to-day management of CSL, and the implementation of approved business plans and strategies, to the CEO and Managing Director, who in turn may further delegate to senior management.

The following diagram shows the governance framework of CSL. Robust processes are in place to ensure the delegation flows through the Board and its committees to the CEO and Managing Director, the Global Leadership Group (GLG) and into the organisation. The CEO and Managing Director and GLG have responsibility for the day-to-day management of the Group. Our governance framework also aligns the flow of information and accountability from our people, through the management levels, to the Board and ultimately our shareholders and key stakeholders.

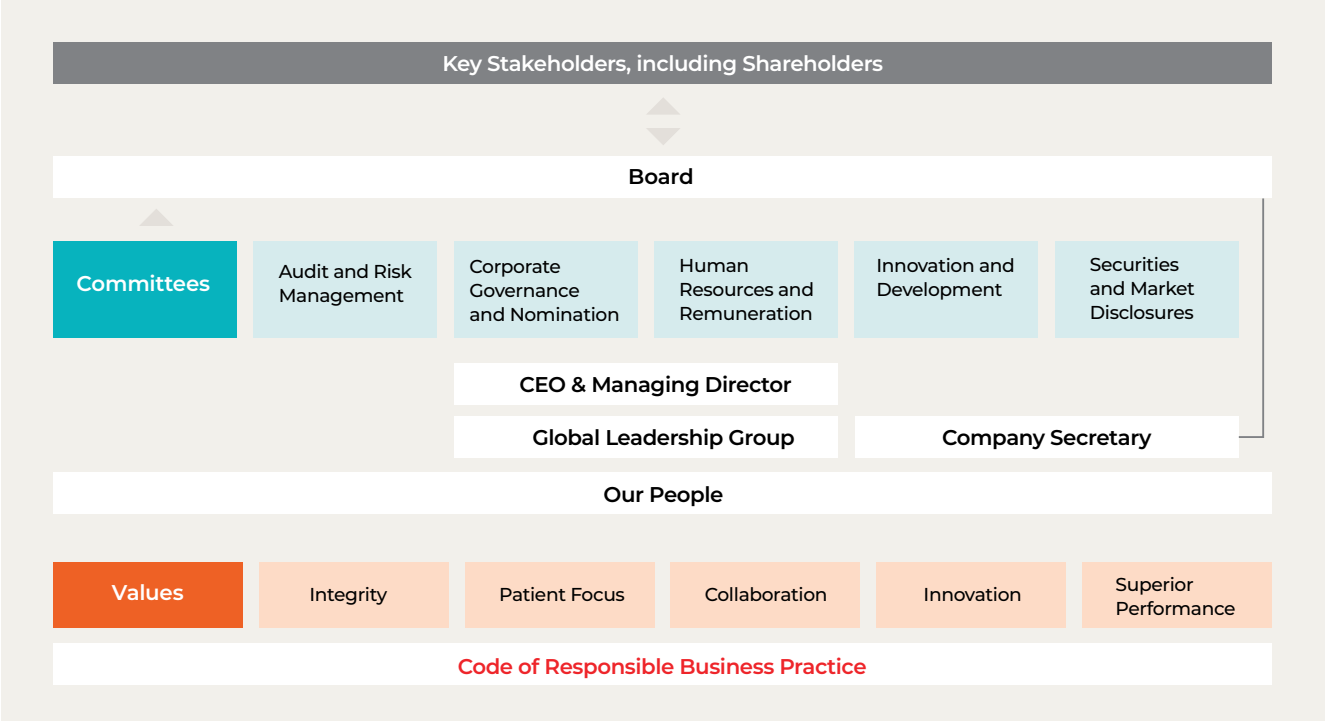
## Board composition

Throughout the year there were nine directors on the Board. At the date of this report, there are nine directors on the Board, comprising seven independent non-executive directors, one non-independent non-executive director and one executive director.

Since 1 July 2021 to the date of this report, the following changes to directorships occurred:

- Professor Duncan Maskell and Ms Alison Watkins were appointed to the Board on 18 August 2021 and were elected as directors at the 2021 Annual General Meeting (AGM);
- Dr Brian McNamee was re-elected as a director and Chair of the Board at the 2021 AGM; and
- Professor Andrew Cuthbertson retired from the Board as an Executive Director on 1 October 2021 and was re-elected as a Non-Executive Director at the 2021 AGM.

The Board is focused on maintaining an appropriate mix of skills and diversity in its membership. This includes a range of skills, experience and background in the pharmaceutical industry, international business, finance and accounting, and management, as well as gender diversity. A detailed matrix of Board skills is available in CSL's 2021/22 Corporate Governance Statement available at https://www.csl.com/our-company/corporate-governance.



## Board of Directors

### Brian McNamee AO

MBBS, FTSE

**Chair and Independent Non-Executive Director**

Director of CSL Limited since February 2018 and Chair from October 2018.

Dr McNamee has deep executive experience in the biopharmaceutical industry, with a focus on strategy and creating long-term shareholder value.

Dr McNamee was the Chief Executive Officer and Managing Director of CSL from 1990 until 2013. Since leaving his executive role at CSL, Dr McNamee has served as a senior advisor to private equity group Kohlberg Kravis Roberts. He has also pursued a number of private equity and interests in small cap healthcare companies, and in 2014 served on the panel of the Australian Government's Financial System Inquiry. In 2009, he was made an Officer of the Order of Australia for service to business and commerce.

Other directorships and offices (current and recent):

– Chair of Geoff Ogilvy Foundation (since May 2021); and
– Former Chair of GenesisCare Limited (from July 2019 to June 2022).

**Board Committee memberships:**

– Member of the Innovation and Development Committee;
– Member of the Corporate Governance and Nomination Committee; and
– Member of the Securities and Market Disclosure Committee.

### Paul Perreault

BA (Psychology)

**Non-independent Executive Director**

Director of CSL Limited since February 2013, and appointed Chief Executive Officer and Managing Director in July 2013.

Mr Perreault has more than 37 years of experience across both the global biotech and pharmaceutical industries.

He was appointed Chief Executive Officer and Managing Director of CSL Limited in July 2013, and was appointed to the CSL Board of Directors the same year. Since then, CSL has grown to become the third largest biotech company in the world, with more than 30,000 employees bringing lifesaving medicines to people in more than 100 countries.

Mr Perreault, who previously served as CSL Behring's president, joined CSL in 2004 with the acquisition of Aventis Behring. Prior to CSL, he spent more than 15 years in key senior roles at Wyeth-Ayerst Laboratories, now part of Pfizer. Mr Perreault holds a bachelor's degree in psychology from the University of Central Florida and completed advanced business management training at the Kellogg and Wharton schools of business.

Other directorships and offices (current and recent):

– Director of the US Pharmaceutical Research and Manufacturers of America Association (PhRMA) (since December 2020).

**Board Committee memberships:**

– Member of the Innovation and Development Committee; and
– Member of the Securities and Market Disclosure Committee.

### Bruce Brook

BCom, BAcc, FCA, MAICD

**Independent Non-Executive Director**

Director of CSL Limited since August 2011.

Mr Brook has an extensive breadth of executive experience in diverse industries, including mining, finance, manufacturing and chemicals. In particular, Mr Brook has valuable insight and experience in relation to risk, capital discipline, change management, corporate culture and creating shareholder value.

Mr Brook was chief financial officer of WMC Resources Limited from 2002 to 2005. He also held key executive roles including deputy chief finance officer of ANZ Banking Group Limited, group chief accountant of Pacific Dunlop Limited and general manager, Group Accounting positions at CRA Limited and Pasminco Limited.

Other directorships and offices (current and recent):

– Director of Djerriwarrh Investments Limited (since August 2021);
– Director of Guide Dogs Victoria (since November 2018);
– Director of Incitec Pivot Limited (since December 2018); and
– Director of Newmont Corporation (since October 2011).

**Board Committee memberships:**

– Chair of the Audit and Risk Management Committee; and
– Member of the Corporate Governance and Nomination Committee.

**Megan Clark AC**

BSc (Hons) PhD

**Independent Non-Executive Director**

Director of CSL Limited since February 2016.

Dr Clark has significant executive and Non-Executive experience across a broad range of sectors, including scientific research, health, investment banking and financial services, education and mining. Through her roles, Dr Clark brings a broad strategic perspective and global experience, with a focus on risk and proven health, safety and environment and technology performance.

In 2014 Dr Clark was made a Companion of the Order of Australia for eminent service to scientific research and development.

Dr Clark was chief executive of the Commonwealth Scientific and Industrial Research Organisation (CSIRO) from 2009 until November 2014. Prior to joining CSIRO, she was a director at NM Rothschild and Sons (Australia) and held senior positions at BHP, including vice president (Technology) and vice president (Health, Safety and Environment).

Other directorships and offices (current and recent):

– Deputy Chancellor of Monash University (since January 2021);
– Chair of the Australian Space Agency Advisory Board (since January 2021);
– Member of the Global Advisory Council of the Bank of America Corporation (since December 2019);
– Director of Rio Tinto Limited and Rio Tinto Plc (since November 2014);
– Member of the Australian Advisory Board of the Bank of America (since July 2010);
– Former Head of the Australian Space Agency (from June 2018 to December 2020); and
– Former Director of Care Australia Limited (from May 2015 to June 2020).

**Board Committee memberships:**

– Chair of the Human Resources and Remuneration Committee;
– Member of the Corporate Governance and Nomination Committee; and
– Member of the Innovation and Development Committee.

**Andrew Cuthbertson AO**

BMedSci, MBBS, PhD, FAA, FTSE, FAHMS

**Non-independent Non-Executive Director**

Director of CSL Limited since October 2018, and appointed Senior Adviser to the CEO in July 2020.

Professor Cuthbertson has over 35 years' experience in medical research and biotech development with large biopharmaceutical companies and medical organisations. He also has Non-Executive director experience.

Professor Cuthbertson joined CSL in April 1997 as the director of research. Prior to CSL, he was a senior scientist at Genentech Inc., a biotechnology company dedicated to pursuing ground-breaking science to discover and develop medicine for people with life-threatening diseases. After completing medical training at the University of Melbourne and a PhD in immunology at the Walter and Eliza Hall Institute in Australia, Professor Cuthbertson spent five years doing molecular biology research as a staff member at the Howard Florey Institute in Melbourne, Australia and the National Institutes of Health in Maryland, US. In 2016, he was made an Officer of the Order of Australia and appointed Enterprise Professor at the University of Melbourne.

Other directorships and offices (current and recent):

– Member of the Council of the University of Melbourne (since January 2020);
– Director of the Grattan Institute (since January 2019); and
– Director of the Centre of Eye Research Australia (since March 2017).

**Board Committee membership:**

– Chair of the Innovation and Development Committee; and
– Member of the Corporate Governance and Nomination Committee.

## Carolyn Hewson AO

BEc (Hons), MA

**Independent Non-Executive Director**

Director of CSL Limited since December 2019.

Ms Hewson is a former investment banker with over 35 years' experience in the finance sector. She was previously an executive director of Schroders Australia Limited and has extensive financial markets, risk management and investment management expertise.

She has long-term Non-Executive experience in a number of sectors bringing a breadth of experience and insight on strategy, capital management and portfolio optimisation through cycles, financial and non-financial risk, social value, organisational culture and the changing external environment.

In 2009, Ms Hewson was made an Officer of the Order of Australia for her services to the broader community and to business.

Other directorships and offices (current and recent):

– Director of Reserve Bank of Australia (since April 2021);
– Director of Infrastructure SA (since January 2019);
– Former Member of Federal Government Growth Centres Advisory Committee (from January 2015 to May 2021);
– Former Director of BHP Group Limited and BHP Group Plc (from March 2010 to November 2019); and
– Former Trustee Westpac Foundation (from May 2015 to May 2019).

**Board Committee memberships:**

– Chair of the Corporate Governance and Nomination Committee;
– Member of the Audit and Risk Management Committee; and
– Member of the Human Resources and Remuneration Committee.

## Duncan Maskell

MA, PhD, FMedSci, Hon Assoc RSVC

**Independent Non-Executive Director**

Director of CSL Limited since August 2021.

Professor Maskell has wide-ranging international experience in science and commerce, with a particular focus in research, academia and entrepreneurship.

Professor Maskell is the vice-chancellor of the University of Melbourne. Prior to this he was senior pro-vice-chancellor at the University of Cambridge in the UK and has also held roles at the University of Oxford, Imperial College London and Wellcome Biotech.

Professor Maskell has extensive experience across the private sector, reflecting his passion for the commercialisation of research initiatives. He has co-founded several biotech companies, including Arrow Therapeutics, which was sold to biopharmaceutical company AstraZeneca, and Discuva, which was sold to Summit Therapeutics. He has also served as a Non-Executive Director of Genus Plc, a FTSE 250 company.

Professor Maskell holds a Master of Arts and a Doctor of Philosophy from the University of Cambridge.

Other directorships and offices (current and recent):

– Director of the Grattan Institute (since November 2018);
– Vice-Chancellor of the University of Melbourne (since October 2018);
– Director of Melbourne Business School (since October 2018);
– Director of the Group of Eight Limited (since October 2018); and
– Director of Universities Australia Limited (since October 2018).

**Board Committee membership:**

– Member of the Innovation and Development Committee.

## Marie McDonald

BSc (Hons), LLB (Hons)

**Independent Non-Executive Director**

Director of CSL Limited since August 2013.

Ms McDonald has significant executive and Non-Executive experience in a number of sectors including law, medical research, manufacturing and chemicals. Through these roles, Ms McDonald brings experience and insight on financial markets, risk and compliance and change management.

Ms McDonald is a former lawyer with over 30 years' experience in the legal sector. She was previously a partner of Ashurst, specialising in mergers and acquisitions and corporate governance. She held the role of National Head of Mergers and Acquisitions and was Chair of the Corporations Committee of the Business Law Section of the Law Council of Australia and a member of the Australian Takeovers Panel for nine years.

Other directorships and offices (current and recent):

– Member of Melbourne University Law School Foundation Board (since October 2021);
– Director of Nanosonics Limited (since October 2016);
– Director of Nufarm Limited (since March 2017); and
– Director of the Walter & Eliza Hall Institute of Medical Research (since October 2016).

**Board Committee memberships:**

– Member of the Audit and Risk Management Committee; and
– Member of the Human Resources and Remuneration Committee.

**Alison Watkins AM**

BCom

**Independent Non-Executive Director**

Director of CSL Limited effective from August 2021.

Ms Watkins brings deep experience to our Board through the executive and Non-Executive roles she has held across industries, including manufacturing, agriculture, consumer goods, retail and financial services.

Ms Watkins was most recently the group managing director of ASX-listed Coca-Cola Amatil Limited, where she was responsible for operations in Australia, New Zealand, Indonesia and across the South Pacific region.

Ms Watkins holds a Bachelor of Commerce from the University of Tasmania, is a fellow of the Institute of Chartered Accountants, the Financial Services Institute of Australasia, and the Australian Institute of Company Directors.

Other directorships and offices (current and recent):

– Director Wesfarmers Limited (since September 2021);
– Chancellor, University of Tasmania (since July 2021);
– Director of Reserve Bank of Australia (since December 2020);
– Director of Centre for Independent Studies (since December 2011);
– Former Director of Business Council of Australia (from August 2015 to October 2021); and
– Former Group Managing Director of Coca-Cola Amatil Limited (from March 2014 to May 2021).

**Board Committee memberships:**

– Member of the Audit and Risk Management Committee; and
– Member of the Human Resources and Remuneration Committee.

**Fiona Mead**

LLB (Hons), BComm

**Company Secretary and Head of Corporate Governance**

Ms Mead was appointed Company Secretary and Head of Corporate Governance effective June 2018. Previously, she was the company secretary and a member of the executive leadership team at Tabcorp Holdings Limited. Prior to that, Ms Mead was the company secretary at Asciano Limited, and earlier, assistant company secretary at Telstra. Fiona began her career as a lawyer with law firm Ashurst.

Ms Mead is a fellow of the Governance Institute of Australia and a graduate member of the Australian Institute of Company Directors.

## Board committees

The Board has established a number of standing committees as a mechanism for considering detailed issues and, where appropriate, making recommendations for consideration by the Board. These committees have charters setting out matters relevant to the composition, responsibilities and membership of each committee.

## Leadership team

Our Global Leadership Group is responsible for driving company performance so that we can keep our promises to our patients, our employees and our shareholders. They have earned their roles because of their experience, achievements, unwavering ethics and commitment to our core values.

### Paul Perreault

BA (Psychology)

**Chief Executive Officer and Managing Director**

Paul was appointed to the CSL Board in February 2013 and was appointed as the Chief Executive Officer and Managing Director in July 2013. He joined a CSL predecessor company in 1997 and has held senior roles in sales, marketing and operations with his most recent prior position being President, CSL Behring.

Paul has also worked in senior leadership roles with Wyeth, Centeon, Aventis Bioservices and Aventis Behring. He was previously chair of the global board for the Plasma Protein Therapeutics Association. Paul has had more than 37 years' experience in the global healthcare industry.

The Harvard Business Review named Paul among the Top 100 Performing CEOs in the world during this fiscal year. See above for further biographical details.

### Greg Boss

JD, BS (Hon)

**Executive Vice President, Legal and CSL Group General Counsel**

Greg was appointed Group General Counsel in 2009 and is responsible for worldwide legal operations for all CSL Group companies. He joined CSL in 2001, serving as general counsel for what became the CSL Behring business.

In addition to his legal role, Greg is also responsible for overseeing global Risk Management and Compliance for the Group as well as global Corporate Communications.

Prior to joining CSL, Greg was vice president and senior counsel for CB Richard Ellis International, after working 10 years in private legal practice. In 2016, Greg received the World Recognition of Distinguished General Counsel from the Directors Roundtable, and in 2017 Greg received the Leadership in Law award from the Burton Foundation.

### Bill Campbell

BSc (Business Administration)

**Executive Vice President, Chief Commercial Officer**

Bill was appointed Executive Vice President, Chief Commercial Officer in September 2017. He has responsibility for a variety of global functions, including sales, marketing, commercial development, medical affairs and policy, advocacy and government affairs. Prior to being appointed to his current role, Bill led CSL Behring's North American commercial operations. He has more than 35 years of diverse pharmaceutical and biotechnology experience across a range of therapeutic areas, including oncology, women's health, vaccines and plasma proteins. Bill has held senior management positions at a number of pharmaceutical and biotechnology companies.

### Mark Hill

BA (Organisational Management)
Executive MBA (Information Technology Management)

**Executive Vice President, Chief Digital Information Officer**

Mark Hill, chief digital information officer at CSL leads the enterprise-wide Digital Technology organisation and its accompanying strategy.

Mark plays a key role in how CSL manages plasma donors, connects with patients, virtually collaborates and drives greater efficiencies in operations and the rest of the CSL organisation.

He is a global IT leader with extensive experience in utilising enabling technology to deliver efficiency, productivity, quality and solutions for patients and public health.

Prior to joining CSL, he was Senior Vice President and Chief Information Officer at Gilead Sciences, where he led the IT organisation during a period of rapid growth for the company and delivered key initiatives that encouraged collaboration and new ways of working. With more than 30 years of experience, Mark also held leadership roles with Merck and Schering-Plough earlier in his career.

He earned his Bachelor of Science degree in Organizational Management from Tusculum College and his Executive MBA in Information Technology Management from Christian Brothers University. Mark is also a US Army veteran.

**Joy Linton**

BComm; F. Fin; GAICD

**Chief Financial Officer**

Joy was appointed Chief Financial Officer in March 2021.

Prior to joining CSL, Joy was chief financial officer and executive director at Bupa, a global health insurance company based in the UK, and earlier served as the general manager of health services for Bupa UK.

Joy has over 30 years' experience in branded consumer businesses across insurance, healthcare and fast-moving consumer goods as a global and strategic chief financial officer.

**Paul McKenzie**

PhD (Chemical Engineering)

**Chief Operating Officer**

Paul was appointed Chief Operating Officer in June 2019 and leads CSL's global end-to-end operations organisation and its accompanying strategy. He has responsibility for manufacturing, quality, engineering, supply chain, procurement and environment, health and safety, as well as CSL Plasma and its network of collection centres in the US, China and Europe. Paul also has responsibility for CSL Seqirus.

Prior to joining CSL, Paul served as executive vice president of Pharmaceutical Operations and Technology at Biogen. With more than 25 years of experience, Paul held various senior roles in research and development and manufacturing for Johnson & Johnson, Bristol-Myers Squibb and Merck & Co.

Paul holds a Bachelor of Science degree in chemical engineering from the University of Pennsylvania and a PhD in chemical engineering from Carnegie Mellon University. He was elected to the National Academy of Engineering in 2020.

**Bill Mezzanotte**

MD, MPH

**Executive Vice President, Head Research & Development and Chief Medical Officer**

As the Head of Research & Development (R&D) and Chief Medical Officer, Bill is responsible for developing and executing CSL's R&D strategy and portfolio, creating the pipeline and R&D capabilities that will help the CSL Behring and CSL Seqirus businesses grow in the decades ahead. These R&D capabilities include identifying and developing all scientific platforms, skills and expertise necessary for success in rare and serious diseases and vaccines.

Bill, who has been leading R&D since October 2018, initially joined CSL as head of clinical development in 2017. Prior to CSL, Bill was senior vice president and therapeutic area head for the respiratory unit for Boehringer Ingelheim and spent 16 years with AstraZeneca in research and development, assuming roles of increasing leadership and management responsibility across multiple therapeutic areas. Bill obtained his MD at the University of Pennsylvania and a Master of Public Health degree from Johns Hopkins University. He is board certified in internal medicine, pulmonary medicine, critical care medicine and sleep medicine. Since 2020, Bill has served as a member of the Board of Directors of the Philadelphia-based University City Science Center and in 2021 he joined the Board of Directors for BELLUS Health.

**Elizabeth Walker**

BA, MS (Organisational Development and Leadership)

**Executive Vice President, Chief Human Resources Officer**

Elizabeth Walker leads Global Human Resources for the CSL Group of Companies and its people and culture strategy, supporting more than 30,000 employees around the world.

Elizabeth joined CSL in 2016 and was appointed Chief Human Resources Officer in December 2017. Previously, she held a variety of HR leadership positions at Campbell Soup Company, most recently as Vice President of Global Talent Management.

With a career spanning more than 30 years, she has extensive human resources and management consulting expertise and a distinguished record of results in growth businesses and M&A environments and within a diverse set of industries, including healthcare, financial services and consumer products.

Elizabeth holds a Master of Science degree in organization development and leadership from St. Joseph's University and a Bachelor of Arts degree from Carnegie Mellon University

Allan Wills, former Executive Vice President, Strategy and Business Development, resigned from CSL effective 30 November 2021.

## Ethics and transparency

While our CSL Values serve as the directional compass of our work, our Code of Responsible Business Practice (Code) provides a more detailed map to deliver on our promise to patients and public health in ways that exemplify the highest standards of conduct throughout the organisation.

CSL's Code fosters a culture that rewards high ethical standards, personal and corporate integrity and respect for others.

Following the publication of the Board- endorsed 4th-edition Code on 1 July 2021, all employees were required to undertake training on the Code and CSL's new ethics-based decision-making tool. These two e-learning modules were made available in 14 languages to cater for CSL's global workforce.

In certain aspects of our business, such as the marketing of our products, our relationships with healthcare professionals or healthcare organisations and our research and development, we have made further commitments to comply with both local and internationally accepted pharmaceutical industry codes of conduct.

We expect third parties with which we work to comply with the applicable local laws and regulations of the countries in which they operate, and to observe all of the principles set out in our Code.

We have internal control systems to ensure financial statements comply with the applicable local laws of the countries in which we operate and to prevent fraud and other improper conduct.

CSL's Code can be found on CSL.com (Our Company > Corporate Governance > Code of Responsible Business Practice).

## Anti-Bribery and anti-corruption

CSL businesses and employees are prohibited from directly or indirectly offering, paying, soliciting or accepting bribes or giving or receiving personal favours, financial or other rewards or inducements in exchange for making business decisions. This prohibition applies regardless of the value of the reward or inducement. CSL policy also prohibits facilitation payments.

CSL operates in a diverse and complex marketplace where bribery and corruption are risks that could expose the organisation and employees to possible prosecution, fines and imprisonment. CSL has a number of commercial arrangements with governments and related agencies across various geographies.

Market practices are governed by company-specific policies and procedures. Internal compliance mechanisms and control systems are directly supported by our Global Ethics and Compliance team and subject to additional oversight by CSL's Global Compliance Committee (GCC), regional committees, and CSL's Audit and Risk Management Committee of the Board.

Based on these controls, CSL considers our overall risk relating to corruption to be low and are committed to ensuring full compliance in how we conduct our operations across all regions in which we operate and those we are seeking to enter.

From 1 July 2021 to 30 June 2022, 295 reports were identified for the attention of management through our global hotline. For substantiated allegations, corrective actions were taken to the extent warranted. For matters closed during the reporting period, no allegations resulted in any regulatory action or action by law enforcement authorities.

In addition, over the reporting period, an annual assessment of bribery and corruption risk was conducted. This was achieved by means of a standardised questionnaire that was completed and the responses reviewed with the GCC. During the reporting period, the assessments did not identify any material issues with the CSL's management of corruption risks.

**295**

**hotline reports received, as at 30 June 2022, with no allegations resulting in regulatory action or action by law enforcement authorities.**

## Fair competition

In April 2022, the Romanian Competition Council (RCC) issued a decision fining five pharmaceutical companies, including CSL Behring GmbH, as well as the representative trade association of the plasma protein sector (PPTA) for claimed coordinating actions on the market.

CSL Limited strongly disagrees with and contests the RCC's findings and sanctions against the five companies and the trade association, and CSL has appealed the decision and will vigorously defend against the claims.

For more than 100 years, CSL has earned its reputation as a trusted, reliable and ethical global organisation. CSL is proud of its robust compliance program and has established a track record of operating in compliance with all applicable laws.

## Political contributions

Over the reporting period, CSL contributed a total of A$9,100 to political organisations in Australia solely for attendance at events including policy briefings, lunches, boardroom lunches and dinners. In all other regions, CSL made no political contributions.

More at CSL.com (Our Company > Corporate Responsibility > Marketplace).

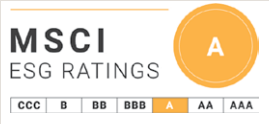
## Sustainability performance

### FTSE4Good

CSL's environmental, social and governance (ESG) performance has been recognised by the FTSE4Good Index Series, a leading sustainability index, for the last 11 years.

FTSE4Good

### MSCI




As of June 2022, CSL received an MSCI ESG Rating of A.

MSCI focuses on companies ESG rated performance in each sector to help institutional investors more effectively integrate ESG considerations into their investment processes, as well as manage, measure, and report on ESG mandates.

### Sustainalytics

As of April 2021, CSL's ESG risk rating overall score is 25.2 with an ESG risk rating category of medium (on a 5-point scale from negligible to severe), ranking 14 out of 372 in the biotechnology sector (1st equals lowest risk).

Sustainalytics provides analytical ESG research, ratings and data to institutional investors and companies.

## Disclosure

As a publicly listed company on the Australian Securities Exchange (ASX), CSL has obligations under Australian law and the ASX Listing Rules. Subject to limited exceptions, we must continuously disclose to the ASX information about CSL that a reasonable person would expect to have a material effect on the price or value of CSL securities.

CSL has a policy that sets clear guidelines and describes the actions that the directors and all employees should take when they become aware of information that may require disclosure.

## Corporate governance

Throughout 2021/22, CSL's governance arrangements were consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition). Our 2021/22 Corporate Governance Statement has been approved by the Board and is available on CSL.com (Our Company > Corporate Governance).

The Board continually reviews governance at CSL to ensure that our arrangements remain appropriate in light of changing expectations and general developments in good corporate governance.

## Risk management

CSL has adopted and follows a detailed and structured Enterprise Risk Management Framework (ERMF) to ensure that risks in the CSL Group are identified, evaluated, monitored and managed. This ERMF sets out the risk management processes, internal compliance and monitoring requirements, governance processes and structures including roles and responsibilities for different levels of management, the matrix of risk impact and likelihood for assessing risk, the three lines of accountability for risk and risk management reporting requirements.

The ERMF has been established to provide reasonable assurance that:

- any material exposure to risk is identified and adequately monitored and managed; and
- significant strategic, emerging, financial, managerial and operating risk-related information is accurate, relevant, timely and reliable.

Further details of CSL's risk management framework are contained in CSL's Corporate Governance Statement.

A description of CSL's material risks and key risk management activities for each risk can be found in Our Material Risks on page 24.

## Tax transparency

While CSL's roots are proudly Australian, CSL is a truly global company, with more than 90% of our revenues and profits derived outside Australia. We separately report on our global tax footprint, as part of our tax transparency reporting.

We are subject to the different tax regimes that apply in each of those countries and comply with applicable taxation laws in all the jurisdictions in which we operate, including the OECD Country-by-Country reporting measures.

CSL's approach to tax is underpinned by our Value of Integrity.

This is consistent with our commitment to complying with all tax laws in the countries in which we operate. CSL has a low appetite for tax risk and does not engage in aggressive tax planning.

CSL supports efforts to promote prevention of tax avoidance and to improve tax transparency in order to support a fairer economy and ensure there is confidence in the robustness of country tax regimes.

Operating with transparency forms a core part of CSL's tax management philosophy and as such our annual tax transparency reports can be found on CSL.com (Our Company > Corporate Responsibility).

# 11 Financial Performance

Contents

# 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 2022.

## 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 products and vaccines.

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 Performance and Strategy.

CSL's operating model for its businesses 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 Performance and Strategy.

On 9 August, CSL acquired Vifor Pharma (Vifor). As at the date of this report, the integration of Vifor to align with CSL's operating model is underway. Further details on the Vifor business and the acquisition can be found on page 5 of this report and Note 2 and Note 23 of the Financial Statements.

## 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 (including the Vifor Acquisition), Our Performance and Strategy, Our Company, Our Material Risks, Our Future Prospects and Our Governance accompanying this Directors' Report.

## 3. Directors

The directors who served at any time during 2021/22 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, Ms Marie McDonald, Professor Duncan Maskell and Ms Alison Watkins AM.

Further details of the current directors are set out in the Governance section of CSL's 2021/2022 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 2019 and the period for which each directorship has been held.

Professor Duncan Maskell and Ms Alison Watkins were appointed as a Non-executive Directors of CSL with effect from 18 August 2021.

## 4. Company Secretary

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. Director's attendance 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 10 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 2021/22 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: 2021/22 Director Attendance at Board and Committee meetings**

| | Board of Directors | | Audit and Risk Management Committee | | Securities and Market Disclosure Committee | | Human Resources and Remuneration Committee | | Innovation and Development Committee | | Corporate Governance and Nomination Committee | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | A | B | A[1] | B | A | B | A[2] | B | A | B | A | B |
| B McNamee | 10 | 10 | | 5* | 3 | 3 | | 7* | 4 | 4 | 4 | 4 |
| B Brook | 10 | 10 | 5 | 5 | | | | 2* | | 4* | 4 | 4 |
| C Hewson | 10 | 10 | 5 | 5 | | | 7 | 7 | | 4* | 4 | 4 |
| M Clark | 10 | 10 | | 4* | | | 7 | 7 | 4 | 4 | 4 | 4 |
| A Cuthbertson | 10 | 10 | | 4* | | | | 7* | 4 | 4 | 2 | 2<br>2* |
| M McDonald | 10 | 10 | 5 | 5 | | | 7 | 7 | | 4* | | |
| D Maskell | 9 | 8 | | 1* | | | | 1* | 4 | 4 | | |
| A Watkins | 9 | 9 | 3 | 3 | | | 5 | 5 | | 4* | | |
| P Perreault | 10 | 10 | | 5* | 3 | 3 | | 7* | 4 | 4* | | 4* |

**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*.

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

## 6. Dividends

On 16 August 2022, the directors resolved to pay a final dividend of US $1.18 per ordinary share, 10% franked, bringing dividends per share for 2022 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:

| Dividend | Date paid | Franking per share | Amount per share US$ | Total dividend US$ |
|---|---|---|---|---|
| Final dividend for year ended 30 June 2021 | 30/09/2021 | 10% franked at 30% tax rate | 1.18 cents | $537.7m |
| Interim dividend for year ended 30 June 2022 | 06/04/2022 | Unfranked | 1.04 cents | $501.0m |

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 and subsequent events

Other than as disclosed in the OFR, 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 the acquisition of Vifor (see Vifor Acquisition on page 5 of this report and Note 2 and Note 11 of the Financial Statements) and information as disclosed in Note 23 of the Financial Statements, the directors are not aware of any other matter or circumstance which has arisen since the end of the financial year which has 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.

## 9. EHS and sustainability performance

CSL has an Environmental, Health and Safety (EHS) Management System that ensures 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 effect of operations on the environment. As part of our commitment to continuously improving our EHS performance, a global review of our management system against ISO 14001 and 45001 was conducted this financial year with implementing an update to the system planned for FY2022/23.

Development, implementation and improvement of employee health and safety processes and programs continue to focus on enhancement of a strong and inclusive 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.

CSL continues to operate in compliance with domestic and foreign laws, regulating environmental, health and safety obligations. Including all applicable emissions and waste generation and disposal requirements. Government agency audits and facility inspections monitor CSL environmental, health and safety performance. No material findings were identified 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 in response to an EPA clean up notice. The EPA confirmed the site has complied with the notice requirements. CSL continues to monitor and engage with EPA on the next steps to close out this issue.

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).

Continuously monitoring environmental health and safety performance, 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 People on page 41.

## 10. Directors' shareholdings and interests

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 2022, the number of unissued ordinary shares in CSL under options and under performance rights are set out in Note 6 and Note 19 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 6 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 8 or Note 19 to the Financial Statements. Since the end of the financial year, 6,378 Restricted Share Units have been forfeited due to participant cessation of employment. There has been no change to the information contained in 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:

- 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;
- 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
- 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:

1. all non-audit services have been reviewed by the Audit and Risk Management Committee to confirm that they do not affect the impartiality and objectivity of the auditor; and
2. 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 2022:

| AUDIT SERVICES – Ernst & Young Australia | 2022 US$ | 2021 US$ |
|---|---|---|
| Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities | **2,402,268** | 1,956,994 |
| 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 | | |
| – Assurance services over the 144a bond issuance | **326,152** | – |
| – Sustainability assurance | **106,873** | 66,819 |
| – Agreed-upon procedures and other audit engagements | **146,124** | 90,045 |
| Fees for other services | | |
| Training | **39,000** | 80,000 |
| Due diligence | **150,295** | 211,449 |
| Remuneration advisory | **190,832** | 357,646 |
| **Total fees to Ernst & Young (Australia)** | **3,361,544** | 2,762,953 |
| | | |
| 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 | **3,678,633** | 3,556,179 |
| Fees for assurance services that are required by legislation to be provided by the auditor | **2,721** | 13,845 |
| 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 | **147,474** | 77,009 |
| Fees for other services | **35,127** | 35,224 |
| **Total fees to overseas member firms of Ernst & Young (Australia)** | **3,863,955** | 3,682,257 |
| | | |
| **Total audit and other assurance services** | **6,810,245** | 5,760,891 |
| Total non-audit services | **415,254** | 684,319 |
| **Total auditor's remuneration** | **7,225,499** | 6,445,210 |

The role of the Audit and 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 2022 financial year included:

a. the professional qualifications and effectiveness of the auditor, the audit signing partner(s) and other key engagement partners;

b. the auditor's historical and recent performance on the Company's audit, including the extent and quality of their communications with the ARMC;

c. an analysis of the auditor's known legal risks and significant proceedings that may impair its ability to perform CSL's annual audit;

d. the appropriateness of the auditor's fees;

e. the auditor's independence policies and its processes for maintaining its independence and objectivity;

f. 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

g. the auditor's capability, expertise and efficiency in handling the breadth and complexity of CSL's global operations.

The current audit signing partner for CSL's auditor, Ernst & Young is Ms Kylie Bodenham.

In line with an observed trend in many jurisdictions towards a tenure limit for audit firms, CSL completed its competitive external audit tender process during FY2021/22. The Company has recommended the appointment of Deloitte Touche Tohmatsu as the Company's external auditor commencing for the year ending 30 June 2024, subject to regulatory and shareholder approval.

## 16. Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest hundred thousand dollars (where rounding is applicable) unless specifically stated otherwise under the relief available to the Company under ASIC Corporations Instrument 2016/191. CSL is an entity to which the Instrument applies.

Ernst & Young
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Building a better working world

## Auditor's Independence Declaration to the Directors of CSL Limited

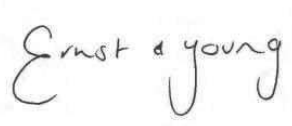
As lead auditor for the audit of the financial report of CSL Limited for the financial year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene 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

Kylie Bodenham
Partner
16 August 2022

A member firm of Ernst & Young Global Limited
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## 17. Remuneration Report

Dear Fellow Shareholder,

On behalf of the Board of Directors, I am pleased to present CSL's Remuneration Report (Report) for the financial year ended 30 June 2022 (2022). This Report contains detailed information regarding CSL's Key Management Personnel (KMP) for 2022.

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 during 2022.

### Delivering on our Promise in 2022

Under the leadership of our Chief Executive Officer and Managing Director (CEO), Mr Paul Perreault, CSL has again shown resilience in its 2022 results.

Remaining focused on our promise to patients and public health means we have delivered:

- Net Profit after Tax (NPAT) of US$2,254.7m, in line with expectations;
- An increase in Revenue of 2% to US$10,561.9m;
- Cashflow from Operations (CFO) of US$2,628.7m;
- An annual Return on Invested Capital (ROIC) of 18.1%;
- Earnings per Share (EPS) of US$4.81;
- Significant growth in Research and Development (R&D) investment and R&D pipeline progression;
- 27 new plasma centres opened, taking the global total to 330; and
- Completion of the acquisition of Vifor Pharma AG (Vifor) on 9 August 2022.

### 2022 Key Management Personnel Changes

Ms Alison Watkins AM and Professor Duncan Maskell joined the Board as Non-Executive Directors (NED) in August 2021.

In October 2021, Professor Andrew Cuthbertson AO retired from his role as Executive Director and Senior Advisor to the CEO. We are pleased to retain Professor Cuthbertson's extensive experience in medicine, science, research and development and he was re-elected by shareholders as a non-independent NED.

### 2022 CEO Remuneration Outcomes

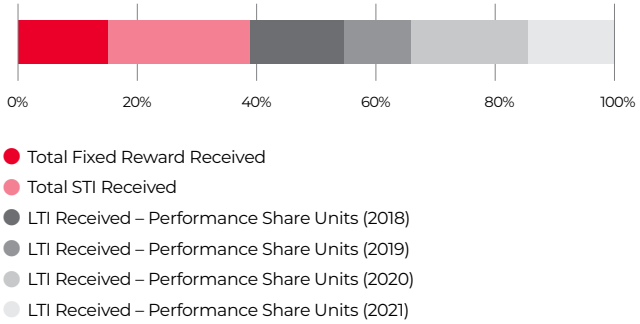
In 2022, Mr Perreault received an increase in Fixed Reward of 3%, taking this to US$1,803,530 effective 1 September 2021. Mr Perreault's short term incentive (STI) target was held at 120% of Fixed Reward and his long term incentive (LTI) target remained at 400% of Fixed Reward.

Mr Perreault will receive a STI payment of US$3,029,931 for performance in 2022. The outcome is 140% of Mr Perreault's target reflecting below target performance on NPAT, a strong above target CFO outcome and an individual performance outcome that was above target. Mr Perreault also led the team in the successful US$11.7b acquisition of Vifor throughout 2022 which was completed shortly following the end of the financial year, adding a growth pillar to CSL. Details of these outcomes can be found in section 6 of the Report.

In 2022, LTI awards granted to Mr Perreault over the period October 2017 to September 2020 had partial vesting and he received shares worth US$7,775,435 (based on the face value of the award at the date of vesting). Further detail can be found in sections 6.4 and 8.2.

The 2022 'realised' remuneration for Mr Perreault was US$12,710,883 and was a 72% decrease from 2021 (full detail is provided in section 8.2, Table 13). This lower outcome was driven by the end of legacy LTI Option and Performance Right awards (granted at fair value) that had previously vested through until 2021, and saw significant growth in value over the period from grant to vesting.

**2022 CEO Realised Remuneration**




### Board Discretion Applied to Remuneration

The Board reviewed the quality of earnings, impact of COVID-19 and risk management outcomes across the year. As the Vifor acquisition was not contemplated at the time of setting the targets at the start of the financial year, the Board used its discretion to remove the Vifor acquisition costs and benefits (including favourable hedging activities) for the calculation of STI outcomes. Further detail is provided in section 6.1. The Leading and Managing Modifier was not applied in 2022.

### Remuneration Framework Changes Introduced in 2022

As communicated last year, following a review of the remuneration framework aimed at ensuring a fit for purpose design, alignment to our Total Reward Principles and responding to feedback from our investors, in 2022 the following changes were introduced:

- ***Maximum STI*** – Increase of the maximum STI payout from 150% to 200% of STI target opportunity – driving our pay for performance philosophy, 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. This second measure ensures focus on long term sustainable earnings growth and is aligned to market practice and investor expectations; and

- ***LTI Vesting Period*** – Removal of vesting of awards at years one, two and four to a single point, three year vest. Responding to investor feedback, this also aligns with the approach taken by our global pharmaceutical/biotechnology peers.

During 2022, the Human Resources and Remuneration Committee (HRRC) reviewed the Malus and Clawback Policy to ensure appropriate provisions were included and the policy was in line with market practice. Changes were made to further strengthen and articulate the circumstances for which an adjustment may be made.

## Remuneration in 2023

As discussed in prior year Reports and across investor meetings, the Board continues to review and adjust the reward of Executive KMP to drive reward positioning towards the median of our global pharmaceutical/biotechnology peer group.

For 2023, the Board has determined that Mr Perreault will receive a 3.5% increase to Fixed Reward, no change in STI target and an increase in his LTI target to 450%, from 400% of Fixed Reward. This change to LTI target is a step towards bringing our CEO's Total Target Reward to the median of our global pharmaceutical/biotechnology peer group, positioning him at 81% of the median (or 50th percentile) in 2023.

For our remaining Executive KMP, in 2023 an increase to Fixed Reward of 3.7% and 3.5% will be applied to Ms Joy Linton, our Chief Financial Officer and Dr Paul McKenzie, our Chief Operating Officer, respectively. There will be alignment of the STI targets across the Executive team and Ms Linton's STI target will increase to 100% of Fixed Reward. As we continue to drive towards median Total Target Reward among our global pharmaceutical/biotechnology peers, both Ms Linton and Dr McKenzie will have an increase to LTI targets. Ms Linton's target will increase to 225% of Fixed Reward and Dr McKenzie to 425% of Fixed Reward.

Following benchmarking against ASX12 and ASX25 NED remuneration, there will be an increase in fees of 3% for all Board and Committee roles, effective 1 July 2022. The increase enables CSL to offer a competitive fee to attract and retain experienced directors.

## Embedding Environment, Social and Governance in our Remuneration in Framework

Effective 1 July 2022, we will introduce a global sustainability measure into our STI plan. In 2023 the measure will include milestones that:

- Establish a robust program governance process;
- Undertake global initiatives that reduce $CO_2$ emissions;
- Incorporate sustainable design in our new facilities: and
- Engage with our supply partners to achieve a low emission supply chain.

The measure, with a 5% weighting, will be in addition to measures already included in the individual key performance indicators for Executive KMP and Executives. In addition to the financial measures of NPAT and CFO, this will ensure collective focus and accountability on our long term sustainability and global footprint. The weighting of the two financial measures for Executive KMP remains unchanged. The weighting of the individual objective component will be reduced. See section 4 for more detail.

In competing for talent in a global market, it is critical that we have a remuneration framework that attracts and retains high quality talent to deliver on our strategy and deliver results. The Board believes that our current design meets this requirement. However, we keep this under review each year.

We appreciate the feedback received from investors. As we evolve our executive remuneration framework we will continue to review our program both from a competitive design perspective and ensuring an appropriate target quantum for Executives that positions us at the median of our global pharmaceutical/biotechnology peer group. The Board will review sustainability on an annual basis to determine the appropriate weighting, measure, target and alignment to either STI or LTI. As we look to Board succession we will need to ensure our NED fee pool is set at the appropriate level.

Thank you to my fellow HRRC 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

## Contents



## Independent Audit of the Report

The Remuneration Report (Report) has been audited by Ernst & Young (EY). Please see page 142 of the Financial Statements for EY's report.

## 1. CSL Key Management Personnel

This Report sets out remuneration information for CSL's Key Management Personnel (KMP) which includes Non-Executive Directors (NEDs), the Executive Director (i.e. the Chief Executive Officer and Managing Director (CEO)) and those key senior executives who have authority and responsibility for planning, directing and controlling the activities of CSL during the financial year (together with the Executive Director, herein referred to as Executive KMP). The CSL KMP during the financial year ended 30 June 2022 (2022) 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.

**Table 1: CSL Key Management Personnel in 2022**

| Non-Executive Directors |
|---|
| **Chairman**<br>Dr Brian McNamee AO |
| Mr Bruce Brook |
| Dr Megan Clark AC |
| Professor Andrew Cuthbertson AO – appointed 2 October 2021 |
| Ms Carolyn Hewson AO |
| Professor Duncan Maskell – appointed 18 August 2021 |
| Ms Marie McDonald |
| Ms Alison Watkins AM – appointed 18 August 2021 |

| Executive Key Management Personnel |
|---|
| **Executive Director and Chief Executive Officer and Managing Director (CEO)**<br>Mr Paul Perreault |
| **Chief Financial Officer**<br>Ms Joy Linton |
| **Chief Operating Officer (COO)**<br>Dr Paul McKenzie |

| Former Executive Key Management Personnel |
|---|
| **Executive Director and Senior Advisor to the CEO**<br>Professor Andrew Cuthbertson AO – retired as an Executive 1 October 2021 |

## 2. 2022 Key Management Personnel Remuneration Outcomes at a Glance

| | | |
|---|---|---|
| **CEO** | | • A 3% increase to Fixed Reward (FR)<br>• A short term incentive (STI) payment of US$3,029,931 – 70% of maximum opportunity<br>• Partial long term incentive (LTI) vesting during the year of US$7,775,435 (face value at vesting date)<br>• Received 'realised' remuneration of US$12,710,883 |
| **Other Executive KMP** | J Linton (Chief Financial Officer) | • Received an increase to FR of 3.4% (inclusive of the superannuation guarantee increase)<br>• STI of US$1,149,742 was paid – 72% of maximum opportunity<br>• LTI vesting of US$2,361,849 (face value at vesting date)<br>• 'Realised' remuneration in 2022 of US$4,473,431 |
| | P McKenzie (COO) | • Received an increase to FR of 3%<br>• STI of US$1,273,770 was paid – 65% of maximum opportunity<br>• Partial LTI vesting of US$3,453,773 (face value at vesting date)<br>• 'Realised' remuneration in 2022 of US$5,788,887 |
| **NEDs** | The Board and Committee Chair roles received an average increase to fees of 4.2% and an average 2.8% was applied to Board and Committee member fees (within the existing fee cap) | |

## 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 we need to ensure a strong supply of global talent. 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 other large 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 industry*
- 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

**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

*CSL Plasma is benchmarked against the Retail Industry

### 3.2 Remuneration Framework

CSL's 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.

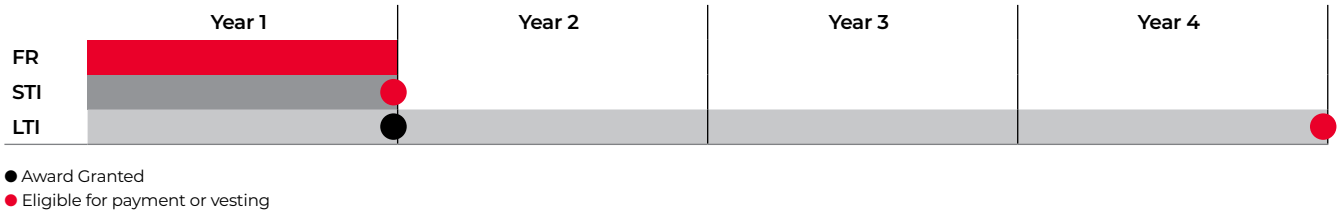
### *3.2.1 2022 Remuneration Framework Elements for Executive KMP*

| | 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 the 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 |
| **Approach** | Paid throughout the year and reviewed annually<br>Determined based on the scope, complexity and responsibilities of the role, experience and performance<br>Reviewed through both an internal and external relativity lens<br>Peer group – global pharmaceutical/ biotechnology peers or a general industry view depending on role (desired positioning at the median) | Paid annually<br>Maximum payout is 200% of an Executive KMP's target STI opportunity (i.e. STI target multiplied by 200%)<br>Outcomes based on business (60%) and individual performance measures (40%) | Granted annually with vesting following the end of the three year performance period<br>The performance measures are Return on Invested Capital – measured on a seven year rolling return in the year the award vests (70%) and Earnings Per Share Growth – measured over the three year life of the award (30%) |
| **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 2022 included: AbbVie Inc.; Alexion Pharmaceuticals, Inc.; Allergan plc; Amgen Inc.; AstraZeneca PLC; Bausch Health Companies Inc.; Bayer Aktiengesellschaft; Biogen Inc.; BioMarin Pharmaceutical 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 Pharmaceuticals, Inc.; Takeda Pharmaceutical Company; UCB SA and Vertex Pharmaceuticals Incorporated. For the 2023 year, Moderna Inc. has been added and Alexion Pharmaceuticals, Inc. and Allergan plc were removed<br>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 | | |
| **Risk Management** | 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<br>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, sustainability and management of risk. The modifier allows for the Board to adjust in exceptional circumstances upwards by up to 20% or downwards by up to 50% of annual STI earned, and/or LTI opportunity granted. The modifier is also available to adjust STI and LTI outcomes 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 awards and/or vesting outcomes further, including to zero | | |
| **Malus and Clawback** | 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 statements, fraud, dishonesty, adverse risk management outcomes, violation of any material law or regulation, material violation of CSL's Code of Conduct or any other policy governing the conduct of employees or any other serious and wilful misconduct | | |
| **Shareholding Requirement** | 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 | | |
| **Benefits** | 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, global parental and caregiver leave, select vaccinations and participation in local benefit programs | | |

The Board retains discretion across all elements of the remuneration framework.

### *3.2.2 Remuneration Delivery Timeline*

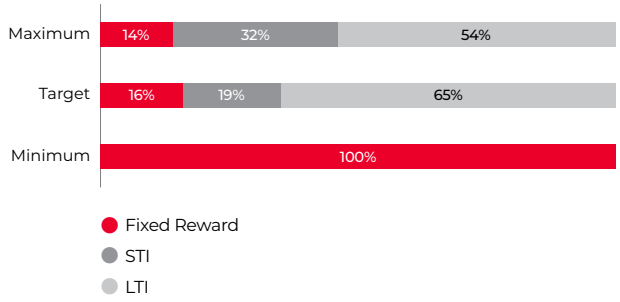
The diagram below illustrates how the components of the 2022 Executive KMP remuneration are delivered over a four year period.




### *3.2.3 Pay Mix*

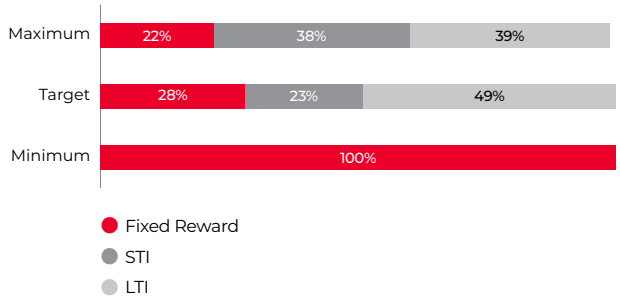
The following diagrams set out the remuneration mix for Executive KMP in 2022. The majority of the target reward mix is variable reward (STI and LTI) and is at risk. This better aligns Executive KMP rewards with shareholder interests and is aligned to our pay for performance philosophy, focusing efforts on driving growth and long term performance and sustainability. For his period of employment in 2022, Professor Cuthbertson was not eligible for variable reward under the executive remuneration framework due to the nature of his advisory role.

**Remuneration Mix – P Perreault (CEO)**

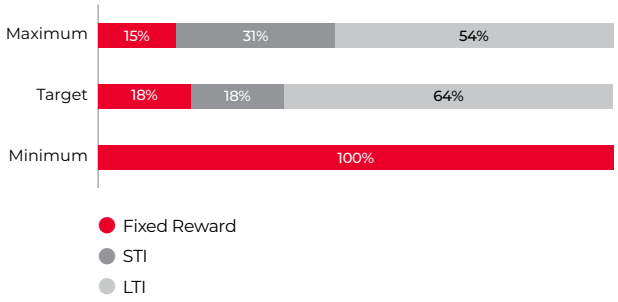



**Remuneration Mix – A Cuthbertson (Senior Advisor to CEO)**


**Remuneration Mix – J Linton (Chief Financial Officer)**




**Remuneration Mix – P McKenzie (COO)**




From a market alignment perspective, within our global pharmaceutical/biotechnology peer group our Executive KMP reward is generally competitive in the elements of FR and STI. LTI remains below market comparators for all roles, including the CEO, resulting in Total Target Direct Compensation (FR + target STI + target LTI) below the median (refer to section 8 for detail).

### *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.

In 2022, following a review of the STI program, the Board approved the increase of the maximum payout opportunity from 150% of target to 200%. This change ensures a more competitive offering, aligning to our global pharmaceutical/biotechnology peers and also incentivises outperformance, driving a pay for performance culture. Maximum reward will only be earned for truly outstanding performance. The change also addresses attraction and retention issues in key growth markets, including the U.S.

In the 2022 financial year, sustainability metrics continued to form part of Executive KMP individual KPIs. When the Board assessed the STI outcomes for Executive KMP they reviewed the sustainability outcomes of the organisation and considered the application of discretion through the 'Leading and Managing' modifier to address any underperformance for the organisation – the Board deemed no adjustment was required in 2022.

The key features of the STI program for the year ended 30 June 2022 (to be paid in September 2022) are detailed below.

| Feature | Description | |
|---|---|---|
| **Performance Period** | Annual award aligned with the financial year – 1 July 2021 to 30 June 2022 | |
| **Award** | Cash | |
| **Performance Measures** | Each Executive KMP has a maximum of six KPIs. The KPIs are made up of two financial measures, common to 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 significant difference between under achieve/achieve/over achieve targets and measures, so that a challenging but meaningful incentive is provided for target performance. The performance measures are chosen to ensure Executive KMP are focused on the achievement of the CSL strategy, delivery of business results and CSL's success and sustainability | |
| | **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, ESG and quality |
| **Performance Measure Weighting** | The weighting of the measures for Mr Perreault and Dr McKenzie is NPAT 35%, CFO 25% and Individual 40%. For Ms Linton, the weighting of measures is NPAT 30%, CFO 30% and Individual 40% | |
| **Executive KMP STI Targets** | Set as a percentage of FR, target opportunity in 2022 was:<br>• Mr Perreault – 120%<br>• Ms Linton – 85%<br>• Dr McKenzie – 100% | |
| **Vesting** | 50% earned on threshold level performance, increasing on a straight line basis with 100% earned at target level performance and 200% on achievement of maximum level performance (capped at 200%). 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' (for example someone who retires or is made redundant) 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 unless the Board determines otherwise | |

For the 2023 financial year (2023), a global sustainability measure for which all Executives will be held accountable will be added, in addition to any relevant individual sustainability KPI measures. The weighting in 2023 will be 5%, reflecting CSL's sustainability roadmap as baseline targets are set for future measurement (section 4 provides more detail on this measure for 2023). Each Executive KMP and Global Leadership Group member will also continue to have sustainability objectives that form part of their workplans and expected role deliverables, in most cases, not rewarded through STI.

### *3.2.5 Long Term Incentive (LTI)*

In 2022, two changes were made to the LTI plan, reflecting feedback received from investors and to encourage alignment of executives' equity interests with shareholders over the longer term.

We introduced a second performance measure of Earnings Per Share growth (EPSg) to complement the current Return on Invested Capital (ROIC) measure. This change also responded to investor feedback on our single metric. The EPSg measure is weighted 30% of the LTI and the ROIC measure is weighted 70%.

We also moved from tranche vesting over a four year period to single point vesting following the end of a three year performance period. This approach aligns with the most prevalent approach taken by our global pharmaceutical/biotechnology peers and also responds to investor feedback regarding the previous vesting schedule.

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 2022 LTI awards, granted 1 September 2021, are as follows.

| Feature | Description |
|---|---|
| **Summary** | A conditional 'right' to a CSL share 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 allocated (or cash paid) on vesting 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 allocation price to determine the number of securities granted |
| **Performance Measure** | • Tranche 1 – ROIC 70%<br>• Tranche 2 – EPSg 30% |
| **ROIC Gateway Performance Measure** | No vesting will occur in Tranche 1 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 Period** | • Tranche 1 ROIC – Seven year average 1 July 2017 to 30 June 2024<br>• Tranche 2 EPSg – 1 July 2021 to 30 June 2024 |
| **Performance Target** | • Tranche 1 ROIC – Threshold at 20.0% and Target at 21.4%<br>• Tranche 2 EPSg – Threshold at 5.0% and Target at 8.3% |
| **Executive KMP LTI Target Opportunity**[1] | • Mr Perreault – 400% of FR<br>• Ms Linton – 175% of FR<br>• Dr McKenzie – 350% of FR |
| **Vesting Schedule** | 50% earned on threshold level performance, increasing on a straight line basis with 100% earned at target level performance (maximum vesting capped at 100%). The Board has the discretion to adjust vesting outcomes |
| **Vesting Date** | 1 September 2024 |
| **Retesting** | No retest of any tranche |
| **Cessation of Employment** | A 'qualified leaver' (for example someone who retires or is made redundant) retains 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 PSUs will lapse unless the Board determines otherwise |
| **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 PSUs vest having regard to the performance of CSL during the performance 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 PSUs. 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 |

### *3.2.6 Leading and Managing Modifier*

The Board, taking into consideration 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 sustainability, risk management, 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 2022, the modifier was not applied.

In addition to consideration during the determination of KPI outcomes, the modifier is also utilised for the assessment of the appropriate management of risk – both financial and non-financial. In consultation with the Audit and Risk Management Committee (ARMC), the HRRC uses 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 STI and LTI outcomes downwards, including to zero.

1 Also maximum opportunity.

## 4. Remuneration Framework Changes in 2023

**Sustainability 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 adopted a sustainability strategy that is based on the three pillars of Environment, Social and Sustainable Workforce, and for the focus areas prioritised under each of the three pillars, in 2022 we have developed a number of actions to validate data sets and baselines.

Ensuring a global shared focus on our long term sustainability and global footprint consistent with our CSL purpose and values, from 1 July 2022 a CSL Group sustainability metric has been applied to the STI component of variable reward. Weighted at 5% (noting there will be a reduction in the individual KPI weighting of 5% to include this KPI), all Executives will be held accountable for objectives shown below that are in support of CSL's goal of reducing carbon emissions by 2030. Detailed milestones and outcomes will be disclosed in the 2023 Remuneration Report.

| | |
|---|---|
| Portfolio | **Establish a robust program governance process,** including reporting, monitoring and verification that is transparent and aligned with our network strategy. An agile process that focuses on doing the right thing in the right place at the right time |
| Program Governance | |
| Energy Initiatives (Scope 1) | **Undertake global initiatives that reduce $CO_2$ emissions** to meet our 40% reduction target by 2030 and aligned with SBTi; Increase renewable energy supplies at select global manufacturing sites |
| Renewable Power (Scope 2) | |
| New Facilities (Scope 1 & 2) | **Incorporate sustainable design up front in our new facilities** that will ensure long term success as our business grows |
| Supplier Engagement (Scope 3) | Engage **our supply partners to achieve a low emissions supply chain,** working with our suppliers to follow our lead in their scope 1 & 2 and join us on this journey |

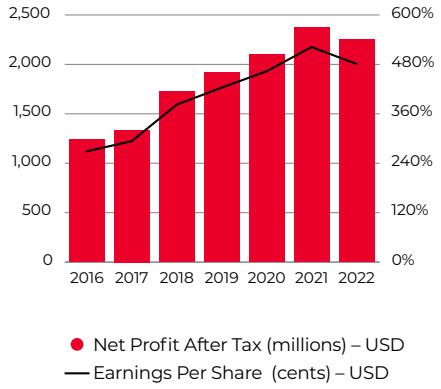
The Board will review on an annual basis to determine the appropriate weighting, measure, target and component of variable reward to align sustainability to (i.e. STI or LTI).

## 5. CSL Performance and Shareholder Returns

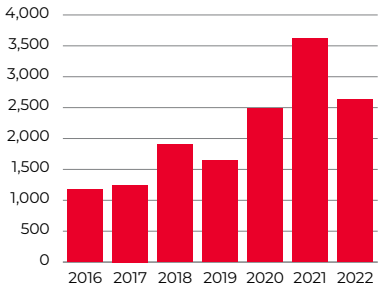
### 5.1 Financial Performance from 2016 to 2022

The following graphs[2] 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.

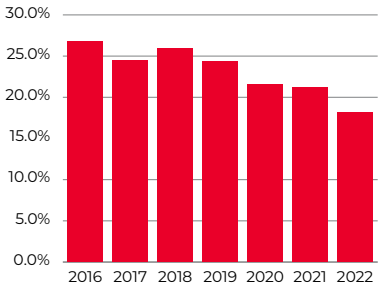
**Net Profit After Tax/ Earnings Per Share** (USD)



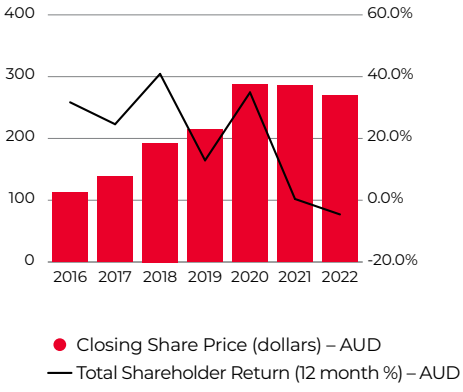

**Cash Inflow From Operating Activities** (millions USD)



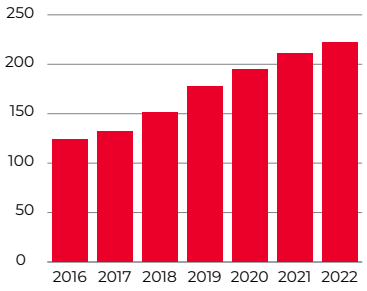

**Annual Return on Invested Capital**




**Closing Share Price** (at 30 June AUD)/ **Total Shareholder Return**




**Total Dividends Per Share** (cents USD)




2 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 2017 was A$138.03. The Total Shareholder Return outcome at 30 June 2022 was -4.60%. The Total Dividends per Share is the actual total dividends paid within the financial year.

## 6. Executive Key Management Personnel Outcomes in 2022

### 6.1 CSL and Executive KMP Performance

In 2022, CSL has demonstrated resilience in its results, delivering solid performance outcomes. As expected, NPAT was down from the prior year, reflecting lower plasma collection in 2021. However, the outcome was in line with expectations and at the top end of market guidance. We continue to progress our research and development pipeline and have grown investment in this area over the year ensuring innovation for a sustainable business. Revenue increased 3.5% at constant currency. CFO was also down on prior year due to higher plasma costs and strong plasma collection during 2022. CFO did however exceed target through strong underlying cash earnings and good working capital management.

The NPAT at 30 June 2022 resulted in performance below target and our CFO achieved an above target performance outcome. The Board reviewed the quality of earnings, including the impact of COVID-19 across supply and inventory, and risk management outcomes across the year. As the Vifor Pharma AG (Vifor) acquisition was not contemplated at the time of setting the targets at the start of the financial year, the Board used its discretion to adjust the outcomes of both NPAT and CFO associated with the Vifor acquisition net costs. The CFO outcome was also adjusted to remove the impact of the favourable cash inflow resulting from the Treasury hedging activity associated with the Vifor acquisition. The Leading and Managing Modifier was not used in 2022.

The following performance outcomes were achieved resulting in an average overall STI payment outcome of 125% of target level opportunity across the Executive KMP (see Table 3). The minimum STI earned as a percentage of target level opportunity was 105% and the maximum was 140% – the latter was 70% of the maximum STI outcome that could be achieved. Additional 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 2022**

| Measure and Commentary | Threshold 50% | Target 100% | Maximum 200% |
|---|---|---|---|
| **Financials** | | | |
| · NPAT | | | |
| · CFO | | | |
| **People** | | | |
| · Completion of the organisational transformation across the Enabling Functions providing a sustainable base and improved scalability | | | |
| · Transformation of an integrated global R&D business | | | |
| · Strong progress against the 2022 diversity, inclusion and equity targets furthering progress to attainment of FY25 and FY30 goals | | | |
| · Recognised by Forbes magazine as one of America's best employers | | | |
| · Recognised as one of Australia and New Zealand's Best Places to Work by The Australian Financial Review | | | |
| · Launch of the CSL Promising Futures scholarship program | | | |
| **Innovation** | | | |
| · Agreement to acquire Vifor – acquisition completed in August 2022 | | | |
| · 24 product registrations or new indications for serious disease across the CSL Group portfolio | | | |
| · Garadacimab Phase III study enrolment completed for HAE | | | |
| · CSL112 (ApoA-1) Phase III study (AEGIS-II) progressing with >80% enrolment achieved and 3rd interim analysis completed | | | |
| · Pre-clinical assessment of next generation, self-amplifying mRNA vaccine in season and pandemic influenza | | | |
| · FLUCELVAX® Quadrivalent approvals – US and Argentina 6m+ indication, Australia 2y+ extension and New Zealand 9y+ extension | | | |
| · FLUAD® Quadrivalent Phase III study in adults 50-64y enrolment completed | | | |
| · EtranaDez (Haem B gene therapy) primary end point achieved in HOPE-B study with MAA (EU) and BLA (US) submitted | | | |
| · Completed manufacturing of the AstraZeneca COVID-19 vaccine in Australia | | | |
| **Focus** | | | |
| · Collaboration with StartX as an Innovation Partner to support entrepreneurs in the StartX community as they commercialise innovative technologies and develop novel therapeutics | | | |
| · Collaboration with WEHI and the University of Melbourne to create a biotech start-up incubator in CSL's new global headquarters in Melbourne | | | |
| · Lengnau mechanical completion and transition to Thermo Fisher Scientific management | | | |

| Measure and Commentary | Threshold 50% | Target 100% | Maximum 200% |
|---|---|---|---|
| **Efficiency and Reliable Supply**<br>· 27 plasma centres opened taking the global total to 330<br>· US regulatory clearance received for the new plasmapheresis platform with rollout to be completed by the end of 2023<br>· Progress against key milestones on our quality system integration initiative<br>· Record volume of ~135 million doses distributed in our 2022 influenza campaign<br>· Fill and finish capacity expansion projects at our Liverpool and Holly Springs sites completed<br>· Progression of capital expansion projects including the new cell culture influenza vaccine facility in Australia<br>· New safety system live across all locations<br>· Above target delivery against the IG roadmap | |  | |
| **Digital Transformation**<br>· Progression of the converged enterprise network strategy across CSL and Seqirus<br>· Initiation of our next generation Donation Management System initiative<br>· Enhanced CSL Plasma Donor app with new functionality<br>· Significantly enhanced partnership with Capgemini<br>· Milestones achieved in our digital transformation to build capabilities in digital experiences, and insights and analytics | |  | |

### 6.2 STI Outcomes by Executive KMP in 2022

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.

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 2022**

| Executive | Value of STI Earned US$ | Target STI Opportunity as a % of FR | Maximum STI Opportunity as a % of FR | STI Earned as % of Target Opportunity | STI Earned as % of Maximum Opportunity[3] | STI Earned as % of FR | Financial Performance Outcome | Individual Performance Outcome |
|---|---|---|---|---|---|---|---|---|
| **P Perreault** | 3,029,931 | 120% | 240% | 140% | 70% | 168% | Between Target and Maximum | Between Target and Maximum |
| **J Linton** | 1,149,742 | 85% | 170% | 105% | 72% | 122% | Between Target and Maximum | Between Threshold and Target |
| **P McKenzie** | 1,273,770 | 100% | 200% | 130% | 65% | 130% | Between Target and Maximum | Between Threshold and Target |

3 Any STI that was not earned was automatically forfeited.

### *6.2.1 CEO 2022 STI Achievement and Outcome*

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

**Table 4: CEO STI Outcomes in 2022**

| Measure and Commentary | Weight | Threshold 50% | Target 100% | Maximum 200% | % of Maximum Opportunity |
|---|---|---|---|---|---|
| **Financials** | | US$2,125m | US$2,361m | US$2,597m | |
| · Solid adjusted NPAT result against target | 35% | | | | 47.5% |
| · Strong adjusted CFO outcome exceeding target | 25% | | | | 96.5% |
| | | US$2,028m | US$2,253m | US$2,591m | |
| **Stabilise plasma business fundamentals and return to sustainable growth**<br>· Plasma collection improvement on 2021<br>· US regulatory clearance received for the new plasmapheresis platform and progression of the partnership with Terumo – delay of implementation due to supply chain constraints<br>· Transformation of an integrated global R&D function across CSL and Seqirus<br>· Execution of merger and acquisition deals with significant achievement on the Vifor acquisition | 20% | | | | 65.0% |
| **Deliver growth and efficiency initiatives and build a robust pipeline of safe and effective life-saving medicines**<br>· Above target outcomes on IG roadmap<br>· Improvement in all safety metrics over prior year – TRIFR improvement across most functions/sites<br>· Readiness for new product launches across the end to end supply chain and commercial operations<br>· Significant progress on the sustainability strategy and roadmap<br>· Lengnau mechanical completion and transition to Thermo Fisher Scientific management | 10% | | | | 87.5% |
| **People and Culture**<br>· Key succession plan milestones advanced<br>· Diversity, Equity and Inclusion objectives delivered ensuring trending toward achievement of longer term goals | 10% | | | | 75.0% |

## 6.3 LTI Outcomes by Executive KMP in 2022

### *6.3.1 LTI Awards Tested in 2022*

In 2022, in the course of annual performance testing, five LTI grants were tested. The table below shows the performance of CSL against the targets with vesting occurring in September 2021 and March 2022.

**Table 5: LTI Awards Tested in 2022**

| Grant Date | Security | Tranche | Performance Period | Exercise Price A$ | Performance Outcome | Vesting Outcome |
|---|---|---|---|---|---|---|
| 1 October 2017 | PSU | 4 | 1 July 2014 – 30 June 2021 | – | Seven year ROIC at 25.1% | 68.33%[4] |
| 1 September 2018 | PSU | 3 | 1 July 2014 – 30 June 2021 | – | Seven year ROIC at 25.1% | 68.33%[5] |
| 1 September 2019 | PSU | 2 | 1 July 2014 – 30 June 2021 | – | Seven year ROIC at 25.1% | 100% |
| 1 September 2020 | PSU | 1 | 1 July 2014 – 30 June 2021 | – | Seven year ROIC at 25.1% | 100% |
| 1 April 2021 | PSU | 1 | 1 July 2014 – 30 June 2021 | – | Seven year ROIC at 25.1% | 100% |
| 1 April 2021 | RSU | 1 | 1 April 2021 – 1 March 2022 | – | Individual performance | 100% |

### *6.3.2 Fair Value of Awards Granted, Vested and Lapsed Equity in 2022*

The table below details the fair value at the date of grant for all awards granted[6], vested and lapsed in 2022. The values are shown in Australian Dollars (A$).

**Table 6: Grant Fair Value**

| Security | Tranche | Grant Date | Vest/Lapse Date | Expiry Date | Fair Value at Grant A$ |
|---|---|---|---|---|---|
| PSU | 4 | 1 Oct 2017 | 1 Sep 2021 | 1 Oct 2024 | 124.60 |
| PSU | 3 | 1 Sep 2018 | 1 Sep 2021 | 1 Oct 2024 | 219.41 |
| PSU | 4 | 1 Sep 2018 | 1 Oct 2021 | 1 Oct 2024 | 216.13 |
| PSU | 2 | 1 Sep 2019 | 1 Sep 2021 | 1 Oct 2029 | 230.50 |
| PSU | 3 | 1 Sep 2019 | 1 Oct 2021 | 1 Oct 2029 | 228.14 |
| PSU | 4 | 1 Sep 2019 | 1 Oct 2021 | 1 Oct 2029 | 225.80 |
| PSU | 1 | 1 Sep 2020 | 1 Sep 2021 | 1 Sep 2025 | 287.79 |
| PSU | 1 | 1 Apr 2021 | 1 Sep 2021 | 1 Apr 2026 | 265.48 |
| PSU | 1 | 1 Sep 2021 | 1 Sep 2024 | 1 Sep 2026 | 302.44 |
| PSU | 2 | 1 Sep 2021 | 1 Sep 2024 | 1 Sep 2026 | 302.44 |
| Restricted Share Unit (RSU) | 1 | 1 Apr 2021 | 1 Sep 2021 | 1 Apr 2026 | 265.48 |
| RSU | 2 | 1 Apr 2021 | 1 Mar 2022 | 1 Apr 2026 | 264.08 |

### *6.3.3 Summary of Executive KMP Granted, Vested and Lapsed Equity in 2022*

The table below summarises the details of equity awards granted, vested and lapsed in US Dollars (US$) 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.

The April 2021 grants were awarded to Ms Linton as a commencement benefit, providing a more competitive reward offering and compensating for a pro-rata portion of the loss of cash settled LTI awards held by Ms Linton at her cessation of employment with Bupa. Further detail is disclosed in the 2021 Remuneration Report.

4 The remaining 31.67% of this tranche has lapsed – there is no retest.
5 The remaining 31.67% of this tranche has lapsed – there is no retest.
6 The grant date of PSUs granted to P Perreault was 13 October 2021. 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 2021 Annual General Meeting.

**Table 7: Movement in Equity in 2022**

| Executive | Security | Tranche | Grant Date | Vesting Date | Exercise Price A$ | Fair Value at Grant US$ | Face Value at Grant US$[7] | Granted | Vested | Lapsed | Face Value at Vest – Vested Award US$[8] | Face Value at Lapse – Lapsed Award US$[9] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **P Perreault** | PSU | 4 | 1 Oct 2017 | 1 Sep 2021 | – | 1,180,425 | 1,269,098 | 13,013 | 8,892 | 4,121 | 2,000,844 | 927,292 |
| | PSU | 3 | 1 Sep 2018 | 1 Sep 2021 | – | 1,495,436 | 1,549,280 | 9,362 | 6,398 | 2,964 | 1,439,654 | 666,948 |
| | PSU | 2 | 1 Sep 2019 | 1 Sep 2021 | – | 1,832,164 | 1,942,441 | 11,077 | 11,077 | – | 2,492,504 | – |
| | PSU | 1 | 1 Sep 2020 | 1 Sep 2021 | – | 1,715,523 | 1,679,101 | 8,188 | 8,188 | – | 1,842,433 | – |
| | PSU | 1 | 1 Sep 2021 | 1 Sep 2024 | – | 4,876,594 | 4,983,659 | 22,148 | – | – | – | – |
| | PSU | 2 | 1 Sep 2021 | 1 Sep 2024 | – | 2,089,969 | 2,135,853 | 9,492 | – | – | – | – |
| **A Cuthbertson** | PSU | 4 | 1 Oct 2017 | 1 Sep 2021 | – | 191,310 | 205,681 | 2,109 | 1,442 | 667 | 324,473 | 150,086 |
| | PSU | 3 | 1 Sep 2018 | 1 Sep 2021 | – | 357,326 | 370,192 | 2,237 | 1,529 | 708 | 344,050 | 159,312 |
| | PSU | 4 | 1 Sep 2018 | 1 Sep 2021 | – | 351,828 | 370,027 | 2,236 | – | 465 | – | 97,791 |
| | PSU | 2 | 1 Sep 2019 | 1 Sep 2021 | – | 354,458 | 375,792 | 2,143 | 2,143 | – | 482,209 | – |
| | PSU | 3 | 1 Sep 2019 | 1 Sep 2021 | – | 355,932 | 375,792 | 2,143 | – | 595 | – | 125,130 |
| | PSU | 4 | 1 Sep 2019 | 1 Sep 2021 | – | 352,117 | 375,617 | 2,142 | – | 981 | – | 206,307 |
| **J Linton** | PSU | 1 | 1 Apr 2021 | 1 Sep 2021 | – | 632,974 | 627,061 | 3,275 | 3,275 | – | 736,928 | – |
| | PSU | 1 | 1 Sep 2021 | 1 Sep 2024 | – | 1,121,388 | 1,146,007 | 5,093 | – | – | – | – |
| | PSU | 2 | 1 Sep 2021 | 1 Sep 2024 | – | 480,658 | 491,211 | 2,183 | – | – | – | – |
| | RSU | 1 | 1 Apr 2021 | 1 Sep 2021 | – | 414,767 | 410,893 | 2,146 | 2,146 | – | 482,885 | – |
| | RSU | 2 | 1 Apr 2021 | 1 Mar 2022 | – | 1,155,070 | 1,150,346 | 6,008 | 6,008 | – | 1,142,036 | – |
| **P McKenzie** | PSU | 2 | 1 Sep 2019 | 1 Sep 2021 | – | 1,210,906 | 1,265,383 | 7,216 | 4,931 | 2,285 | 1,109,555 | 514,162 |
| | PSU | 2 | 1 Sep 2019 | 1 Sep 2021 | – | 761,348 | 807,173 | 4,603 | 4,603 | – | 1,035,749 | – |
| | PSU | 2 | 1 Sep 2019 | 1 Sep 2021 | – | 316,746 | 335,811 | 1,915 | 1,915 | – | 430,906 | – |
| | PSU | 1 | 1 Sep 2020 | 1 Sep 2021 | – | 817,115 | 799,767 | 3,900 | 3,900 | – | 877,563 | – |
| | PSU | 1 | 1 Sep 2021 | 1 Sep 2024 | – | 2,329,967 | 2,381,122 | 10,582 | – | – | – | – |
| | PSU | 2 | 1 Sep 2021 | 1 Sep 2024 | – | 998,526 | 1,020,449 | 4,535 | – | – | – | – |

### *6.3.4 Executive KMP 2023 Equity Vesting Opportunity*

Four awards will be tested in 2023. The following tables set out a preview of these awards with Table 9 providing the specific grant details for each Executive KMP. The face value in Table 8 is provided in A$.

**Table 8: LTI Awards to be Tested in 2023**

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

**Table 9: Executive KMP LTI Opportunity to be Tested in 2023**

| Executive | Number of Performance Share Units | Number of Restricted Share Units |
|---|---|---|
| **P Perreault** | 28,628 | – |
| **J Linton** | – | 5,097 |
| **P McKenzie** | 15,069 | – |

7 Securities granted multiplied by the closing CSL share price on the date of grant. The A$ value was converted to US$ at an average exchange rate for the 2022 financial year of 1.37359.
8 Securities vested multiplied by the closing CSL share price on the date of vest. All awards were automatically exercised on vesting. The A$ value was converted to US$ at an average exchange rate for the 2022 financial year of 1.37359.
9 Securities lapsed multiplied by the closing CSL share price on the date of lapse. The A$ value was converted to US$ at an average exchange rate for the 2022 financial year of 1.37359.

## 7. Executive Key Management Personnel Statutory Remuneration Tables

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

### 7.1 Executive KMP Remuneration 2021 and 2022

**Table 10: Statutory Remuneration Disclosure – Executive KMP**

| | | Short Term Benefits | | | | Post Employment |
|---|---|---|---|---|---|---|
| Executive | Year[11] | Cash Salary and Fees[12] | Cash Bonus US$[13] | Cash Sign On US$ | Non-Monetary US$[14] | Super US$ |
| **P Perreault –** CEO and Managing Director | **2022** | **1,733,962** | **3,029,931** | **–** | **92,441** | **18,300** |
| | 2021 | 1,697,123 | 1,807,032 | – | 95,083 | 20,300 |
| **J Linton –** Chief Financial Officer[15] | **2022** | **874,803** | **1,149,742** | **–** | **81,479** | **25,689** |
| | 2021 | 281,781 | 288,464 | 78,220 | 122,927 | 6,786 |
| **P McKenzie –** Chief Operating Officer | **2022** | **965,230** | **1,273,770** | **–** | **67,972** | **16,802** |
| | 2021 | 989,079 | 1,028,970 | – | 70,140 | 22,123 |
| Former Executive KMP | | | | | | |
| **A Cuthbertson –** Senior Advisor to CEO[16] | **2022** | **128,811** | **–** | **–** | **–** | **4,550** |
| | 2021 | 505,666 | 483,067 | – | 32,648 | 18,579 |
| **TOTAL** | **2022** | **3,702,806** | **5,453,443** | **–** | **241,892** | **65,341** |
| | 2021 | 3,473,649 | 3,607,533 | 78,220 | 320,798 | 67,788 |

10 The Performance Rights 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 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 US$ at an average exchange rate for the 2022 financial year: A$ – 1.37359. There were no Options expensed or outstanding in 2021 or 2022.

11 The A$ compensation paid during the years ended 30 June 2021 and 30 June 2022 have been converted to US$. For the 30 June 2022 compensation, this has been converted to US$ at an average exchange rate for the 2022 financial year: A$ – 1.37359. For the 2021 compensation, this has been converted to US$ at an average exchange rate for the 2021 financial year: A$ – 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 2022.

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

13 The cash bonus in respect of 2022 is scheduled to be paid in September 2022. The cash component of the cash bonus received in 2021 was paid in full in September 2021 for all Executive KMP as previously disclosed, with no adjustment.

14 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.

15 In 2021 J Linton was an Executive KMP for the period 5 March 2021 to 30 June 2021.

16 In 2022 A Cuthbertson was an Executive KMP for the period 1 July 2021 to 1 October 2021.

| Other Long Term | Share Based Payments[10] | | | | |
|---|---|---|---|---|---|
| Long Service Leave US$ | Performance Rights US$ | Performance Share Units US$ | Restricted Share Units US$ | Total US$ | % Performance Related |
| **–** | **–** | **4,987,494** | **–** | **9,862,128** | **81%** |
| – | (66,026) | 6,570,910 | – | 10,124,423 | 82% |
| **21,583** | **–** | **699,401** | **1,540,207** | **4,392,904** | **77%** |
| 6,840 | – | 384,315 | 708,425 | 1,877,757 | 74% |
| **–** | **–** | **2,577,351** | **–** | **4,901,125** | **79%** |
| – | – | 3,684,975 | – | 5,795,287 | 81% |
| | | | | | |
| **2,855** | **–** | **(97,619)** | **–** | **38,597** | **(253)%** |
| 11,603 | (14,490) | 723,043 | – | 1,760,117 | 68% |
| **24,438** | **–** | **8,166,627** | **1,540,207** | **19,194,754** | **79%** |
| 18,443 | (80,516) | 11,363,243 | 708,425 | 19,557,584 | 80% |

### 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 US$. 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 2021 | Number of Shares Acquired on Exercise of Options, Performance Rights, PSUs or RSUs during year US$ | Value of Shares Acquired on Exercise of Options, Performance Rights, PSUs or RSUs during year US$[17] | Number of (Shares Sold)/ Purchased | Balance at 30 June 2022 |
|---|---|---|---|---|---|
| **P Perreault** | 163,241 | 34,555 | 7,775,435 | (31,495) | 166,301 |
| **J Linton** | – | 11,429 | 2,361,849 | 118 | 11,547 |
| **P McKenzie** | 10,651 | 15,349 | 3,453,773 | (5,326) | 20,674 |
| Former Executive KMP | | | | | |
| **A Cuthbertson**[18] | 106,579 | 5,114 | 1,150,732 | – | 111,693 |

There have been no movements in shareholdings of Executive KMP between 30 June 2022 and the date of this Report.

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

| | | | | | | | | Balance as at 30 June 2022 | |
|---|---|---|---|---|---|---|---|---|---|
| Executive | Security | Balance as at 1 July 2021 | Number Granted | Number Exercised | Number Lapsed | Balance as at 30 June 2022 | Number Vested During Year | Vested[19] | Unvested |
| **P Perreault** | PSU | 97,719 | 31,640 | 34,555 | 7,085 | 87,719 | 34,555 | – | 87,719 |
| **J Linton** | PSU | 3,275 | 7,276 | 3,275 | – | 7,276 | 3,275 | – | 7,276 |
| | RSU | 13,647 | – | 8,154 | – | 5,493 | 8,154 | – | 5,493 |
| **P McKenzie** | PSU | 45,107 | 15,117 | 15,349 | 2,285 | 42,590 | 15,349 | – | 42,590 |
| Former Executive KMP | | | | | | | | | |
| **A Cuthbertson**[20] | PSU | 13,010 | – | 5,114 | 3,416 | 4,480 | 5,114 | – | 4,480 |

17 The value of Performance Share Units and Restricted Share Units at the 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 2022. The A$ value was converted to US$ at an average exchange rate for the year of 1.37359.
18 The closing balance for A Cuthbertson is at 1 October 2021 being the date A Cuthbertson ceased to be Executive KMP.
19 Vested awards are exercisable to the Executive KMP. There are no vested and unexercisable awards.
20 The closing balance for A Cuthbertson is at 1 October 2021 being the date A Cuthbertson ceased to be Executive KMP.

## 8. 2022 and 2023 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, currently sitting at 81% of the Total Target Direct Compensation median.

#### *8.1.1 2022 CEO Target Remuneration*

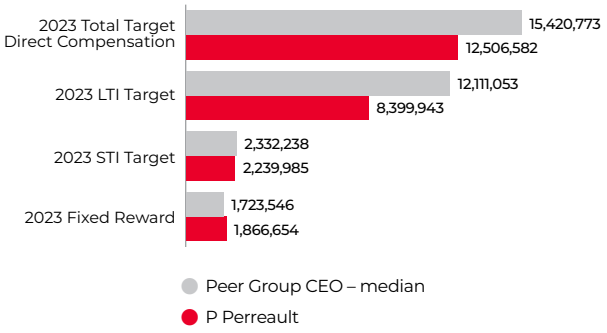
In 2022, the Board determined that Mr Perreault would receive a 3% increase to FR, taking this to US$1,803,530. Mr Perreault's STI percentage remained set at 120% of his FR for target performance and his maximum payout opportunity capped at 240% of his FR for outstanding performance. This maximum opportunity was increased from 180% in the prior year due to the framework change where the Board increased the maximum STI opportunity to 200% of target from 150%. There was no increase applied to his LTI target, remaining at 400% of FR (also maximum opportunity). However, given FR has increased the monetary value of the maximum opportunity has increased.

#### *8.1.2 2023 CEO Target Remuneration*

In 2023, the Board has determined that Mr Perreault will receive a 3.5% increase to FR – US$1,866,654 effective 1 September 2022. There will be no change to Mr Perreault's STI target, remaining at 120% with a maximum opportunity of 240%. An increase in the LTI target from 400% of FR to 450% of FR has been applied – this is also the maximum opportunity. These changes increase Mr Perreault's Total Target Direct Compensation from US$11,181,886 to US$12,506,582.

Mr Perreault's target reward for 2023 is displayed below, along with the 2023 comparison to CEOs in our pharmaceutical/biotechnology peer group.

**2023 CEO Target Remuneration and Peer Group Comparison – US$**

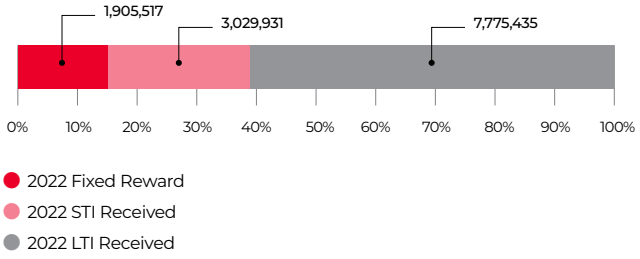



### 8.2 2022 Executive KMP Realised Remuneration

#### *8.2.1 2022 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 2022. These outcomes are aligned with the CEO's and CSL's performance during 2022, 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.

**2022 CEO Realised Remuneration – USD**




Mr Perreault's total 'realised' remuneration for 2022 was US$12,710,883 and this is a 72% decrease from the prior year. The decrease was as a result of legacy Option and Performance Right LTI plans ceasing in 2021. All LTI awards that vested in 2022 were granted under the framework introduced in 2017.

### *8.2.2 2022 Executive KMP Realised Remuneration*

Table 13 shows the 'realised' remuneration of Executive KMP for the year ended 30 June 2022 in US$, providing a simple and transparent view of what Executive KMP actual take home pay was in 2022.

**Table 13: Executive KMP 'Realised' Remuneration (Received or Available as Cash) in 2022**

| Executive | 2022 Total Fixed Reward US$[21] | 2022 STI US$[22] | LTI Vested in 2022 US$[23] | Total Reward Received US$ | Total LTI Reward Received (valued at grant date) US$[24] | LTI Growth in Value (due to share price growth) US$[25] |
|---|---|---|---|---|---|---|
| Period Earned | 2022 | 2022 | 2018 – 2022 | 2018 – 2022 | 2018 – 2022 | 2018 – 2022 |
| **P Perreault** | 1,905,517 | 3,029,931 | 7,775,435 | 12,710,883 | 5,547,518 | 2,227,917 |
| **J Linton** | 961,840 | 1,149,742 | 2,361,849 | 4,473,431 | 2,188,300 | 173,549 |
| **P McKenzie** | 1,061,344 | 1,273,770 | 3,453,773 | 5,788,887 | 2,807,441 | 646,332 |

## 8.3 2022 and 2023 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.

Table 14 sets out the changes to Executive KMP reward for 2022 (effective 1 September 2021) and 2023 (effective 1 September 2022). As noted earlier in this Report, a global pharmaceutical/biotechnology peer group is used for external benchmarking[26]. 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. The increases also take into consideration the skills and experience of Executive KMP. For Ms Linton, the annual salary review increase is 3.25% and the remaining 0.45% is the superannuation guarantee increase that was effective 1 July 2022. In determining reward, the Board considers internal pay relativity across the full Global Leadership Group.

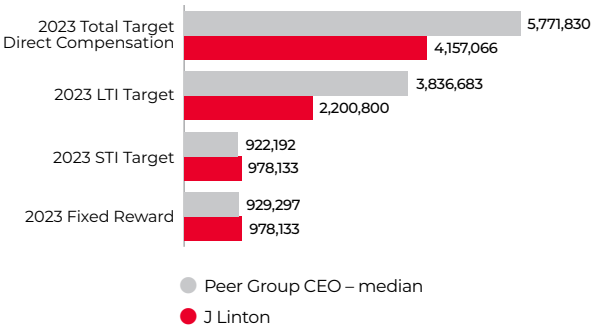
**Table 14: Adjustments to Executive KMP Reward 2022 and 2023**

| 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** | **2023** | **3.50%** | **3.50%** | **16.44%** | **11.85%** | **1,324,696** |
| | 2022 | 3.00% | 3.00% | 3.00% | 3.00% | 325,686 |
| **J Linton** | **2023** | **3.70%** | **22.29%** | **33.65%** | **22.72%** | **769,592** |
| | 2022 | 3.40% | 3.40% | 3.40% | 3.40% | 113,706 |
| **P McKenzie** | **2023** | **3.50%** | **3.50%** | **25.68%** | **17.61%** | **950,669** |
| | 2022 | 3.00% | 3.00% | 3.00% | 3.00% | 157,207 |

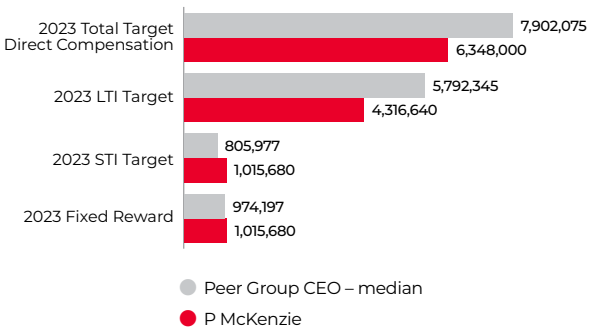
## 8.4 2023 Executive KMP Target Remuneration and Peer Group Comparison

The target reward for both Ms Linton and Dr McKenzie for 2023 are displayed below, along with the 2023 comparison to their respective peers in our pharmaceutical/biotechnology peer group. The peer group comparison for Mr Perreault is detailed in section 8.1.2 above.

**2023 J Linton Target Remuneration and Peer Group Comparison – US$**




**2023 P McKenzie Target Remuneration and Peer Group Comparison – US$**




21 Includes base salary, retirement/superannuation benefits, and other benefits such as insurances, relocation and allowances paid in 2022.
22 Relates to STI earned in 2022 and will be paid in September 2022 (refer to section 6.2).
23 Value of LTI vested at 1 September 2021 and 1 March 2022 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. This has been converted to US$ at an average exchange rate for the 2022 financial year of 1.37359. The awards for J Linton were commencement benefits earned in 2021 given Ms Linton commenced employment with CSL in 2021.
24 The value at grant has been determined by multiplying the number of vested units by the closing share price on the date of grant. This has been converted to US$ at an average exchange rate for the 2022 financial year of 1.37359.
25 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 US$ at an average exchange rate for the 2022 financial year of 1.37359.
26 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 2022 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 2022 year (including superannuation contributions, NED Rights Plan sacrifice amounts and Committee fees) are within this agreed limit, and totalled A$2,944,126. 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 in conjunction with the HRRC, 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 additional 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 are then subject to a nominated restriction period of three to fifteen years. For overseas based NEDs, shares are allocated at the end of the nominated three to fifteen year restriction period. At the end of the nominated restriction period 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 2022

The following table provides details of current Board and Committee fees from 1 July 2021. As a truly global business, our NED fee structure allows us to attract and recruit appropriately skilled directors.

In 2022, after reviewing both ASX12 and ASX25 comparative Board fees, the Board determined to increase Board and Committee fees by 3% from 1 July 2022. This increase is within the maximum aggregate remuneration that may be paid to all NEDs, as agreed by shareholders at the 2016 AGM, meaning that further shareholder approval to increase these fees was not required. These increases ensure market competitive fees and allow us to attract and retain high quality NEDs.

**Table 15: NED Fees 2022 and 2023**

| | | 2022 Fees | | 2023 Fees |
|---|---|---|---|---|
| **Board Chairman Fee** | | A$870,000 | | A$896,100 |
| **Board NED Base Fee** | | A$245,250 | | A$252,600 |
| **Committee Fees** | **Committee Chair** | **Committee Member** | **Committee Chair** | **Committee Member** |
| Audit & Risk Management | A$70,000 | A$34,250 | A$72,100 | A$35,300 |
| Corporate Governance & Nomination | A$30,100 | A$15,100 | A$31,000 | A$15,550 |
| Human Resources & Remuneration | A$60,000 | A$30,100 | A$61,800 | A$31,000 |
| Innovation & Development | A$58,150 | A$30,100 | A$59,900 | A$31,000 |

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. In 2022, no allowance was paid.

### 9.3 Non-Executive Share Purchases

During 2022, CSL completed two on-market purchases of shares for the purposes of the NED Rights Plan. A total of 1,957 shares were purchased during the reporting period and the average price paid per share was A$286.66.

### 9.4 Non-Executive Director Statutory Remuneration Tables

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

#### *9.4.1 Non-Executive Director Remuneration 2021 and 2022*

**Table 16: Statutory Remuneration Disclosure – Non-Executive Directors**

| | | Short Term Benefits | Post Employment | | Share Based Payments | |
|---|---|---|---|---|---|---|
| Non-Executive Director | Year | Cash Salary and Fees US$[27] | Superannuation US$ | Retirement Benefits US$ | Rights US$[28] | Total |
| **B McNamee – Chairman** | **2022** | **489,543** | **17,158** | **–** | **125,313** | **632,014** |
| | 2021 | 471,611 | 16,123 | – | 120,767 | 608,501 |
| **B Brook** | **2022** | **178,358** | **8,579** | **–** | **51,686** | **238,623** |
| | 2021 | 186,907 | 16,123 | – | 37,492 | 240,522 |
| **M Clark** | **2022** | **202,267** | **17,158** | **–** | **35,290** | **254,715** |
| | 2021 | 200,432 | 16,123 | – | 34,982 | 251,537 |
| **A Cuthbertson**[29] | **2022** | **117,973** | **15,015** | **–** | **33,844** | **166,832** |
| | 2021 | – | – | – | – | – |
| **C Hewson** | **2022** | **140,877** | **17,158** | **–** | **88,508** | **246,543** |
| | 2021 | 140,471 | 16,123 | – | 109,237 | 265,831 |
| **D Maskell**[30] | **2022** | **60,806** | **20,021** | **–** | **85,480** | **166,307** |
| | 2021 | – | – | – | – | – |
| **M McDonald** | **2022** | **171,831** | **–** | **–** | **52,966** | **224,797** |
| | 2021 | 166,922 | 4,031 | – | 52,574 | 223,527 |
| **A Watkins**[31] | **2022** | **121,065** | **20,021** | **–** | **49,819** | **190,905** |
| | 2021 | – | – | – | – | – |
| Former Non-Executive Director | | | | | | |
| **A Hussain**[32] | **2022** | **–** | **–** | **–** | **–** | **–** |
| | 2021 | 185,291 | 87 | – | 37,532 | 222,910 |
| **C O'Reilly**[33] | **2022** | **–** | **–** | **–** | **–** | **–** |
| | 2021 | 45,206 | – | – | 29,286 | 74,492 |
| **P Soriot**[34] | **2022** | **–** | **–** | **–** | **–** | **–** |
| | 2021 | 76,875 | 103 | – | 13,312 | 90,290 |
| **TOTAL** | **2022** | **1,482,720** | **115,110** | **–** | **522,906** | **2,120,736** |
| | 2021 | 1,473,715 | 68,713 | – | 435,182 | 1,977,610 |

#### *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 US$. 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).

27 The A$ compensation paid and share based payments during the years ended 30 June 2021 and 30 June 2022 have been converted to US$. For the 2022 compensation, this has been converted to US$ at an average exchange rate for the 2022 financial year: A$ – 1.37359. For the 2021 compensation, this has been converted to US$ at an average exchange rate for the 2021 financial year: A$ – 1.34557. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the A$/US$ exchange rates. No long term or termination benefits were paid in 2022.
28 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 26 August 2021 was A$304.00 for Tranche 1 (vests 21 February 2022) and A$302.62 for Tranche 2 (vests 22 August 2022). For the award made to A Cuthbertson on 4 October 2021, the Fair Value for Tranche 1 was A$292.17 and for Tranche 2 was A$290.69.
29 In 2022 A Cuthbertson was a NED for the period 2 October 2021 to 30 June 2022.
30 In 2022 D Maskell was a NED for the period 18 August 2021 to 30 June 2022.
31 In 2022 A Watkins was a NED for the period 18 August 2021 to 30 June 2022.
32 In 2021 A Hussain was a NED for the period 1 July 2020 to 25 June 2021.
33 In 2021 C O'Reilly was a NED for the period 1 July 2020 to 14 October 2020.
34 In 2021 P Soriot was a NED for the period 19 August 2020 to 31 January 2021.

**Table 17: Non-Executive Director Shareholdings**

| KMP | Balance as at 1 July 2021 | Number of Shares Acquired on Exercise of Rights during year | Value of Shares Acquired on Exercise of Rights during year US$[35] | Number of (Shares Sold)/ Purchased | Balance at 30 June 2022 |
|---|---|---|---|---|---|
| **Non-Executive Director** | | | | | |
| **B McNamee** | 161,681 | 563 | 117,930 | 118 | 162,362 |
| **B Brook** | 5,604 | 200 | 41,225 | 318 | 6,122 |
| **M Clark** | 3,405 | 160 | 33,550 | 448 | 4,013 |
| **A Cuthbertson**[36] | 111,693 | 59 | 11,320 | – | 111,752 |
| **C Hewson** | 764 | 403 | 84,523 | 74 | 1,241 |
| **D Maskell**[37] | – | 209 | 40,099 | – | 209 |
| **M McDonald** | 3,255 | 241 | 50,553 | 118 | 3,614 |
| **A Watkins**[38] | 1,715 | 122 | 23,407 | 118 | 1,955 |

There have been no movements in shareholdings of NEDs between 30 June 2022 and the date of this Report.

**Table 18: Non-Executive Director Right Holdings**

| KMP | Security | Balance at 1 July 2021 | Number Granted[39] | Face Value of Rights Granted US$[40] | Fair Value of Rights Granted US$[41] | Number Exer-cised[42] | Value of Rights Exer-cised US$[43] | Number Lapsed | Balance at 30 June 2022 | Number Vested During Year | Balance at 30 June 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | Vest-ed[44] | Unve-sted[45] |
| **Non-Executive Director** | | | | | | | | | | | | |
| **B McNamee** | Right | 278 | 569 | 127,628 | 125,644 | 563 | 117,930 | – | 284 | 563 | – | 284 |
| **B Brook** | Right | 80 | 240 | 53,833 | 52,995 | 200 | 41,225 | – | 120 | 200 | – | 120 |
| **M Clark** | Right | 80 | 160 | 35,888 | 35,331 | 160 | 33,550 | – | 80 | 160 | – | 80 |
| **A Cuthbertson**[46] | Right | – | 179 | 37,443 | 37,945 | 59 | 11,320 | – | 120 | 59 | – | 120 |
| | PSU | 4,480 | – | – | – | – | – | – | 4,480 | – | – | 4,480 |
| **C Hewson** | Right | 202 | 401 | 89,945 | 88,548 | 403 | 84,523 | – | 200 | 403 | – | 200 |
| **D Maskell**[47] | Right | – | 417 | 93,534 | 92,081 | 209 | 40,099 | – | 208 | 209 | – | 208 |
| **M McDonald** | Right | 121 | 240 | 53,833 | 52,995 | 241 | 50,553 | – | 120 | 241 | – | 120 |
| **A Watkins**[48] | Right | – | 243 | 54,505 | 53,659 | 122 | 23,407 | – | 121 | 122 | – | 121 |

35 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 2022. The A$ value was converted to US$ at an average rate for the year of 1.37359.
36 The opening balance for A Cuthbertson is at 2 October 2021 being the date A Cuthbertson became a NED. All equity held by A Cuthbertson in his capacity as a member of the Company's Executive KMP until 1 October 2021 is disclosed elsewhere in this Report.
37 The opening balance for D Maskell is at 18 August 2021 being the date D Maskell became a NED.
38 The opening balance for A Watkins is at 18 August 2021 being the date A Watkins became a NED.
39 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 (VWAP) 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 25 August 2021 of A$305.37. The Rights were granted on 26 August 2021 in two tranches. Tranche 1 had a vesting date of 21 February 2022 and Tranche 2 vests 22 August 2022. For the grant to A Cuthbertson on 4 October 2021, the VWAP was A$293.32.
40 The value at grant date has been determined by the share price at the close of business on the grant date of 26 August 2021 being A$308.10 multiplied by the number of Rights granted during 2022. For the grant to A Cuthbertson on 4 October 2021, the closing share price was A$287.33. The A$ value was converted to US$ at an average exchange rate for the year of 1.37359. The Rights have an expiry date fifteen years from the start of the financial year in which the Rights were granted.
41 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 26 August 2021 was Tranche 1: A$304.00 and Tranche 2: A$302.62 multiplied by the number of Rights granted during 2022. For the grant to A Cuthbertson, the fair value for Tranche 1 was A$292.17 and Tranche 2 was A$290.69.
42 Vesting and exercise occurred in relation to Tranche 2 of the 2021 grant and Tranche 1 of the 2022 grant. All Rights eligible vested at 100% during the year. No Rights eligible to vest were lapsed.
43 The value at exercise date has been determined by the share price at the close of business on the exercise date multiplied by the number of Rights exercised during 2022. The A$ value was converted to US$ at an average exchange rate for the year of 1.37359. 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.
44 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.
45 Unvested Rights represent Tranche 2 of the 2022 grant that will vest on 22 August 2022, following the release of full year financial results.
46 The opening balance for A Cuthbertson is at 2 October 2021 being the date A Cuthbertson became a NED. All equity held by A Cuthbertson in his capacity as a member of the Company's Executive KMP until 1 October 2021 is disclosed elsewhere in this Report.
47 The opening balance for D Maskell is at 18 August 2021 being the date D Maskell became a NED.
48 The opening balance for A Watkins is at 18 August 2021 being the date A Watkins became a NED.

## 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 remuneration recommendations from the HRRC. 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, Ms Marie McDonald and Ms Alison Watkins AM.

**ARMC:**
The ARMC assists the Board in the governance of CSL's financial reporting and disclosures, risk identification and management, and compliance, and oversees and monitors ESG performance.

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 2022 the HRRC engaged the services of Aon Consulting in the U.S., 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 2022 financial year.

**Joint HRRC and ARMC meetings:**
The Committees meet jointly 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 2022, the HRRC met formally on seven occasions. Activities undertaken include:

- 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; 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 FR 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 assesses 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 CEO remuneration outcomes and before finalising all other Executive KMP outcomes, the Board holistically assesses 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. Discretion may be exercised to either increase or reduce vesting outcomes, which includes reducing to zero.

In 2022, the Board reviewed the quality of earnings, impact of COVID-19 and risk management outcomes across the year. As the Vifor acquisition was not contemplated at the time of setting the targets at the start of the financial year, the Board used its discretion to adjust the outcomes of both NPAT and CFO associated with the Vifor acquisition net costs. The CFO outcome was also adjusted to remove the impact of the favourable cash inflow resulting from the Treasury hedging activity associated with the Vifor acquisition.

**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 typically 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 typically done as hurdled equity under the LTI framework described in section 3.2.5.

### 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 were made, guaranteed or secured, directly or indirectly by CSL or any of its subsidiaries, to any Executive KMP or their related parties during 2022.

No loans were made to NEDs during 2022. To the extent that there were transactions between the Company and an organisation with which a NED may be connected or associated, those transactions were all on normal commercial arms' length terms, immaterial, and the relevant NED had no involvement in any procurement or other Board decision-making related to the transaction.

### 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, upon the occurrence (or the discovery of the occurrence) of any of the following events or conduct:

- material misstatement, omission or error in the financial statements of a Group company or the CSL Group leading to a senior executive receiving a benefit greater than the amount that would have been received had such misstatement, omission or error not occurred,
- fraud or dishonesty to CSL or any Group company,
- wilful engagement in conduct which is, or might reasonably be expected to be, injurious to CSL or any Group company, monetarily or otherwise, including, but not limited to, its reputation or standing in its industry,
- intentional act that is materially adverse to the best interests of CSL or any Group company,
- violation of any material law or regulation,
- adverse risk management outcomes, and/or
- material violation of CSL's Code of Conduct or any other policy governing the conduct of employees of CSL or any Group company or any agreement or covenant entered into between a senior executive and CSL or any Group company.

In 2022, 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 Board base fee.

As at 30 June 2022, all KMP hold, or are on track to hold, the minimum shareholding requirement within the relevant time period.

## 11. Additional Employee Equity Programs and Legacy Plan Information

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.

During 2022, CSL completed two on-market purchases of shares for the purposes of employee share plan awards described below. A total of 126,056 shares were purchased during the reporting period and the average price paid per share was A$267.60.

### 11.1 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$12,000 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 permanent full or part time and fixed term contract employees and excludes Executive Directors.

### 11.2 Retain and Grow Plan

The CSL Group Retain and Grow Plan (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 granted is a RSU;
- LTI opportunity set as % of local salary (converted to A$ at grant);
- Number of RSUs determined using face value (five day weighted average share price);
- Individual performance hurdle – must not fail to meet performance expectations;
- 33% of RSUs will vest on the first and second anniversaries of the Issue Date, with the remaining 34% vesting on the third anniversary;
- There is no retesting of awards;
- On cessation of employment a 'qualified leaver' (such as retirement or redundancy) will 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 unless the Board determines otherwise;
- 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.

Our Senior Vice President and Vice President employees participate in both the Executive Performance and Alignment PSU (described in section 3.2.5) 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 at all levels of the organisation. The difference to the annual program is the vesting schedule, which is reviewed and determined on a case by case basis.

### 11.3 Key Characteristics of Prior Financial Year Performance Share Unit Grants

The following table provides information on the key characteristics of the LTI programs on foot during the 2022 reporting period. The 2018 (granted October 2017), 2019 (granted September 2018), 2020 (granted September 2019) and 2021 (granted September 2020) PSU LTI awards have the same key characteristics as the 2021 award disclosed in section 3.2.5 with the exception of the hurdle, performance period, performance targets and vesting dates as outlined below.

**Table 19: Key Characteristics of Prior Financial Year PSU Grants**

| Grant Date | Tranche | Performance Measure | Performance Period | Performance Target | Vesting Date |
|---|---|---|---|---|---|
| 1 Oct 2017 | 4 | ROIC | 1 July 2017 – 30 June 2024 | Threshold – 24%<br>Target – 27% | 1 September 2021 |
| 1 Sep 2018 | 3 | | | | |
| 1 Sept 2019 | 2 | | | Threshold – 22%<br>Target – 25% | |
| 1 Sep 2020 | 1 | | | Threshold – 20%<br>Target – 23% | |

# Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2022

| | Notes | Consolidated Entity 2022 US$m | 2021 US$m |
|---|---|---|---|
| Sales and service revenue | | **10,136.3** | 9,979.5 |
| Influenza pandemic facility reservation fees | | **162.2** | 160.1 |
| Royalties and license revenue | | **194.6** | 125.7 |
| Other income | | **68.8** | 44.7 |
| **Total operating revenue** | 3 | **10,561.9** | 10,310.0 |
| Cost of sales | | **(4,829.6)** | (4,466.7) |
| **Gross profit** | | **5,732.3** | 5,843.3 |
| Research and development expenses | 7 | **(1,156.2)** | (1,001.4) |
| Selling and marketing expenses | | **(960.7)** | (980.2) |
| General and administration expenses | | **(688.0)** | (731.7) |
| **Total expenses** | | **(2,804.9)** | (2,713.3) |
| **Operating profit** | | **2,927.4** | 3,130.0 |
| Finance costs | 3 | **(165.2)** | (170.8) |
| Finance income | | **17.4** | 3.9 |
| **Profit before income tax expense** | | **2,779.6** | 2,963.1 |
| Income tax expense | 4 | **(524.9)** | (588.1) |
| **Net profit for the year** | | **2,254.7** | 2,375.0 |
| Other comprehensive income | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Hedging transactions | | | |
| – Changes in fair value | 12 | **134.7** | – |
| – Realised in profit and loss | 12 | **(1.0)** | – |
| Exchange differences on translation of foreign operations, net of hedges on foreign investments | 12 | **(286.9)** | 198.9 |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Actuarial gains on defined benefit plans, net of tax | 19 | **34.7** | 83.4 |
| Changes in fair value on equity securities measured through other comprehensive income, net of tax | 12 | **(6.6)** | – |
| Total other comprehensive (losses)/income | | **(125.1)** | 282.3 |
| **Total comprehensive income for the year** | | **2,129.6** | 2,657.3 |
| | | | |
| **Earnings per share (based on net profit for the year)** | | **US$** | US$ |
| Basic earnings per share | 10 | **4.81** | 5.22 |
| Diluted earnings per share | 10 | **4.80** | 5.21 |

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

# Consolidated Balance Sheet

As at 30 June 2022

| | Notes | Consolidated Entity 2022 US$m | Consolidated Entity 2021 US$m |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 14 | **10,436.4** | 1,808.8 |
| Receivables and contract assets | 15 | **1,657.2** | 1,711.2 |
| Inventories | 5 | **4,333.0** | 3,780.6 |
| Current tax assets | | **29.9** | 84.3 |
| Other financial assets | 11 | **4.2** | 4.8 |
| Total Current Assets | | **16,460.7** | 7,389.7 |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 9 | **7,016.6** | 6,434.3 |
| Intangible assets | 8 | **2,638.1** | 2,669.7 |
| Right-of-use assets | 9 | **1,292.0** | 1,101.7 |
| Deferred tax assets | 4 | **517.5** | 529.5 |
| Other receivables | 15 | **12.8** | 6.6 |
| Other financial assets | 11 | **402.9** | 21.5 |
| Retirement benefit assets | 18 | **5.4** | 3.9 |
| Total Non-Current Assets | | **11,885.3** | 10,767.2 |
| TOTAL ASSETS | | **28,346.0** | 18,156.9 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 15 | **2,301.2** | 2,089.4 |
| Interest-bearing liabilities and borrowings | 11 | **4,494.0** | 473.8 |
| Current tax liabilities | | **131.5** | 313.0 |
| Provisions | 16 | **181.5** | 227.4 |
| Total Current Liabilities | | **7,108.2** | 3,103.6 |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing liabilities and borrowings | 11 | **5,163.8** | 5,333.1 |
| Retirement benefit liabilities | 18 | **189.0** | 286.4 |
| Deferred tax liabilities | 4 | **670.1** | 459.4 |
| Provisions | 16 | **101.7** | 107.8 |
| Other non-current liabilities | 15 | **535.7** | 485.3 |
| Total Non-Current Liabilities | | **6,660.3** | 6,672.0 |
| TOTAL LIABILITIES | | **13,768.5** | 9,775.6 |
| NET ASSETS | | **14,577.5** | 8,381.3 |
| **EQUITY** | | | |
| Contributed equity | 12 | **483.8** | (4,504.6) |
| Reserves | 12 | **590.3** | 633.2 |
| Retained earnings | 19 | **13,503.4** | 12,252.7 |
| **TOTAL EQUITY** | | **14,577.5** | 8,381.3 |

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

# Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2022

| | Contributed Equity US$m | | Other reserves US$m | | Retained earnings US$m | | Total US$m | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **As at the beginning of the year** | **(4,504.6)** | (4,561.0) | **633.2** | 336.3 | **12,252.7** | 10,752.3 | **8,381.3** | 6,527.6 |
| Profit for the year | **–** | – | **–** | | **2,254.7** | 2,375.0 | **2,254.7** | 2,375.0 |
| Other comprehensive (losses)/income | **–** | – | **(159.8)** | 198.9 | **34.7** | 83.4 | **(125.1)** | 282.3 |
| **Total comprehensive (loss)/income for the year** | **–** | – | **(159.8)** | 198.9 | **2,289.4** | 2,458.4 | **2,129.6** | 2,657.3 |
| **Transactions with owners in their capacity as owners** | | | | | | | | |
| Share-based payments | **–** | – | **116.9** | 98.0 | **–** | – | **116.9** | 98.0 |
| Dividends | **–** | – | **–** | – | **(1,038.7)** | (958.0) | **(1,038.7)** | (958.0) |
| Share issues | **4,988.4** | 56.4 | **–** | – | **–** | – | **4,988.4** | 56.4 |
| **As at the end of the year** | **483.8** | (4,504.6) | **590.3** | 633.2 | **13,503.4** | 12,252.7 | **14,577.5** | 8,381.3 |

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 2022

| | Notes | Consolidated Entity 2022 US$m | 2021 US$m |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Profit before income tax expense | | **2,779.6** | 2,963.1 |
| Adjustments for: | | | |
| Depreciation, amortisation and impairment | | **668.3** | 589.6 |
| Inventory provisions | | **223.8** | 208.3 |
| Share-based payment expense | | **116.8** | 91.8 |
| Provision for expected credit losses | | **3.4** | 3.5 |
| Finance costs | | **165.2** | 170.8 |
| Loss/(gain) on disposal of property, plant and equipment | | **1.3** | (0.3) |
| Contingent consideration liabilities reversal | 1 | **(62.5)*** | – |
| Unrealised foreign exchanges (gains)/losses | | **(60.2)** | 70.4 |
| Changes in operating assets and liabilities: | | | |
| (Increase)/decrease in receivables and contract assets | | **(44.6)** | 36.5 |
| Increase in inventories | | **(902.3)** | (367.7) |
| Increase in trade and other payables | | **337.3*** | 454.9 |
| (Decrease)/increase in provisions and other liabilities | | **(102.7)** | 56.4 |
| Income tax paid | | **(457.1)** | (494.5) |
| Finance costs paid | | **(172.3)** | (160.9) |
| Proceeds from settlement of treasury lock | 3 | **134.7** | – |
| **Net cash inflow from operating activities** | | **2,628.7** | 3,621.9 |
| **Cash flows from Investing Activities** | | | |
| Payments for property, plant and equipment | | **(1,078.8)** | (1,196.3) |
| Payments for intangible assets | | **(168.9)** | (470.8) |
| Payments for equity securities | 2 | **(387.7)** | – |
| Payments for other investing activities | | **(0.7)** | (6.1) |
| **Net cash outflow from investing activities** | | **(1,636.1)** | (1,673.2) |
| **Cash flows from Financing Activities** | | | |
| Proceeds from issue of shares | | **4,988.4** | 56.4 |
| Dividends paid | 10 | **(1,038.7)** | (958.0) |
| Proceeds from borrowings | 11 | **4,092.7** | 38.7 |
| Repayment of borrowings | 11 | **(316.4)** | (470.9) |
| Principal payments of lease liabilities | | **(52.6)** | (64.5) |
| Other financing activities | | **2.5** | (3.5) |
| **Net cash inflow/(outflow) from financing activities** | | **7,675.9** | (1,401.8) |
| **Net increase in cash and cash equivalents** | | **8,668.5** | 546.9 |
| Cash and cash equivalents at the beginning of the financial year | | **1,730.1** | 1,151.3 |
| **Exchange rate variations on foreign cash and cash equivalent balances** | | **(64.2)** | 31.9 |
| **Cash and cash equivalents at the end of the year** | | **10,334.4** | 1,730.1 |
| Reconciliation of cash and cash equivalents in the statement of cash flows: | | | |
| Cash and cash equivalents | | **10,436.4** | 1,808.8 |
| Bank overdrafts | | **(102.0)** | (78.7) |
| **Cash and cash equivalents at the end of the year** | | **10,334.4** | 1,730.1 |

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

* These numbers have been revised from those published on 17 August 2022.

# Notes to the Financial Statements

For the Year Ended 30 June 2022

Contents



## 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 16 August 2022.

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 2022. 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 plan. 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:



CSL also has a practice of periodically conducting climate change risk assessments. This year we concluded an enterprise-wide risk assessment of our manufacturing facilities, CSL Plasma operations and key warehouse and third-party logistics infrastructure, some directly owned by CSL.

The Group has assessed the impact of climate risk on its financial reporting. The impact assessment was primarily focused on the valuation and useful lives of intangible assets and the identification and valuation of provisions and contingent liabilities, as these are judged to be the key areas that could be impacted by the current reasonably foreseeable climate risks. No material accounting impacts or changes to judgements or other required disclosures were noted. While the Group's assessment did not have a material impact for the year ended 30 June 2022, this may change in future periods as the Group regularly updates its assessment of the impact of the lower carbon economy.

### *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 2021.

There were no significant changes in accounting policies during the year ended 30 June 2022, 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

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 distributes 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.
- **CSL Seqirus** – manufactures and distributes non-plasma biotherapeutic products and develops influenza related products.

| | CSL Behring US$m | | CSL Seqirus US$m | | Consolidated Entity US$m | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Sales and service revenue | **8,359.6** | 8,427.8 | **1,776.7** | 1,551.7 | **10,136.3** | 9,979.5 |
| Influenza pandemic facility reservation fees | **–** | – | **162.2** | 160.1 | **162.2** | 160.1 |
| Royalty and license revenue | **194.6** | 125.7 | **–** | – | **194.6** | 125.7 |
| Other income | **44.2** | 20.3 | **24.6** | 24.4 | **68.8** | 44.7 |
| **Total segment revenue** | **8,598.4** | 8,573.8 | **1,963.5** | 1,736.2 | **10,561.9** | 10,310.0 |
| **Segment gross profit** | **4,579.9** | 4,847.6 | **1,152.4** | 995.7 | **5,732.3** | 5,843.3 |
| **Segment gross profit %** | **53.3%** | 56.5% | **58.7%** | 57.3% | **54.3%** | 56.7% |
| **Segment EBIT** | **2,192.7** | 2,646.9 | **734.7** | 483.1 | **2,927.4** | 3,130.0 |
| **Consolidated operating profit** | | | | | **2,927.4** | 3,130.0 |
| Finance costs | | | | | **(165.2)** | (170.8) |
| Finance income | | | | | **17.4** | 3.9 |
| **Consolidated profit before tax** | | | | | **2,779.6** | 2,963.1 |
| Income tax expense | | | | | **(524.9)** | (588.1) |
| **Consolidated net profit after tax** | | | | | **2,254.7** | 2,375.0 |
| Amortisation | **67.4** | 66.6 | **29.4** | 29.3 | **96.8** | 95.9 |
| Depreciation | **375.9** | 343.4 | **69.8** | 56.0 | **445.7** | 399.4 |
| Impairment[1] | **125.8** | 93.3 | **–** | 1.0 | **125.8** | 94.3 |
| **Segment EBITDA** | **2,761.8** | 3,150.2 | **833.9** | 569.4 | **3,595.7** | 3,719.6 |

| | CSL Behring US$m | | CSL Seqirus US$m | | Intersegment Elimination US$m | | Consolidated Entity US$m | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Segment assets** | **25,881.6** | 15,907.3 | **3,041.3** | 2,573.3 | **(576.9)** | (323.7) | **28,346.0** | 18,156.9 |
| **Segment liabilities** | **12,665.1** | 8,881.2 | **1,618.1** | 1,156.3 | **(514.7)** | (261.9) | **13,768.5** | 9,775.6 |
| **Other segment information – capital expenditure** | | | | | | | | |
| Payments for property, plant and equipment ("PPE") | **921.3** | 1,048.7 | **157.5** | 147.6 | **–** | – | **1,078.8** | 1,196.3 |
| Payments for intangibles | **161.6** | 463.1 | **7.3** | 7.7 | **–** | – | **168.9** | 470.8 |
| **Total capital expenditure** | **1,082.9** | 1,511.8 | **164.8** | 155.3 | **–** | – | **1,247.7** | 1,667.1 |

1 During the year ended 30 June 2022, the Group impaired certain intellectual property assets associated with the Calimmune acquisition ($112.6m). The Group also derecognised the related contingent consideration liabilities ($62.5m) for amounts payable to former shareholders of Calimmune as well as the reversal of the related deferred tax liabilities ($25.3m). The net impact to the profit or loss from all related adjustments was a loss of $24.8m.

## Note 1: Segment Information 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 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| External operating revenue | **1,022.1** | 859.1 | **5,123.5** | 4,983.5 | **781.2** | 854.1 | **596.1** | 579.5 | **281.5** | 307.0 | **744.6** | 650.9 | **2,012.9** | 2,075.9 | **10,561.9** | 10,310.0 |
| PPE, right-of-use assets and intangible assets | **1,420.5** | 1,435.4 | **3,950.3** | 3,543.8 | **1,232.7** | 1,087.7 | **331.1** | 417.3 | **3,099.3** | 2,792.9 | **481.6** | 483.9 | **431.2** | 444.7 | **10,946.7** | 10,205.7 |

## Note 2: Business Acquisition

### Acquisition of Vifor Pharma AG ("Vifor")

On 13 December 2021, the Group entered into a definitive agreement to launch an all-cash public tender offer to acquire 100% of Vifor, which was subject to regulatory approvals. Vifor is a Swiss based, global specialty pharmaceutical company with a world-leading iron replacement platform for treatment of diseases such as iron deficiency anaemia. Through its extensive dialysis portfolio, Vifor has built a strong presence in renal diseases which continues to benefit from the introduction of novel therapies impacting disease progression. A cornerstone of Vifor's growth strategy has been its strategic partnerships, which have allowed the company to both broaden its portfolio and provide patients access to the treatments they need.

Following closing of the tender offer, the Group commenced buying Vifor's shares on-market. As at 30 June 2022, the Group had purchased 3.3% of Vifor's shares for $387.7m with a fair value of $381.1m, recorded as non-current other financial assets in the balance sheet. These securities are carried at fair value through other comprehensive income ("OCI") as discussed in Note 11(e) and Note 12(b).

The Group has secured funding for the acquisition of Vifor as follows:

- Completion of a AUD$6,300m ($4,500m) Equity Placement in December 2021 and a AUD$750m ($537m) Share Purchase Plan in February 2022 (Note 12(b));
- Issuance of $4,000m in 144A senior unsecured notes ranging from 5 – 40 years, in April 2022 (Note 11(d));
- $2,500m in bilateral credit facilities secured in May 2022 and drawn down subsequent to 30 June 2022 in August 2022 (Note 11(d)); and
- Cash and other bank facilities.

During the year ended 30 June 2022, the Group has incurred $27.7m in net finance costs (pre tax) associated with acquisition financing. The Group has also incurred $40.0m of acquisition and integration planning costs (pre tax) in connection with the transaction that are recognised as general and administrative expenses.

Subsequent to 30 June 2022, the Group has received all necessary regulatory clearances and completed the acquisition of Vifor on 9 August 2022. The Group has paid $11,441.9m for 98% of Vifor shares (includes Vifor's shares acquired as at 30 June 2022) and will proceed with cancellation of the remaining publicly held Vifor shares, in accordance with Swiss takeover rules. The Group will also apply for the delisting of Vifor shares on the SIX. The total consideration for 100% of Vifor shares is expected to be approximately $11,648.1m.

The net book value of the group of assets acquired and the fair values of the identifiable assets and liabilities, of the business combination at the date of acquisition have not been finalised as the acquisition occurred close to the date these financial statements were authorised for release. The acquired assets and liabilities includes publicly listed debt of CHF (Swiss Franc) 465.0m as at the acquisition close. Funds raised in anticipation of the acquisition are adequate to meet the need to repay the debt when it falls due in September 2022. The purchase price accounting for the acquisition will be determined within 12 months from the date of acquisition. At the date of this report, it is not possible to provide a range of outcomes or a reliable estimate of all fair values and obligations. Preliminary purchase price accounting estimates will be completed before the Group's statutory accounts for the half year ending 31 December 2022 are completed.

## Note 3: 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.

## Note 3: Revenue and Expenses continued

### Key Judgements and Estimates

Significant estimates on CSL 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.

**Other Income:** Other income is derived from net income realised from activities that are outside of the ordinary business, such as the disposal of property, plant and equipment and rental income.

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

| Expenses | 2022 US$m | 2021 US$m |
|---|---|---|
| Finance costs | **142.8** | 128.6 |
| Lease related interest expense | **35.2** | 30.1 |
| Unrealised foreign currency (gains)/losses on debt | **(12.8)** | 12.1 |
| **Total finance costs** | **165.2** | 170.8 |
| Depreciation of PPE and right-of-use assets (Note 9) | **445.7** | 399.4 |
| Amortisation of intangibles (Note 8) | **96.8** | 95.9 |
| Impairment expenses (Notes 8 and 9)[2] | **125.8** | 94.3 |
| **Total depreciation, amortisation and impairment expense** | **668.3** | 589.6 |
| Write-down of inventory | **223.8** | 208.3 |
| Employee benefits expense | **2,802.9** | 2,781.6 |

### Recognition and measurement of expenses

**Total finance costs:** Includes interest expense and borrowing costs, including lease related interest expense. Lease 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 2022 was $26.7m (2021: $7.3m). The weighted average interest rate applicable to capitalised borrowing costs during the year was 2.4% (2021: 1.0%). Interest-bearing liabilities and borrowings are stated at amortised cost. Any difference between 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 (gains)/losses on debt is primarily related to EUR350m and CHF400m of senior unsecured notes in the US Private Placement market. The foreign currency risk related to this debt was partially hedged as a cash flow hedge.

In connection with the 144A senior unsecured notes (Note 2), the Group entered into a treasury lock ("T-lock") prior to the completion of the issuance of the notes to hedge against increases in the Base US Treasury Yield until the settlement date for a portion of the notes. The T-lock arrangement was determined to be an effective cash flow hedge and resulted in a gain of $134.7m being recognised in the statement of comprehensive income. This amount will be reclassified into finance costs in the same period as the associated interest expense from the notes impacts earnings. For the year ended 30 June 2022, $1.0m was reclassified into finance costs.

**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.

2 During the year ended 30 June 2022, the Group impaired certain intellectual property assets associated with the Calimmune acquisition ($112.6m). The net impact to the profit or loss from all Calimmune related adjustments was a loss of $24.8m (refer to Note 1 for further details).

## Note 4: Tax

| | 2022 US$m | 2021 US$m |
|---|---|---|
| **a. Income tax expense recognised in the statement of comprehensive income** | | |
| **Current tax expense** | | |
| Current Year | **353.6** | 442.2 |
| **Deferred tax expense/(recovery)** | | |
| Origination and reversal of temporary differences | **222.8** | 127.5 |
| Total deferred tax expense | **222.8** | 127.5 |
| (Over)/under provided in prior years | **(51.5)** | 18.4 |
| **Income tax expense** | **524.9** | 588.1 |
| **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 | **2,779.6** | 2,963.1 |
| Income tax calculated at 30% (2021: 30%) | **833.9** | 888.9 |
| Effects of different rates of tax on overseas income | **(247.6)** | (217.1) |
| Research and development incentives | **(62.7)** | (69.1) |
| (Over)/under provision in prior year | **(51.5)** | 18.4 |
| Revaluation of deferred tax balances | **17.7** | (19.8) |
| Other non-deductible expenses/(non-assessable revenue) | **35.1** | (13.2) |
| **Income tax expense** | **524.9** | 588.1 |
| **c. Income tax recognised directly in equity** | | |
| **Deferred tax benefit** | | |
| Share-based payments | **0.1** | 6.2 |
| **Income tax benefit recognised in equity** | **0.1** | 6.2 |
| **d. Deferred tax assets and liabilities** | | |
| Deferred tax asset | **517.5** | 529.5 |
| Deferred tax liability | **(670.1)** | (459.4) |
| **Net deferred tax asset** | **(152.6)** | 70.1 |
| **Deferred tax balances reflect temporary differences attributable to:** | | |
| Amounts recognised in the statement of comprehensive income | | |
| Inventories | **134.6** | 291.8 |
| Property, plant and equipment | **(352.4)** | (301.5) |
| Intangible assets | **(215.2)** | (253.4) |
| Trade and other payables | **160.4** | 93.1 |
| Recognised carry-forward tax losses | **3.0** | 95.7 |
| Retirement liabilities, net | **23.1** | 55.2 |
| Receivables and contract assets | **(97.5)** | (83.4) |
| Other assets | **–** | 2.8 |
| Interest-bearing liabilities | **50.3** | 57.7 |
| Other liabilities and provisions | **88.3** | 68.5 |
| Tax bases not in net assets for share-based payments | **17.9** | 8.8 |
| Total recognised in the statement of comprehensive income | **(187.5)** | 35.3 |
| **Amounts recognised in equity** | | |
| Share-based payments | **34.9** | 34.8 |
| **Net deferred tax asset** | **(152.6)** | 70.1 |

## Note 4: Tax continued

| | 2022 US$m | 2021 US$m |
|---|---|---|
| **e. Movement in temporary differences during the year** | | |
| Opening balance | **70.1** | 191.0 |
| Charged to profit before tax | **(213.4)** | (97.5) |
| Charged to other comprehensive income | **0.3** | (17.2) |
| Charged to equity | **(9.6)** | (6.2) |
| **Closing balance** | **(152.6)** | 70.1 |
| **Unrecognised deferred tax assets** | | |
| Tax losses with no expiry date[3] | **0.4** | 0.4 |

### 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

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.

3 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.

## Note 5: Inventories

| | 2022 US$m | 2021 US$m |
|---|---|---|
| Raw materials | **1,515.2** | 1,309.1 |
| Work in progress | **1,599.5** | 1,249.6 |
| Finished goods | **1,218.3** | 1,221.9 |
| **Total inventories** | **4,333.0** | 3,780.6 |

### 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

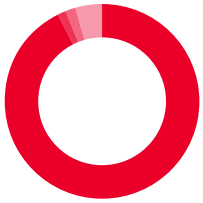
Various factors affect the assessment of recoverability of the carrying value of inventory, including regulatory approvals and future demand for the Group's products. These factors are taken into account in determining the appropriate level of provisioning for inventory.

## Note 6: People Costs

### (a) Employee Benefits

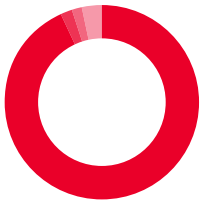
Employee benefits include salaries and wages, annual leave and long-service leave, defined benefit and defined contribution plans and share-based payments incentive awards.

**People Cost 2022 – US$2,802.9m**



- Salaries and wages **$2,597.0m**
- Defined benefit plan expense **$41.5m**
- Defined contribution plan expense **$47.6m**
- Equity settled share-based payments expense (LTI) **$116.8m**

**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**

### 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.

## Note 6: People Costs continued

### Defined benefit plans

| | 2022 US$m | 2021 US$m |
|---|---|---|
| **Expenses recognised in the income statement are as follows:** | | |
| Current service costs | **42.3** | 52.3 |
| Net interest cost | **3.0** | 1.4 |
| Past service costs | **(3.8)** | 0.1 |
| **Total included in employee benefits expense** | **41.5** | 53.8 |

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(a).

#### Key Judgements and Estimates

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 2022 was $47.6m (2021: $43.0m).

### Equity settled share-based payment expense

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

## Note 6: People Costs continued

### Outstanding share-based payment equity instruments

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

| | 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 |
| Outstanding at the beginning of the year | 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 |
| Granted during year | – | A$0.00 | 539,110 | A$0.00 | 183,972 | A$0.00 | 2,449 | A$0.00 | 188,405 | A$223.07 | 913,936 |
| Exercised during year[4] | (8,350) | A$0.00 | (315,709) | A$0.00 | (148,680) | A$0.00 | (2,529) | A$0.00 | (184,141) | A$225.78 | (659,409) |
| Forfeited during year | – | A$0.00 | (94,188) | A$0.00 | (57,305) | A$0.00 | – | A$0.00 | – | A$0.00 | (151,493) |
| GESP true-up[5] | – | A$0.00 | – | A$0.00 | – | A$0.00 | – | A$0.00 | (4,724) | A$229.74 | (4,724) |
| **Closing balance at the end of the year** | **–** | **A$0.00** | **930,579** | **A$0.00** | **404,108** | **A$0.00** | **1,253** | **A$0.00** | **98,752** | **A$221.94** | **1,434,692** |
| Exercisable at the end of the year | – | A$0.00 | – | A$0.00 | – | A$0.00 | – | A$0.00 | – | A$0.00 | – |

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

| | 2022 | 2021 |
|---|---|---|
| Performance Rights | **A$297.02** | A$290.92 |
| RGP | **A$308.97** | A$280.98 |
| EPA | **A$309.08** | A$281.68 |
| GESP | **A$303.87** | A$263.25 |

### (b) Key Management Personnel Disclosures

The remuneration of key management personnel is disclosed in section 17 of the Directors' Report and has been audited.

### Total compensation for key management personnel

| | 2022 US$ | 2021 US$ |
|---|---|---|
| Total of short term remuneration elements | **10,880,861** | 9,280,941 |
| Total of post employment elements | **180,451** | 142,694 |
| Total of other long term elements | **24,438** | 26,173 |
| Total share-based payments | **10,229,740** | 11,751,250 |
| **Total of all remuneration elements** | **21,315,490** | 21,201,058 |

4 During the year ended 30 June 2022, 21,689 (RGP), 65 (EPA) and 89,653 (GESP) of the rights exercised were purchased on market.
5 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 15% discount to the lower of the ASX market price on the first and last dates of the contribution period.

## Our Future

### Note 7: 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 2022, the research and development costs, net of recoveries, were $1,156.2m (2021: $1,001.4m). Further information about the Group's research and development activities can be found on the CSL website.

### Note 8: Intangible Assets

| | Goodwill US$m | | Intellectual Property US$m | | Software US$m | | Intangible work in progress US$m | | Total US$m | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Cost | **1,187.3** | 1,188.1 | **1,133.0** | 1,131.1 | **785.6** | 789.8 | **119.9** | 77.7 | **3,225.8** | 3,186.7 |
| Accumulated amortisation | **–** | – | **(189.9)** | (195.6) | **(397.8)** | (321.4) | **–** | – | **(587.7)** | (517.0) |
| **Net carrying amount** | **1,187.3** | 1,188.1 | **943.1** | 935.5 | **387.8** | 468.4 | **119.9** | 77.7 | **2,638.1** | 2,669.7 |
| **Movement** | | | | | | | | | | |
| Net carrying amount at the beginning 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 |
| Additions | **–** | – | **126.0** | 450.0 | **6.6** | 8.1 | **64.8** | 31.3 | **197.4** | 489.4 |
| Transfers from intangible capital work in progress | **–** | – | **–** | – | **24.1** | 84.1 | **(24.1)** | (84.1) | **–** | – |
| Transfers (to)/from property, plant and equipment | **–** | – | **–** | – | **–** | – | **–** | (0.9) | **–** | (0.9) |
| Reclassification due to SaaS accounting policy change (see annual financial report at 30 June 2021) | **–** | – | **–** | (5.1) | **–** | (10.3) | **–** | (1.2) | **–** | (16.6) |
| Amortisation for the year | **–** | – | **(2.3)** | (0.9) | **(94.5)** | (95.0) | **–** | – | **(96.8)** | (95.9) |
| Impairment for the year[6] | **–** | – | **(112.6)** | (19.9) | **–** | – | **–** | – | **(112.6)** | (19.9) |
| Currency translation differences | **(0.8)** | 0.9 | **(3.5)** | 1.9 | **(16.8)** | 20.6 | **1.5** | (0.8) | **(19.6)** | 22.6 |
| **Net carrying amount at the end of the year** | **1,187.3** | 1,188.1 | **943.1** | 935.5 | **387.8** | 468.4 | **119.9** | 77.7 | **2,638.1** | 2,669.7 |

6 During the year ended 30 June 2022, the Group impaired certain intellectual property assets associated with the Calimmune acquisition ($112.6m). The net impact to the profit or loss from all Calimmune related adjustments was a loss of $24.8m (refer to Note 1 for further details).

## Note 8: Intangible Assets continued

### 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 initially 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:

| | 2022 US$m | 2021 US$m |
|---|---|---|
| CSL Behring | **1,187.3** | 1,188.1 |
| **Closing balance of goodwill as at 30 June** | **1,187.3** | 1,188.1 |

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 2022 (2021: Nil).

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

### Intellectual property

Intellectual property acquired in a business combination is initially measured at fair value. Intellectual property acquired separately is initially measured at cost. Following initial recognition, it is carried at cost less any accumulated amortisation and impairment. Amortisation is calculated on a unit-of-production or straight-line basis over periods generally ranging from 5 to 20 years, except where it is considered that the useful economic life is indefinite. Certain intellectual property acquired 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.

## Note 8: Intangible Assets continued

### 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, indefinite lived intangibles and work in progress intangibles have been impaired requires estimation of the recoverable amount of the cash generating units based on value-in-use calculations. The calculations use 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 9.0% (2021: 8.0%) 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, climate related impacts, any changes in the price and cost of those products and of other costs incurred by the Group.

Factors considered in the exercise of our judgement include the progress of the research project, time to market and the anticipated competitive landscape. These factors require judgement and may change in future periods, the impairment analysis takes into account the latest available information.

## Note 9: Property, Plant and Equipment

| | Land US$m | | Buildings US$m | | Leasehold improvements US$m | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Cost | **35.5** | 39.5 | **1,818.9** | 964.3 | **597.4** | 546.0 |
| Accumulated depreciation | **–** | – | **(297.2)** | (253.4) | **(181.9)** | (157.0) |
| **Net carrying amount** | **35.5** | 39.5 | **1,521.7** | 710.9 | **415.5** | 389.0 |
| **Movement** | | | | | | |
| Net carrying amount at the start of the year | **39.5** | 38.7 | **710.9** | 561.7 | **389.0** | 324.8 |
| Transferred from capital work in progress/intangible assets | **–** | – | **879.1** | 157.2 | **56.7** | 79.8 |
| Additions[7] | **–** | 0.4 | **2.4** | 0.5 | **0.7** | 2.8 |
| Disposals | **(3.5)** | – | **(1.5)** | – | **(0.3)** | (0.1) |
| Depreciation for the year | **–** | – | **(50.8)** | (29.2) | **(26.9)** | (20.7) |
| Impairment for the year[8] | **–** | – | **–** | – | **–** | – |
| Currency translation differences | **(0.5)** | 0.4 | **(18.4)** | 20.7 | **(3.7)** | 2.4 |
| **Net carrying amount at the end of the year** | **35.5** | 39.5 | **1,521.7** | 710.9 | **415.5** | 389.0 |

### Property, plant and equipment

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

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 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 – 30 years |
| Leasehold improvements | 5 – 25 years |
| Right-of-use assets | |
| – Plasma centres | 5 – 40 years |
| – Office and warehouses | 1 – 39 years |
| – Land | 40 – 101 years |

The unit-of-production depreciation 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.

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, was legally owned by the US Government prior to 1 July 2021. CSL has full control of the asset and 100% of the value of the facility is included in the consolidated financial statements. During the year ended 30 June 2022, full legal title transferred to CSL following the completion of the Final Closeout Technical Report.

### 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.

7 Key capital projects during the year included the recombinant protein facility in Lengnau, the Marburg R&D Building, the CSL Melbourne Headquarters and R&D facilities and the Biosecurity Facility in Melbourne.
8 During the year ended 30 June 2022, the Group recorded an impairment expense of $13m 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.

| Plant and Equipment US$m | | Right-of-use assets US$m | | Capital work in progress US$m | | Total US$m | |
|---|---|---|---|---|---|---|---|
| 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **4,078.4** | 3,603.4 | **1,848.8** | 1,587.6 | **3,081.6** | 3,627.8 | **11,460.6** | 10,368.6 |
| **(2,116.1)** | (1,936.3) | **(556.8)** | (485.9) | **–** | – | **(3,152.0)** | (2,832.6) |
| **1,962.3** | 1,667.1 | **1,292.0** | 1,101.7 | **3,081.6** | 3,627.8 | **8,308.6** | 7,536.0 |
| **1,667.1** | 1,588.3 | **1,101.7** | 939.4 | **3,627.8** | 2,852.5 | **7,536.0** | 6,305.4 |
| **614.6** | 266.5 | **–** | – | **(1,550.4)** | (502.6) | **–** | 0.9 |
| **9.7** | 49.0 | **301.0** | 238.8 | **1,083.6** | 1,318.5 | **1,397.4** | 1,610.0 |
| **(4.4)** | (4.1) | **(0.2)** | – | **(1.6)** | (8.1) | **(11.5)** | (12.3) |
| **(277.5)** | (272.4) | **(90.5)** | (77.1) | **–** | – | **(445.7)** | (399.4) |
| **–** | – | **–** | – | **(13.2)** | (74.4) | **(13.2)** | (74.4) |
| **(47.2)** | 39.8 | **(20.0)** | 0.6 | **(64.6)** | 41.9 | **(154.4)** | 105.8 |
| **1,962.3** | 1,667.1 | **1,292.0** | 1,101.7 | **3,081.6** | 3,627.8 | **8,308.6** | 7,536.0 |

### 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.

### Other arrangements

In May 2020, CSL entered into a strategic partnership with Thermo Fisher Scientific ("TFS") which included a lease of a recombinant protein facility in Lengnau. The lease commenced during the year ended 30 June 2022 and has a 20 year term with two five year extension options. The lease has been accounted for as an operating lease and the leased property, plant and equipment continue to be presented in the balance sheet. The total future operating lease payments receivable from TFS (excluding extension options) were $454.1m at 30 June 2022.

# Returns, Risk & Capital Management

## Note 10: Shareholder Returns

### *(a) Dividends*

Dividends are paid from the retained earnings and profits of CSL Limited, as the parent entity of the Group. (Refer to Note 22 for the parent entity's retained earnings). During the year, the parent entity reported profits of $506.8m (2021: $106.1m). The parent entity's retained earnings as at 30 June 2022 were $6,322.6m (2021: $6,854.4m). During the financial year $1,038.7m was distributed to shareholders by way of a dividend, with a further $568.4m being determined as a dividend payable subsequent to the balance date.

| Dividend Paid | 2022 US$m | 2021 US$m |
|---|---|---|
| Paid: Final ordinary dividend of US$1.18 per share, 10% franked at 30% tax rate, paid on 30 September 2021 for FY21 (prior year: US$1.07 per share, unfranked, paid on 9 October 2020 for FY20) | **537.7** | 484.7 |
| Paid: Interim ordinary dividend of US$1.04 per share, unfranked, paid on 6 April 2022 for FY22 (prior year: US$1.04 per share, unfranked, paid on 1 April 2021 for FY21) | **501.0** | 473.3 |
| **Total paid** | **1,038.7** | 958.0 |
| **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 5 October 2022 for FY22, 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$1.18 per share, 10% franked at 30% tax rate, paid on 30 September 2021 for FY21) | **568.4** | 537.0 |

The distribution in respect of the 2022 financial year represents a US$2.22 dividend paid for FY22 on each ordinary share held. These dividends are approximately 46.2% of the Group's basic earnings per share ('EPS') of US$4.81.

### *(b) Earnings per Share*

CSL's basic and diluted EPS are calculated using the Group's net profit for the year of $2,254.7m (2021: $2,375.0m).

| | 2022 | 2021 |
|---|---|---|
| **Basic EPS** | **US$4.81** | US$5.22 |
| Weighted average number of ordinary shares | **468,754,857** | 454,865,604 |
| **Diluted EPS** | **US$4.80** | US$5.21 |
| Adjusted weighted average number of ordinary shares, represented by: | **470,117,188** | 456,203,803 |
| Weighted average number of ordinary shares | **468,754,857** | 454,865,604 |
| **Plus:** | | |
| Employee Share Plans (refer to Notes 6 and 18) | **1,362,331** | 1,338,199 |

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

### *(c) Contributed Equity*

The following table illustrates the movement in the Group's contributed equity. Refer to Note 12 for further details.

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Number of shares | US$m | Number of shares | US$m |
| Opening balance | **455,125,994** | **(4,504.6)** | 454,048,707 | (4,561.0) |
| Shares issued to employees via (Notes 6 and 18): | | | | |
| Performance Options Plan | **–** | **–** | 308,186 | 24.4 |
| Performance Rights Plan (for nil consideration) | **8,350** | **–** | 197,646 | – |
| Retain and Grow Plan (for nil consideration) | **294,020** | **–** | 253,126 | – |
| Executive Performance & Alignment Plan (for nil consideration) | **148,615** | **–** | 138,369 | – |
| Global Employee Share Plan (GESP) | **94,488** | **8.7** | 179,960 | 32.0 |
| Shares issued through Institutional Placement (Note 2)[9] | **23,076,924** | **4,442.4** | – | – |
| Shares issued through SPP (Note 2)[8] | **2,957,875** | **537.3** | – | – |
| **Closing balance** | **481,706,266** | **483.8** | 455,125,994 | (4,504.6) |

9 Proceeds from shares issued through the Institutional Placement and SPP are presented net of $40.6m in transaction costs.

## 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, contract assets, other financial assets, payables and other liabilities, 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 (including the T-lock entered into and settled during the year as disclosed in Note 3 and Note 12). As at 30 June 2022, no derivative financial instruments hedging interest rate risk were outstanding (2021: 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 losses 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. 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. The Group enters into arrangements with distributors to sell products in some markets. Certain distributors may contribute to 10% or more revenue of the Group. Creditworthiness of customers is reviewed prior to granting credit, using trade references and credit reference agencies. As at 30 June 2022, the Group was holding larger than normal cash balances to fund the acquisition of Vifor (Note 2). The cash balances were held with appropriately rated counterparties in accordance with board approved policy. |
| **d. Funding and Liquidity Risk** | |
| The Group is exposed to funding and liquidity risk from operations and from external borrowing.<br>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.<br>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.<br>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:<br>• The Group has sufficient funds on hand to achieve its working capital and investment objectives<br>• The Group focuses on improving operational cash flow and maintaining a strong balance sheet<br>• 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<br>• 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. |

## Note 11: Financial Risk Management continued

### 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 swap and forward contracts, 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 (2021: Nil).

### Sensitivity analysis – USD values

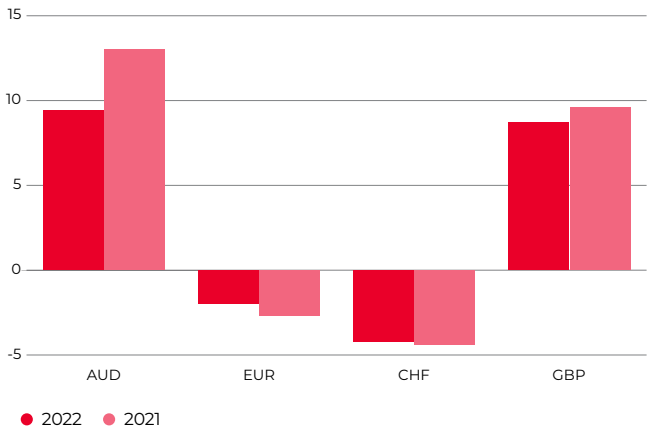
**Profit after tax – sensitivity to general movement of 1%**

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 movement is recorded in the Foreign Currency Translation Reserve. The below chart is based on decreasing the actual exchange rate of US Dollars to AUD, EUR, CHF and GBP as at 30 June 2022 and 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. Amounts shown are in US$m.

**FX Sensitivity on Equity** (US$m)




#### *b. Interest Rate Risk*

At 30 June 2022, 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 $9.5m (2021: $12.7m). This calculation is based on applying a 1% movement to the total of the Group's cash and cash equivalents at year end (excluding debt and equity proceeds in connection with the acquisition of Vifor as disclosed in Note 2).

At 30 June 2022, 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 $3.6m (2021: $3.9m). This calculation is based on applying a 1% movement to the total of the Group's floating rate unsecured bank loans at year end.

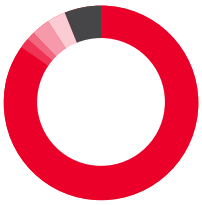
## Note 11: Financial Risk Management continued

### *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[10] | | Non-Interest Bearing | | Total | | Average Closing Interest Rate | |
|---|---|---|---|---|---|---|---|---|
| | US$m | | US$m | | US$m | | % | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Financial assets and contract assets** | | | | | | | | |
| Cash and cash equivalents | **10,436.4** | 1,808.8 | **–** | – | **10,436.4** | 1,808.8 | **0.86%** | 0.02% |
| Receivables and contract assets (excluding prepayments) | **–** | – | **1,496.0** | 1,570.3 | **1,496.0** | 1,570.3 | **–** | – |
| Other financial assets[11] | **–** | – | **407.1** | 26.3 | **407.1** | 26.3 | **–** | – |
| | **10,436.4** | 1,808.8 | **1,903.1** | 1,596.6 | **12,339.5** | 3,405.4 | | |

**Credit quality of financial assets**
(30 June 2022 in US$m)



- Financial Institutions* **$10,462.4m**
- Governments **$224.2m**
- Hospitals **$150.8m**
- Buying Groups **$398.8m**
- Publicly traded securities **$381.1m**
- Other **$722.2m**

* $10,436.4m of the assets held with financial institutions are held as cash or cash equivalents and $26.0m of other financial assets. Financial assets held with non-financial institutions include $1,496.0m of trade and other receivables.

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

- Financial Institutions* **$1,835.1m**
- Governments **$240.1m**
- Hospitals **$207.1m**
- Buying Groups **$457.9m**
- Publicly traded securities **$0m**
- Other **$665.2m**

* $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.

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.

The following table analyses trade receivables that are past due and, where required, the associated provision for expected credit losses (refer to Note 15). All other financial assets are less than 30 days overdue.

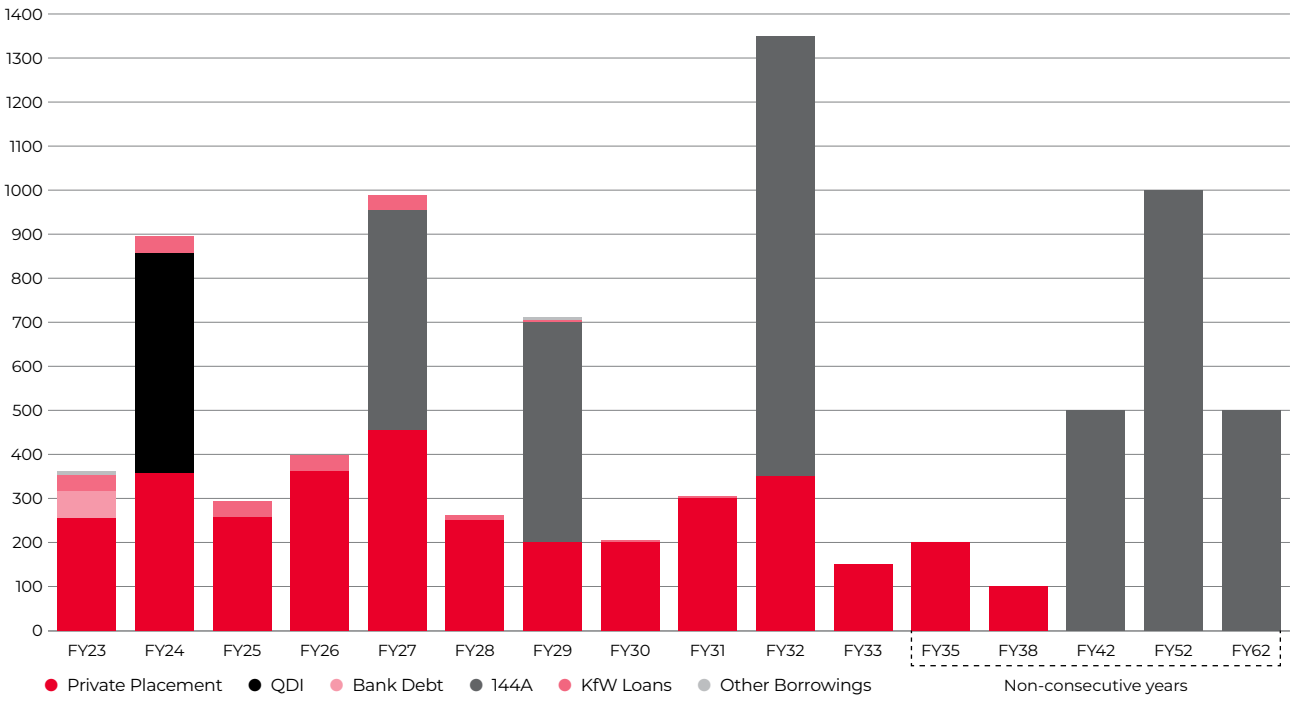
| | Gross | | Provision | | Net | |
|---|---|---|---|---|---|---|
| Trade receivables and contract assets | 2022 US$m | 2021 US$m | 2022 US$m | 2021 US$m | 2022 US$m | 2021 US$m |
| current | **1,083.0** | 1,140.3 | **(8.7)** | (9.6) | **1,074.3** | 1,130.7 |
| less than 30 days overdue | **20.5** | 33.1 | **–** | – | **20.5** | 33.1 |
| between 30 and 90 days overdue | **40.2** | 16.5 | **–** | – | **40.2** | 16.5 |
| more than 90 days overdue | **24.1** | 41.6 | **(8.2)** | (13.9) | **15.9** | 27.7 |
| | **1,167.8** | 1,231.5 | **(16.9)** | (23.5) | **1,150.9** | 1,208.0 |

10 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.
11 Other financial assets includes $381.1m in Vifor shares measured at fair value through OCI (Note 2 and Note 12).

## Note 11: Financial Risk Management continued

### *d. Funding and Liquidity Risk*

The following chart summarises the Group's maturity profile of debt on an undiscounted basis by facility (US$m). The chart includes the maturity profile of the $4,000.0m in 144A senior unsecured notes excluding its mandatory redemption feature that existed at 30 June 2022 (Note 11(d)). The mandatory redemption feature required repayment of the 144A senior unsecured notes if the acquisition of Vifor had not completed by 31 December 2022. This mandatory redemption feature was removed subsequent to 30 June 2022 following the acquisition of Vifor (Note 2).




The following table analyses the Group's financial liabilities:

| Interest-bearing liabilities and borrowings | 2022 US$m | 2021 US$m |
|---|---|---|
| **Current** | | |
| Bank overdraft – unsecured | **102.0** | 78.7 |
| Bank borrowings – unsecured | **202.7** | 66.2 |
| Senior notes – unsecured | **150.0** | 250.0 |
| Senior 144A notes – unsecured[12] | **3,959.2** | – |
| Lease liabilities | **73.5** | 77.8 |
| Other borrowings – secured | **6.6** | 1.1 |
| | **4,494.0** | 473.8 |
| **Non-current** | | |
| Bank borrowings – unsecured | **179.2** | 220.0 |
| Senior notes – unsecured | **3,675.3** | 3,993.9 |
| Lease liabilities | **1,301.3** | 1,104.6 |
| Other borrowings – secured | **8.0** | 14.6 |
| | **5,163.8** | 5,333.1 |

12 The $3,959.2m in 144A senior unsecured notes, which are net of transaction costs of $40.8m, were issued on 27 April 2022 with the proceeds to be used to partially fund the acquisition of Vifor (Note 2) and for general corporate purposes. These notes were classified as current at 30 June 2022 due to the existence of a mandatory redemption feature at balance sheet date in the event the acquisition did not complete. Subsequent to 30 June 2022, the mandatory redemption feature was removed following the acquisition of Vifor (Note 2) and the notes that have contractual maturities beyond 12 months will be subsequently reclassified as non-current.

### Interest-bearing liabilities and borrowings

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.

### 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 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 at the reporting date. Lease extension options that the Group is not reasonably certain to exercise as at 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).

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.

### Contractual maturities of financial liabilities

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 weighted average contractual maturity date of financial liabilities (excluding trade and other payables and lease liabilities) has increased from 6 years as at 30 June 2021 to 12 years as at 30 June 2022. The amounts disclosed represent principal and interest cash flows, so they may differ from the equivalent reported amounts in the balance sheet.

## Note 11: Financial Risk Management continued

| | Contractual payments due as at 30 June | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 year or less US$m | | Between 1 year and 5 years US$m | | Over 5 years US$m | | Total US$m | | Weighted average interest rate % | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Trade and other payables (non-interest bearing) | **2,301.2** | 2,089.4 | **–** | – | **–** | – | **2,301.2** | 2,089.4 | **–** | – |
| Bank borrowings – unsecured (floating rates)[13] | **62.7** | 31.2 | **–** | 36.4 | **–** | – | **62.7** | 67.6 | **2.0%** | 1.8% |
| Bank borrowings – unsecured (fixed rates) | **38.8** | 38.1 | **149.4** | 148.7 | **27.7** | 40.8 | **215.9** | 227.6 | **1.0%** | 1.0% |
| Bank overdraft – unsecured (floating rates)[13] | **102.0** | 78.7 | **–** | – | **–** | – | **102.0** | 78.7 | **–** | – |
| Senior unsecured notes (fixed rates) | **358.8** | 350.7 | **1,771.8** | 1,343.6 | **1,964.5** | 2,768.7 | **4,095.1** | 4,463.0 | **2.8%** | 2.8% |
| Senior unsecured 144A notes (fixed rates)[14] | **177.4** | – | **1,209.5** | – | **6,153.6** | – | **7,540.5** | – | **4.1%** | – |
| Senior unsecured notes (floating rates)[13] | **12.6** | 5.0 | **506.3** | 507.6 | **–** | – | **518.9** | 512.6 | **2.5%** | 1.0% |
| Lease liabilities (fixed rates) | **79.2** | 108.7 | **283.3** | 365.1 | **1,011.9** | 1,095.6 | **1,374.4** | 1,569.4 | **3.0%** | 2.9% |
| Other borrowings (fixed rates) | **7.3** | 7.4 | **4.4** | 5.6 | **5.7** | 6.1 | **17.4** | 19.1 | **5.1%** | 5.2% |
| | **3,140.0** | 2,709.2 | **3,924.7** | 2,407.0 | **9,163.4** | 3,911.2 | **16,228.1** | 9,027.4 | | |

### Available debt facilities

As at 30 June 2022, the Group had the following available interest-bearing liabilities and borrowings (undiscounted and excludes bank overdrafts and lease liabilities):

*Unsecured*

- Five revolving committed bank facilities totalling US$1,604.0m, which includes US$1,542.5m in undrawn available funds
- Senior unsecured notes in the US private placement market totalling US$3,435.0m
- Senior unsecured notes in the 144A US private placement market totalling US$4,000.0m
- Unsecured notes in the Hong Kong market ("QDI") totalling US$500.0m
- Commercial paper program totalling US$750.0m which remains undrawn and available
- Bank facility ("KFW") totalling US$216.3m

In addition to the above, the Group entered into US$2,500.0m in bilateral credit facilities (floating rate) in May 2022 with proceeds restricted to the acquisition of Vifor (Note 2). Subsequent to 30 June 2022, the Group has completed the acquisition of Vifor (Note 2) and has drawn down the available $2,500.0m in August 2022.

*Secured*

- Other secured borrowings totalling US$13.1m

The Group is in compliance with all debt covenants as at 30 June 2022.

### e. 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.

### Receivables, contract assets and payables

Carrying value of receivables, contract assets and payables with a remaining life of less than one year is deemed to equal fair value.

### Other financial assets

Other financial assets includes equity securities carried at fair value through other comprehensive income which are not held for trading. The publicly traded securities held in connection with the acquisition of Vifor (refer to Note 2 and Note 12(b)) are measured at fair value calculated based on quoted prices (unadjusted) in an active market.

### 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.

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.
14 Contractual maturities of financial liabilities excludes the mandatory redemption feature included within the 144A senior unsecured notes. Refer to Note 11(d) for detail regarding this redemption feature.

## Note 11: Financial Risk Management continued

### Other financial liabilities

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 statement of comprehensive income. Other liabilities also includes contingent consideration liabilities from business combinations.

#### Key Judgements and Estimates

Contingent consideration liabilities are valued with reference to our judgement of the expected probability and timing of 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.

### 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 transfers between Level 1 and Level 2 during the year, or any transfers into Level 3.

| Financial assets/(liabilities) measured at fair value | | 2022 US$m | 2021 US$m |
|---|---|---|---|
| Publicly traded securities (Note 2) | Level 1 | **381.1** | – |
| Contingent consideration liabilities from business combinations (Note 15)[15] | Level 3 | **(268.6)** | (345.8) |

## Note 12: Equity and Reserves

### (a) Contributed Equity

| | 2022 US$m | 2021 US$m |
|---|---|---|
| Ordinary shares issued and fully paid | **4,988.4** | – |
| Share buy-back reserve | **(4,504.6)** | (4,504.6) |
| **Total contributed equity** | **483.8** | (4,504.6) |

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.

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.

Share buy-backs were undertaken at higher prices than the original subscription prices which reduced the historical balance for ordinary share contributed equity to nil. The share buy-back reserve was created to reflect the excess value of shares bought over the original amount of subscribed capital. Information relating to changes in contributed equity is set out in Note 10.

15 During the year ended 30 June 2022, the Group derecognised contingent consideration liabilities ($62.5m) for amounts payable to former shareholders of Calimmune. The net impact to the profit or loss from all related adjustments associated with the Calimmune acquisition (including impairment expense disclosed in Note 1 and Note 3) was a loss of $24.8m.

## Note 12: Equity and Reserves continued

### (b) Movement in Reserves

| | Share-based payments reserve (i) | | Foreign currency translation reserve (ii) | | Hedge reserve (iii) | | Other reserves (iv) | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| US$m | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Opening balance | **426.7** | 328.7 | **206.5** | 7.6 | **–** | – | **–** | – | **633.2** | 336.3 |
| Share-based payment expense | **116.8** | 91.8 | **–** | – | **–** | – | **–** | – | **116.8** | 91.8 |
| Net exchange gains/(losses) on translation of foreign subsidiaries, net of hedging reserve | **–** | – | **(286.9)** | 198.9 | **–** | – | **–** | – | **(286.9)** | 198.9 |
| Change in fair value of investments valued through OCI | **–** | – | **–** | – | **–** | – | **(6.6)** | – | **(6.6)** | – |
| Fair value of cash flow hedge | **–** | – | **–** | – | **134.7** | – | **–** | – | **134.7** | – |
| Reclassification to profit and loss | **–** | – | **–** | – | **(1.0)** | – | **–** | – | **(1.0)** | – |
| Deferred tax | **0.1** | 6.2 | **–** | – | **–** | – | **–** | – | **0.1** | 6.2 |
| **Closing balance** | **543.6** | 426.7 | **(80.4)** | 206.5 | **133.7** | – | **(6.6)** | – | **590.3** | 633.2 |

### Nature and purpose of reserves

#### i. Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of awards 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.

#### iii. Hedge reserve

The hedge reserve recognises the effective portion of gains and losses on derivatives that are designated and qualify as hedges. Amounts are subsequently reclassified into the profit and loss as appropriate. The hedge reserve includes the cash flow hedge reserve associated with the T-lock which settled during 30 June 2022 (refer to Note 3).

#### iv. Other reserves

Other reserves includes equity securities purchased in connection with the acquisition of Vifor (refer to Note 2 and Note 11(e)). The Group has elected to recognise changes in the fair value of these investments in equity securities in OCI (excluding dividend income). These changes are accumulated within the other reserves within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

## Note 13: Commitments and Contingencies

### (a) Capital Commitments

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

| | Capital Commitments | |
|---|---|---|
| | 2022 US$m | 2021 US$m |
| Not later than one year | **403.2** | 520.0 |
| Later than one year but not later than five years | **83.3** | 24.3 |
| **Total** | **486.5** | 544.3 |

The Company entered into a lease for a building, currently under construction in Melbourne, as the new global headquarters. The lease is expected to commence in 2023 with an initial term of 20 years and annual lease costs of approximately $15.0m.

### (b) Contingent assets and liabilities

#### Litigation

In the ordinary course of business, the Group is exposed to contingent liabilities related to litigation for breach of contract and other claims. Contingent liabilities occur when the possibility of a future settlement of economic benefits is considered to be less than probable but more likely than remote. If the expected settlement of the liability becomes probable, a provision is recognised.

#### 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 are 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 $2,050.0m (2021: $2,105.0m). 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.

# Efficiency of Operation

## Note 14: Cash and Cash Equivalents

| | 2022 US$m | 2021 US$m |
|---|---|---|
| Cash at bank and on hand | **1,531.0** | 1,426.0 |
| Cash deposits | **8,905.4** | 382.8 |
| **Total cash and cash equivalents**[16] | **10,436.4** | 1,808.8 |

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 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: Receivables, Contract Assets and Payables

### (a) Receivables and contract assets

| | 2022 US$m | 2021 US$m |
|---|---|---|
| *Current* | | |
| Trade receivables | **965.8** | 997.0 |
| Contract assets | **202.0** | 234.5 |
| Less: Provision for expected credit losses | **(16.9)** | (23.5) |
| | **1,150.9** | 1,208.0 |
| Other receivables | **332.3** | 355.7 |
| Prepayments | **174.0** | 147.5 |
| **Carrying amount of current receivables and contract assets** | **1,657.2** | 1,711.2 |
| *Non-Current* | | |
| Long term deposits/other receivables | **12.8** | 6.6 |
| **Carrying amount of non-current receivables and contract assets**[17] | **12.8** | 6.6 |

Receivables are initially recorded at their transaction price 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 losses (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.

16 Cash and cash equivalents as at 30 June 2022 includes $8,938.9m in debt and equity proceeds received for the acquisition of Vifor (Note 2).
17 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.

## Note 15: Receivables, Contract Assets and Payables continued

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.

As at 30 June 2022, the Group had a provision for expected credit losses of $16.9m (2021: $23.5m).

| | 2022 US$m | 2021 US$m |
|---|---|---|
| Opening balance as at 1 July | **23.5** | 25.3 |
| Allowance utilised/written back | **(5.6)** | (2.3) |
| Currency translation differences | **(1.0)** | 0.5 |
| **Closing balance at 30 June** | **16.9** | 23.5 |

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

| | 2022 US$m | 2021 US$m |
|---|---|---|
| *Current* | | |
| Trade payables | **591.8** | 523.0 |
| Accruals and other payables | **1,709.4** | 1,566.4 |
| **Carrying amount of current trade and other payables** | **2,301.2** | 2,089.4 |
| *Non-current* | | |
| Accruals and other payables | **267.1** | 139.5 |
| Contingent consideration associated with business combinations | **268.6** | 345.8 |
| **Carrying amount of other non-current liabilities** | **535.7** | 485.3 |

**Trade payables, accruals and other payables:** Represents the 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.

**Contingent consideration associated with business combinations:** The Group 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 2022, the maximum amount of undiscounted potential future milestone payments relating to historical business combinations are $470.0m (2021: $795.0m), of which $268.6m (2021: $345.8m) is reflected as a contingent consideration liability at fair value. The reduction in the undiscounted potential future milestone payments and contingent consideration liability at fair value is largely due to the impairment of certain intellectual property assets associated with the Calimmune acquisition (Note 8).

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.

## Note 16: Provisions

| | Employee benefits | | Other | | Total | |
|---|---|---|---|---|---|---|
| | US$m | US$m | US$m | US$m | US$m | US$m |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| *Current* | | | | | | |
| Carrying amount at the start of the year | **211.7** | 156.1 | **15.7** | 0.8 | **227.4** | 156.9 |
| Utilised | **(58.8)** | (47.2) | **(14.6)** | (0.2) | **(73.4)** | (47.4) |
| Additions | **30.5** | 97.2 | **9.3** | 15.5 | **39.8** | 112.7 |
| Currency translation differences | **(11.7)** | 5.6 | **(0.6)** | (0.4) | **(12.3)** | 5.2 |
| **Carrying amount at the end of the year** | **171.7** | 211.7 | **9.8** | 15.7 | **181.5** | 227.4 |
| *Non-current* | | | | | | |
| Carrying amount at the start of the year | **47.9** | 41.7 | **59.9** | – | **107.8** | 41.7 |
| Utilised | **(5.7)** | (2.9) | **–** | – | **(5.7)** | (2.9) |
| Additions | **2.6** | 8.2 | **4.6** | 34.6 | **7.2** | 42.8 |
| Reclassification from accruals | **–** | – | **–** | 25.0 | **–** | 25.0 |
| Currency translation differences | **(3.6)** | 0.9 | **(4.0)** | 0.3 | **(7.6)** | 1.2 |
| **Carrying amount at the end of the year** | **41.2** | 47.9 | **60.5** | 59.9 | **101.7** | 107.8 |

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 the risks specific to the obligation. Other provisions includes the provision for asset retirement obligations and onerous contracts. Detailed information about employee benefits is presented in Note 6.

# Other Notes

## Note 17: Related Party Transactions

### Ultimate controlling entity and subsidiaries

The ultimate controlling entity is CSL Limited, otherwise described as the parent company. The following table lists the Group's material subsidiaries.

| | | Percentage owned (%) | |
|---|---|---|---|
| Company | Country of Incorporation | 2022 | 2021 |
| 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 |
| CSLB Holdings Inc | US | **100** | 100 |
| CSL Finance Plc | UK | **100** | 100 |
| CSL Finance Pty Ltd | Australia | **100** | 100 |
| Seqirus Pty Ltd | Australia | **100** | 100 |
| Seqirus UK Limited | UK | **100** | 100 |
| Seqirus Vaccines Limited | UK | **100** | 100 |
| Seqirus USA Inc | USA | **100** | 100 |
| Seqirus Inc | USA | **100** | 100 |

### Related party transactions

All transactions with subsidiaries have been eliminated on consolidation.

## 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:

| | June 2022 US$m | | | June 2021 US$m | | |
|---|---|---|---|---|---|---|
| Pension Plan | 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 | **15.8** | **(13.5)** | **2.3** | 19.0 | (18.6) | 0.4 |
| CSL Behring AG Pension Plan (Switzerland) – provides an ongoing pension[18] | **620.4** | **(620.4)** | **–** | 755.7 | (760.1) | (4.4) |
| CSL Behring Union Pension Plan (USA) – provides an ongoing pension | **45.3** | **(42.2)** | **3.1** | 66.8 | (63.3) | 3.5 |
| CSL Behring GmbH Supplementary Pension Plan (Germany) – provides an ongoing pension | **–** | **(138.0)** | **(138.0)** | – | (207.2) | (207.2) |
| CSL Behring Innovation GmbH Supplementary Pension Plan (Germany) – provides an ongoing pension | **–** | **(22.6)** | **(22.6)** | – | (34.1) | (34.1) |
| bioCSL GmbH Pension Plan (Germany) – provides an ongoing pension | **–** | **(2.5)** | **(2.5)** | – | (3.2) | (3.2) |
| CSL Behring KG Pension Plan (Germany) – provides an ongoing pension | **–** | **(12.0)** | **(12.0)** | – | (19.0) | (19.0) |
| CSL Plasma GmbH Pension Plan (Germany) – provides an ongoing pension | **–** | **(0.4)** | **(0.4)** | – | (0.4) | (0.4) |
| CSL Behring KK Retirement Allowance Plan (Japan) – provides a lump sum benefit upon exit | **–** | **(11.4)** | **(11.4)** | – | (15.3) | (15.3) |
| CSL Behring S.A. Pension Plan (France) – provides a lump sum benefit upon exit | **–** | **(1.4)** | **(1.4)** | – | (1.9) | (1.9) |
| CSL Behring S.p.A Pension Plan (Italy) – provides a lump sum benefit upon exit | **–** | **(0.7)** | **(0.7)** | – | (0.9) | (0.9) |
| **Total** | **681.5** | **(865.1)** | **(183.6)** | 841.5 | (1,124.0) | (282.5) |

In addition to the plans listed, 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 GmbH 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.

18 The CSL Behring AG Pension Plan (Switzerland) has a surplus of $75.6m that is not recognised, on the basis that future economic benefits are not available to the entity in the form of a reduction in future contributions or a cash refund. The plan assets have been recognised up to the asset ceiling limit.

## Note 18: Detailed Information – People Costs continued

### Movements in accrued benefits and assets

During the financial year the value of accrued benefits decreased by $258.9m, mainly attributable to:

- Benefits paid by the plans of $91.9m;
- 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 $162.9m. These adjustments do not affect the profit and loss as they are recorded in other comprehensive income;
- Favourable foreign currency movements of $63.0m which are taken directly to the Foreign Currency Translation Reserve;
- Offsetting these movements were increases from:
  - Service cost charged to the profit and loss of $42.9m, representing the increased benefit entitlement of members, arising from an additional year of service and salary increases;
  - Interest costs of $7.2m, representing the discount rate on benefit obligation and anticipated monthly benefit payments; and
  - Contributions made by employees of $13.4m.

Plan assets decreased by $160m during the financial year. The decrease is mainly attributable to the following factors:

- Benefits paid by the plans of $87.2m;
- Actuarial adjustments due primarily to changes in assumptions at the end of the year than originally anticipated by the actuary and experience adjustments, generating a decrease in plan assets of $5.0m;
- Changes in the asset ceiling[18] resulting in the derecognition of plan assets of $75.6m;
- Unfavourable foreign currency movements of $37.0m which are taken directly to the Foreign Currency Translation Reserve; and
- Offsetting these movements were increases from contributions made by employer and employee that increased plan assets by $40.4m and investment returns increased plan assets by $4.3m.

| The major categories of total plan assets are as follows: | 2022 US$m | 2021 US$m |
|---|---|---|
| Cash | **24.1** | 63.0 |
| Instruments quoted in active markets: | | |
| Equity instruments | **225.8** | 313.0 |
| Bonds | **224.0** | 290.6 |
| Unquoted investments – property | **177.7** | 169.7 |
| Other assets | **29.9** | 5.2 |
| **Total Plan Assets** | **681.5** | 841.5 |

| The principal actuarial assumptions, expressed as weighted averages, at the reporting dates are: | 2022 % | 2021 % |
|---|---|---|
| Discount rate | **2.0%** | 0.7% |
| Future salary increases | **2.2%** | 2.1% |
| Future pension increases | **0.4%** | 0.5% |

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 $27.6m. An increase in the average discount rate of 0.25% would reduce the defined benefit obligation by $25.8m.

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 | $48.3m (2021: $50.9m) |
| Between two and five years | $175.0m (2021: $185.0m) |
| Between five and ten years | $83.8m (2021: $215.6m) |
| Beyond ten years | $558.2m (2021: $672.4m) |

## Note 18: Detailed Information – People Costs continued

### (b) Share-based payments

#### Long Term Incentives

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") grants Performance Share Units ("PSU") to qualifying executives. Vesting is subject to continuing employment, satisfactory performance and the achievement of absolute return measures. The return measures include EPS growth and a seven-year rolling average Return on Invested Capital ("ROIC").
- The Retain and Grow Plan ("RGP") 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.

EPA and RGP grants made prior to 1 September 2021 will vest in equal tranches on the first, second, third and fourth anniversaries of the grant. EPA grants made from 1 September 2021 will vest on the third anniversary. RGP grants made from 1 September 2021 will vest in equal tranches on the first, second and third anniversaries of the 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 awards 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 and RSUs.

The following grants were issued during the year ended 30 June 2022:

| Date of grant | PSUs | RSUs |
|---|---|---|
| 1 September 2021 | 183,972 | 512,003 |
| 1 March 2022 | – | 27,107 |

The relevant tranche of PSUs will exercise upon vesting on 1 September 2024. The relevant tranche of RSUs will exercise upon vesting between September 2021 and March 2025.

#### The Non-Executive Directors Plan

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 26 August 2021 and 4 October 2021, 2,449 Rights were granted under the NED vesting on 21 February 2022 and 22 August 2022.

#### Global Employee Share Plan

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 awards granted are recognised as 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 award.

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 awards were granted. The fair value of the awards granted excludes the impact of any non-market vesting conditions, which are included in assumptions about the number of awards that are expected to vest.

At each reporting date, the number of awards that are expected to vest is revised. The employee benefit expense recognised each period considers the most recent estimate of the number of awards that are expected to vest. No expense is recognised for awards that do not ultimately vest, except where the vesting is conditional upon a market condition and that market condition is not met. The Group does not have any awards with a market condition as at 30 June 2022.

## Note 18: Detailed Information – People Costs continued

### Valuation assumptions and fair values of equity instruments granted

The model inputs for share-based payments granted during the year ended 30 June 2022 included:

| | Fair Value | Share Price | Exercise Price | Expected Volatility[19] | Life Assumption | Expected Dividend Yield | Risk-free Interest Rates |
|---|---|---|---|---|---|---|---|
| | (A$) | (A$) | (A$) | | | | |
| **Performance Share Units (by grant date)**[20] | | | | | | | |
| 1 September 2021 – Tranche 1 | $302.44 | $310.84 | Nil | 29.32% | 36 months | 0.91% | 0.01% |
| **Restricted Share Units (by grant date)** | | | | | | | |
| 1 September 2021 – Tranche 1 | $310.84 | $310.84 | Nil | N/A | 0 months | N/A | N/A |
| 1 September 2021 – Tranche 2 | $309.44 | $310.84 | Nil | 18.82% | 6 months | 0.91% | 0.01% |
| 1 September 2021 – Tranche 3 | $308.02 | $310.84 | Nil | 21.57% | 12 months | 0.91% | 0.01% |
| 1 September 2021 – Tranche 4 | $306.63 | $310.84 | Nil | 34.29% | 18 months | 0.91% | 0.01% |
| 1 September 2021 – Tranche 5 | $305.22 | $310.84 | Nil | 31.48% | 24 months | 0.91% | 0.01% |
| 1 September 2021 – Tranche 6 | $303.84 | $310.84 | Nil | 29.72% | 30 months | 0.91% | 0.10% |
| 1 September 2021 – Tranche 7 | $302.44 | $310.84 | Nil | 29.32% | 36 months | 0.91% | 0.19% |
| 1 September 2021 – Tranche 8 | $299.70 | $310.84 | Nil | 26.96% | 48 months | 0.91% | 0.42% |
| 1 March 2022 – Tranche 1 | $263.92 | $263.92 | Nil | N/A | 0 months | N/A | N/A |
| 1 March 2022 – Tranche 2 | $262.44 | $263.92 | Nil | 28.27% | 6 months | 1.11% | 1.02% |
| 1 March 2022 – Tranche 3 | $261.00 | $263.92 | Nil | 24.25% | 12 months | 1.11% | 1.02% |
| 1 March 2022 – Tranche 4 | $259.54 | $263.92 | Nil | 24.08% | 18 months | 1.11% | 1.02% |
| 1 March 2022 – Tranche 5 | $258.10 | $263.92 | Nil | 32.99% | 24 months | 1.11% | 1.02% |
| 1 March 2022 – Tranche 6 | $256.65 | $263.92 | Nil | 30.94% | 30 months | 1.11% | 1.26% |
| 1 March 2022 – Tranche 7 | $255.24 | $263.92 | Nil | 29.54% | 36 months | 1.11% | 1.50% |
| 1 March 2022 – Tranche 8 | $253.81 | $263.92 | Nil | 29.19% | 42 months | 1.11% | 1.59% |
| **Rights (by grant date)** | | | | | | | |
| 26 August 2021 – Tranche 1 | $304.00 | $305.37 | Nil | 19.27% | 6 months | 0.91% | 0.02% |
| 26 August 2021 – Tranche 2 | $302.62 | $305.37 | Nil | 21.69% | 12 months | 0.91% | 0.02% |
| 4 October 2021 – Tranche 1 | $292.17 | $293.32 | Nil | 19.32% | 5 months | 1.02% | 0.05% |
| 4 October 2021 – Tranche 2 | $290.69 | $293.32 | Nil | 21.24% | 11 months | 1.02% | 0.05% |
| **GESP (by grant date)**[21] | | | | | | | |
| 3 September 2021 – Tranche 1 | $76.72 | $303.87 | $227.15 | 18.82% | 6 months | 0.91% | 0.01% |
| 4 March 2022 – Tranche 1 | $33.97 | $258.30 | $224.33 | 28.27% | 6 months | 1.11% | 1.02% |

## Note 19: Detailed Information – Shareholder Returns

| | Consolidated Entity | |
|---|---|---|
| | 2022 US$m | 2021 US$m |
| **Retained earnings** | | |
| Opening balance | **12,252.7** | 10,752.3 |
| Net profit for the year | **2,254.7** | 2,375.0 |
| Dividends | **(1,038.7)** | (958.0) |
| Actuarial gain on defined benefit plans | **40.2** | 100.6 |
| Deferred tax expense on actuarial gain/loss on defined benefit plans | **(5.5)** | (17.2) |
| **Closing balance** | **13,503.4** | 12,252.7 |

19 Expected volatility is based on historical volatility (based on the remaining life assumption of each equity instrument, adjusted for expected changes).
20 PSUs are subject to an EPS growth and ROIC performance measure.
21 Fair value of GESP shares 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 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:

| AUDIT SERVICES – Ernst & Young Australia | 2022 US$ | 2021 US$ |
|---|---|---|
| Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities | **2,402,268** | 1,956,994 |
| 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 | | |
| – Assurance services over the 144a bond issuance | **326,152** | – |
| – Sustainability assurance | **106,873** | 66,819 |
| – Agreed-upon procedures and other audit engagements | **146,124** | 90,045 |
| Fees for other services | | |
| Training | **39,000** | 80,000 |
| Due diligence | **150,295** | 211,449 |
| Remuneration advisory | **190,832** | 357,646 |
| **Total fees to Ernst & Young (Australia)** | **3,361,544** | 2,762,953 |
| | | |
| 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 | **3,678,633** | 3,556,179 |
| Fees for assurance services that are required by legislation to be provided by the auditor | **2,721** | 13,845 |
| 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 | **147,474** | 77,009 |
| Fees for other services | **35,127** | 35,224 |
| **Total fees to overseas member firms of Ernst & Young (Australia)** | **3,863,955** | 3,682,257 |
| | | |
| **Total audit and other assurance services** | **6,810,245** | 5,760,891 |
| **Total non-audit services** | **415,254** | 684,319 |
| **Total auditor's remuneration** | **7,225,499** | 6,445,210 |

## Note 21: Deed of Cross Guarantee

A deed of cross guarantee was executed between CSL Limited and some of its wholly-owned entities, namely 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, Seqirus Holdings Australia Pty Ltd, CSL IP Investments Pty Ltd and Amrad Pty Ltd (deregistered subsequent to 30 June 2022). 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 2016/785 (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 2022 and 30 June 2021 and a consolidated balance sheet as at each date for the Closed Group is set out below.

| | Consolidated Closed Group | |
|---|---|---|
| Income Statement | 2022 US$m | 2021 US$m |
| Sales revenue | **1,180.7** | 1,244.4 |
| Cost of sales | **(800.6)** | (652.0) |
| **Gross profit** | **380.1** | 592.4 |
| Dividend income | **1,371.9** | 667.3 |
| Interest income | **9.0** | 2.2 |
| Research and development expenses | **(157.1)** | (139.4) |
| Selling and marketing expenses | **(64.1)** | (60.2) |
| General and administration expenses | **(54.7)** | (110.7) |
| Finance costs | **(44.7)** | (32.9) |
| Sundry expenses | **(94.0)** | (116.8) |
| **Profit before income tax expense** | **1,346.4** | 801.9 |
| Income tax expense | **(28.7)** | (51.8) |
| **Profit for the year** | **1,317.7** | 750.1 |

## Note 21: Deed of Cross Guarantee continued

| | Consolidated Closed Group | |
|---|---|---|
| Balance Sheet | 2022 US$m | 2021 US$m |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | **2,292.4** | 334.7 |
| Receivables and contract assets | **561.3** | 584.5 |
| Inventories | **232.1** | 267.4 |
| **Total Current Assets** | **3,085.8** | 1,186.6 |
| **Non-Current Assets** | | |
| Other receivables | **3,020.7** | 39.6 |
| Other financial assets | **14,641.8** | 14,644.2 |
| Property, plant and equipment | **1,333.5** | 1,230.5 |
| Deferred tax assets | **84.7** | 77.0 |
| Intangible assets | **20.0** | 25.3 |
| Retirement benefit assets | **2.3** | 0.4 |
| **Total Non-Current assets** | **19,103.0** | 16,017.0 |
| **Total Assets** | **22,188.8** | 17,203.6 |
| **Current Liabilities** | | |
| Trade and other payables | **1,344.2** | 1,087.0 |
| Provisions | **67.2** | 69.1 |
| Interest-bearing liabilities and borrowings | **157.9** | – |
| Other current liabilities | **3.9** | 49.9 |
| **Total Current Liabilities** | **1,573.2** | 1,206.0 |
| **Non-Current Liabilities** | | |
| Trade and other payables | **403.7** | 112.9 |
| Interest-bearing liabilities and borrowings | **1,330.9** | 1,509.3 |
| Provisions | **44.2** | 46.9 |
| Other non-current liabilities | **23.6** | 26.1 |
| **Total Non-Current Liabilities** | **1,802.4** | 1,695.2 |
| **Total Liabilities** | **3,375.6** | 2,901.2 |
| **Net Assets** | **18,813.2** | 14,302.4 |
| **Equity** | | |
| Contributed equity | **483.8** | (3,476.6) |
| Reserves | **4.9** | (268.7) |
| Retained earnings | **18,324.5** | 18,047.7 |
| **TOTAL EQUITY** | **18,813.2** | 14,302.4 |

| Summary of movements in retained earnings of the Consolidated Closed Group | 2022 US$m | 2021 US$m |
|---|---|---|
| Retained earnings at beginning of the financial year | **18,047.7** | 18,258.4 |
| Net profit | **1,317.7** | 750.1 |
| Actuarial losses on defined benefit plans, net of tax | **(2.2)** | (2.8) |
| Dividends paid | **(1,038.7)** | (958.0) |
| **Retained earnings at the end of the financial year** | **18,324.5** | 18,047.7 |

## Note 22: Parent Entity Information

**Information relating to CSL Limited ("the parent entity")**

**(a) Summary financial information**

| | 2022 US$m | 2021 US$m |
|---|---|---|
| The individual financial statements for the parent entity show the following aggregate amounts: | | |
| Current assets | **350.7** | 373.6 |
| Total assets | **7,088.0** | 6,333.1 |
| Current liabilities | **314.2** | 342.5 |
| Total liabilities | **336.6** | 4,038.3 |
| Contributed equity | **483.8** | (4,504.6) |
| Foreign currency translation reserve | **(55.0)** | (55.0) |
| Retained earnings | **6,322.6** | 6,854.4 |
| **Net assets/Total equity** | **6,751.4** | 2,294.8 |
| Profit for the year | **506.8** | 106.1 |
| **Total comprehensive income** | **506.8** | 106.1 |

**(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 2022 or 30 June 2021. 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 and equipment**

The parent entity did not have any material contractual commitments for the acquisition of property, plant and equipment as at 30 June 2022 or 30 June 2021.

## Note 23: Subsequent Events

Other than the impact of the acquisition of Vifor (Note 2 and Note 11), there are no other 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

The Group has adopted the following amendment to the accounting standards. This change did not have a material impact on the Group's accounting policies nor did it require any restatement.

- *AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*

### (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 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:**

- *AASB 2020-1 and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

  *– Classification of Liabilities as Current or Non-current – Amendments to AASB 101 Presentation of Financial Statements*

- *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 2022 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.

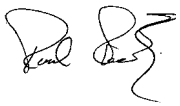
2) About this Report (a) in the notes to the financial statements confirms that the financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 2022.

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
16 August 2022

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# 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 balance sheet as at 30 June 2022, 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 2022 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 judgement, 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 Repor*t 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.

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## 1. Existence and valuation of inventories

| Why significant | How our audit addressed the key audit matter |
|---|---|
| At 30 June 2022, the Group holds inventories of $4,333.0 million which are recorded at the lower of cost and net realisable value. The Group's accounting for inventories is complex due to the nature of products being manufactured requiring multiple inputs into the cost which leads to a risk that gross inventories may be incorrectly valued.<br><br>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.<br><br>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.<br><br>The Group's disclosures with respect to inventories is included in Note 5 of the financial report. | We have assessed the carrying value of inventories, including the determination of cost and provisions for obsolescence and those that ensure inventory is carried at the lower of cost and net realisable value at 30 June 2022.<br><br>The existence of inventories has been addressed through our assessment of the internal controls which included attendance at periodic cycle counts or through attendance at year-end inventory stocktakes in locations with significant stock holdings. We remained alert for obsolescence issues during our observation of physical inventories.<br><br>We assessed the appropriateness of the determination of inventory cost by assessing the accuracy of the standard cost approach used by the Group and assessing the recognition of variances from standard costs.<br><br>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 evidence supporting net realisable value such as the current selling price of the products and achieved margins.<br><br>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.<br><br>We assessed the elimination of any unrealised profits on transactions between group entities and resultant tax consequences by the Group.<br><br>We have assessed the Group's disclosures with respect to inventories in Note 5 of the financial report. |

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## 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 2022 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 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.

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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.

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# Report on the Audit of the Remuneration Report

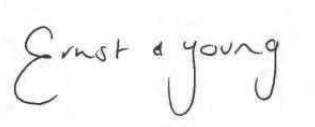
## Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of CSL Limited for the year ended 30 June 2022, 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

Kylie Bodenham
Partner
Melbourne
16 August 2022

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# 12 Share Information

## CSL Limited

Issued Capital Ordinary Shares: 481,706,266 as at 30 June 2022; 481,706,266 as at 11 August 2022.

## Details of incorporation

CSL's activities were carried on within the Commonwealth Department of Health until the Commonwealth Serum Laboratories Commission was formed as a *Statutory Act 1961* (Cth) (the CSL Act) on 2 November 1961. On 1 April 1991, the Corporation was converted to a public company limited by shares under the Corporations Law of the Australian Capital Territory and it was renamed Commonwealth Serum Laboratories Limited. These changes were brought into effect by the *Commonwealth Serum Laboratories (Conversion into Public Company) Act 1990* (Cth). On 7 October 1991, the name was changed to CSL Limited. The Commonwealth divested all of its shares by public float on 3 June 1994.

The *CSL Sale Act 1993* (Cth) amends the CSL Act to impose certain restrictions on the voting rights of persons having significant foreign shareholdings, and certain restrictions on CSL itself. CSL ordinary shares (being the only class of shares on issue) have been traded on the Australian Securities Exchange (ASX) since 30 May 1994. Melbourne is the Home Exchange.

In June 2014, CSL commenced a sponsored Level 1 American Depository Receipts (ADR) program with the Bank of New York Mellon. The sponsored ADR program replaced the unsponsored ADR programs that have previously operated with CSL's involvement.

The ADRs are tradeable via licensed US brokers in the ordinary course of trading in the Over-the-Counter (OTC) market in the US. Particulars for the sponsored ADR program are: US Exchange – OTC and DR Ticker Symbol – CSLLY.

On 14 February 2022 CSL announced that it had completed a Share Purchase Plan raising A$750 million (US$534 million).

## Substantial shareholders

The following table shows holdings of 5% or more of voting rights in CSL Limited's shares as notified to CSL Limited under the *Australian Corporations Act 2001* (Cth), Section 671B as at 30 June 2022.

| | | Date of last notice | | |
|---|---|---|---|---|
| Title of class | Identity of person or group | Date received | Date of change | Number owned |
| Ordinary Shares | Blackrock Group | 2 December 2019 | 28 November 2019 | 27,353,205 |

For the period between 1 July 2022 and 11 August 2022, the following table shows holdings of 5% or more of voting rights in CSL Limited's shares, as notified to CSL Limited under the *Australian Corporations Act 2001* (Cth), Section 671B.

| | | Date of last notice | | |
|---|---|---|---|---|
| Title of class | Identity of person or group | Date received | Date of change | Number owned |
| Ordinary Shares | State Street Group | 22 July 2022 | 20 July 2022 | 24,324,468 |

## Voting rights – ordinary shares

At a general meeting, subject to restrictions imposed on significant foreign shareholdings and some other minor exceptions, on a show of hands each shareholder present has one vote. On a poll, each shareholder present in person or by proxy, attorney or representative has one vote for each fully paid share held. In accordance with the CSL Act, CSL's Constitution provides that the votes attaching to significant foreign shareholdings are not to be counted when they pertain to the appointment, removal or replacement of more than one-third of the directors of CSL who hold office at any particular time. A significant foreign shareholding is one where a foreign person has a relevant interest in 5% or more of CSL's voting shares.

## Distribution of shareholdings as at 11 August 2022

| Range | Total holders | Shares | % of issued capital |
|---|---|---|---|
| 1 – 1,000 | 215,377 | 37,265,021 | 7.74 |
| 1,001 – 5,000 | 21,977 | 49,373,514 | 10.25 |
| 5,001 – 10,000 | 3,205 | 21,948,497 | 4.56 |
| 10,001 – 100,000 | 1,371 | 24,316,645 | 5.05 |
| 100,001 and over | 55 | 348,802,589 | 72.41 |
| **Total shareholders and shares on issue** | **241,985** | **481,706,266** | **100.00** |

| Unmarketable parcels | Minimum parcel size | Holders | Shares |
|---|---|---|---|
| Minimum A$500.00 parcel at A$295.10 per share (being the closing market price on 11 August 2022) | 2 | 464 | 464 |

### Shareholder Information

CSL's Share Registry is overseen by Computershare. Shareholders with enquiries go to investorcentre.com where most common questions can be answered by virtual agent Penny. There is an option to contact the Share Registry by email if the virtual agent cannot provide the answer. Alternatively, shareholders may telephone or write to the Share Registry at the below address.

Separate shareholdings may be consolidated by advising the Share Registry in writing or by completing a Request to Consolidate Holdings form which can be found online at investorcentre.com.

Change of address should be notified to the Share Registry online via the Investor Centre at investorcentre.com, by telephone or in writing without delay. Shareholders who are broker sponsored on the CHESS sub-register must notify their sponsoring broker of a change of address.

Direct payment of dividends into a nominated account is mandatory for shareholders with a registered address in Australia or New Zealand. All shareholders are encouraged to use this option by providing a payment instruction online via the Investor Centre at investorcentre.com or by obtaining a direct credit form from the Share Registry or by advising the Share Registry in writing with particulars.

CSL now offers shareholders the opportunity to receive dividend payments in US dollars by direct credit to a US bank account. Shareholders who wish to avail themselves of this payment option for the 2022 final dividend payment must provide their valid US bank account details to the Share Registry by the dividend record date of 7 September 2022.

The Annual Report is produced for your information. The default option is an online Annual Report via CSL.com. If you opt to continue to receive a printed copy and you receive more than one or you wish to be removed from the mailing list for the Annual Report, please advise the Share Registry.

The 2022 Annual General Meeting (AGM) of CSL Limited (ABN 99 051 588 348) will be held on Wednesday, 12 October 2022 at 10am (Melbourne time) at the Clarendon Auditorium, Melbourne Convention and Exhibition Centre, South Wharf, Melbourne 3000.

## CSL's 20 largest shareholders as at 11 August 2022

| Rank | Name | Units | % Units |
|---|---|---|---|
| 1 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 156,879,305 | 32.57 |
| 2 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 80,929,848 | 16.80 |
| 3 | CITICORP NOMINEES PTY LIMITED | 43,864,101 | 9.11 |
| 4 | NATIONAL NOMINEES LIMITED | 14,650,128 | 3.04 |
| 5 | BNP PARIBAS NOMS PTY LTD <DRP> | 14,240,663 | 2.96 |
| 6 | BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C> | 4,851,848 | 1.01 |
| 7 | CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C> | 4,463,727 | 0.93 |
| 8 | BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM | 3,778,698 | 0.78 |
| 9 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C> | 3,158,675 | 0.66 |
| 10 | NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C> | 2,276,078 | 0.47 |
| 11 | AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED | 2,239,500 | 0.46 |
| 12 | CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C> | 1,712,092 | 0.36 |
| 13 | BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C> | 1,707,673 | 0.35 |
| 14 | SOLIUM NOMINEES (AUSTRALIA) PTY LTD <ALLOCATED A/C> | 1,497,321 | 0.31 |
| 15 | ARGO INVESTMENTS LIMITED | 1,186,509 | 0.25 |
| 16 | MUTUAL TRUST PTY LTD | 905,878 | 0.19 |
| 17 | D W S NOMINEES PTY LTD | 793,208 | 0.16 |
| 18 | WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED | 637,210 | 0.13 |
| 19 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2 | 573,544 | 0.12 |
| 20 | DIVERSIFIED UNITED INVESTMENT LTD | 565,000 | 0.12 |
| **Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)** | | **340,911,006** | **70.77** |
| **Total Remaining Holders Balance** | | **140,795,260** | **29.23** |

## Share Registry

### Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Postal address:
GPO Box 2975 Melbourne VIC 3001

Enquiries within Australia: 1800 646 882
Enquiries outside Australia: +61 3 9415 4178

Website: investorcentre.com

## America Depositary Receipts (ADRs)

### The Bank of New York Mellon (BNY Mellon)

Postal address:
BNY Mellon Shareowner Services
PO Box 30170
College Station, TX 77842-3170 USA

Enquiries within the United States: 1-888-BNY-ADRS (1-888-269-2377)
Enquiries outside the United States: 201-680-6825

Email: shrrelations@cpushareownerservices.com
Website: www-us.computershare.com/investor

# 13 Key Performance Data Summary

| Performance Indicator | Measure | 2019/20 | 2020/21 | 2021/22 | More in 21/22 Annual Report (page reference) |
|---|---|---|---|---|---|
| **Economic Contribution** | | | | | |
| Operating revenue | US$ million | 9,151¶ | 10,310¶ | 10,562¶ | 98 |
| Net profit | US$ million | 2,103¶ | 2,375¶ | 2,255¶ | |
| Economic value generated | US$ million | 9,158† | 10,314† | 10,570† | 48 |
| Economic value distributed | US$ million | 8,832† | 9,959† | 9,866† | |
| New plasma centres | Number | 40 | 25 | 27 | 16 |
| **Sustainable Workforce** | | | | | |
| **Our People** | | | | | |
| Total headcount | Number | 27,009 | 25,415 | 30,398† | 37 |
| Total Board female | Percentage | 44 | 43 | 44† | |
| Total workforce female | Percentage | 57 | 57 | 61† | |
| Total people managers female | Percentage | 44 | 44 | 46† | |
| Total senior executives female | Percentage | 30 | 30 | 31 | |
| Total Recordable Injury Frequency Rate (TRIFR) | Per million hours worked for Non-CSL Plasma sites | For all sites – 7.2. Methodology for reporting changed in 19/20 – please see page 41 for more. | 1.9† | 1.4† | 41 |
| | Per million hours worked for CSL Plasma | | 11.2† | 10.7† | |
| Fatalities (including contractors) | Number | 0 | 0† | 0† | 41 |
| Employee engagement | Percentage | 76.4† | 73.7† | 77.9† | 40 |
| ESG employee engagement | | NA | NA | 78.2† | 41 |
| Hotline calls (Ethics) | Number | 136 | 259 | 295 | 61 |
| **Social** | | | | | |
| **Innovation** | | | | | |
| R&D investment | US$ million | 922*† | 1,001† | 1,156 | 16 |
| Clinical trials in operation | Number | 34 | 43 | 58 | 34 |
| New product registrations | Number | 29 | 28 | 24 | 36 |
| **Safety and Quality** | | | | | |
| Regulatory audits of manufacturing facilities and plasma collection centres | Number | 401*† | 365† | 406† | 50 |
| Quality audits of suppliers | Number | 476*† | 481** | 678† | |
| Safety related recalls of finished product†† | Number | 2*† | 3† | 0† | |
| Pharmacovigilance audits | Number | 50 | 64 | 69 | 50 |
| **Community** | | | | | |
| Total contribution | US$ million | 44.6^ | 55.2# | 50.0 | 52 |
| Product access support (subset of total community contribution) | US$ million | 10.6†^ | 20.1#† | 17.8† | 51 |
| Plasma donors willing to donate again | Percentage | 99† | 99† | 95^^ | 48 |
| **Environment** | | | | | |
| **Absolutes§** | | | | | |
| Energy consumption | Petajoules | 3.79 | 3.73 | 3.92 | 43 |
| Greenhouse gas emissions | Metric kilotonnes | 344 | 326 | 347 | |
| Water consumption | Gigalitres | 4.25 | 4.44 | 4.67 | |
| Waste | Metric kilotonnes | 66.75 | 59.02 | 55.54 | |
| Waste recycling rate | Percentage | 46 | 40 | 38 | |

* Excludes CSL Behring's operations in Wuhan, China (previously Ruide).

† Data for nominated period has received limited assurance by Ernst & Young.

¶ Operating Revenue and Net Profit extracted from the audited financial statements.

†† Safety related recalls relate to finished products which must be retrieved due to a known or possible adverse or health related impact on a patient. These include safety related recalls which are classified as a class 1 and 2 recall by the regulator.

§ See page 43 for more on reporting boundary.

# Accounting practices for CSL Seqirus Australia product donations changed in 2020/21 to account for indirect and direct costs (versus direct only for prior years).

^ Data has been restated upwards to include CSL Seqirus contribution to the World Health Organization which was not disclosed in the 2019/20 Annual Report due to a timing discrepancy.

^^ Data for nominated period has received limited assurance by Ernst & Young. Data collection method changed for the reporting period, see section 9, Plasma donors.

** Quality audits of suppliers undertaken by CSL's Wuhan, China (previously Ruide) are not included in the reported totals. Processes are yet to be integrated. Data has received limited assurance by Ernst & Young.

**Reporting Boundary**

Our disclosure covers the businesses and operations over which we exercise direct control and incorporates CSL Limited, CSL Behring (including CSL Plasma), Seqirus, and global research and development (R&D). This includes our eight manufacturing facilities in Australia, China, Europe, the UK and the US as well as R&D, sales and marketing, distribution and administration activities co-located with these facilities. Other R&D activities, sales and marketing, distribution and administrative activities occurring away from our manufacturing facilities are also covered by this report, including the full network of donation centres, laboratories and administration offices operated by CSL Plasma.

# 14 Medical Glossary

**Adjuvant** is a substance which is intended to enhance the body's immune response to an antigen.

**Albumin** is any protein that is soluble in water and moderately concentrated salt solutions and is coagulable by heat. It is found in egg whites, blood, lymph, and other tissues and fluids. In the human body, serum albumin is the major plasma protein (approximately 60% of the total).

**Antivenom (or antivenin, or antivenene)** is a biological product used in the treatment of venomous bites or stings.

**Biopharmaceuticals** are proteins (including antibodies), nucleic acids (DNA, RNA or antisense oligonucleotides) used for prophylactic or therapeutic purposes.

**Cell-based (technology)** for the manufacture of influenza vaccines, is a process of growing viruses in animal cells.

**Chronic inflammatory demyelinating polyneuropathy (CIDP)** is a neurological disorder which causes gradual weakness and a loss in sensation mainly in the arms and legs.

**Coagulation** is the process of clot formation.

**Coronavirus** is a group of RNA viruses that cause a variety of respiratory, gastrointestinal and neurological diseases in humans and other animals.

**COVID-19** is an infectious disease caused by a newly discovered coronavirus SARS-CoV-2.

**Haemophilia** is a haemorrhagic cluster of diseases occurring in two main forms:

**Haemophilia A** (classic haemophilia, factor VIII deficiency), an X linked disorder due to deficiency of coagulation factor VIII.

**Haemophilia B** (factor IX deficiency, Christmas disease), also X linked, due to deficiency of coagulation factor IX.

**Hereditary angioedema (HAE)** is a rare but serious genetic disorder caused by low levels or improper function of a protein called C1-esterase inhibitor. It causes swelling, particularly of the face and airways, and abdominal cramping.

**Immunoglobulins (IgG)** also known as antibodies, are proteins produced by plasma cells. They are designed to control the body's immune response by binding to substances in the body that are recognised as foreign antigens (often proteins on the surface of bacteria or viruses).

**Influenza** commonly known as flu, is an infectious disease of birds and mammals caused by an RNA virus of the family Orthomyxoviridae (the influenza viruses).

**Intravenous** is the administration of drugs or fluids directly into a vein.

**Monoclonal antibody (mAb)** is an antibody produced by a single clone of cells. Monoclonal antibodies are a cornerstone of immunology and are increasingly coming into use as therapeutic agents.

**Pandemic** is the worldwide spread of a disease.

**Pharmacovigilance** is the practice of monitoring the effects of medical drugs after they have been licensed for use, especially in order to identify and evaluate previously unreported adverse reactions.

**Plasma** is the yellow-coloured liquid component of blood in which blood cells are suspended.

**Primary immunodeficiency (PI**) is an inherited condition where there is an impaired immune response. It may be in one or more aspects of the immune system.

**Prophylaxis** is the action of a vaccine or drug that acts to defend against or prevent a disease.

**Q fever** is a bacterial infection that can cause a severe flu-like illness. It is spread to humans by animals, most commonly sheep, goats and cattle.

**Quadrivalent influenza vaccine** is a vaccine that offers protection against four different influenza virus strains.

**Recombinants** are proteins prepared by recombinant technology. Procedures are used to join together segments in a cell-free system (an environment outside a cell organism).

**Subcutaneous** is the administration of drugs or fluids into the subcutaneous tissue, which is located just below the skin.

**von Willebrand disease (vWD)** is a hereditary disorder caused by defective or deficient von Willebrand factor, a protein involved in normal blood clotting.

# Corporate Directory

## Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street Abbotsford VIC 3067
GPO Box 2975
Melbourne VIC 3001
Enquiries within Australia: 1800 646 882
Enquiries outside Australia: +61 3 9415 4178
Investor enquiries online: Investorcentre.com/contact

## Auditors

Ernst & Young
8 Exhibition Street Melbourne VIC 3000
GPO Box 67
Melbourne VIC 3001
Telephone: +61 3 9288 8000
Facsimile: +61 3 8650 7777

## Registered Head Office

CSL Limited
ABN 99 051 588 348
45 Poplar Road Parkville VIC 3052
Australia
Telephone: +61 3 9389 1911
Facsimile: +61 3 9389 1434
CSL.com

## Further Information

For further information about CSL and its operations, refer to Company announcements to the Australian Securities Exchange and our website: CSL.com

Find out more **CSL.com**