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ASX Announcement

For immediate release

4 September 2020

CSL NOTICE OF ANNUAL GENERAL MEETING AND ANNUAL REPORT 2019/20

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

The CSL Board of Directors is pleased to release the Notice of Meeting for its 2020 Annual General Meeting, to be held as an online meeting on Wednesday 14 October 2020 at 10.00 am (AEDT). The proxy form for the meeting is also attached.

Ms Christine O'Reilly, who was appointed to the Board in February 2011 and is Chair of the Corporate Governance and Nomination Committee, a member of the Audit and Risk Management Committee and Human Resources and Remuneration Committee, has decided to retire from the Board at the end of the 2020 AGM.

CSL's Chair, Dr Brian McNamee AO said "Christine has been a highly respected and trusted member of the Board and a valued member of the Committees. I would like to thank Christine for her valuable contribution to CSL over the years and wish her well for the future".

CSL's Annual Report for 2019/20 is also attached.

Authorised for lodgement by:

Fiona Mead
Company Secretary

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CSL™

Driven by Our Promise™

CSL Limited Annual Report 2019/20

Contents

CSL Calendar

2020 Key Dates

19 August	Annual profit and final dividend announcement
10 September	Shares traded ex-dividend
11 September	Record date for final dividend
9 October	Final dividend paid
14 October	Annual General Meeting
31 December	Half Year ends

2021 Key Dates

16 February	Half year profit and interim dividend announcement
4 March	Shares traded ex-dividend
5 March	Record date for interim dividend
1 April	Interim dividend paid
30 June	Full Year ends
18 August	Annual profit and final dividend announcement
2 September	Shares traded ex-dividend
3 September	Record date for final dividend
30 September	Final dividend paid
12 October	Annual General Meeting
31 December	Half Year ends

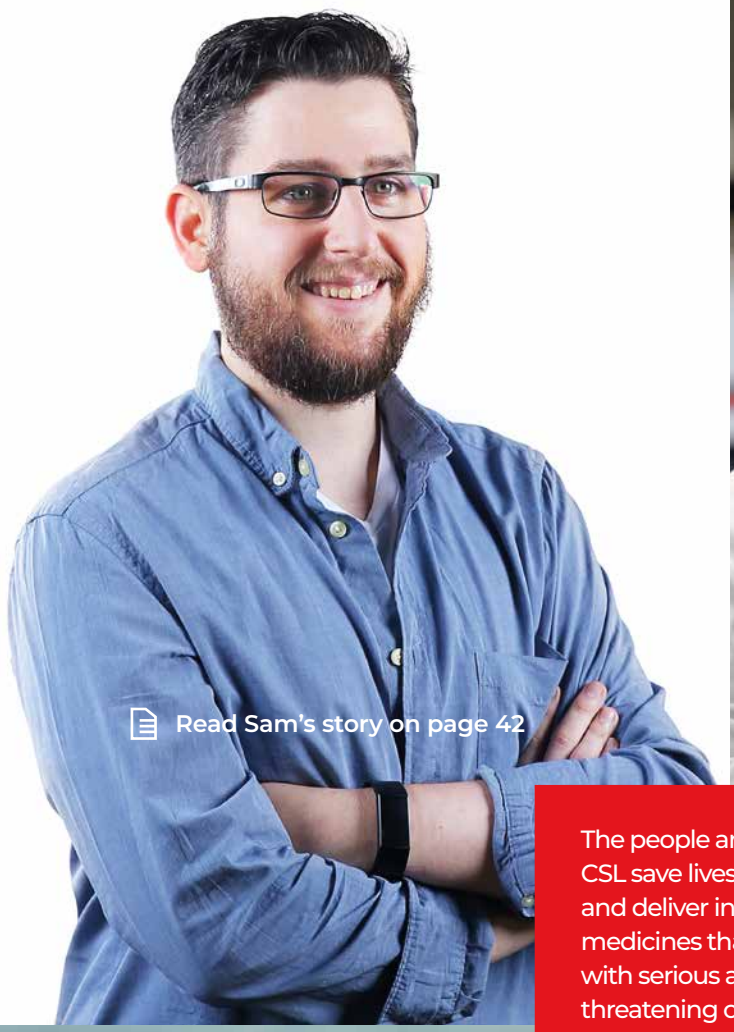
Annual General Meeting

2020 Annual General Meeting (**AGM**) of CSL Limited (ABN 99 051 588 348) will be held online on Wednesday, 14 October 2020 at 10 am (Melbourne time).

Find out more CSL.com

About this report

This is CSL's second annual report where we have combined our 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 Note 17 of the Financial Statements. In 2019/20, we concluded our fourth materiality assessment. Our prioritised topics are listed on page 15 and detailed throughout the Report. 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).



Read Sam's story on page 42

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 Values guide us in creating sustainable value for our stakeholders.

Read Stacy's story on page 28

1 Chairman and CEO Message

US$2,103
million in reported net profit after tax.

US$2.02
dividend per share for 2020.

Dear Stakeholders,

In writing this message we have had the opportunity to reflect on the sobering and far-reaching impact that the COVID-19 pandemic has had on our global community.

While the pandemic has certainly added complexity to our business and operating environment, CSL has had a number of notable achievements throughout the year, including the Company's 25th anniversary as a listed company on the Australian Securities Exchange. We are pleased to share some of those success stories in this report.

Business Highlights

CSL has continued to deliver value to shareholders because of our unwavering focus on delivering innovative products to people with rare and serious disease, and to protecting the health of the public with our influenza vaccines portfolio.

This year we made a series of investments designed to strengthen the next-generation therapeutic areas within our portfolio. We exercised an option to fully acquire biotechnology company Vitaeris, specifically its late-stage monoclonal antibody therapy to address long-term rejection in kidney transplants. Additionally, subject to receiving regulatory approval we acquired the exclusive global license rights to commercialise a Phase 3 stage program adeno-associated virus (AAV) gene therapy program for the treatment of haemophilia B from uniQure, an asset that if successful will prove transformational for patients suffering this disease. Expanding our stem cell gene therapy portfolio, we established an alliance with Seattle Children's Research Institute to develop stem cell gene therapies for primary immunodeficiency diseases.

We also entered into a long-term strategic partnership with Thermo Fisher Scientific for the lease of our state-of-the-art biotech manufacturing facility currently under construction in Lengnau, Switzerland. When construction is complete, Thermo Fisher will lease and operate the Lengnau facility and provide production support for CSL's biologics portfolio. This decision was made following a strategic review and will allow us to access capabilities from an experienced partner and leverage our own internal investments.

While some clinical trial stage programs in our research portfolio have been slowed due to COVID-19, our Phase 3 program investigating CSL112 for reduction of recurrent cardiovascular events is progressing well. Over 9,500 patients are now recruited and the results of a futility analysis have provided us the confidence to continue as planned.

As we've seen with the recent registration of Flucelvax in Europe, Seqirus continues to go from strength to strength as its differentiated product portfolio gains a strong reputation in global markets.

Our relationships with the biomedical community have always been critical to the way we approach our innovation portfolio. In planning for future growth, we made the decision to build a bespoke facility to house our Company's Australian headquarters and expand our R&D footprint with a new 16-storey building in the heart of Melbourne's biomedical precinct. It will accommodate 800 employees from 2024. The move ensures we are well placed to strengthen our partnerships and deepen the valuable relationships we have with the local biomedical community. The move will also bring key elements of our Australian operations together, fostering stronger internal collaboration.

With our robust research and development (R&D) pipeline, Commercial and Operations excellence, passionate people and global reputation as a leading biotechnology company, we have delivered a strong result for the year. It reflects the focused execution of our strategy, robust demand for our differentiated medicines and our commitment for meeting the needs of people who rely on our therapies.

We are pleased to deliver a record dividend to shareholders of US$2.02 per share for 2020.

Unified by our Values

Throughout the pandemic period, the majority of our employees have continued to work on our sites and in our laboratories carrying out roles that are critical to ensuring our business continuity.

For many others in our workforce, it has meant working remotely and adopting new technologies to ensure our culture of collaboration continues as we prepare for the safe return to our office sites.

Through this challenging environment, our employees have stayed focused while demonstrating creativity, flexibility and resilience in continuing to do their jobs and doing them well. Our people remain unified by our Values of Patient Focus, Innovation, Integrity, Collaboration and Superior Performance and we sincerely thank them for their commitment.

Using our assets to join the COVID-19 battle

We are privileged to be in a unique position of having capabilities, competencies and assets across the organisation to respond to COVID-19.

These efforts range from participating in the development and manufacture of a novel vaccine in partnership with the University of Queensland, to forming and leading an unprecedented global industry alliance to develop a hyperimmune treatment for the most serious cases. Our scientists involved in these programs are working with urgency and we thank them for their tireless commitment over the past few months.

During the COVID-19 pandemic, a few hundred of our employees have tested positive for the virus. They, along with their loved ones, have had our full support as they focus on their recovery.

Seeing so many people affected by COVID-19, over the past several months, makes us even more determined in our efforts to fight the virus. Yet, no single vaccine or therapeutic approach is going to solve this health crisis; multiple approaches are essential.

We remain optimistic that the extraordinary amount of scientific collaboration happening across industry, academia and government, including many initiatives we are proud to be a part of, will lead to effective treatments and vaccines in the near future. Until that time, we are greatly encouraged by the fast adjustments that our business has been able to make to adapt to changing conditions, and help us endure any impacts of the pandemic.

We are confident that from the pandemic crisis, society will eventually discover many benefits arising from it, ranging across the acceleration and adoption of new technologies, a deep resilience and ability to recover by the community, and a significant contribution to science and medicine.

Board Renewal

One of the Board's priorities is to ensure it has the capabilities and domain expertise to govern our complex, global business effectively. We welcomed two new Board members, Carolyn Hewson and Pascal Soriot, and farewelled Tachi Yamada.

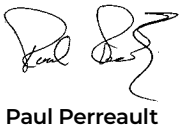
We are excited to have Carolyn and Pascal join our Board as they will further contribute to the right balance of attributes, skills, experience and diversity to deliver best practice governance. Not only do we take a structured and rigorous approach to Board succession, we apply this level of review throughout the organisation to make sure that we have an agile, best in class and principles-based management team reflecting our Values. We are proud that external stakeholders recognise this with Forbes including CSL in its Best Employers for Diversity rankings 2020.

We believe that we are well-positioned to bring our strategy for the future to life. Our continued momentum would not be possible without the remarkable efforts of our people, our donors, our external partners and, of course, our patients.

As always, we thank you for your support.

Please stay healthy and safe.

Dr Brian McNamee AO
Chairman



Paul Perreault
CEO and Managing Director

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

Our response to COVID-19

Our Efforts

- Playing a leading role in the launch of the CoVIg-19 Plasma Alliance, an unprecedented industry partnership to develop a potential plasma-derived hyperimmune therapy for treating COVID-19. The Alliance also supports national governments in their efforts to fight the pandemic.
- Pursing the development of an anti-SARS-CoV-2 plasma product for the Australian market with the potential to treat people with serious complications of COVID-19.
- Partnering with the Coalition for Epidemic Preparedness Innovations (CEPI) and the University of Queensland to accelerate the development, manufacture and distribution of a COVID-19 vaccine candidate which uses Seqirus' well-established MF59® adjuvant technology.
- Collaborating with SAB Biotherapeutics, a clinical-stage biopharmaceutical company, to manufacture a novel immunotherapy targeting COVID-19. The potential therapy would be produced without the need for blood plasma donations from recovered COVID-19 patients.
- Engaging with investigators regarding the company's monoclonal antibodies, including CSL312 and CSL324, to identify treatment candidates from the portfolio that have the potential to treat diffuse alveolar damage – one of the devastating respiratory consequences of COVID-19.
- Provisioning Seqirus MF59 adjuvant technology to multiple preclinical projects.

Our People

- Strongly encouraging employees who are able to work from home to do so in accordance with guidance from national and local authorities.
- Implementing enhanced measures, including vigorous cleaning efforts and increased social distancing to protect employees at our manufacturing sites, plasma centres and other essential locations.
- Offering employees at essential sites flexible Caregiver Leave of Absence and Caregiver Allowance plans to provide support for balancing work with homeschooling and other caregiving responsibilities.
- Providing employees at essential sites with all of the PPE needed to perform their job safely and effectively.
- Restricting travel to essential trips only to protect employees and prevent the potential spread of COVID-19.

Our Patients and Products

- Committing to keep plasma centres and manufacturing sites open during the pandemic to maintain supply of lifesaving medicines and influenza vaccines.
- Maintaining constant communication with patient advocacy groups to provide updates on the continued safety and availability of our plasma-derived products for those living with rare and serious conditions. See page 38 for more on how CSL's manufacturing processes handle COVID-19.
- Providing essential information for patients in the areas we treat on how COVID-19 may specifically affect them through the *Vita* news hub of CSLBehring.com.
- Continuing much of our work on clinical trials for new potential products and therapies despite a pause in new enrolments at some sites.
- Working with our public health partners to plan for the forthcoming influenza season, meeting increased demand for influenza vaccines around the world, to help reduce the burden of influenza on precious health care systems.

Our Donors

- CSL Plasma implemented a COVID-19 Infectious Disease Response Plan in combination with the CDC's Exposure Control Plan. The plan includes ensuring the safety of our donors and employees by instituting social distancing, providing masks for donors and enhanced personal protective equipment (PPE) for employees at all plasma centres.
- Working closely with local and national authorities to ensure that plasma centres remain open as an essential service during lockdown measures.
- Launching a comprehensive communications campaign to raise awareness of the opportunity and need for plasma donation.
- Providing donors with an opportunity to give back to their communities through the #CSLPlasmaChallenge. The social media campaign raised money for local healthcare workers, including those on the frontlines of the COVID-19 response.

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

Our values

CSL's strong commitment to living our Values has guided us for many decades. Our Values have been 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're at the core of how our employees interact with each other, make decisions and solve problems.

Innovation

We turn innovative thinking into solutions

Adrian Zuercher (Bern, Switzerland)

Superior performance

We take pride in our results

Sevilay Gezen (Broadmeadows, Australia)

Collaboration

We are stronger together

Ashlee Polk (Kankakee, USA)

Integrity

We walk the talk

Norikazu Fushimi (Tokyo, Japan)

Patient focus

We deliver on our promise to patients

Kalpeshkumar Patel (Bio21 Institute, Australia)

2 2020 Performance

Business performance and highlights

Growth

- **Another strong year with revenue up 9%^** and reported net profit after tax of **US$2,103 million, up 17%** at constant currency (CC)^.
- Our largest franchise, the immunoglobulin portfolio, performed extremely well, with PRIVIGEN® sales growing **20%^** and **HIZENTRA® sales up 34%^**.
- **Seqirus' earnings before interest and taxes grew more than 70%** this year underpinned by sales of new and differentiated products – FLUCELVAX® and FLUAD®.

Efficiency

- Major capital projects underway at all manufacturing sites to support future demand.
- **40 new plasma** collection centres opened in the United States (US).
- Strategic review of end-to-end supply logistics.
- Strategic partnership with Thermo Fisher Scientific for lease of CSL's Lengnau, Switzerland, biotech manufacturing facility.
- Direct distribution transition in China now complete.
- Underwent 401 regulatory inspections of our manufacturing facilities* with no impact to licences or operations.

Influenza

- **Total revenue up 11%** at CC basis driven by our seasonal influenza vaccines, with a significant increase in demand for FLUAD, Seqirus' adjuvanted influenza vaccine for the elderly market and increased sales of FLUCELVAX® Quadrivalent influenza vaccine.

Innovation

- Acquired Vitaeris to expedite the development of Clazakizumab – an anti-interleukin-6 monoclonal antibody for the treatment of chronic antibody-mediation rejection (or AMR) in kidney transplant recipients.
- Agreement to acquire the late stage gene therapy candidate for the treatment of haemophilia B from uniQure.
- Futility test for CSL112 was completed with the recommendation that the trial should continue (currently in Phase III for cardiovascular disease).
- **Achieved 29** product registrations or new indications in numerous countries.

People & culture

- CSL named in Best Employers for Diversity (Forbes).
- **Employee workforce up 7%**, with **57%** of our employee base female.
- **Achieved 76%** employee engagement score, up 2.4 points on prior year.

Shared value

- **US$8.8 billion** distributed in supplier payments, employee wages and benefits, shareholder returns, government taxes and community contributions.
- **US$38.7 million** in global community investment across our strategic areas of support.

^ Constant currency removes the impact of exchange rate movements, facilitating comparability of operational performance. For further detail please refer to page 16.

* Does not include Ruide. Limited assurance by Ernst & Young.

More on CSL.com (Investors and Our Company > Corporate Responsibility)

Financial highlights

Interim unfranked dividend of
US$0.95
per share

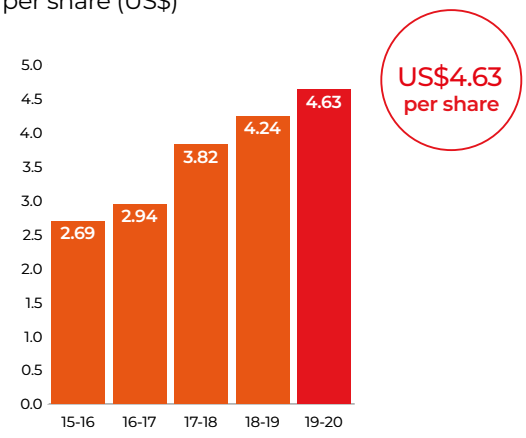
+

Final unfranked dividend of
US$1.07
per share*

=

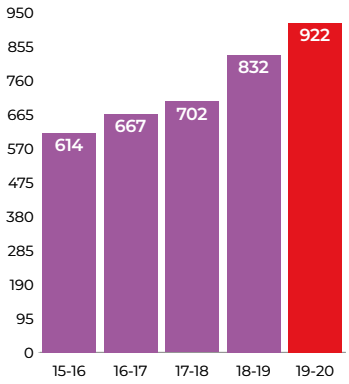
Total ordinary dividends for 2020
US$2.02
per share

CSL Earnings
per share (US$)

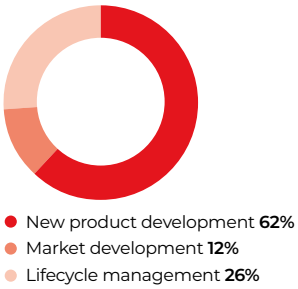


US$4.63
per share

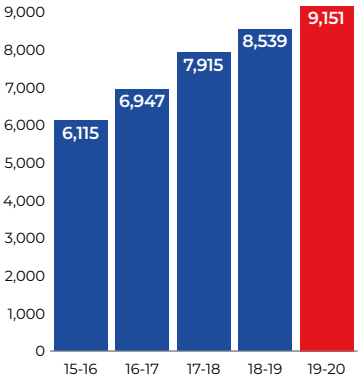
CSL R&D Investment
(US$ millions)



US$922
million

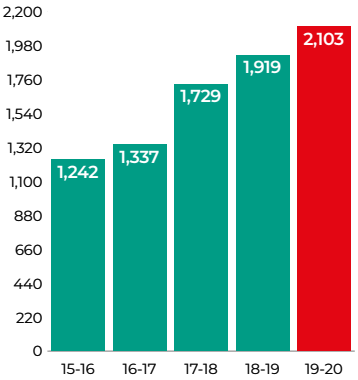


CSL Total operating revenue (US$ millions)



US$9,151
million

CSL Net profit
(US$ millions)



US$2,103
million

* For shareholders with an Australian registered address, the final dividend of US$1.07 per share (approximately A$1.48) will be unfranked for Australian tax purposes and paid on 9 October 2020. For shareholders with a New Zealand registered address, the final dividend of US$1.07 per share (approximately NZ$1.63) will be paid on 9 October 2020. The exchange rates will be fixed at the record date of 11 September 2020. All other shareholders will be paid in US$. CSL also offers shareholders the opportunity to receive dividend payments in US$ by direct credit to a US bank account.

3 Our Company

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

CSL at a glance

35+

Countries of operations around the world

US$9.1

Billion in annual revenue

US$3.7

Billion in R&D investments in the last 5 years advances product pipeline

27,000+

Employees around the world

1,700+

R&D employees

270+

Plasma collection centres across China, Europe and North America

Our businesses

CSL Behring

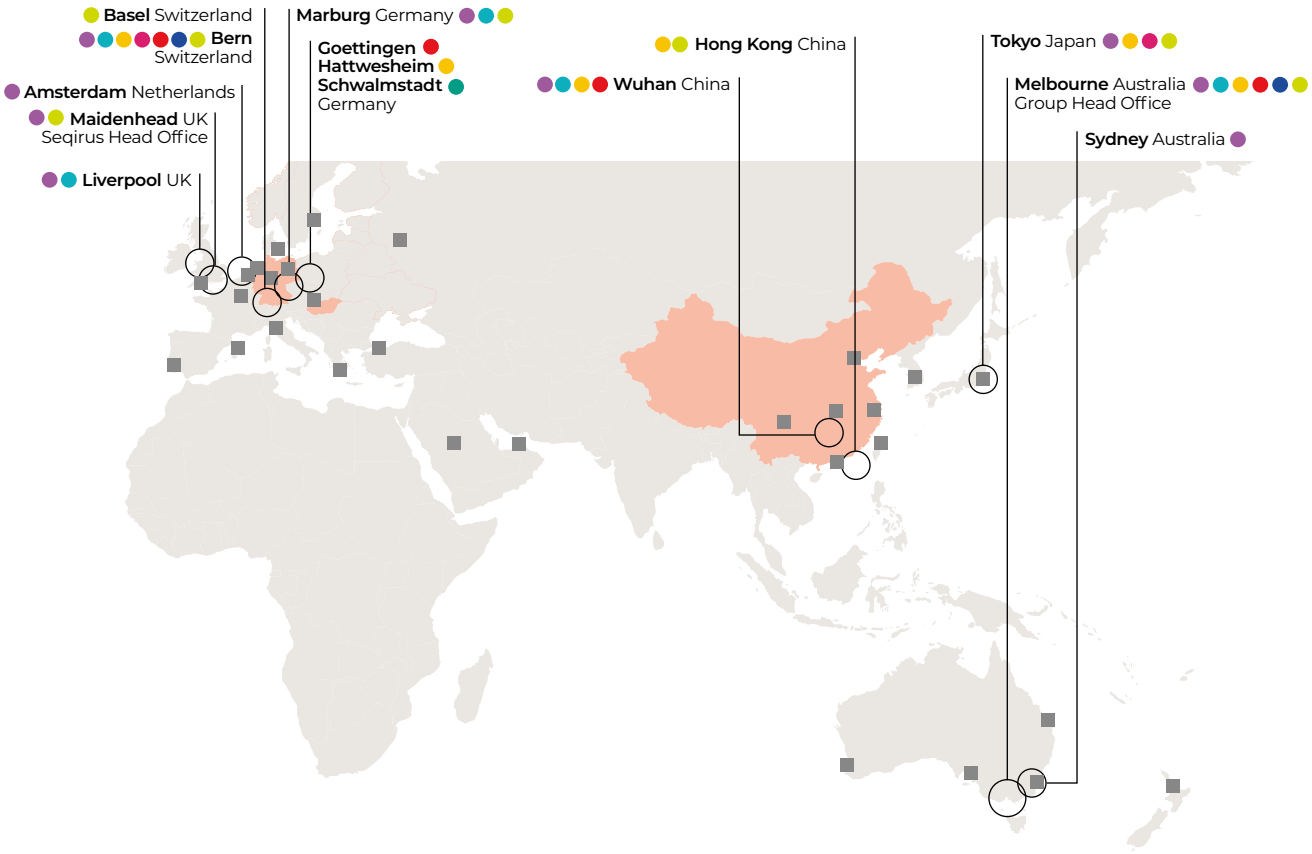
CSL Behring is a global leader in developing and delivering high-quality medicines that treat people with rare and serious diseases. Our treatments offer promise for people who are living with conditions in the immunology, haematology, cardiovascular and metabolic, respiratory, and transplant therapeutic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

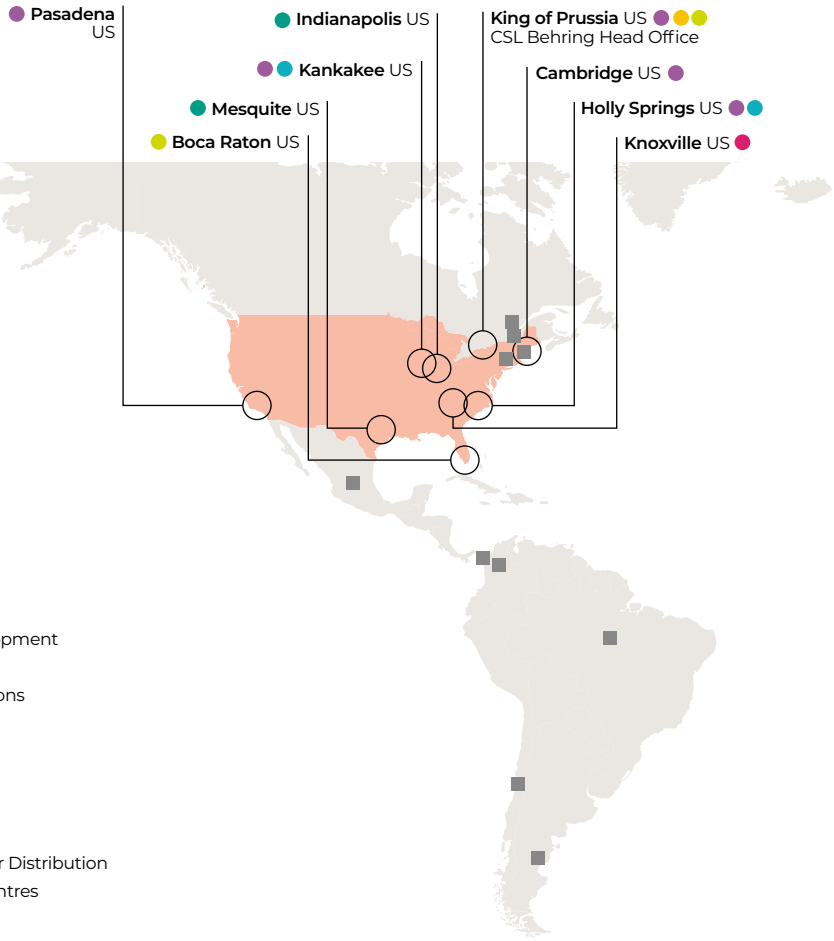
Seqirus

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

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

Our locations





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

Our product portfolio

CSL Behring

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

CSL Behring's products are also used in cardiac surgery, for burn treatment and for urgent warfarin reversal.

Our therapeutic areas comprise:

– immunology;

– haematology;

– cardiovascular and metabolic;

– respiratory; and

– transplant.

Seqirus

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

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

Products of National Significance
Q fever vaccine and antivenoms for venomous creatures in Australia and other Pacific countries

In-licensed Vaccines and Pharmaceuticals
For Australia and New Zealand

More on CSL.com (Expertise)

Our research and development pipeline

Working every day and knowing people's lives depend on it, CSL's world-class R&D organisation continues to evolve as a biotechnology leader by advancing high-quality science and technology through our own high-calibre scientists and innovative collaborations. R&D utilises its expertise in four strategic platforms – plasma fractionation; recombinant protein technology; cell and gene therapy; and vaccine development – to develop and deliver innovative medicines that address unmet medical needs or enhance current treatments that help patients lead full lives.

CSL's strong R&D pipeline includes new treatments that utilise the above platforms and align with its leading-edge scientific technology and commercial capabilities across our six therapeutic areas: immunology; haematology; cardiovascular and metabolic; respiratory; transplant; and influenza.

Looking towards 2030, R&D is striving to deliver on the current portfolio of medicines and continue to build a full and innovative pipeline that will make a meaningful difference to the lives of patients with rare and serious diseases. This pipeline will also make a substantial contribution to our future revenue well into the following decades.

Immunology

	Research	Pre-Clinical	Clinical	Registration	Post-Launch
Haegarda® (C1 Esterase Inhibitor) Subcutaneous in Japan					
Hizentra® (20% subcutaneous Ig) Dermatomyositis					
Hizentra® (20% subcutaneous Ig) Systemic Sclerosis					
Privigen® (10% intravenous Ig) Systemic Sclerosis					
Garadacimab (Anti-FXIIa mAb) Hereditary Angioedema					
CSL324 (Anti-G-CSFR mAb) Hidradenitis Suppurativa					
CSL730 (Recombinant Trivalent Human IgG1 Fc Multimer)*					
Gene Therapy Treatments Primary Immune Deficiency*					

Haematology

	Research	Pre-Clinical	Clinical	Registration	Post-Launch
Idelvion® (Recombinant rFIX-FP) Haemophilia B					
Afstyla® (Recombinant FVIII) Haemophilia A					
CSL630 (pdFVIII Ruide)					
CSL200 (CAL-H) Sickle Cell Disease					
CSL510 Modified Fibrinogen					
CSL889 (Hemopexin) Sickle Cell Disease					
CSL888 (Haptoglobin) Subarachnoid Haemorrhage					

Respiratory

	Research	Pre-Clinical	Clinical	Registration	Post-Launch
ZEMAIRA®/RESPREEZA® (Alpha1-Proteinase Inhibitor)					
CSL311 (Anti-Beta Common mAb)					
CSL787 (Nebulised Ig)					

Cardiovascular and Metabolic

	Research	Pre-Clinical	Clinical	Registration	Post-Launch
CSL112 (ApoA-1) Acute Coronary Syndrome					
CSL346 (Anti-VEGFB mAb) Diabetic Kidney Disease					

Transplant

	Research	Pre-Clinical	Clinical	Registration	Post-Launch
CSL842 (C1 Esterase Inhibitor) Refractory Antibody Mediated Rejection					
CSL964 (Alpha Antitrypsin) Prevention of Graft versus Host Disease					
CSL964 (Alpha Antitrypsin) Treatment of Graft versus Host Disease*					
Clazakizumab (Anti-IL-6 mAb) Antibody Mediated Rejection					
CSL040 (Novel Complement Inhibitor)					

Influenza Vaccines

	Research	Pre-Clinical	Clinical	Registration	Post-Launch
AFLURIA® Quad (Quadrivalent Egg-based Influenza Vaccine)					
FLUCELVAX® Quadrivalent (Quadrivalent Cell-based Influenza Vaccine)					
FLUAD® Trivalent (Adjuvanted Influenza Vaccine)					
FLUAD® Quadrivalent (Adjuvanted Influenza Vaccine)					
Adjuvanted Cell Culture Influenza Vaccine (aQIVc)					
Self-amplifying mRNA Influenza Vaccine					

Outlicensed Programs

	Research	Pre-Clinical	Clinical	Registration	Post-Launch
Mavrilimumab (Anti-GM-CSFR mAb)					
CSL334/ASLAN004 (Anti-IL-13R mAb) Atopic Dermatitis					
LASN01 (Anti-IL-11R mAb)					
P. Gingivalis Periodontal Disease					

COVID-19

	Research	Pre-Clinical	Clinical	Registration	Post-Launch
CSL312 (Anti-FXIIa mAb) Acute Lung Injury					
CSL324 (Anti-G-CSFR mAb) Acute Lung Injury					
CSL451 (aCoV2)*					
COVID-19 Hyperimmune Therapy*					

* Partnered projects.

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

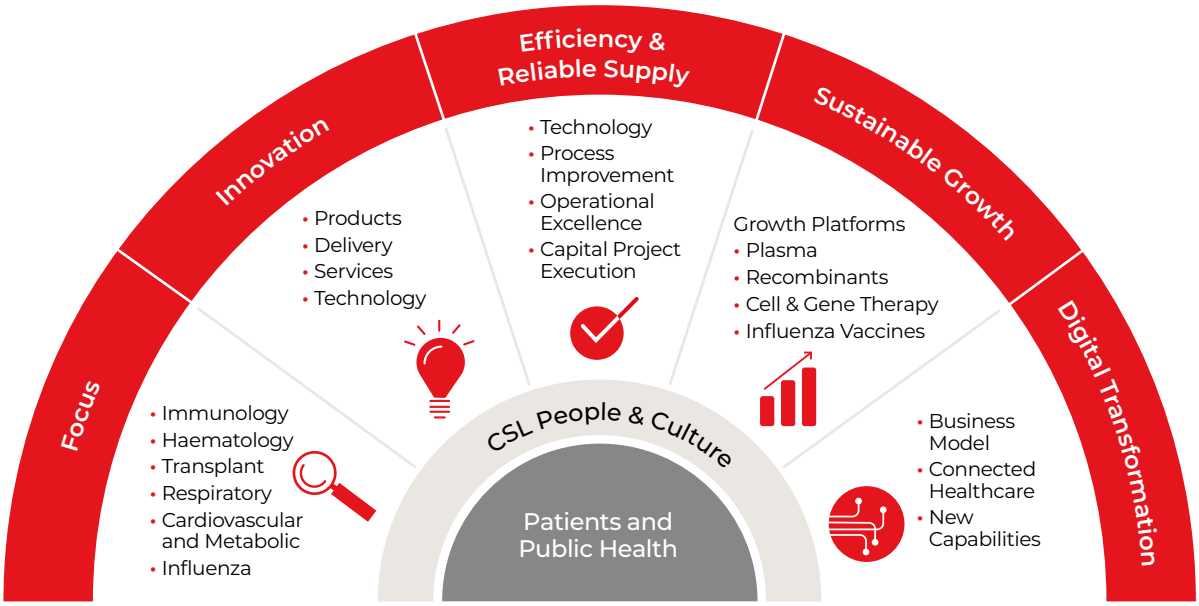
4 Strategy and Performance

In 2020, we are at the start of a decade full of promise. We are continually investigating new ways to bring lifesaving therapies to patients across the globe. We are also expanding production as we drive toward future sustainable growth. The new decade will bring advancements in medicine and technology as part of a continued evolution of biotechnology. It's an evolution we are excited to be a part of and our 2030 strategy is developed with this evolution at its heart.

Our 2030 strategy

The 2020 strategy demonstrated that, in addition to growing our global plasma business, we could develop and launch class-leading recombinant products like IDELVION® and build Seqirus into the second-largest influenza vaccine innovator in the world. Along the way, we also expanded our platform technologies for future growth with the acquisition of Calimmune, offering a new strategic cell and gene therapy platform. The 2020 strategy has positioned CSL for continued and sustainable growth across the enterprise.

Our new 2030 strategy was developed to build on our success and further serve our patients and enhance public health, which are both at the core of what we do every day. With our global workforce and strong culture, we look to execute our 2030 strategy through the following areas: focus; innovation; efficiency and reliable supply; digital transformation; and further advance our sustainable growth.



We focus in areas where we have the capabilities required to deliver value. We have chosen therapeutic areas (TAs) where we have strong assets and established expertise, such as immunology and haematology, and emerging TAs where we see opportunities to grow our business, such as transplant, respiratory, and cardiovascular and metabolic (CVM). In the influenza vaccine business, our focus is on continued growth of our cell-based products which we believe will lead to improved outcomes compared to egg-based products.

TA leadership teams, co-led by senior leaders in R&D and Commercial, have been established to maximise the benefits of our products in their areas and to identify unmet patient needs that can be addressed by our core technology platforms: plasma fractionation, recombinant technology, cell and gene therapy and vaccines.






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	Adjuvanted Egg-based

Innovation is in our DNA and we are committed to delivering novel therapies to patients in our core TAs. In our industry, bringing new products to market is lengthy and complex, given the need for extensive testing in the clinic to ensure the safety and efficacy of our product candidates. Today, we contribute around 10% of our sales to R&D to develop clinical candidates and discover new molecules. Over the 2030 timeframe, we will see the results from major clinical programs in emerging TA's like CVM and transplant that have the potential to fill unmet patient need. We are also growing our early stage portfolio, through our in-house capabilities and through collaborations with external partners, to find the next generation of therapies that will treat patients in the coming years.

Efficiency and reliable supply is critical for meeting the increasing demand for our core plasma products, such as HIZENTRA® and PRIVIGEN®, and our emerging cell-based influenza vaccine products. As one of the global leaders in plasma fractionation, we look for opportunities to invest in capital projects that will increase our ability to meet the needs of patients. We approach the next decade of growth being the most efficient derived-plasma operator in the market and aim to serve more patients through a network strategy that requires investments in technology, operational excellence and process improvement. Outside plasma, we have plans to increase capacity and optimise processes for our cell-based influenza vaccine products.

Sustainable growth of our business requires that patients who will benefit most from our therapies have access and that we also capture the value that our products brings to patients. Global demand for our core products is increasing and we are committed to grow our business by maximising the value of our franchises. For our therapeutic areas, we will continually expand our portfolio of products to deliver unmet need to patients and value to stakeholders.

We see potential in the years ahead to create enhanced value and to better serve our patients through the use of data, connectivity and technologies that can improve our operations and increase our understanding of the patient experience. Today, we are taking the necessary steps to enable digital transformation throughout the business.

We are a trusted partner in protecting public health, and through our unique capabilities and expertise, take such responsibility seriously. We have partnered with governments for influenza pandemic vaccine manufacturing and our response to COVID-19 has demonstrated how CSL can respond with flexibility and purpose to events that impact global health. The 2030 strategy will bring new opportunities and new ways of doing business. Today, we are more than 27,000 employees and growing. Guiding us, both internally and in the evolving world around us, are the core CSL Values we established years ago: Patient Focus, Innovation, Integrity, Collaboration and Superior Performance.

Delivering on our 2030 strategy is not without risk, and we provide more detail on the material risks that could affect the execution of our strategy in the next section.

How we create value

CSL's ultimate goal is to deliver value through fulfilling unmet patient needs and protecting public health. With patients at the core of our focus, we also strive to deliver sustainable financial growth for our shareholders and other stakeholders who rely on our operations for economic and social prosperity. We achieve this through high-quality, focused innovation capabilities, operational excellence and global commercial strength. At the origins of our value chain, plasma donors fuel our pipeline, while partners and collaborators support innovation. Employees enable value creation by driving our performance to deliver against our strategy and our promise.

What we draw on

Unmet need

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

Our people

27,000+ people with diverse skills that are driven by our purpose and values.

Natural resources

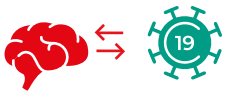
Includes: plasma donations for rare and serious diseases; influenza virus strains for product manufacture; and environmental inputs such as water and energy.

Financial resources

Cash, equity and debt for future growth.

Physical assets

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



Collaborators and business partners

Accessing and sharing intellectual know how to develop and innovate our products.

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 of our product pipeline.

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 strategy

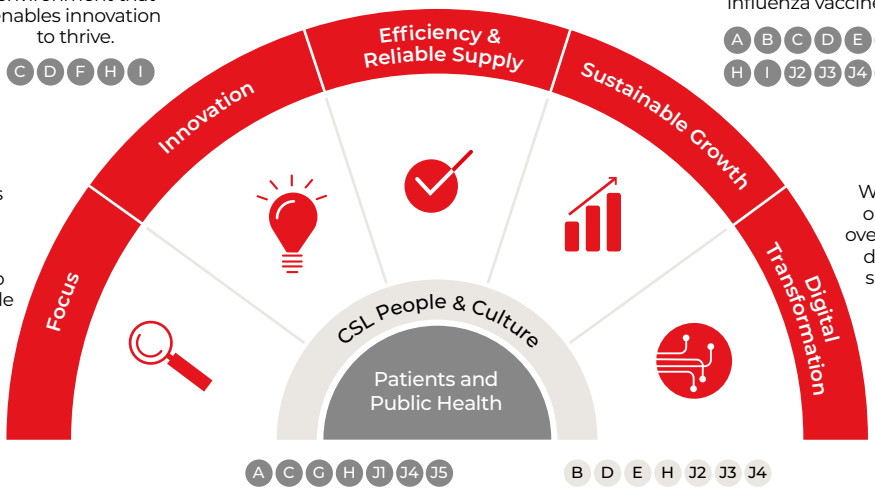
We are creating an environment that enables innovation to thrive.
C D F H I

We are investing in capacity ahead of projected demand and in technology and process improvements to ensure that we can supply the needs of our patients.
D F H I

Our growth platforms include plasma, recombinants, cell and gene therapy, and influenza vaccines.
A B C D E G H I J2 J3 J4 J5

We target areas where we have strong assets, expertise and opportunities to create sustainable franchises.
A C G J5

We are transforming our business model over the next decade to drive efficiency and support innovation throughout our business.
B H J2



A C G H J1 J4 J5

B D E H J2 J3 J4

Priority sustainability topics *

- A Product safety and quality
- B Talent recruitment, development and retention
- C Access to healthcare
- D Environment – resource consumption and environmental protection
- E Employee health and safety
- F Innovation/R&D
- G Communities we operate in
- H Corporate governance
- I Climate change risk
- J1 Social investment
- J2 Diversity and inclusion
- J3 Human rights/labour practices
- J4 Integrity
- J5 Plasma donors

Our value chain

CSL's Values and Code of Responsible Business Practice

Indicates where across our value chain our resources and assets have supported efforts to address COVID-19 pandemic.

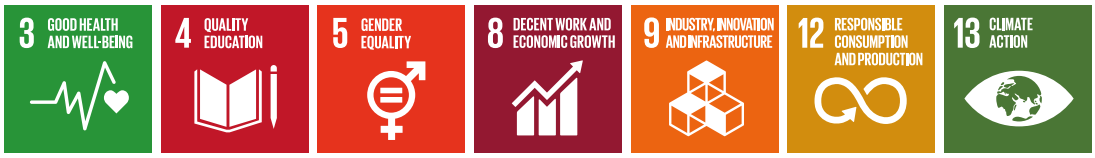
* For more detail on our material topics visit CSL.com (Our Company > Corporate Responsibility > Approach > Material topics). Topics J1 to J5 are equally ranked. CSL's 2019/20 sustainability materiality assessment has received limited assurance by Ernst & Young.

United Nations sustainable development goals

In September 2015, the General Assembly of the United Nations (UN) adopted the 2030 Agenda for Sustainable Development that includes 17 Sustainable Development Goals (SDGs). The goals seek to address global challenges, including those related to health and wellbeing, education, poverty, inequality, climate change, peace and justice. CSL has identified seven goals where performance against our strategic objectives, and continuous improvement across our priority sustainability topics, can impact achievement of these goals.

CSL's identified UN Sustainable Development Goals

For more information on how CSL supports the UN Sustainable Development Goals **visit CSL.com (Our Company > Corporate Responsibility > Approach).**



Our financial review

Reported results

CSL announced a net profit after tax of US$2,103 million for the 12 months ending 30 June 2020, up 10% when compared to the prior comparable period. Net profit after tax at constant currency[1] grew 17%.

Sales revenue was US$8,797 million, up 9% on a constant currency basis when compared to the prior comparable period.

Expense performance

- Research and development expenses were US$922 million, up 12%[1] when compared to the prior comparable period.
- Selling and marketing expenses were US$896 million, an increase of 5%[1].
- Depreciation and amortisation expense was US$420 million, up 13%[1].
- Net finance costs were US$144 million, down 17%[1].

Financial position

- Capital expenditure was US$1,368 million, up 7% when compared to the prior comparable period.
- Cashflow from operations was US$2,488 million, up 51%.
- CSL's balance sheet remains in a strong position with net assets of US$6,527 million.
- Current assets increased by 16% to US$6,446 million.
- Non-current assets increased by 33% to US$9,019 million.
- Current liabilities decreased by 2% to US$2,142 million.
- Non-current liabilities increased by 39% to $6,796 million.

Our operating review

CSL Behring

Total revenue was US$7,854 million, up 9% at constant currency basis when compared to the prior comparable period.

Immunoglobulin (Ig) product sales of US$4,014 million grew 22% on a constant currency basis underpinned by strong demand for PRIVIGEN® (Immune Globulin Intravenous (Human), 10% Liquid) and HIZENTRA® (Immune Globulin Subcutaneous (Human), 20% Liquid).

Global demand for immunoglobulin is being driven by increased disease awareness and diagnosis as well as increase usage of Ig for the treatment of chronic conditions such as primary immune deficiency and the expanding utilisation of Ig for the treatment of secondary immune deficiencies.

Another contributing factor to the strong growth in Ig was the label claim granted to PRIVIGEN® and HIZENTRA® in the US for the treatment of chronic inflammatory demyelinating polyneuropathy (CIDP) in 2018.

The fastest growing area of the Ig market is the subcutaneous segment in which HIZENTRA® continues to build its market leadership position. HIZENTRA® is the only subcutaneous product approved for CIDP and has been granted orphan exclusivity for this indication in the US.

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.

Specialty product sales of US$1,697 million grew 10% on a constant currency basis. The main drivers of this growth was KCENTRA® and HAEGARDA®.

Sales of KCENTRA (4-factor prothrombin complex concentrate) in the US were strong, driven by an expansion of new accounts and expanding usage in existing accounts.

HAEGARDA®, our therapy for patients with hereditary angioedema, also grew strongly as usage increased and additional supply came on stream.

Growth in specialty products was tempered by lower wound healing sales in Japan following the return to market of a competitor.

Haemophilia product sales of US$1,122 million increased 8% on a constant currency basis.

CSL Behring's haemophilia portfolio continues to evolve with strong growth in the recombinant haemophilia products of 18% on a constant currency basis over the prior comparable period. This was partly offset by the continued decline in plasma-derived coagulation products which fell 3% on a constant currency basis.

IDELVION®, CSL's Behring's novel long-acting recombinant factor IX product for the treatment of haemophilia B, continued to grow strongly in the prophylaxis segment of the markets where we have launched the product.

AFSTYLA®, a novel recombinant factor VIII product for the treatment of haemophilia A patients, also delivered strong growth despite intense competition in this market.

Plasma-derived haemophilia sales decreased due to the competitive pressures in this segment of the market.

Albumin sales grew strongly in key markets with the planned exception of China, where we transitioned to our new direct distribution model. The transition has seen overall albumin sales decrease 36% to US$640 million, which is in line with guidance.

Seqirus

Total revenue was US$1,297 million, up 11% at constant currency basis driven by our seasonal influenza vaccines, with a significant increase in demand for FLUAD®, Seqirus' adjuvanted influenza vaccine for the elderly market and increased sales of FLUCELVAX® Quadrivalent influenza vaccine.

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 in future financial years.

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

5 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 pharmaceutical industry, and in particular the plasma therapies industry. Therefore, we regularly review our group risk profile to proactively identify material business risks and opportunities that could impact our operations. Managing risks includes both the mitigation of disruptive risks and the preparation for seizing opportunities. Our global 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 risk management process, the Board and management have identified the key risks that are material to CSL. We describe these material group risks below and explain our approach to managing them in the context of delivering on our 2030 strategy. These risks are not listed in any order of significance, nor are they all encompassing.

Patient safety and product quality

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

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

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

Product innovation and competition

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

We strategically review our existing and future product pipeline against market demand and continually evaluate our competitive landscape. A key part of our strategy includes diversity in our product pipeline, and focus on six therapeutic areas (immunology, haematology, respiratory, cardiovascular & metabolic, transplant, and influenza). We incorporate product lifecycle development and management, as well as development of new therapies, in each therapeutic area strategy. 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 development and manufacture of cell culture influenza vaccines. Failure to capitalise on this innovative technology will diminish growth in this product sector, whereas success will deliver competitive advantages.

Supply, capacity and operations

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

In 2020, we opened 40 new plasma collection centres. We utilise modern techniques and technologies to facilitate the most efficient donation process in our new plasma collection centres, and we consistently update our existing plasma collection centres to seek to provide a comfortable and safe donor experience. External sources of plasma may be utilised as needed and available to supplement collections to meet demand.

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

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

Market access

Policymaking around market access is a multi-stakeholder engagement process, which includes governments, payers/insurers, patient advocacy groups, medical societies, and non-governmental organisations. We recognise that if we are not successful in maintaining an economic and reliable supply of our therapies for our stakeholders, it may adversely

affect our ability to execute our strategy and to deliver sustainable growth. In particular we recognise that macroeconomic pressures on pricing and payers (including barrier taxes) may impair access, growth and new market entries. CSL works closely with stakeholders in all markets and continually seeks to ensure pricing of our therapies remains competitive in all markets. By continually seeking to innovate in our product portfolio, we can also expand our access to competitive markets.

People and culture

Our people and culture are essential to our delivery of our 2030 strategy. Our people and our ability to maintain our desired culture are integral to operating at the standards expected by our stakeholders and community. We have a number of programs and policies in place to ensure that our Values underlie how we do things and guide our work, including our CSL Speak Up Policy and our Code of Responsible Business Practice.

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

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

Privacy and cybersecurity

Maintaining privacy and security of our patient, plasma donor, employee and company data is critical and at the forefront of all that we do. It is an essential risk to manage to ensure that we can deliver on our 2030 strategy. Over the past 12 months, we have seen an increase in cyberthreats against individuals and companies. The nature of these cyberattacks are constantly evolving and can include sophisticated phishing scams and attacks on critical infrastructure. The privacy and security of our patient, donor, employee and corporate information may be compromised by breaches of our IT security and unauthorised or inadvertent release of information through human error or espionage.

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

Further detail about our risk management framework and how we manage our business risks is provided in our 2020 Corporate Governance Statement available on CSL.com (Our Company > Corporate Governance).

6 Outlook

Strong progress in market demand has been seen over the past twelve months which lays a good foundation to supporting our 2030 strategy. In saying this, predicting the underlying outlook in the market and providing a trend is challenging given the circumstances presented by COVID-19.

In the medium term CSL expects to continue to grow through developing differentiated plasma-derived and recombinant products, expanding markets and indications for those products as well as seasonal and pandemic influenza vaccines. We believe that demand for our plasma, recombinant and vaccine products continues to be robust, particularly for immunoglobulins and influenza vaccines. Governments around the world recognise the essential products and capabilities that we provide to their communities. It is unlikely that this demand will change in a material way in the medium term.

The COVID-19 pandemic does, however, present a challenge for the global plasma industry. The collection of plasma has been adversely impacted in the past few months as communities respond to shelter-in-place orders, extended lockdowns and other government actions. To mitigate this, we have a number of initiatives in place to sustain plasma collections. It is our view that, at some point, the pandemic will recede and, with that in mind, we continue to invest in plasma collection and manufacturing facilities as well as our hallmark research and development programs.

Seqirus is expected to continue to perform well and deliver another strong profitable year. Governments around the world want to protect their populations from the potential co-infection of influenza and COVID-19. This, together with Seqirus' differentiated products, underpins this expectation.

We have faced an exceptionally challenging environment with the COVID-19 pandemic, and although the situation remains highly fluid, we remain positive about CSL's prospects for the future. Driven by our promise, and guided by our Values in making our decisions, we remain committed to delivering innovative medicines that saves lives, protect public health and help people with life-threatening medical conditions live full lives.

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

7 Powered by Innovation

Innovation and collaboration are the engine that drives CSL. We invest in research and development (R&D), enabling our continued growth.

Expanding our R&D footprint

CSL continues to build an integrated, global R&D organisation that assembles coordinated international project teams, drawing together talented staff from different countries to collaborate with each other and with medical research institutions everywhere to advance our programs. With more than 1,700 scientists in nine countries, a global leadership team situated around the world and important R&D centres in Melbourne, Australia; Bern, Switzerland; Marburg, Germany; Pasadena, California, US; and King of Prussia, Pennsylvania, US, we have access to worldwide, leading innovation from within and outside CSL. In the past year, CSL has strategically grown its footprint and alliances in close proximity to its R&D centres to help foster and access external innovation while also continuing to evolve internally. In this way, we can continually deliver meaningful benefit to patients while growing in a fiscally responsible way.

The following are some notable examples of our strategic growth.

- Breaking ground on CSL's new global headquarters in the Parkville Biomedical Precinct in Melbourne, Australia. Scheduled for completion in 2024, the facility will house around 800 employees including early stage research and product development teams and include leading-edge laboratories along with space for external collaborators and start-ups.
- Construction of CSL Behring's R&D campus in Marburg, Germany. Scheduled for completion in 2022, the R&D campus will accommodate around 600 staff, house state-of-the-art laboratories and create opportunity for external partners and collaborators to work with us.
- Expanding CSL Behring's R&D facility in Pasadena, California, US. This will enable us to focus on cell and gene therapy that promises to advance our new capabilities in this scientific platform. The Pasadena location allows for strategic collaboration both in the cell and gene therapy arena but also gives CSL a strategic presence along the west coast of the US.
- Opening CSL Behring's first laboratory in Philadelphia, a short drive from its US headquarters in King of Prussia, Pennsylvania. Located at the University City Science Center, steps from world-class research institutions and universities, this CSL R&D laboratory will bring together bright scientific minds from CSL sites around the world to maximise our ability to uncover disruptive scientific methods that could help ensure patients with rare or serious diseases have the medicines they need in the future. CSL also continues to partner with the University City Science Center to fund promising research through the CSL's Research Acceleration Initiative, which offers grants to researchers around the globe working in CSL's scientific areas of interest.
- Officially opening the Swiss Institute for Translational and Entrepreneurial Medicine – known as sitem-insel – in 2019, on the campus of the University of Bern hospital. This unique facility provides the infrastructure to cultivate research findings or prototypes to marketable products and uniquely houses an established biotechnology company along with academic researchers and start-up biotechnology companies. CSL's Biologics Research Centre will be situated at sitem-insel. CSL will be the sole large biotechnology company on-site and we will conduct our own research and enter into meaningful collaborations with scientists from both the academic and start-up arenas.

Investment in our R&D pipeline

In 2019/20, CSL invested US$922 million* in R&D across our businesses with a focus on our six therapeutic areas – immunology, haematology, cardiovascular and metabolic, respiratory, transplant, and influenza – and four scientific platforms – plasma fractionation, recombinant protein technology, cell and gene therapy, and cell-based and egg-based vaccines. In addition, CSL continues to build on its capabilities across the R&D value chain, from discovery research to pharmacovigilance to its currently marketed therapies. Such proficiency is critical as R&D builds the novel and diverse pipeline of the future. For a detailed view of our diverse and balanced product pipeline see page 11 of this report.

CSL continues to look for strategic collaborations and acquisitions that align with our therapeutic areas of focus.

* Limited assurance by Ernst & Young.

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**

Expanding our R&D footprint

CSL's new global headquarters in the Parkville Biomedical Precinct in Melbourne, Australia. Scheduled for completion in 2024, the facility will house around 800 employees.

Marburg, Germany

Construction of CSL Behring's R&D campus in Marburg, Germany. Scheduled for completion in 2022.

Pasadena, California, US

Expanding CSL Behring's R&D facility in Pasadena, California, US. This will enable us to focus on cell and gene therapy that promises to advance our new capabilities in this scientific platform.

Philadelphia, US

Opening CSL Behring's first laboratory in Philadelphia, a short drive from its US headquarters in King of Prussia, Pennsylvania.

Bern, Switzerland

Officially opening CSL laboratories within the Swiss Institute for Translational and Entrepreneurial Medicine – known as sitem-insel – in 2019.

US$922 million

in research and development*

CSL continues to innovate, expand and diversify our R&D pipeline. We now have development products in all of our therapeutic areas – immunology, haematology, cardiovascular and metabolic, respiratory, transplant, and influenza – across all of our technology platforms – plasma fractionation, recombinant protein technology, cell and gene therapy, and vaccine development.

Global collaborations for innovation access

In order to further increase global collaboration and introduce external early stage projects to support growth of our research pipeline, the CSL Research External Innovation (REI) team in Europe entered into a partnership with Biopôle in Switzerland in June 2020. Biopôle is a life-sciences campus boasting a renowned community of industry and academic specialists, as well as state-of-the-art laboratories. The Biopôle community consists of leading companies, prestigious research institutes, clinical research departments and dozens of other research entities. The partnership will enhance networking with the scientific community and provide CSL with access to R&D opportunities on specific research areas organised by Biopôle and its academic partners.

In June 2020, a strategic alliance was announced with the Seattle Children's Research Institute (SCRI) – one of the top paediatric research institutions in the world – to develop stem cell gene therapies for primary immunodeficiency (PI) diseases. Initially, the alliance will focus on the development of treatment options for patients with two rare, life-threatening PI diseases: Wiskott-Aldrich syndrome and X-linked agammaglobulinemia. Expanding our gene therapy portfolio into an area of immunology well known to CSL exemplifies how we are strategically growing our capabilities in this scientific platform and collaborating with world-class institutions to access innovation with the potential to vastly improve patients' lives.

In support of the yearly seasonal influenza vaccine epidemic, Seqirus collaborates with the World Health Organization Coordinating 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.

Strategic acquisitions to expand our therapeutic areas

In June 2020, CSL entered an agreement with uniQure, a leading gene therapy company, to acquire exclusive global licence rights to commercialise an adeno-associated virus (AAV) gene therapy program, AMT-061 (etranacogene dezaparvovec; EtranaDez), for the treatment of haemophilia B. AMT-061 is currently in Phase III clinical trials and could be one of the first gene therapies to provide long-term benefits to patients with haemophilia B. A single dose of AMT-061 has been shown to increase factor IX (FIX) plasma levels (the blood clotting protein lacking in people with haemophilia B) to a degree that reduces, or eliminates, the tendency for bleeding for many years. If AMT-061 is successful, appropriate candidate haemophilia B patients would be able to receive a single dose to restore FIX activity to functional levels capable of eliminating the need for frequent and ongoing replacement therapies. Expanding our gene therapy portfolio to treat haemophilia B, a disease state well known to CSL, exemplifies how we are strategically aligning our rare and serious disease focus and our targeted therapeutic area focus with our core scientific platforms to transform the lives of patients.

The acquisition of Vitaeris Inc. in June 2020 expanded our transplant therapeutic area portfolio with the addition of clazakizumab, an anti-interleukin-6 (IL-6) monoclonal antibody (mAb) currently in Phase III clinical trials for the potential treatment of chronic active antibody-mediated rejection (AMR), the leading cause of long-term rejection in kidney transplant recipients. With this acquisition, clazakizumab joins our portfolio of products in late-stage development to address significant unmet needs in the transplant community. There are currently no approved treatments for transplant recipients who develop AMR.

CSL's core therapeutic area focus also means we will choose not to develop certain internal assets that are outside these areas; instead, we will identify suitable partners and out-license assets that have promising therapeutic attributes. A recent example is our monoclonal antibody program targeting interleukin-11 receptor (IL-11R). Lassen Therapeutics acquired the IL-11R antibodies from CSL in June 2020 and will develop LASN01 in the areas of fibrosis and oncology. Accessing IL-11 research and antibodies from CSL will greatly accelerate Lassen's efforts to bring a novel therapeutic candidate to patients.

Strategic support for innovative medical research

In order to accelerate the commercialisation of promising biomedical research, CSL has committed A$45 million over 10 years to the Brandon Capital–led A$230 million Biomedical Translation Fund (BTF) and the two A$200 million Medical Research Commercialisation Funds (MRCF3 and MRCF5). These funds – the largest life-science funds in Australia's history – have continued to invest in a range of promising biomedical discoveries.

Through the ongoing partnership between CSL Behring and the University City Science Center in Philadelphia, US, researchers at the University of Pittsburgh and the University of Delaware were awarded funding and support in February 2020 to accelerate their search for innovative new medicines. The first recipients of this support from the CSL Research External Innovation initiative will investigate a potential targeted therapeutic for the treatment of pulmonary fibrosis and the use of cell-derived microparticles and vesicles for both the treatment of thrombocytopenia and as a vehicle for the delivery of gene-based therapies into blood stem cells. Following the success of the initial pilot, the CSL Science Center Research Acceleration Initiative has expanded and is accepting applications from researchers at 28 institutions across six states with awardees to receive up to US$400,000 each.

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. We have continued our support of an international, non-profit venture, the Human Vaccines Project, dedicated to decoding the immune system to develop a universal influenza vaccine that affords long-lasting protection against seasonal and pandemic influenza across demographics and geography. The project unites leading academic research

* Limited assurance by Ernst & Young.

centres, industry partners, non-profits and governments to address the primary scientific barriers to developing new vaccines and immunotherapies. The project will utilise biomedical and artificial-intelligence-based, machine-learning technologies to develop models of the immune system to rapidly accelerate vaccine research.

Our drug delivery platforms

CSL's business, including our R&D and in-market product portfolios, has advanced considerably over the past few years and looks very different to how it did 10 years ago. New and exciting opportunities allow us to address previously unmet patient needs and these continue to drive us each day. It is important that we have the organisational design and capabilities we need to allow us to achieve sustainable growth towards 2030 and beyond.

To ensure a robust and diverse innovation pipeline based on a foundation of scientific excellence, CSL Behring has evolved and strengthened its therapeutic area focus and will continue to use its three primary platforms of plasma fractionation, recombinant protein technology and cell and gene therapies to support continued innovation and continually refine ways in which products can meet patient needs.

Plasma product development

Plasma is a valuable, natural but limited source of many current and potentially new biological therapies and we rely upon our donors to provide this lifesaving resource. 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 from as much of the donated plasma as possible that is collected across CSL Behring's industry-leading network, is a critical area of focus as we strive to be the industry pacesetter.

Some notable examples of how CSL Behring is continuously enhancing its plasma product development are listed.

- Development of processes for new plasma therapies across all of our therapeutic areas.
- Innovation of existing products to provide a continuous series of life-cycle process improvements for optimal plasma utilisation with increasing product quality. Such innovations include the introduction of isoagglutinin removal technologies within the production stream to improve the safety and quality of PRIVIGEN®.
- Conducting research to refine our understanding and gain additional insight at the molecular level for CSL Behring plasma products and purification processes, by applying modern analytical testing and characterisation methods and utilising state-of-the-art analytic instrumentation to further ensure safety, quality, and reliable supply of product for patients.
- Development of patient convenience enhancements that meet patients' needs, assessing the technological landscape for the best-fit medical device, then bringing those candidate devices to process development to unite the protein therapy with the convenience device, ultimately leading to a combination product. These patient convenience enhancements represent an array of accessories, including prefilled syringes, vial reconstitution aids, aerosolising nebulisers, and autoinjector platforms.
- Maintaining vigilance against emerging pathogen threats through surveillance programs and by proactively publishing data that demonstrate that CSL's processes have the capability to remove agents, such as hepatitis E virus and coronaviruses, providing reassurance to patients and healthcare providers that our products are safe from these specific threats.

Recombinant protein and monoclonal antibody technology

Following strategic investments over the last decade, the capability to develop and manufacture both recombinant proteins and monoclonal antibodies is now firmly established as a core platform. This enables both efficiencies in manufacture and the ability to manipulate the sequence of naturally occurring proteins to achieve desired therapeutic goals such as the ability to selectively target specific biological mechanisms, enhanced potency and pharmacokinetics, resulting in more effective, highly differentiated medicines with the potential to optimise the route and frequency of delivery. These capabilities have already translated into marketed products and several assets in clinical development, such as IDELVION® and AFSTYLA®, from our recombinant protein platform; and several recombinant novel monoclonal antibodies (mAbs), in various phases of clinical development.

Finally, CSL Behring has commenced clinical evaluation of two mAbs from our existing R&D portfolio, garadacimab (a novel factor XIIa-inhibitory mAb) and a novel, mAb which binds to the granulocyte colony-stimulating factor (G-CSF) receptor, both of which represent a unique and novel approach to treating the severe consequences of COVID-19.

As demonstrated by the breadth and novelty of the pipeline, these capabilities have allowed CSL to leverage its expertise in protein biology and innate cell immunity to build a highly differentiated preclinical and clinical stage pipeline, with many of the proposed targets in areas of biology novel to the pharmaceutical industry.

The value of the culture, capabilities and capacity of our recombinant protein technology platform has been brought into perspective by COVID-19, where CSL is uniquely positioned in Australia to respond to the crisis. CSL has partnered with the University of Queensland (UQ) and the Collaboration for Epidemic Preparedness Innovations (CEPI) to develop and manufacture a vaccine candidate for the COVID-19 pandemic (additional information on this partnership can be found in the R&D COVID-19 section on page 27). Transitioning from preclinical and early clinical studies to commercial manufacture requires a significant investment in process optimisation, assay development, formulation definition and product characterisation to be able to scale from thousands, to hundreds of millions of doses. Assuming success, CSL intends to use our significant capability in recombinant protein technology to honour our longstanding biosecurity commitment to Australia and its neighbours, as well as support the global effort to produce a vaccine for COVID-19.

Nobel Laureate David Baltimore (centre) joins, Bill Mezzanotte (right), EVP, Head of R&D and Chief Medical Officer for CSL and Andreas Gille (left), CSL Behring Senior Director and Pasadena R&D Head, in taking part in a ceremonial ribbon cutting at the biotech leader's expanded R&D facility in southern California.

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 positively impact 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, for example rare inherited genetic deficiencies, they offer the promise of a long-term cure. In light of this recent progress, CSL has made a significant global investment to both acquire and further develop capability in cell and gene-based therapies. This investment provides CSL scientists with a third therapeutic development platform that complements the longstanding and successful deployment of our plasma and recombinant protein platforms.

CSL entered the cell and gene therapy field through the strategic acquisition of Calimmune in 2017. The acquisition gave CSL access to the preclinical development program for an *ex vivo* haematopoietic stem cell gene therapy for the treatment of sickle cell disease (SCD). CSL also acquired two platform technologies: SELECT+™ and CYTEGRITY™. These technologies are designed to address some of the main challenges currently associated with the commercialisation of stem cell therapy, including the ability to manufacture consistent, high-quality products, and to improve stem cell engraftment, efficacy and tolerability. Both technologies have broad applications in *ex vivo* stem cell gene therapy. The ex-Calimmune facilities in Pasadena, US, and Sydney, Australia, are now fully integrated into the CSL R&D network and our cell and gene therapy project-related activities are now progressed through global project teams that access skill sets and technical capability from the most appropriate R&D facility.

The Pasadena site is in close proximity to some of the world's premier gene therapy academic institutions and biotech companies. This proximity has allowed CSL to engage in strategic partnerships to strengthen its commitment to developing gene and cell therapies. These include partnerships with City of Hope Hospital in Duarte, California, and University of California, Los Angeles (UCLA). In June 2020, a strategic alliance was announced with the Seattle Children's Research Institute (SCRI) in Seattle, Washington, to develop stem cell gene therapies for primary immunodeficiency (PI) diseases such as Wiskott-Aldrich syndrome and X-linked agammaglobulinemia. Expanding our gene therapy portfolio into an area of immunology well known to CSL exemplifies how we are strategically growing our capabilities in this scientific platform and are collaborating with world-class institutions to access innovation with the potential to vastly improve patients' lives.

Enabling gene therapy research

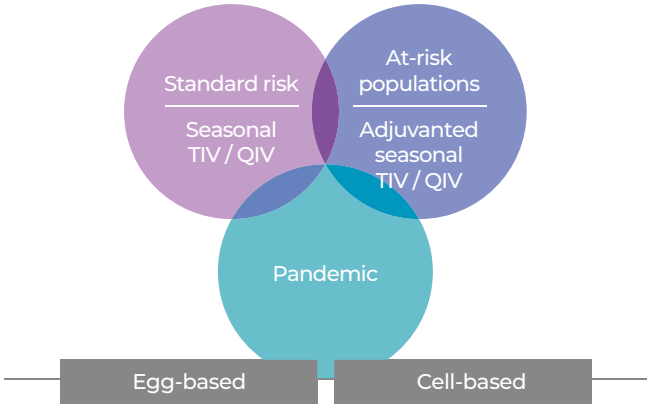
The Pasadena site represents CSL's first US-based, wet-laboratory R&D facility with a good manufacturing practice (GMP) cell manufacturing facility established to support CSL's *ex vivo* gene therapy clinical development programs in Phase I and II. In addition, the laboratory space has been tripled in area and upgraded, representing an overall capital investment in excess of US$12 million. The expansion also included the addition of 845 square metres of laboratory and office space allowing for the required growth in Research, Bioanalytics, Cell Manufacturing, Clinical Operations and support functions. Since the acquisition, on-site staff has more than doubled to 50.

A newly established viral vector laboratory in Marburg, Germany, has the capability to produce lentivirus in traditional flatware, adherent and suspension bioreactors. CSL is focused on the establishment of a robust and scalable viral vector manufacturing platform that can be utilised across many different gene therapy products. Aiding the process development activities is a state-of-the-art analytical laboratory that enables the scientist to test and fully characterise the viral vector. CSL is also continuing to build a strong network of collaborators across Europe and the US to further enhance CSL's process and analytical capabilities for large-scale viral vector clinical production.

Influenza vaccine technologies

The core focus for Seqirus R&D is the development of better influenza vaccines based on proprietary cell-culture and adjuvant technologies. For more than 50 years, influenza vaccine has been produced using chicken eggs to grow virus, which is then extracted, killed and purified into the vaccine components. Seqirus has pioneered the modernisation of influenza vaccine with the development of FLUCELVAX® QUADRIVALENT, a four-strain product where the vaccine components are grown in state-of-the-art cell-culture bioreactors in our plant in Holly Springs, North Carolina, US. This approach has a variety of potential advantages, including greater efficiency of production and improved matching of the virus strains included in the vaccine, with the circulating virus infecting people.

Since its inception, Seqirus has registered FLUCELVAX QUADRIVALENT in multiple markets, introduced significant process improvements and increased production scale to meet global demand. Current activities include further geographical expansion of licensure and a number of clinical trials to support expanding the indicated age for FLUCELVAX to include infants down to six months of age. We also continue to focus on ways to improve the productivity and efficiency of the manufacturing process with the aim of boosting the number of doses we can make in a season and speeding up the time to market. An ongoing, important commitment is to gather in-market, real world evidence that provides insights into the potential benefits of FLUCELVAX.



Influenza Science

An important challenge in protecting the community from influenza is the waning immunity and response to vaccination of people with increasing age. FLUAD® QUADRIVALENT combines egg-based vaccine with Seqirus' proprietary adjuvant, MF59, an additive that acts to strengthen the immune response to vaccination. It is licensed in a number of countries and is indicated for people 65 years and older. The collection and analysis of real world evidence is also an important component of our ongoing FLUAD activities.

One of our most important new product development projects is aQIVc, which combines cell-culture vaccine with MF59 adjuvant and will be targeted for use in older adults and children. We are in the final phases of preclinical formulation development and experimental work and plan to commence clinical trials with this product in late 2020.

A critical part of protection from seasonal influenza is readiness for a future influenza pandemic. We were pleased to obtain approval from the US Food & Drug Association (FDA) earlier in 2020 for AUDENZ™, a pre-pandemic vaccine based on H5N1, the 'bird flu' strain, made by the cell-culture process and combined with MF59. This product now forms the basis of our pandemic support of the US.

In the longer term, we are working on developing a self-amplifying mRNA vaccine, a disruptive technology with the potential to significantly improve vaccine efficacy and revolutionise manufacturing. This project is currently in preclinical research.

Addressing the global COVID-19 crisis

Strategic partnerships and collaborations with academia, industry and governments have been the foundation of CSL's strategic R&D efforts to combat the novel coronavirus, COVID-19.

From the time the coronavirus was first identified, CSL has been assisting in the fight against COVID-19 in a number of ways including offering expertise, technologies, equipment and materials on a humanitarian basis. Our acumen in vaccines, monoclonal antibodies, recombinant technologies, plasma technologies, manufacturing capabilities and partnerships, along with a therapeutic focus in Immunology and Respiratory, all align with the scope of this disease and, most importantly, potential vaccines and treatments.

CSL has committed to the fight against COVID-19, leading several external collaborations to combat this devastating global pandemic. In April 2020, CSL recruited companies from throughout the plasma industry and, with Takeda, led the creation of the unprecedented CoVIg-19 Plasma Alliance to accelerate the development of one, unbranded plasma-derived hyperimmune therapy for treating people with COVID-19. By partnering as an industry, the Alliance aims to provide a reliable, scalable and sustainable treatment solution for patients suffering the impact of COVID-19 and to support national governments in their efforts to fight the current pandemic. Hyperimmunes are already on the market for several conditions including rabies and tetanus. If successful, the anti-COVID-19 hyperimmune globulin (CoVIg-19) may be one of the first treatments with the potential to treat individuals with serious complications of COVID-19.

In addition, and building upon, the global CoVIg-19 Plasma Alliance, in May 2020, CSL Behring began development of an anti-SARS-CoV-2 plasma product with the potential to treat serious complications of COVID-19 in Australia. Working with the Australian Government, CSL will develop the product using donations of plasma made in Australia by people who have recovered from COVID-19. Plasma will be collected by the Australian Red Cross Lifeblood.

CSL Behring has also partnered with SAb Biotherapeutics (SAB) who have developed a small-scale process for purification and formulation of SAB-185, a bovine-derived, but fully human polyclonal anti-SARS-CoV-2 antibody therapeutic candidate. The partnership joins the forces of CSL Behring's leading protein science capabilities with SAB's novel immunotherapy platform, to bring a therapy to the market as soon as possible. Together, SAB and CSL are capable of rapidly developing, registering and manufacturing natural, highly targeted, high-potency, fully human polyclonal antibodies (made using several different immune cells).

CSL is also collaborating with the Coalition for Epidemic Preparedness Innovations (CEPI) and the University of Queensland (UQ) in Australia to accelerate the development, manufacture and distribution of a COVID-19 vaccine candidate pioneered by researchers at UQ. The partnership builds on a relationship that dates back to the early 1990s when CSL with UQ, and later Merck & Co., Inc., collaborated to develop the recombinant human papilloma vaccine, GARDASIL®. CEPI and CSL are funding the development and manufacture of UQ's 'molecular clamp' enabled vaccine that is combined with CSL's recombinant manufacturing capabilities and Seqirus' proprietary adjuvant technology MF59 for COVID-19. Funding will provide support for the Phase I safety study being led by UQ, followed by subsequent late-stage clinical trials, and industrial-scale manufacturing to allow the production of potentially millions of doses a year, should the product be approved. CSL's R&D team in Melbourne will transfer the UQ process to CSL and make adjustments to ensure that it will scale to commercial quantities. A development and scale-up process that typically takes years is being accelerated to be completed in months. The initial phase of large-scale production of the vaccine will take place at CSL's biotech manufacturing facilities in Melbourne, Australia. CSL anticipates that the production technology can be scaled to produce up to 100 million doses towards the end of 2021. CSL would also subcontract other global manufacturers to increase the number of doses that can be produced and broaden the geographical distribution of vaccine production. Should clinical trials be successful, a vaccine could be available for distribution in 2021. This proprietary adjuvant boosts immune response and enables less antigen to be used in each dose of vaccine, so more doses can be produced more rapidly.

These include garadacimab (a novel factor XIIa-inhibitory mAb) which successfully passed through Phase II clinical development as a new type of prophylactic treatment for hereditary angioedema (HAE); a novel, humanised mAb targeting vascular endothelial growth factor-B (VEGF-B) for the treatment of diabetic kidney disease (DKD) in patients with type 2 diabetes mellitus which is progressing into Phase II and; a novel, mAb which binds to the granulocyte colony-stimulating factor (G-CSF) receptor, currently in a Phase Ib study in patients with hidradenitis suppurativa and palmoplantar pustulosis.

We're in this together – Perreault calls for COVID-19 plasma donations at White House roundtable

CEO and Managing Director Paul Perreault represented the CoVIg-19 Plasma Alliance at a White House Roundtable discussion on 30 July in Washington where he urged those who have recovered from COVID-19 to consider donating plasma toward the development of a potential hyperimmune COVID-19 treatment. Perreault told U.S. President Donald Trump at the event that the call to action for plasma donations was an "important step" in making the potential treatment a reality.

Photo credit: Shutterstock

New products to market

CSL Behring continues to broaden the geography and use of our medicines for rare and speciality diseases across the globe within our Immunology and Haematology therapeutic areas.

Within the immunology portfolio, regulatory indication expansion and new registrations are primarily focused on our subcutaneous immunoglobulin, HIZENTRA, and our intravenous immunoglobulin, PRIVIGEN. In 2019/20, indication expansion was sought for HIZENTRA for chronic inflammatory demyelinating polyneuropathy (CIDP) and multifocal motor neuropathy (MMN) 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. MMN is a rare, progressive neuropathy that presents as muscle weakness asymmetrically in the extremities. Notably, in February 2020, PRIVIGEN was approved for primary immunodeficiency (PI) and secondary immunodeficiency (SI) by Japan's Ministry of Health, Labour and Welfare (MHLW). Additionally, four new product registrations were achieved for each of HIZENTRA and PRIVIGEN and five for ALBUREX®/ALBUMINAR®.

In our haematology therapeutic area, the focus in 2019/20 was expansion of the current portfolio. Six new product registrations were achieved for our recombinant FVIII product, AFSTYLA, three new product registrations for IDELVION, our recombinant FIX product, seven for BERIATE®, our factor FVIII product, three for our prothrombin complex, BERIPLEX®, plus additional approvals for HAEMOCOMPLETTAN® and CORIFACT®/FIBROGAMMIN® (refer to Product Registrations and Indications 2019/20). Additionally in May 2020, IDELVION received a favourable opinion from the European Committee for Medicinal Products for Human Use (CHMP) on updated product labelling that included a description of 21-day expanded dosing schedule.

For Seqirus, 2019/20 brought significant progress in broadening our influenza vaccine portfolio.

In 2019, Seqirus achieved marketing approval in Australia for FLUAD® QUAD, indicated for protection of adults 65 years and older against seasonal influenza. This was the first of a number of approvals during the period for the adjuvanted quadrivalent influenza vaccine, which included licensure in Europe (as FLUAD® TETRA) and the US (as FLUAD® QUADRIVALENT).

We continue to expand the availability of our four-strain influenza vaccine, AFLURIA® QUAD, the egg-based vaccine manufactured at our Parkville, Australia plant. AFLURIA® QUAD was granted approval in Argentina and New Zealand in 2019 and South Korea, Germany and Austria (as AFLURIA® TETRA) in 2020, while AFLURIA® QUAD JUNIOR was registered in New Zealand for ages six months to three years in 2019.

The global rollout of FLUCELVAX® QUAD continued, with approval in Canada for people aged nine years and above in 2019, in Taiwan for people aged three years and above in 2020, and in Brazil for two years and older (as FLUCELVAX® TETRA).

In 2020, FDA approval was granted for AUDENZ, an adjuvanted, cell-based influenza vaccine designed to protect against influenza A (H5N1) in the event of a pandemic. This vaccine enables the potential for rapid deployment in the event of an H5N1 pandemic emergency. AUDENZ™ is indicated for people six months and above.

In Australia and New Zealand, Seqirus' in-licensing business helps provide greater access to a broad portfolio of vaccines and medicines. The Australian allergy portfolio was reinforced with the approval in 2019 of RYALTRIS® nasal spray for treatment of symptoms of allergic rhinitis and rhino-conjunctivitis. CATIONORM®, an ophthalmic treatment for dry eyes, was the first product for an eye-care portfolio when Australian registration was granted in 2019.

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product registrations or new indications for serious diseases.

Stacy Ahearn

Until she turned 40, Stacy Ahearn spent a life powering through illnesses to pursue her passion for fitness. Stacy ran marathons and even met the challenge of the legendary Ironman Triathlon. When repeated illnesses forced Stacy to put her athletic career on hold, she began to seek a diagnosis. After years of tests, she was finally diagnosed with common variable immune deficiency, one of more than 200 primary immune deficiency conditions. After getting the treatment she needs, Stacy is again chasing her dreams. She recently hit the trail to conquer the famed Camelback Mountain near her Arizona, US, home.

Product Registrations and Indications 2019/20*

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

Product	Type	Country/Region
HIZENTRA® Immune Globulin Subcutaneous (Human) 20% Liquid	NR	Vietnam, Kazakhstan, Russia, Azerbaijan
HIZENTRA® Immune Globulin Subcutaneous (Human) 20% Liquid	NI	Taiwan, Brazil, Macedonia, Mexico, Ecuador (all CIDP)
PRIVIGEN® Immune Globulin Intravenous (Human) 10% Liquid	NR	Sri Lanka, Vietnam, Brunei, Paraguay, Nicaragua
PRIVIGEN® Immune Globulin Intravenous (Human) 10% Liquid	NI	Switzerland (MMN), Japan (PID/SID), Panama (CIPD), Macedonia (MMN), Jordan (CIDP)
BERINERT®, C1-Esterase Inhibitor Intravenous (Human) 2000 IU and 3000 IU	NR	Switzerland
ALBUREX® 5/20, ALBURX® 20/25, Human Albumin, Albuminar 20/5/25, Albuminate 5/20/25	NR	France, UK, Malta, Singapore, Indonesia, China, New Zealand, Ecuador

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

IDELVION® Coagulation Factor IX (Recombinant) Albumin Fusion Protein	NR	Singapore, Argentina, South Korea
AFSTYLA® Coagulation Factor VIII (Recombinant)	NR	Thailand, Singapore, Brazil, Argentina, South Korea, Malaysia
BERIATE® Coagulation Factor VIII (Human)	NR	Latvia, Estonia, Lithuania, Malta, Vietnam, Singapore, Sri Lanka, Jordan
BERIPLEX® C P/N, Prothrombin Complex (Human)	NR	New Zealand, Chile, Paraguay
CORIFACT®, FIBROGAMMIN®, Coagulation Factor XIII Concentrate (Human)	NR	Iraq
HAEMOCOMPLETTAN® 1g, Fibrinogen Concentrate (Human)	NR	Singapore

Respiratory Develop new treatments for respiratory diseases using our existing plasma derived immunoglobulins and proteins and recombinant monoclonal antibody technology.

ZEMAIRA® Alpha1 Proteinase Inhibitor (Human)	NI	Brazil (severe alpha1-antitrypsin deficiency)

Influenza Vaccines (Seasonal, Pandemic) Develop products for the prevention of infectious diseases.

FLUAD® QUAD Inactivated Quadrivalent Influenza Vaccine (surface antigen), Adjuvanted	NR	Australia
FLUAD® QUADRIVALENT (Influenza Vaccine, Adjuvanted)	NR	US
FLUAD® TETRA (Influenza Vaccine, Adjuvanted)	NR	Europe
FLUCELVAX® QUAD Influenza Vaccine (surface antigen, inactivated, prepared in cell cultures)	NR	Canada
FLUCELVAX® QUAD (Influenza Vaccine)	NR	Taiwan
FLUCELVAX® TETRA (Influenza Vaccine)	NR	Brazil
FLUCELVAX® TETRA (Influenza Vaccine)	NI	Brazil (for the prevention of influenza in persons aged two years and older)
AFLURIA® QUAD seasonal egg-based split inactivated quadrivalent influenza vaccine	NR	South Korea, Argentina
AFLURIA® QUAD seasonal egg-based split inactivated quadrivalent influenza vaccine	NI	New Zealand (for the prevention of influenza in persons aged three years and over)
AFLURIA® QUAD JUNIOR seasonal egg-based split inactivated quadrivalent influenza vaccine	NR	New Zealand (for the prevention of influenza in persons aged six months–three years)
AFLURIA® TETRA Inactivated Influenza Vaccine	NR	Germany, Austria
AFLURIA® seasonal egg-based split trivalent inactivated influenza vaccine	PQ	WHO
FLUAD® Inactivated Trivalent Influenza Vaccine Adjuvanted	NR	New Zealand
AUDENZ™ adjuvanted, cell-based pandemic Influenza A (H5N1) vaccine	NR	US

In-Licensed Products[1,2]

CATIONORM® OTC ophthalmic treatment for dry eyes	NR	Australia
RYALTRIS® Nasal spray for treatment of symptoms of allergic rhinitis and rhino-conjunctivitis	NR	Australia

* First-time registrations or indications for CSL products in the listed countries/regions over the reporting period.
NR=New Registration; NI=New Indication; PQ=Prequalification (via WHO).
1 CATIONORM® is a registered trademark of Santen SAS.
2 RYALTRIS® is a registered trademark of Glenmark Specialty SA.

Clinical trials in process and new

In 2019/20, CSL had 34 clinical trials in operation across all therapeutic areas. Of those, nine 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.

34
clinical trials in operation across all therapeutic areas.

17
regulatory inspections with no impact to clinical licences.

The CSL Clinical Quality Management System allows us to monitor and effectively oversee the quality of our clinical trials and includes all good clinical practice (GCP), pharmacovigilance (PV), good laboratory practice (GLP), and good research laboratory practice (GRLP) audits.

Over the reporting period, 15 clinical trial registrations and seven clinical trial results were published and made readily available to stakeholders and the general public. 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 the *International Committee of Medical Journal Editors*, WHO guidance and legislative requirements.

In addition, 17 (11 CSL Behring and six for Seqirus) inspections were undertaken by regulatory agencies such as the US FDA, the Pharmaceuticals and Medical Devices Agency of Japan (PMDA) and the Paul Ehrlich Institute (PEI). All inspections confirmed adherence with GCP requirements, validated the data integrity of our clinical trials and had no impact on clinical trial licences or operations.

Power of real-world evidence

The use of Real-World Evidence (RWE) is gaining importance amongst policy makers, decision makers and purchasers. Seqirus established an innovative and cutting-edge dataset to conduct Real-World Research (Observational/Phase IV studies). This dataset links one of the largest electronic medical health record datasets in the US with a large pharmacy and medical claims dataset incorporating more than 45 million unique individuals. This unique real-world anonymised data provides a comprehensive perspective on the health status, service utilisation and financial profile of both individuals and population. Seqirus Medical Affairs uses this dataset to generate real-world evidence critical in evaluating influenza vaccine effectiveness for continued advances in influenza prevention.

Innovation across the value chain

At CSL, innovation isn't limited to the laboratory. We have fostered a culture of innovation that touches every part of our organisation and allows us to think and act progressively.

Examples of our innovation abound, from the development of leading therapeutics to new ways to utilising the power of data science at our manufacturing sites around the world. Through our efforts we are able to better serve our patients, our employees and our communities.

As part of the ongoing digital transformation that is a pillar of our 2030 strategy, we have implemented an organisation-wide effort to integrate data science, artificial intelligence (AI) and machine learning throughout every aspect of the enterprise.

In addition to using AI to solve many burdens that patients face, CSL is using AI to improve supply chain efficiency and comply with regulatory and legal requirements.

The approach ensures each data science project is the right one to address individual team needs while benefitting CSL as a whole. It's an effort that is only going to get bigger as we keep an eye firmly focused on the future.

Bringing virtual reality to life in Bern

CSL's ongoing Digital Transformation is on display every day at our Bern manufacturing site in Switzerland.

Packaging employees are improving efficiency with the help of augmented reality. Workers wear specialised glasses and use barcode scanners to record and check incoming materials, ensuring that the valuable ingredients for lifesaving therapies are verified and logged.

The Bern site also is improving training by making use of virtual reality technology. Aseptic filling trainees are taking courses in a virtual training space outside the production area. The setup ensures that normal operations continue while workers are being trained and at the same time reduces the risk of contamination in the sterile production area.

Collaborating with patients to create digital tools

By working closely with people living with sickle cell disease, our clinical team designed an augmented reality app, which walks patients through the details of our CSL200 gene therapy clinical trial. Patients guided the design, including choosing the app's avatar and selecting the voice patients hear in the immersive, augmented reality experience. This app is an innovative tool that will complement, not replace, existing tools for explaining clinical trials and gaining consent from patients. This use of technology has resulted in the exploration of similar applications for wider use across other clinical trials.

Improving customer experience through technology

Seqirus Medical Affairs launched three customised online tools that significantly improved efficiencies and effectiveness for our internal and external customers.

- A medical education grants tool enables healthcare professionals to submit applications easily and efficiently.
- An investigator initiated research tool enabling academic researchers to submit applications for funding improves our review process and management of ongoing projects.
- An online publication tool improves the tracking of our scientific manuscript development and streamlines the review process of all our abstracts and manuscripts. The tool manages the publication process from start to finish and provides an audit trail to maintain ethical, transparent publication practices.

Inspecting with eagle eyes

With our Bern site aiming to significantly boost production over the next several years, an innovative solution was needed to ensure all of the product could be inspected. Project Eagle answered the call. The project, which consisted of the implementation of fully automated inspection technology has boosted inspection rates from 35 vials per minute to 180 vials per minute, ensuring manufacturing operations can keep up with future demand.

8 Global Reach and Impact

The COVID-19 pandemic has underscored the importance of CSL's ability to think globally and act locally to help ensure that we can continue to meet growing demand, fulfil the critical need for our lifesaving medicines and improve public health. Throughout the global health crisis, CSL has leveraged its reach and strategic manufacturing and distribution capability with a high degree of coordination, agility and flexibility to continue meeting the needs of patients and healthcare providers worldwide.

Within our end-to-end operations organisation, we are focused on delivering top-tier results in safety, quality, reliability and innovation, and driving efficiency and scale of our operations to supply the expanding global market.

Global reach and focus

CSL applies its world-class research and development (R&D), commercial strength and patient-focused management, along with its high-quality manufacturing, to develop and deliver innovative biotherapies, influenza vaccines and support programs.

In the past five years, CSL has grown rapidly, due to strategic acquisitions, a rise in global demand for our products and investment in increased capacity and modernisation.

Our management team has significant experience in the industry and the confidence to drive our promise to patients into the next century.

Our commitment to strategic sourcing has allowed the business to have a reliable supply of lifesaving therapies in multiple facilities across the globe.

A number of CSL's sites are supporting major capacity expansion projects from Project Phoenix in Marburg, Germany, for base fractionation, Project Protinus in Bern, Switzerland, for PRIVIGEN®, and Project Aurora in Broadmeadows, Australia, also for base fractionation. The timing of these projects coming online will help ensure a seamless supply of products to patients.

Although the COVID-19 pandemic briefly slowed construction work on CSL's state-of-the-art manufacturing facility in Lengnau, Switzerland, the site continues to move toward completion. In May 2020, CSL announced that we have entered into a strategic partnership with Thermo Fisher Scientific Inc. for the lease of the Lengnau facility. As part of this long-term lease agreement, Thermo Fisher will manufacture and supply CSL Behring with IDELVION®, which will be produced in Lengnau. Thermo Fisher is scheduled to assume oversight and operation of the facility once construction is completed in mid-2021.

When the Seqirus business was formed, there were 400 applications inherited from the legacy businesses. A major milestone was achieved in October 2019 with the three-year Edge program successfully completed, enabling Seqirus to be fully integrated globally on a single information systems platform. This is greatly enhancing collaboration and efficiency across the business.

In a multiyear investment, the first serialisation of Seqirus products was supplied for the 2019/20 influenza season in the US and Europe. Serialisation is where a unique serial number is printed on each pack of vaccines. It helps to combat counterfeit products and provides the basis for full track and trace of our vaccines in the future. Seqirus' Southern Hemisphere products are also now serialisation-capable.

Seqirus has been able to simplify and streamline the testing process to release FLUCELVAX® influenza vaccine into the US each season. Since 2012, the Food & Drug Administration's (FDA) Center for Biologics Evaluation and Research (CBER) requirement to demonstrate that the influenza virus had been successfully inactivated in our cell-based vaccine was undertaken using egg-based testing. This required complex network logistics to ship a number of bulk lots of FLUCELVAX from the US to the Seqirus Liverpool site in the UK, for testing each year. Seqirus quality control teams collaborated over multiple years to prove that the cell-based testing was equivalent, or superior, to egg-based testing. With CBER agreement, the egg-based testing is no longer required. With testing now based at our Holly Springs plant in the US, the need for complex shipping is also removed, thereby reducing risk to the product.

Seqirus introduced a new process for inspection of harvested allantoic fluid, at the influenza vaccine manufacturing site in Parkville, Australia. This process was designed in-house and has enabled the removal of the cumbersome process of 'candling' over 440,000 eggs per day. Seqirus Liverpool, UK, has optimised the process for incubation of eggs pre-inoculation that has resulted in yield improvement in certain strains of 15%.

This year, Seqirus Liverpool saw the commissioning and start-up of a new line for production of MF59®, Seqirus' novel adjuvant. The line is now operating and capable of producing over 1000L per week of bulk sterile MF59.

Production of the Seqirus antivenom portfolio has been improved in the past year. The Therapeutic Goods Administration (TGA) approved the chemistry, manufacturing, control (CMC) regulatory variation for the use of an adjuvant in venom dosing. Use of this adjuvant has significantly increased antibody potency for most antivenoms.

Donor management

CSL Plasma, a division of CSL Behring, has grown to become one of the largest plasma collection networks in the world, providing human plasma to CSL Behring for the manufacture and distribution of plasma protein biotherapeutics. Expanded laboratory and logistics operations have increased CSL Plasma's testing and storage capacity to meet the growing need for plasma-derived therapies.

99%
of plasma donors are willing to donate again.*

97%
of plasma donors are willing to refer a friend to a centre.*

* Limited assurance by Ernst & Young.

We continue to invest in our CSL Plasma footprint to secure supply to meet growing patient demand. CSL Plasma has over 270 collection centres globally (US, Germany, Hungary and China) with plasma testing laboratories and logistics centres in the US, Germany and China along with a saline and sodium citrate manufacturing facility in the US.

Efficient and safe donor management contributes to our success by ensuring a supply of raw material which we use in our biotherapy manufacture. Over the reporting period 1.164 million surveys completed by our plasma donors indicated 99% would be willing to donate again and 97% would be willing to refer a friend to donate.*

CSL Plasma donor profile

The socio-demographic background of CSL Plasma donors in the US is very diverse.

Based on self-reported survey data (1 July 2019 to 30 June 2020), CSL Plasma donors related their occupational status*:

- 50% described themselves as working full-time;
- 26% described themselves as unemployed, inclusive of full-time parents, donors who are not looking for work or the unemployed;
- 14% described themselves as part-time;
- 3% described themselves as students; and
- 7% described themselves as other (e.g. military, retired).

Focus on efficiency, standardised manufacturing processes and integrated supply chain

CSL's end-to-end operations organisation has a critical role to play in helping to deliver on our 2030 strategy, so we can continue saving people's lives and improving public health across the globe. Over the last year, we have been evolving our end-to-end operations to build on its strengths and create an engaged and inclusive culture that consistently delivers top-tier results in the key areas of safety, quality, reliability and innovation.

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. Over the last year, we have made enhancements to our supply chain and manufacturing capabilities, introducing concepts such as reliability rooms, to give us greater visibility and control across our network. End-to-end operations is also working more closely than ever before with key internal partners like commercial operations and R&D, and using more predictive thinking and modelling to anticipate potential challenges, minimise risk and identify solutions.

For CSL Plasma, the collection of vital human-derived plasma for the development of lifesaving products is industry leading and a critical part of CSL's supply chain. With careful localised management of operations, including donor remuneration, CSL Plasma facilities minimise donor time via integrated donor management systems including electronic biometric identification and check-in, streamlined floor layouts and an operational excellence approach driving a cohesive culture of efficiency and teamwork. During the COVID-19 pandemic, CSL Plasma utilised a wide variety of measures to ensure the safety of donors and employees and address challenges such as the need for social distancing, stay-at-home orders and mandated capacity reductions.

* Limited assurance by Ernst & Young.

Secure and reliable supply

During the financial year, a new function, External Supply Integration, was created to focus on partnering with world class contract manufacturers, analytical services and logistics providers. This function supports our 2030 strategy by delivering growth, reliability and innovation through investments made by the chosen partners. This ensures efficient growth, risk reduction and new capabilities are delivered more quickly and cost effectively.

Sourcing in collaboration with the supplier quality team ensures the required level of quality and performance is demonstrated consistently across the CSL business. The focus on consistency removes variation for suppliers, thus simplifying their efforts to support CSL and further reduces risks and inefficiencies in our operations.

CSL logistics was able to maintain the continuity of CSL product deliveries throughout the year and especially during COVID-19 amidst unprecedented disruptions of shipping capacity affecting both sea and airfreight.

With the introduction in 2019 of a newly formed supply chain integrity role, a roadmap was developed to deepen our due diligence towards continuously improving the monitoring of potential risks in our supply chain. In collaboration with EcoVadis, a trusted global provider of sustainability performance evaluations, high-priority suppliers were independently assessed across health and safety, labour rights, ethical and environmental risk domains. Further to this pilot, CSL will establish an enterprise-wide due diligence platform that will create a consistent and holistic risk profile for our existing critical supplier base as well as enhance risk assessment processes when evaluating new suppliers.

The COVID-19 pandemic served as a significant test of the security of Seqirus' supply chain in the second half of the year. Supplies were successfully maintained to our manufacturing operations across all sites, internal and external, throughout the lockdown period. Materials where long-lead times are necessary will be assessed to mitigate future risks in similar circumstances.

Seqirus UK secured Authorised Economic Operator (AEO) status in 2019/20, confirming the quality of our organisation and processes with World Customs Organization (WCO) standards. Procurement activities implemented across the Seqirus organisation, including commercial operations and R&D, have generated service improvements and cost reduction.

Increased demand for influenza vaccine from Southern Hemisphere markets in early 2020 was able to be accommodated as a result of the network capacity and flexibility implemented in recent years.

CSL remains compliant with all product serialisation requirements having achieved implementation in Russia in 2019/20 and is preparing to meet requirements for various other countries, such as Brazil and the USA Drug Supply Chain Security Act 2023 Track and Trace.

Logistics goes green in the US

Through a multi-functional initiative, CSL Global Logistics implemented a new small parcel shipper for the US market. Single-use components are made of cardboard, while all other components are collected and returned to the vendor for refurbishment and re-use. The result is a 90% reduction in landfill contributions (150 US tons annually). In addition, improved performance, increased branding and easier packaging ensures a unique and simpler customer experience.

Supplier assessments

In 2019/20, CSL conducted 476 quality audit of suppliers.* This level of effort reflects our continued focus on understanding our suppliers across our value chain and the expansion of the numbers of suppliers to accommodate growth.

Our Code of Responsible Business Practice (CRBP) includes a commitment to forbid the solicitation, facilitation or any other use of slavery or human trafficking, and under no circumstance should any engagement with CSL deprive individuals of their freedom. From 1 July 2019 to 30 June 2020, no instances related to human trafficking or slavery and forced labour were reported.

CSL's Statement on the Prevention of Human Trafficking, Slavery and Forced Labour can be found on CSL.com (Our Company > Corporate Responsibility > Workplace > Employee relations and diversity).

Environment, health and safety

CSL is committed to continuously improving our Environmental, Health, Safety and Sustainability (EHS²) performance with culture-driven, risk-centred methodologies that are focused on preventing workplace injuries and illnesses and reducing environmental impacts of our operations and products throughout their lifecycle.

Our EHS² Management System provides the platform for policies, procedures and guidelines, which manage our business processes.

The following principles are applied and practised by CSL employees. We:

- adhere to applicable EHS² laws and regulations and in the absence of governmental standards, apply sound EHS² practices;
- instil ownership at all levels in the organisation;
- establish opportunities for EHS² involvement and expect all employees to be responsible for EHS²;
- set performance objectives and regularly measure and communicate results, progress and opportunity with our employees and stakeholders;
- provide the resources to implement an EHS² culture that proactively identifies and controls EHS² risk;
- share best practices with the intent to improve our operations and our communities;
- conduct internal audits to ensure the integrity of our operations against our EHS² Management System; and
- provide training to all employees to ensure that they have the right level of skills, ability and knowledge to perform their work.

For further information on our employee health and safety performance, please see page 47.

Environmental performance

CSL continues to be challenged by its expanding manufacturing footprint, which is growing to help meet product demand and deliver new and improved therapies to patients. Increasing production output in 2019/20 is reflected in our extensive expansion across all areas of operation. However, environmental initiatives, together with increasing use of the production capacity of recently built plants, has led to decreasing energy, greenhouse gas (GHG) and waste intensities. Nonetheless, CSL's facilities require significant amounts of energy and water for operational procedures such as test runs, validation of equipment and operation when not at full capacity. Furthermore, heating, ventilating and air conditioning (HVAC) energy consumption for clean room areas is nearly independent of production output. For more on our environmental performance please see Section 10 of our Directors' Report.

Environmental targets

Over the course of the financial year, we have undertaken detailed engagement with key stakeholders including employees, investors and customers. As reflected in our 2020 sustainability materiality assessment results (see page 15), we recognise and acknowledge the impact that climate change poses for our operations, patients and the communities in which we live and work. While some of our manufacturing facilities, particularly those in Europe, drive improvements and reductions against specific environmental targets, the setting of Group targets and focus areas will drive global consistency, enable innovation across the network and contribute to containing increases in global temperatures. We anticipate the setting and communication of global environmental targets by June 2021.

Climate change

CSL has a practice of conducting climate risk assessments following CSL's Risk Framework. Risk assessments are based on identification, quantification and mitigation of risks which would prevent or impair CSL from meeting its business objectives. Enterprise-wide assessments were undertaken in 2008/09 and 2014/15, and will be repeated when a new international consensus on climate change physical and transitional risks emerges, notably through the Intergovernmental Panel on Climate Change (IPCC) process. In the interim, we are finalising the results and outcomes of a narrow-based risk assessment undertaken on our plasma operations and key suppliers and seek to communicate the outcomes in our next annual report.

Reporting transparency and performance

CSL is a longstanding participant in CDP (formerly the Carbon Disclosure Project) – an investor-led initiative to drive transparency and improvement in environmental performance. In 2019, we achieved a C in our climate change submission, an improvement on the prior year, and consistent with the global average but a grade lower than the biotech and pharmaceutical average of B. For our water submission, we achieved a B–, consistent with the global average and slightly lower than the biotech and pharmaceutical average of B. Both initiatives deploy an eight-point scale with A the highest possible score and D– the lowest. Our participation in both initiatives demonstrates a continued commitment to measuring and assessing our environmental impacts.

* Does not include Ruide. Limited assurance by Ernst & Young.

Our environmental impact trends

In 2019, we restated our environmental data against a new reporting timeframe (April to March) to support publication of our environmental performance at the same time as our financial performance.

Our environmental performance includes our manufacturing facilities held by:

- Seqirus, three facilities in Australia, the UK and the US;
- CSL Behring, six facilities in Australia, Germany, Switzerland, the US and China;
- CSL Plasma operations, including testing laboratories and plasma centres, across 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	17-18 [1,9] (April to March)	18-19 [1,9] (April to March)	19-20 [1,9] (April to March)
Energy consumption [2]	Petajoules (PJ)	3.27	3.39	**3.79**
Greenhouse gas emissions [3]	Metric kilotonnes CO_2-e (KT)	308 [5]	319	**344**
Water consumption	Gigalitres (GL)	3.61 [5]	3.87	**4.25**
Total waste	Metric kilotonnes (KT)	49.15 [6]	61.40 [8]	**66.75**
Waste recycling rate [4]	%	43 [7]	42	**46**

1 Data reported, with offsets, are inclusive of manufacturing sites located in Bern (Switzerland), Marburg (Germany), Kankakee (US), Parkville (Australia) and Broadmeadows (Australia), CSL Plasma, CSL Behring headquarters (King of Prussia, US) and Seqirus' two manufacturing sites at Holly Springs (US) and Liverpool (UK). Only 2019/20 data includes the production site in Wuhan (China) but excludes Lengnau (Switzerland) which is still under construction.
Offsets are supply of energy to third parties on or near a CSL production site. Included offsets are scope 1 and 2 energy supplies only.

2 Includes scope 1 and 2 energy sources. Scope 1 energy sources are fossil energy sources supplied or used on-site. Scope 2 energy sources are electricity, steam, compressed air and nitrogen used on site.

3 The major greenhouse gas (GHG) emitted from CSL's operation is carbon dioxide (CO_2). In USA, Germany, 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 Due to some inconsistency and gaps in energy and water consumption data, recording for CSL Plasma may impact overall values reported by an estimated 1–3%.

6 Includes additional previously not reported waste streams from CSL Plasma and increase in liquid waste streams from Liverpool.

7 Data has been restated downwards following the adjustment of an internal formula.

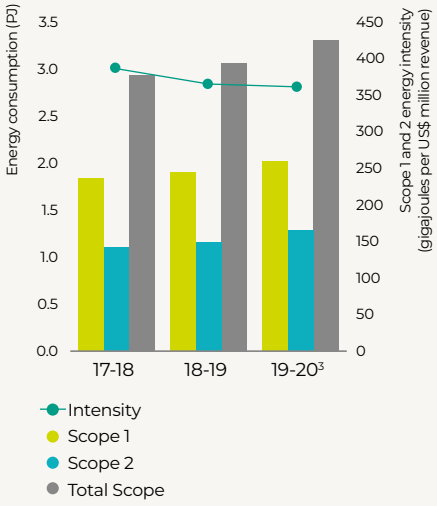
8 Includes additional previously not reported waste streams from CSL Plasma.

9 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 Plasma centres. Utility invoices were also used for the two 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.

Energy and greenhouse gas (GHG) trends

Across our manufacturing facilities, overall increases in energy consumption and resulting GHG emissions are driven by an increasing production output, expansion and upgrade projects and the inclusion of the Wuhan (China) production site for the 2019/20 year. The intensity reductions are largely due to overall company performance (group revenue), slightly lower emission factors for electric power at some sites and the implementation of energy efficiency projects. Scope 3 emission trends and energy efficiency case studies can be found on CSL.com (Our Company > Corporate Responsibility > Environment).

Energy consumption trends [1,2]

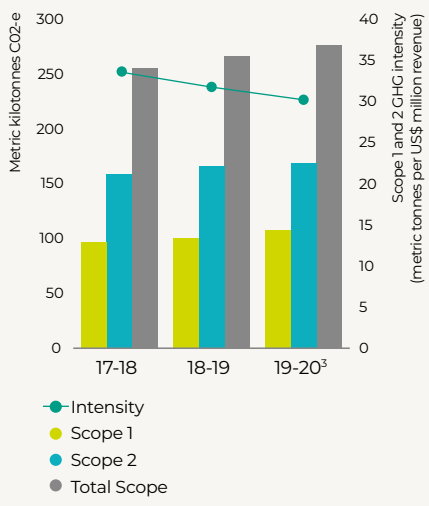


1 Trends for CSL manufacturing sites located in Bern (Switzerland), Marburg (Germany), Kankakee (USA), Parkville (Australia), Broadmeadows (Australia) and for Seqirus' two manufacturing sites at Holly Springs (US) and Liverpool (UK).

2 Without offsets.

3 Data includes the manufacturing site at Wuhan (China) but excludes the site under construction in Lengnau (Switzerland).

Greenhouse gas (GHG) emissions trends [1,2]



1 Trends for CSL manufacturing sites located in Bern (Switzerland), Marburg (Germany), Kankakee (USA), Parkville (Australia), Broadmeadows (Australia) and for Seqirus' two manufacturing sites at Holly Springs (US) and Liverpool (UK).

2 Without offsets.

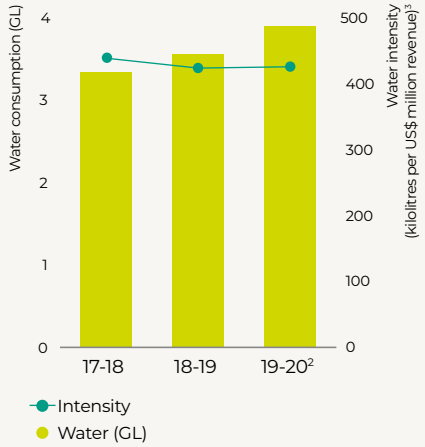
3 Data includes the manufacturing site at Wuhan (China) but excludes the site under construction in Lengnau (Switzerland).

Water and waste trends

Overall increase in water consumption is largely driven by an increase in production output and from capital expansion works where commissioning activities are required to gain regulatory approval prior to product manufacture.

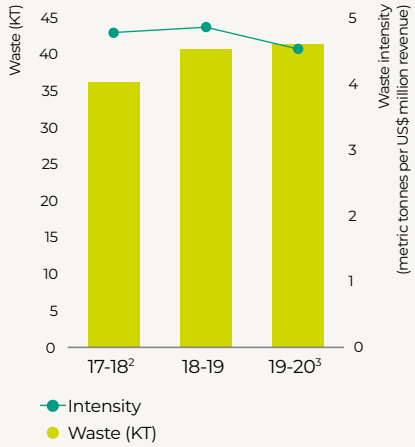
The increase in waste is driven mainly by an increase in production and the intensity reductions is largely due to overall company performance (group revenue). We are identifying a range of waste streams for reduction over the medium to long-term.

Water consumption trends [1]



1 Trends for CSL manufacturing sites located in Bern (Switzerland), Marburg (Germany), Kankakee (US), Parkville (Australia) Broadmeadows (Australia) and the two Seqirus manufacturing sites at Holly Springs (US) and Liverpool (UK).
2 Data includes the manufacturing site at Wuhan (China) but excludes the site under construction in Lengnau (Switzerland).

Waste generation trends [1]



1 Trends for CSL manufacturing sites located in Bern (Switzerland), Marburg (Germany), Kankakee (US), Parkville (Australia), Broadmeadows (Australia) and the two Seqirus manufacturing sites at Holly Springs (US) and Liverpool (UK).
2 Includes additional increases in liquid waste streams from Liverpool (UK).
3 Data includes hazardous but not non-hazardous waste from the production site in Wuhan (China).

9 A Trusted Health Partner

We respect the trust that is placed in us by our stakeholders globally. To continue to earn that trust is a driving force throughout our business and is critical to our ongoing success. Trust drives value.

We earn stakeholders' trust by demonstrating responsible behaviour in our activities and decisions. Responsible conduct in the marketplace protects our reputation and sustains organisational growth.

Around the world, patients and healthcare professionals know that they can rely on the quality, safety and efficacy of our therapies. International organisations such as the World Health Organization rely on us to help prevent and prepare for influenza pandemics. Governments and regulators understand the ethical approach we bring to development and registration of our products and our commitment to fair pricing. Investors see that this trust and positive reputation is reflected in our strong financial performance.

US$8.8 billion

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

Product quality and safety

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 and local procedures, as well as global electronic systems to support management of the quality processes. In 2019/20, CSL's quality systems, plasma collection and manufacturing operations were subject to 401 good manufacturing practice (GMP) regulatory agency inspections around the world. These independent and rigorous 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.

401

regulatory inspections of our manufacturing facilities† with no impact to licences

476

quality audits of our suppliers†

In November 2019, CSL paid a civil penalty of US$4.7 million (RMB 33,488,050) for legacy (pre-acquisition) GMP non-compliances at CSL's Ruide facility in Wuhan, China. We have remediated impacted processes, against CSL's quality standard, to the satisfaction of local regulators.

During the reporting period, CSL initiated two voluntary safety-related product recalls†. There were no recalls initiated by regulators. In January 2020, CSL Behring, Bern, Switzerland, initiated a recall on the Canada market for one batch of HIZENTRA pre-filled syringes due to the product appearing gelatinous. In March 2020, Seqirus, Parkville, Australia, initiated a product defect correction on the Australian market for one batch of PALEXIA due to faded and absent print on the blister foil.

To assure continued consistent high-quality materials from our partners, CSL Behring and Seqirus conducted a combined 476 quality (GMP) audits of suppliers worldwide.

Over the reporting period, there were 11 reported cases of counterfeit product; two of these were confirmed as counterfeit, five were CSL products, with the remaining four cases having limited data available or remaining under investigation.

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.

50

pharmacovigilance audits of CSL and third-party operations with no outcomes diminishing reliable supply of quality product.

Over the reporting period, CSL Behring and Seqirus pharmacovigilance quality assurance (PVQA) performed a total of 50 pharmacovigilance (PV) audits:

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

* Limited assurance by Ernst & Young.

† Does not include Ruide. Limited assurance by Ernst & Young.

None of these audits resulted in an outcome which affected our ability to supply product. Seqirus also underwent two successful regulatory pharmacovigilance inspections by the Therapeutic Goods Administration (TGA) and Paul-Ehrlich-Institut (PEI) in Australia and Germany, respectively.

The safety of our donors, employees and the plasma we collect is of paramount importance. To ensure the continuous safety of the donors and the plasma supply, donors are carefully screened and tested for infectious diseases. Plasma and plasma products undergo rigorous quality controls and inspections throughout every step of the manufacturing process, from the collection of plasma to the final packaging of the finished product, to ensure that our plasma products are of the highest quality and safety.

Plasma safety with COVID-19

The SARS-CoV-2 virus causing COVID-19 is large in size (approximately 120 nm in diameter). The relatively large size and lipid envelope makes it highly susceptible to steps with virus inactivation and removal capacity used during the manufacturing processes, such as pasteurisation, solvent-detergent (S/D) treatment, low pH incubation, dry-heat treatment, and virus filtration. The effectiveness of these processes has been demonstrated on other coronavirus lipid-enveloped model viruses that are quite similar to SARS-CoV-2, such as SARS-CoV, human coronavirus 229E and OC43, and porcine coronavirus TGEV. Based on these data, we can be assured that existing manufacturing processes will provide significant safety margins for our plasma products against SARS-CoV-2.

New published data shows significantly reduced risk of haemolytic anaemia for patients receiving intravenous immunoglobulin

Over the last several years, CSL Behring has identified and implemented changes to how we source plasma and manufacture intravenous immunoglobulin to help reduce the rate of haemolytic anaemia (HA). HA is a rare but potentially serious adverse event associated with all intravenous immunoglobulin therapies, occurring most often in people receiving high doses of the therapy.

New data from two separate observational studies examining the effects of our adverse event mitigation efforts was published in the May and June issues of the journal *Transfusion*, the peer-reviewed journal of the AABB (formerly the American Association of Blood Banks), the professional membership organisation dedicated to advancing transfusion medicine and biotherapies. One study showed a 90% reduction in HA after changes made to the manufacturing process of PRIVIGEN, Immune Globulin Intravenous (Human), 10% Liquid, while another study confirmed these findings.

These efforts, as demonstrated by this new data, will have long-lasting benefits for patients. The instances of HA have now become very rare with PRIVIGEN.

Value and access

CSL invests in programs to develop and supply innovative vaccines and therapies that protect public health, and extend the lives of people living with serious and rare diseases. The value our products provide to patients and society is meaningful and substantial. Our therapies save lives and improve clinical outcomes and quality of life, and our vaccines prevent life-threatening illnesses, each contributing to the reduction of overall healthcare costs around the world.

We are proud of these contributions and work diligently to ensure that patients and communities have access to biopharmaceuticals. We work with governments, health insurance payers and other stakeholders to support timely market entry and access, as both play a critical role in the development of reimbursement frameworks and patient access regimes. 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.

In 2019/20, CSL's investment for humanitarian access programs and product support initiatives totalled US$6.56 million.* In the US, access programs are critical to patients who are uninsured, underinsured or who cannot afford therapy.

US$6.56 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 the improvements our therapies offer to improve patients' quality of life and productivity.

As a leader in our space, we are committed to dialogue with all interested stakeholders on how best to ensure continued patient access and affordability of medicines, and to preserve an ecosystem that sustains medical innovation for patients today and in the future.

In 2019/20, there were no findings against CSL relating to a breach of any fair trading or competition laws.

Public policy engagement

CSL recognises the importance of participating in the formulation of public policies that can affect business operations, patient access to medicines, and the public health. To this end, we engage with governments directly and through participation in industry groups and other forums, and collaborate with a range of other interested stakeholders, including patient organisations, medical societies, and public health agencies at the global, national and local levels.

Over the reporting period, CSL contributed a total of US$600 in corporate political contributions in the US and A$25,363 to political organisations in Australia solely for attendance at events including breakfast briefings, lunches or boardroom dinners. In all other regions, CSL made no political contributions.

* Limited assurance by Ernst & Young.

CSL employees in the United States of America have formed a Political Action Committee (PAC). CSL provides a small budget to cover PAC operational costs as is allowed by US law, but the PAC is managed by an employee member board. CSL otherwise does not control or manage the PAC nor contribute any funds for distribution by the PAC to political candidates. Management of the PAC is at the discretion of the PAC employee member board.

Examples of public policy initiatives across our regions

Asia

CSL Behring is working with stakeholders in China to explore ways for rare disease patients to gain broader access to treatments as part of the Greater Bay Area healthcare initiative.

Australia

CSL has continued to engage with the biotech sector and the Australian Government particularly in relation to the importance of a competitive business environment for R&D and advanced manufacturing.

Europe

CSL Behring is participating in policy discussions at the European level, including in relation to the European Blood Directive and the European Pharmaceutical Strategy, to ensure patient access to plasma and other biopharmaceutical therapies and to foster an environment for innovation.

To help supply information for policy analysis, discussion, and to better target educational materials and campaigns, Seqirus sponsored a study on key factors driving influenza immunisation for older adults (50+) in four different European countries. Geography, more than age or other factors, was the main factor in differences of risk and benefit of vaccination, and results were presented at events in both the UK and European Parliament.

To elevate the need for prevention and vaccination in older adults, Seqirus worked with the International Longevity Center to conduct events at the G20 Minister of Health Conference in Okayama, Japan, and at the Wellcome Trust in London with key stakeholders outside public health including the World Bank, the International Monetary Fund (IMF) and the World Economic Forum (Davos).

Given the rapidly ageing population of Europe and the UK, and growing pressures on the national health service, tackling influenza is an important challenge, especially during the winter months when flu and other related health conditions are most prevalent. Campaigns were sponsored by Seqirus across Europe to educate, and develop and provide information to non-governmental organisations, providers, medical practice managers, older adults, adults with high-risk conditions, carers and others in the UK, Germany, the Netherlands and Spain to increase vaccination rates and reduce the burden of influenza. Additionally, with the burden of COVID-19 and concerns of co-circulation, Seqirus sponsored a European-wide webinar series on preparing for and managing influenza during the COVID-19 pandemic.

North America

CSL Behring is working with policy stakeholders on a variety of initiatives to ensure appropriate patient access to immunoglobulin in the home setting for the treatment of CIDP, and to ensure safe and adequate plasma collection capacity in the context of the COVID-19 situation.

In December 2019, Seqirus submitted a concept paper in response to the US President's Executive Order: 'Modernizing Influenza Vaccines in the United States to Promote National Security and Public Health'. The paper outlines the areas of Seqirus research, development and operations that would deliver better matched vaccines faster and with more capacity, enhancing the US ability to respond to both seasonal and pandemic influenza strains.

Seqirus has supported the efforts of the Coalition to Stop Flu, a multisector US advocacy coalition dedicated to ending deaths from seasonal and pandemic influenza. The Coalition's policy agenda is aimed at saving lives and protecting public health by enhancing the US influenza ecosystem, including ensuring adequate resources for priority influenza programs.

Since the universal influenza vaccine recommendation was declared in the US in 2010, many stakeholders have worked together to support the implementation. Seqirus has worked with these key stakeholders over the last several years, with a particular focus on influenza vaccination amongst adults and older adults. This year, we have partnered with the Immunization Action Coalition, National Foundation for Infectious Disease, and the Adult Vaccine Access Coalition, amongst others, to support a number of educational, communications and advocacy activities to raise awareness of enhanced vaccines for older adults. These activities have supported the Advisory Committee on Immunization Practices review of the enhanced vaccine category.

In Canada, Seqirus worked with the Lung Association to bring educational forums about the importance of influenza vaccine and new technologies to the provinces.

At a global level, Seqirus continues to play an active role within the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA). This year, the focus is on supporting greater understanding amongst the public health community of the impact of the Nagoya Protocol, and other national legislation related to the Convention on Biodiversity, on the access and benefits of the sharing of influenza viruses.

Seqirus also continues to work with the World Health Organization (WHO) to enhance policies to support capacity-building for seasonal influenza vaccination and pandemic preparedness. Additionally, we have supported projects to advance a life-course approach to vaccination and to raise awareness of the role of vaccines in preventing antimicrobial resistance and to explore innovative partnership solutions to vaccine hesitancy.

Influenza pandemic and emergency response

A measure of the trust we have built is our position as a global leader in influenza pandemic preparedness and response. 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.

Our facility in the US, built in a partnership with the US Government, is unique as it utilises cell-based technology for influenza vaccine production, which has the potential for the rapid ramp-up of pandemic vaccine production.

Each Seqirus facility provides pandemic response solutions to its host country and WHO. There are agreements in place with a number of other nations willing to reserve pandemic vaccine doses to protect their populations in the event of an influenza pandemic. In addition, Seqirus supplies pre-pandemic vaccine stockpiles that could be deployed to first-responders upon a declaration of an influenza pandemic.

During the reporting period, Seqirus renewed two influenza pandemic vaccine agreements with governments in Europe. In January 2020, the Food & Drug Association (FDA) approved a biological license application for an MF59®-adjuvanted cell-based pandemic (H5N1) vaccine AUDENZ™ produced at our Holly Springs facility.

As part of our contribution to protect public health worldwide, Seqirus continued its support for the Pandemic Influenza Preparedness Framework operated by WHO, which aims to build pandemic preparedness capacity in low and middle-income countries.

Seqirus is active in the Private Sector Roundtable (PSRT), a coalition of companies that acts as a central touchpoint for industry engagement to support countries in achieving the goals of the Global Health Security Agenda (GHSA). As a core member on the PSRT Steering Committee, Seqirus aims to contribute to addressing global health security challenges and, in particular, explore ways to help countries become more resilient to pandemic influenza threats.

Relationships with patient groups

We have strong and deep relationships with key stakeholders across the sector including healthcare professionals, regulators, patients and clinical groups. These ties are an important part of the social capital that adds value to our business.

CSL's commitment to patient focus continues to be emphasised at a global and local level. We continue to find mutually beneficial ways to partner with patient stakeholders to address community needs and advance collective expertise and thinking across our therapeutic areas.

In 2019, cross-functional teams across CSL businesses and regions came together to initiate pilot patient engagements in new areas. Two notable examples are the Sjogren's Syndrome Early Research Patient Experience Mapping in Australia and the Alpha 1 Antitrypsin Lifecycle Management Patient and Caregiver Workshop in Germany.

The Sjogren's Advisory Board aimed to understand what patients would define as a meaningful treatment outcome and how they would prioritise several of the condition's quality of life altering impacts (physical, emotional, and financial). These insights were gathered into actionable learnings to inform potential research programs and to guide future engagements with patients in early research. The Alpha 1 Antitrypsin Workshop aimed to enhance CSL's understanding of factors that impacted self-administration. Learnings translated into ways to increase awareness and education and to enhance user experience, including revisions to CSL packaging design guidelines incorporating the patient perspective.

CSL continues to work on developing methods and processes for periodically and consistently engaging with patient stakeholders at key points in the development continuum, thereby ensuring CSL will continue to deliver on its promise to patients.

Responsible marketing and promotion

Responsible marketing of prescription medicines is vital to maintaining consumer trust and ensuring patients receive the maximum benefits from our products and services. Government regulation and industry codes oversee the marketing of our medicines across key regions where we operate.

During 2019/20, promotional materials for Seqirus Australia's inactivated influenza vaccine adjuvanted, FLUAD, distributed between March and April 2019 were found to be in moderate contravention of some terms of the Medicines Australia (MA) Code of Conduct. The MA Code panel found that the promotional materials included claims about clinical efficacy that were not consistent with the FLUAD-approved product information, and Seqirus was fined A$80,000. The promotional material included the term 'immune response' as a proxy for clinical efficacy. While immune response is the standard used in the regulatory approval of vaccines, the panel found that immune response is insufficient evidence to support claims for the degree, breadth or duration of clinical effect. Being committed to the highest ethical standards, Seqirus agreed to publish a corrective letter to healthcare professionals. CSL Behring Australia, CSL's other major commercial entity in Australia, was not found to be in breach by the MA.

In Canada, an unbranded email campaign to healthcare professionals in October 2019 was found by the Pharmaceutical Advisory Advertising Board (PAAB), an independent agency providing a pre-clearance review service of medical promotional material, to be in contravention of some terms of the PAAB Code of Advertising Acceptance and some federal regulations. The PAAB ruled the unbranded material included implied promotional claims attributable to Seqirus and that the claims lacked sufficient substantiation. Seqirus agreed to not use the material in any future campaigns unless it was amended in accordance with the PAABs suggestions and pre-clearance. No fine was issued and no further regulatory action took place. Though not required by law, Seqirus agreed to submit all promotional material to the PAAB for pre-clearance in the future.

For other international operations, CSL (including CSL Behring and Seqirus) was not found to be in breach of any regulation of the US FDA or the European Medicines Agency (EMA) with respect to the promotion or marketing of medicines, vaccines and therapies.

2

breaches of product marketing and promotional activities by Medicines Australia and PAAB; 0 breaches from the FDA or EMA.*

Our expanding footprint

CSL reaches patients in more than 100 countries and we continue to deliver on our promise to make our novel therapies available to patients around the world.

The Commercial Operations Leadership Team oversees the delivery of our marketplace strategy and the CSL Board has strategic oversight and monitors performance through key subcommittees.

The decision to enter new markets is a long-term commitment driven by a desire to understand and respond to patients' needs. We continue to see the benefits of our expanding footprint, including double-digit growth from our local investments in the developing countries of Russia and Turkey and within Latin America.

While we invest locally to improve disease awareness and access to medicines, we also bring global benefits to the markets we serve. Our people are passionate about connecting local healthcare providers and other stakeholders to the global rare disease community, which in turn accelerates their ability to learn and exchange best practice.

Highlights for the reporting period include the following:

China

CSL Behring has been importing albumin into China for more than 30 years and is the largest supplier of imported human albumin. This year, we transitioned our distribution model from management by third party distributors, to a direct trading model via our own Good Supply Practice (GSP) license. This provides a number of benefits, including improved participation in the value chain, removing reliance on third parties and importantly allowing CSL Behring to work directly with clinicians. It is also an important step towards CSL's ability to be able to broaden its product offering and aligns the distribution model with other major markets.

Colombia

November marked the opening of our first office in Colombia. The Bogota location allows CSL Behring to be closer to patients and more attuned to their medical needs. Colombia is a well-developed Latin American market that provides a solid foundation for CSL Behring's continued regional growth.

Italy

In August 2019, Seqirus opened new Italian headquarters in San Martino, Monteriggioni, just outside Siena. The expansion was prompted by a growing demand for Seqirus influenza vaccines and the launch of a new cell-based quadrivalent influenza vaccine.

Netherlands

Seqirus officially opened its new European Centre of Excellence for Research & Development (R&D) and Quality in Amsterdam in September 2019. The €10 million investment was prompted by the expansion of research and development of Seqirus' differentiated influenza vaccines to match growing demand. The addition of a testing and release laboratory in the European Union (EU) is part of Seqirus' business continuity plan to ensure regulatory compliance for the release of influenza vaccines to European countries when Brexit transition arrangements conclude.

Saudi Arabia

CSL Behring established a second office in the Middle East by cutting the ribbon on its first Saudi Arabia location in October. The move follows the opening of the regional headquarters office for the Middle East and Africa region in Dubai in April. The strategic location allows CSL Behring to accelerate business growth and fully build on the opportunities presented by the historical transformation of the country.

* Limited assurance by Ernst & Young.

Ethical conduct

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, presenting both challenges and opportunities.

Market practices are governed by company-specific policies and procedures. Internal compliance mechanisms and control systems are directly supported by the Global Business Integrity 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, we consider 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.

CSL's Code of Responsible Business Practice (CRBP) underpins our commitment to operating with the highest integrity in the marketplace. From 1 July 2019 to 30 June 2020, 136 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 indicating an increase in CSL's overall risk profile.

136

hotline reports received with no allegations resulting in any regulatory action or action by law enforcement authorities.

In addition, over the reporting period, our operations conducted an annual assessment of bribery and corruption risk within their businesses. This is achieved by means of a standardised questionnaire that is completed and the responses reviewed with the GCC. During the reporting period, these assessments did not identify any material corruption risks.

FTSE4Good

CSL's environmental, social and governance (ESG) performance has been recognised by the FTSE4Good Index Series, a leading sustainability index, for the last 9 years.

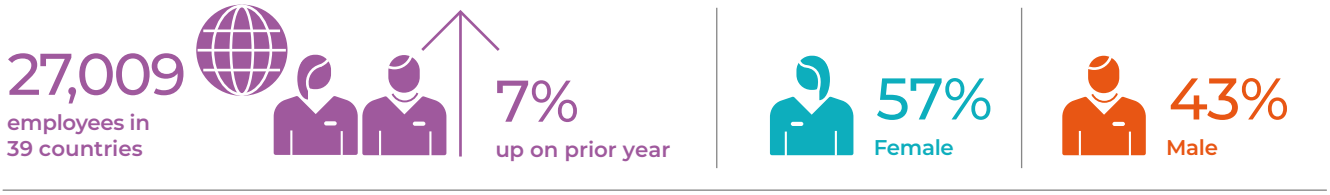
Sam Duffield

Living with haemophilia A hasn't stopped Sydneysider Sam Duffield from living life to the fullest. The bleeding disorder typically has a family history; however, Sam is the first in his family with haemophilia A and was diagnosed when he was one year old. Sam has not let his condition hold him back. He loves to travel and has explored Japan, Europe, the United States, Panama and Myanmar. Haemophilia hasn't deterred Sam from trying new experiences, such as night scuba diving, rockclimbing, surfing and, once, jumping out of a helicopter. Sam says he won't let haemophilia get in the way of "living a regular life". His advice to others living with the condition is, "Never let your bleeding disorder hold you back."

10 Promising Futures

Every day, CSL is relying on our team of more than 27,000 talented employees around the globe to deliver on our promise to our patients, our donors and our communities. In return, we are continually investing in our workplace and in our employees. We are building a diverse, flexible and engaging workplace where individuals can have promising futures. It is a workplace where people collaborate and innovate around global challenges and where everyone can make a difference.

CSL's global workforce has grown to a total of 27,009 employees (as at 30 June 2020) – up 7% from last year. Our people are in 39 countries across a number of geographic regions. As with past years, our workforce continues to grow to accommodate an expanding network of CSL Plasma centres, an expansive market presence in more than 100 countries and a growing manufacturing footprint that includes facilities in Australia, China, Germany, Switzerland, the UK and the US.



Diversity

Our commitment is to build a global workplace where people may fulfil their career aspirations, realise their potential, and be inspired to be part of a purpose-driven company with a values-based culture. This goal requires us to have a culture of inclusion where all employees are respected, valued and able to freely share their perspectives.

We define diversity in the broadest of terms, 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.

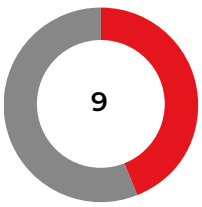
CSL has a global diversity policy, which is integral to our talent and culture strategies. We also set annual diversity objectives. Our current 2020/21 fiscal year objectives are to:

- increase our focus on diversity beyond gender, including our aspiration to increase CSL's overall ethnic and disability workforce demographics;
- strengthen CSL's culture by recognising performance aligned to CSL Values while developing and measuring inclusive leadership. This includes maintaining an Employee Engagement Index above the global external benchmark; and
- enhance CSL's external reputation for diversity and inclusion to attract and retain talent. This includes a 10% increase in partnerships across all major operating areas when it comes to female leaders, ethnicity, disability, and women in STEM.

CSL's Gender Diversity Profile

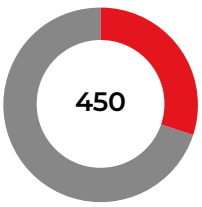
The following graphs highlight the proportion of women and men on the Board, in senior executive positions (senior director and above), people managers with three or more direct reports as well as all employees across the whole organisation as at 30 June 2020.

Board Members



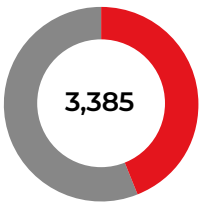
- Female **44%**
- Male **56%**

Senior Executives



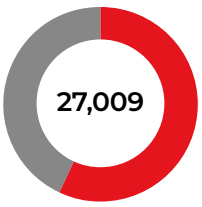
- Female **30%**
- Male **70%**

People Managers



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

All Employees



- Female **57%**
- Male **43%**

Attraction and retention

How we identify, recruit and develop our employees is paramount to the long-term sustainability of our business, which is why our talent acquisition and talent development efforts are a key element of our overall human resource strategy.

CSL has a global network of internal recruiting experts and external partners focused on positively positioning the CSL brand among both active and passive job candidates. Global advertisement campaigns and recruiting events, as well as specialised diversity recruiting training, allow the team to target high-demand talent populations, including engineers and scientists.

New this year, CSL launched a global Employee Referral Program based on the belief that our employees are a strong resource for identifying talented people who share our passion for patients and our commitment to living our values. Under the program, employees receive a bonus for referring qualified candidates who are ultimately hired. Since the program started in March, we have received over 2,600 referrals.

Promoting a diverse talent pipeline while positively contributing to the global community

A new CSL Refugee Internship Program in Marburg, Germany, aims to build our talent pipeline, promote diversity, and compassionately contribute to the global community. The program provides international refugees from countries such as Syria, Iran and Pakistan the opportunity to intern with CSL and then potentially move into an apprenticeship or employment. There are two paths available depending on the individual's qualifications.

– Those with professional experience or education participate in a four-month internship designed to develop the knowledge and skills necessary to perform key CSL roles in areas such as production, engineering, quality and research and development (R&D).

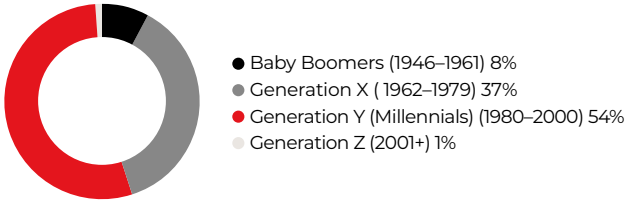
– Participants who lack professional credentials or formal training participate in an 11-month program focused on building skills to serve as a technical assistant in biomedical production followed by a CSL apprenticeship for another two years.

Both programs include a mix of technical skills as well as capabilities required to be successful at CSL, including teamwork, giving/receiving feedback, our CSL Values, etc.

The first 'class' of 11 refugees has resulted in positive outcomes – two participants have accepted full-time positions while seven others are planning to transfer into apprenticeships in September 2020. The next program is scheduled to start in October 2020.

CSL's Generational Diversity Profile

Our multigenerational workforce includes employees ranging from ages 16 to 81.



Data as of 30 June 2020 and includes all employees globally where birthday is recorded (98% of population).

CSL is assessing the global legal landscape in order to be able to capture demographic information related to race, disability, ethnicity and other 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 at CSL.

Training and development

A key underpinning of CSL's brand is the investment we make in the growth, learning and development of our people. We want to ensure that once on board, CSL employees have access to opportunities that help them achieve superior performance in their current position and/or prepare for their next position. There were a number of highlights over the past year.

- We launched the 'Advancing Women' Track of the Executive Edge Program. Designed to accelerate female candidates for future executive leadership positions, this program provides a differentiated development experience to a cross-functional cohort of high-potential female leaders (Senior Directors & Executive Directors). The program includes external leadership coaching, mentoring and a webinar series covering topics such as enhancing confidence, advancing how one contributes, influencing and inspiring others, and publicising success as a leader and a multiplier of talent.
- We introduced unconscious bias training as part of the overall diversity and inclusion strategy. The course is designed to build an understanding of diversity and inclusion concepts while also challenging individuals to examine their own unconscious biases and the ways in which those biases may affect their judgement and daily interactions with others.
- We hosted development days for employees at seven of our major CSL locations. These events promoted career development through knowledge and skill building sessions related to innovation, collaboration, diversity and inclusion, and patient focus.

Employee engagement

We conduct an employee feedback survey to ensure we are listening to employees when it comes to their work experiences and expectations. The survey captures feedback on everything from the company's future vision to collaboration, decision-making, processes and living the CSL Values. In the most recent survey conducted in March/April 2020, over 15,000 employees shared their thoughts and opinions. CSL's overall engagement index score remained steady with the comparable prior period and is now 4.4 points above the external benchmark.

New this year, we launched a series of 'Insights to Actions' training webinars to help managers better understand their engagement data, hold meaningful team conversations and develop action plans to build on existing strengths or address improvement areas.

In addition, in an effort to address prior employee survey feedback related to recognition, we piloted a new program with over 5,000 employees: Celebrate the Promise. The new program provides an easy-to-use platform for employees and managers to recognise and celebrate the contributions of colleagues. Since the program launched in February 2020, we have seen over 15,000 recognition moments, each one tied to a specific CSL Value. We plan to roll out the program fully in the new fiscal year.

Our employee-centric approach to COVID-19

The COVID-19 pandemic affected our employees lives, their families, and their communities in numerous and unexpected ways. CSL has various types of working environments from our manufacturing sites and R&D facilities to our Plasma Centres and corporate offices. As such, we could not take a one-size-fits-all approach to the pandemic. Instead, we developed employee-centric programs and policies that prioritized the safety and well-being of our people while ensuring we continued to deliver on our promise to patients and public health.

Here are a few examples.

- Essential employee programs and policies have been introduced. Emergency caregiver policies were created to provide essential employees additional support through time off and/or financial assistance. Plasma employees received a pre-loaded, non-taxable debit card to assist with unexpected expenses.
- Employees able to perform their roles remotely have continued to do so in an effort to minimise the potential spread of the virus while also allowing for greater flexibility as employees navigate new challenges such as childcare issues due to school closings.
- The expansion of the US Employee Assistance Program (EAP) has been accelerated to give all employees access to resources on topics such as dealing with uncertainty, maintaining healthy habits and staying productive.
- Employees at essential sites are provided personal protective equipment (PPE), cleaning efforts at all locations have increased significantly and social distancing is required.
- Travel restrictions have been introduced to protect employees and prevent the potential spread of the virus.

76.4%
employee engagement score*

up **2.4**
points on prior year

4.4
points higher than the world norms database

* Limited assurance by Ernst & Young.

Safety and wellbeing

In order to achieve Environmental, Health, Safety and Sustainability (EHS²) excellence and stay true to our commitment to promising futures, CSL has in place a robust, flexible and global approach to EHS² management that ensures our operations are safe and environmentally responsible. Our EHS² Management System seeks to uphold our EHS² 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 EHS² team works collaboratively with site operations management and employees to proactively identify and correct workplace hazards, strengthen communication, define roles and responsibilities and promote a company-wide culture of safety at all of our manufacturing, laboratory and office locations. This safety culture improvement journey fosters employee involvement in our workplace EHS² programs, promotes awareness and strives to maintain a safe workplace for all. With our unwavering commitment to employees we have established targeted improvement plans to address our performance.

We have restated our safety performance for the last four years whereby data previously reported separately as MTIFR and LTIFR has been combined into TRIFR to enable comparison with published industry data. Over the reporting period, there were no fatalities across our employee and contractor workforce.

Our Health and Safety Performance

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

Year		Targets‡	Results
16-17		≤6.6	5.7
17-18		≤6.2	4.6
18-19		≤5.5	7.2
19-20*		see below	6.1
19-20‡	Non-CSL Plasma sites	≤3.5	1.9
	CSL Plasma	≤10	10.9

* Limited assurance by Ernst & Young. Underlying data for 16-17, 17-18 and 18-19 has received 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 was calculated over a 12-month period of time. Prior to 19-20, targets and data were reported separately as MTIFR and LTIFR which is combined into TRIFR to enable comparison with published industry data (TRIFR = MTIFR + LTIFR).

‡ Data for 19-20 and beyond is calculated over a 36-month period of time. Targets were modified in 2019 to allow comparison with published industry performance data. Targets are set at 50% of the 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.

11 Our Communities

Strong relationships with communities – especially healthcare providers, patient support communities and areas in which we operate – are critical to delivering on our promise. More than that, these relationships keep us connected to the evolving needs of patients and other stakeholders, so we can better support them, including with improved medicines and advocacy programs.

Our approach

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.

Support for patient communities	
– Enhancing quality of life for patients in the conditions our therapies treat – Improving access to our biological medicines	Aligns with CSL's Values of Patient Focus and Integrity. Supports CSL's *Patient and Public Health* and *Focus* strategic objectives by improving patient outcomes.

Support for biomedical communities	
– Advancing knowledge in medical and scientific communities – Fostering the next generation of medical researchers	Aligns with CSL's Values of Innovation and Collaboration. Supports CSL's *Innovation* strategic objective by fuelling new breakthroughs, enhancing scientific knowledge and building capability and capacity.

Support for local communities	
– Supporting community efforts where we live and work – Supporting communities in times of emergency	Aligns with CSL's Value of Superior Performance. Supports CSL's *People and Culture* strategic objective by creating an environment that employees feel proud to perform within.

Collaborative relationships with communities is an important part of our commitment to advance scientific knowledge and foster the next generation of medical researchers, as well as enhance the quality of life for patients and improve access to our medicines. In 2019/20, CSL contributed US$38.7 million to patient, biomedical and local communities, reflecting our commitment to nurturing communities in which we work and live.

US$38.7 million in community contributions

60% to patient communities

37% to biomedical communities

3% to local communities

Support for patient communities

Our support for patient communities continues as a priority, with the majority of total funding directed towards programs that enhance patient quality of life, protect public health and improve access to our medicines.

Some of these strategic programs are detailed following.

CSL Behring

Bleeding disorders

Empowering patient communities through education and advocacy

CSL Behring has a deep commitment to global patient communities and has provided product donations to patients in dozens of countries.

With more than 30 years of experience treating patients with bleeding disorders, CSL Behring holds its relationship with the World Federation of Hemophilia (WFH) among its strongest partnerships.

WFH works to improve the lives of people with haemophilia and other inherited bleeding disorders. As a not-for-profit global network of patient organisations, WFH organises programs that help improve diagnosis and access to care for patients in developing countries, provides medical training, increases awareness, establishes education initiatives and achieves government support through advocacy. Support from longstanding industry partners, such as CSL Behring, helps to deliver these important programs to patients, caregivers and healthcare professionals.

CSL Behring continued a partnership with WFH to support critical WFH programs that was renewed for a fourth time in 2019. As a Visionary Corporate Partner, CSL Behring holds a Leadership Partner role in the WFH's Global Alliance for Progress (GAP) Program that aims to increase the diagnosis and treatment of patients with haemophilia and other bleeding disorders in developing countries.

CSL Behring is also a Collaborating Partner of the World Bleeding Disorders Registry (WBDR), the only global registry collecting standardised clinical data on haemophilia patients. CSL Behring continues to be a significant contributor to the WFH Humanitarian Aid Program's efforts to provide consistent and predictable treatment access through product donations and financial support.

As part of its most recent commitment, CSL Behring promised to donate 50 million international units (IUs) of product over a three-year period. In 2019 alone, it we donated almost twice that amount, including both plasma-derived and recombinant therapies, and helped patients in 48 countries.

Our partnerships with the WFH and other global patient groups reinforce CSL Behring's promise to patients by empowering them through education and advocacy, raising awareness, advancing scientific knowledge and improving access to care.

Influenza

Commitment to donate 10% of influenza vaccine output in the event of a global pandemic.

In 2019, Seqirus continued our support for the World Health Organization's (WHO) Pandemic Influenza Preparedness (PIP) Framework with a corporate contribution. The program aims to improve the sharing of influenza viruses with pandemic potential and the equitable access to products necessary to respond to pandemic influenza (e.g., vaccines, antiviral medicines and diagnostic products). Seqirus has also agreed to donate 10% of influenza vaccine output in real time to WHO for deployment to developing countries in the event of a global pandemic emergency.

Snakebite

1,275 vials of snake and marine antivenom donated to Papua New Guinea across two years

In Papua New Guinea (PNG), the PNG Snakebite Partnership continues to distribute life-saving antivenom across the country. PNG has some of the highest rates of snakebite mortality in the world, caused mainly by taipan and death adder envenomation. The same snake species are found in Australia, where Seqirus antivenom has been in use for decades. The partnership, involving the PNG National Department of Health, the Australian High Commission, Seqirus, the Australian Venom Research Unit, at the University of Melbourne, and the Charles Campbell Toxinology Centre, at the University of Papua New Guinea, significantly improves access to antivenoms by combining a large product donation with healthcare worker training and a purpose-built cold-chain distribution and product management system. Now in the second year of the project, more than 950 vials of antivenom to date have been distributed from the central point in Port Moresby to more than 50 health centres across 12 provinces in PNG. Each vial holding the potential to save a life.

Support for biomedical communities

To help advance scientific knowledge in areas of unmet patient need, CSL engages in direct collaborations with medical research institutes and universities.

We also offer research grants to institutes, hospitals and patient organisations. Additionally, CSL funds investigator-initiated studies (IIS), projects undertaken by researchers outside CSL's research and development (R&D) activities to better understand the potential use of its products to treat new indications or therapy areas.

For an IIS, CSL does not have any role in the conduct of the study and does not claim exclusivity over research outcomes, but does provide support through the provision of product and/or financial grants. In 2019/20, there were 27 studies supported that spanned a multitude of areas including acquired bleeding, haemophilia A and B, von Willebrand disease, immunodeficiency, autoimmune disorders, chronic inflammatory, demyelinating polyneuropathy and hereditary angioedema.

At CSL, we are committed to supporting established researchers and the researchers of tomorrow – the scientists whose discoveries will help patients lead longer, fuller lives.

The CSL Centenary Fellowships are competitively selected, high-value grants available to mid-career Australians who wish to continue medical research in Australia. Two individual, five-year, A$1.25 million fellowships are awarded each year. The 2020 CSL Centenary Fellowships were awarded to Dr Kamala Thriemer from Menzies School of Health Research and Associate Professor Daniel Thomas from the South Australian Health and Medical Research Institute. Dr Thriemer is using her Fellowship to develop and optimise treatment programs against vivax malaria in SE Asia and the Horn of Africa. Associate Professor Thomas is using his Fellowship to continue developing new ways to identify a cancer's weakness and target it with personalised treatment. He's already treating acute myeloid leukaemia patients in Adelaide.

Seqirus supported the Global Initiative for Sharing of Influenza Data (GISAID) with a donation of €200,000 to support open and rapid sharing of genetic data for influenza viruses.

Supporting innovation through strategic partnership

In February 2020, CSL Behring and the University City Science Center in Philadelphia awarded the first grants from the CSL Behring – Science Research Acceleration Initiative.

As part of an ongoing strategic collaboration between CSL Behring and Philadelphia's University City Science Center, researchers at academic and research institutions throughout the region were invited to submit proposals for projects with a focus on therapeutics that fit within CSL Behring's areas of expertise.

CSL Behring awarded Cecelia Yates, Ph.D., from the University of Pittsburgh, and Eleftherios (Terry) Papoutsakis, Ph.D., from the University of Delaware, US$250,000 each and an opportunity to work alongside the plasma-based biotech's own experts in an effort to help transform their ideas into groundbreaking therapies to improve patients' health.

With CSL Behring's support, Dr Yates' group will test the ability of FibroKine™, a chemokine-based class of biomimetic peptides that are potential therapeutic agents for the targeted treatment of tissue fibrosis, to effectively treat and halt the progression of pulmonary fibrosis.

Dr Papoutsakis is exploring the use of cell derived micro-particles and vesicles (MkMPs) for the treatment of thrombocytopenias and in stem-cell targeted gene therapies.

CSL Behring's operational headquarters is located near Philadelphia in King of Prussia, Pennsylvania, US.

Support for local communities

Support for local communities

Local community initiatives are centred on engaging employees in local giving, both financially and through volunteered time. These programs invite the broader participation of our employees in the community. While seeking to address a community need or gap, support for the local community encourages teamwork and collaboration and builds a sense of pride in the workplace and organisation. A number of activities are undertaken across our sites to support local organisations.

Bush fire relief in Australia

The devastation to people, property, wildlife and their habitat in Australia spurred our employees to take action.

CSL's workforce answered the call to action in support of the cause by making individual contributions and joining forces at different locations to host fundraising events. The employee effort of the campaign yielded A$157,523. Coupled with an initial A$500,000 company donation and a dollar-for-dollar match of all employee donations, CSL and its employees gave A$815,046 to the relief effort.

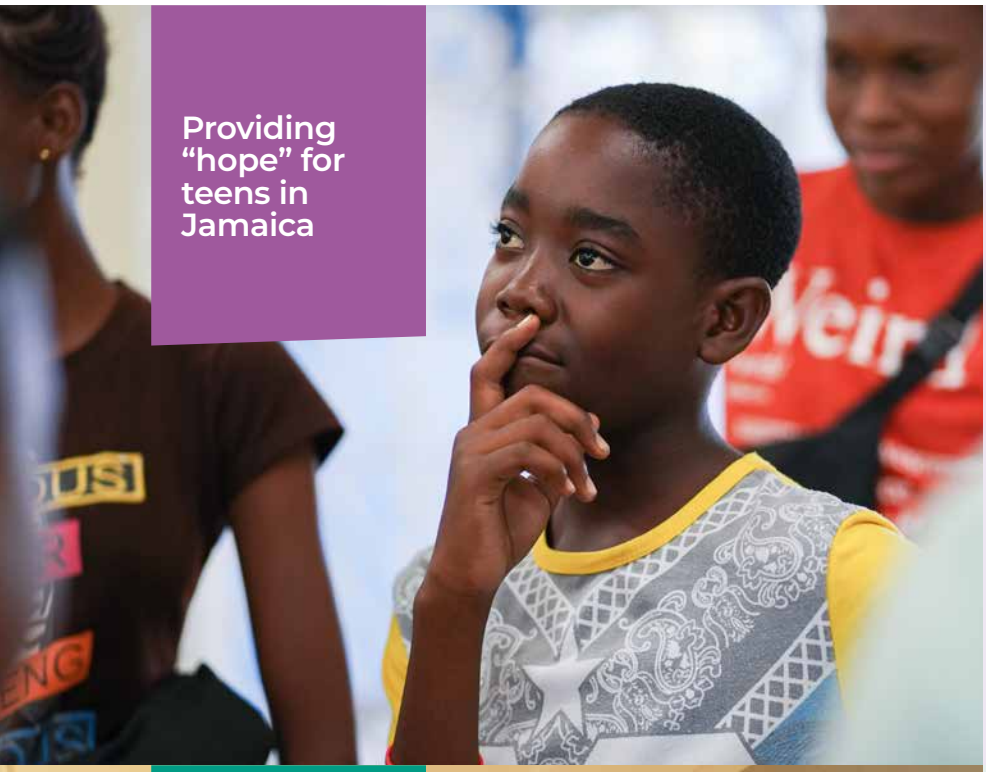
Nearly 1,000 employees contributed to the effort, supporting 58 different bush fire charities, with the largest amount of support directed toward the Australian Red Cross. In addition to this, CSL supported employees to take leave to volunteer with fighting the fires.

Teaming up to support rare disease research

CSL Behring partnered with Philadelphia-based non-profit Uplifting Athletes to present the third annual Young Investigator Draft in March 2020, which awarded more than US$100,000 in grant funding to emerging rare disease researchers.

Uplifting Athletes is an organisation comprised of athletes at colleges and universities across the US that seeks to inspire the rare disease community through the power of sport.

The event took place at Lincoln Financial Field, home of the National Football League's Philadelphia Eagles. CSL Behring has served as the title sponsor for the event since its inception in 2018.



Providing “hope” for teens in Jamaica

Teens living with sickle cell disease in Kingston, Jamaica, had a unique chance to spend time with peers with the same condition at Hope Lives Here, a CSL Behring-sponsored teen camp at the Sickle Cell Unit at the University of the West Indies.

According to the Sickle Cell Support Foundation of Jamaica, approximately 10% of people living in the island nation carry sickle cell trait and one in every 150 babies is born with sickle cell disease.

Teens living with sickle cell in Jamaica have big dreams, but often face adversity because of the frequent hospitalisations required by their rare blood disorder.

In addition to learning more about their condition, campers took part in a career expo and visited the nearby Bob Marley Museum.

Supporting the COVID-19 response in China

As the COVID-19 pandemic unfolded in China in January, CSL stepped up to provide a donation of ¥1,000,000 to the Chinese Red Cross Foundation. The funding helped provide needed medical supplies to frontline responders treating patients in Wuhan.

CSL employees also pitched in to help treat COVID-19 patients. Employees gathered at the plasma centre in Hubei province, where they coordinated efforts to help distribute medical supplies and other necessary goods, including disinfectant, personal protective equipment and more than 500 tonnes of food.

Staff members at the plasma centre volunteered to work as couriers, delivering food and medicines to residents of their community. They also served as cleaners to help maintain cleanliness and hygiene in their area.

All of the volunteers received high appreciation and recognition from community residents for their contributions.

More on CSL.com (Our Company > In the Community & Corporate Responsibility)

12 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 Integrity, Patient Focus, Collaboration, Innovation 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 diagram below 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.

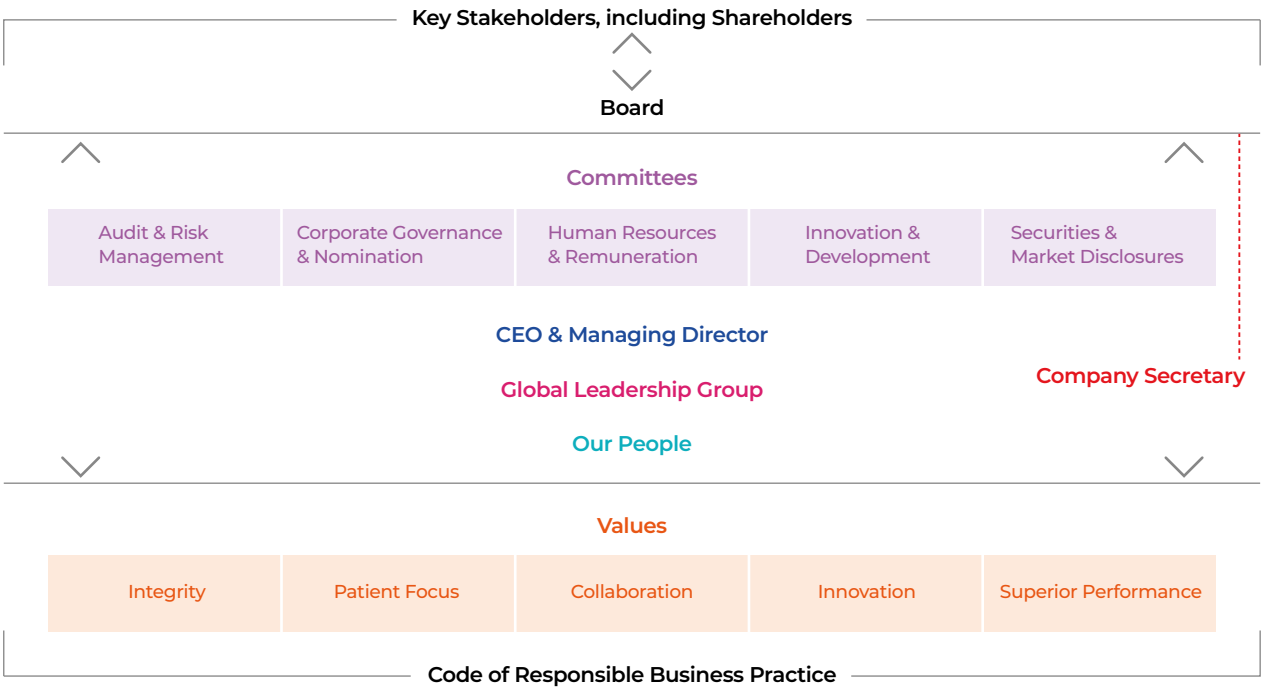
Board composition

Throughout the year there were 10 or 11 directors on the Board. At the date of this report, there were 10 directors on the Board, comprising eight independent, non-executive directors and two executive directors.

Since 1 July 2019 to the date of this report, the following director movements occurred:

- Dr Tadataka "Tachi" Yamada retired from the Board, effective at the end of the 2019 Annual General Meeting (AGM);
- Marie McDonald and Dr Megan Clark AC were re-elected as directors, at the 2019 AGM;
- Ms Carolyn Hewson AO was appointed to the Board on 9 December 2019 and will seek election at the 2020 AGM; and
- Mr Pascal Soriot was appointed to the Board on 19 August 2020 and will seek election at the 2020 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 2019/20 Corporate Governance Statement available at CSL.com (Our Company > Corporate Governance).



Board of Directors

Brian McNamee AO

MBBS, FTSE Age 63

Chairman and independent Non-executive Director

Director of CSL Limited since February 2018 and Chairman 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 has a broad global perspective and understanding of long-term capital projects in the pharmaceutical industry, with proven health, safety, environment and corporate responsibility.

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):

– Chairman of GenesisCare Limited (from July 2019).

Board Committee memberships:

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

Paul Perreault

BA (Psychology) Age 63

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 35 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 fifth largest biotech company in the world with more than 25,000 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.

Board Committee memberships:

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

Andrew Cuthbertson AO

BMedSci, MBBS, PhD, FAA, FTSE, FAHMS Age 65

Non-independent Executive Director

Director of CSL Limited since October 2018, and appointed Chief Scientific Officer and R&D Director in 2000 and 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 groundbreaking 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):

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

Board Committee memberships:

– Member of the Innovation and Development Committee.

Bruce Brook

BCom, BAcc, FCA, MAICD Age 65

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 Guide Dogs Victoria (since November 2018);
– Director of Incitec Pivot Limited (since December 2018);
– Director of Newmont Corporation (since October 2011);
– Former Director of the Deep Exploration Technologies Co-operative Research Center Limited (from August 2011 to September 2018); and
– Former Director and Chairman of Programmed Group (from June 2010 to October 2017).

Board Committee Memberships:

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

Megan Clark AC

BSc (Hons) PhD Age 62

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.

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):

– Director of Rio Tinto Limited and Rio Tinto Plc (since November 2014);
– Head of the Australian Space Agency (since June 2018);
– Member of the Australian Advisory Board and Global Advisory Board of the Bank of America Merrill Lynch (since July 2010);
– Member of Council of Monash University Council (since April 2015); and
– Former Director of Care Australia Limited (from May 2015 to June 2020).

Board Committee memberships:

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

Carolyn Hewson

BEc (Hons), MA Age 65

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 in the Order of Australia for her services to the broader community and to business.

Other directorships and offices (current and recent):

– Director of Infrastructure SA (since January 2019);
– Member of Federal Government Growth Centres Advisory Committee (since January 2015);
– Former Director of BHP Group Limited and BHP Group Plc (from March 2010 to November 2019);
– Former Director of Stockland Group (from March 2009 to September 2018); and
– Former Trustee Westpac Foundation (from May 2015 to May 2019).

Board Committee membership:

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

Abbas Hussain

BSc (Hons) Age 55

Independent Non-executive Director

Director of CSL Limited since February 2018

Mr Hussain has executive experience in the biopharmaceutical industry and deep biotechnology industry insight. Through his executive and non-executive roles, Mr Hussain has a broad global perspective and understanding of pharmaceutical manufacturing, product development, risk, health and safety, environment and corporate responsibility.

Mr Hussain was the Global President, Pharmaceutical at GlaxoSmithKline (GSK) serving from 2008 to late 2017, where he managed a global pharmaceutical and vaccine business across 150 markets including the US, Europe, Japan and emerging markets. Before GSK he held senior roles with global responsibilities at Eli Lilly.

Other directorships and offices (current and recent):

– Director of Cochlear Limited (since December 2018);
– Director of TargTex SA (since July 2020);
– Director of Teva Pharmaceuticals Inc. (since September 2020);
– Senior advisor at C-Bridge Capital (since October 2017);
– Senior advisor at CellResearch Corporation (since August 2017);
– Senior advisor to Indegene Inc. (since July 2020); and
– Former Director of ViiV Healthcare Limited (from October 2009 to July 2017); and
– Former Director of Immunocore Limited (from May 2017 to June 2020).

Board Committee memberships:

– Member of the Innovation and Development Committee.
– Member of the Human Resources and Remuneration Committee.

Marie McDonald

BSc (Hons), LLB (Hons) Age 63

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):

– 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.
– Member of the Human Resources and Remuneration Committee.

Christine O'Reilly

BBUS Age 59

Independent Non-executive Director

Director of CSL Limited since February 2011

Ms O'Reilly has non-executive experience in a number of sectors including infrastructure, property, private health insurance, energy and medical research. She also has deep strategic and operational leadership experience, with a focus on corporate transformational change, debt and equity capital markets and merger and acquisitions.

Ms O'Reilly was the co-head of Unlisted Infrastructure Investments at Colonial First State Global Asset Management from July 2007 until September 2012.

Prior to this, she was the Chief Executive Officer of the GasNet Australia Group. Ms O'Reilly's early work history includes participating in the reform and establishment of the regulatory framework for the Australian gas industry, eight years with the investment bank, Centaurus Corporate Advisory Services, and audit experience with Price Waterhouse where she qualified as a chartered accountant.

Other directorships and offices (current and recent):

– Director of Transurban Group (since April 2012);
– Director of Medibank Private Limited (since March 2014);
– Director of Stockland Limited (since August 2018);
– Director of Baker Heart and Diabetes Institute (since July 2013); and
– Former Director at Energy Australia Holdings Limited (from September 2012 to August 2018).

Board Committee memberships:

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

Pascal Soriot

DVM, MBA Age 61

Independent Non-executive Director

Director of CSL Limited since August 2020

Mr Soriot has non-executive experience in the clincial-stage biotechnology sector. Mr Soriot brings a passion for science and medicine as well as significant experience in established and emerging markets, strength of strategic thinking, a successful track record of managing change and executing strategy, and the ability to lead a diverse organisation.

Mr Soriot is the Chief Executive Officer of AstraZeneca, and has held this position since 2012. Before this he served as Chief Operating Officer of Roche's pharmaceuticals division from 2010 to September 2012 and, prior to that, Chief Executive Officer of Genentech, a biologics business, where he led its successful merger with Roche.

Mr Soriot joined the pharmaceutical industry in 1986 and has worked in senior management roles in numerous major companies around the world.

Other directorships and offices (current and recent):

– Chief Executive Officer of AstraZeneca (since October 2012); and
– Former Director of Viela Bio, Inc (from October 2019 to August 2020).

Fiona Mead

LLB (Hons), BComm Age 51

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)
Age 63

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 Chairman of the Global Board for the Plasma Protein Therapeutics Association. Paul has had more than 36 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.

David Lamont

BCom, CA
Age 55

Chief Financial Officer

David was appointed as Chief Financial Officer in January 2016. As Chief Financial Officer, he is responsible for managing the financial aspects of CSL's strategy which includes financial planning and reporting, capital management, tax, treasury and investor relations. Immediately prior to joining CSL, he was the Chief Financial Officer and an Executive Director at MMG since 2010. Prior to this, David served as chief financial officer for several leading multi-national public companies across a range of industries since 1999 – including MMG Limited, Oz Minerals Limited, PaperlinX Limited, BHP Billiton's energy and coal and carbon steel materials divisions, and Incitec Pivot Limited. He is a qualified chartered accountant and a member of the Institute of Chartered Accountants (Australia).

Greg Boss

JD, BS (Hon)
Age 59

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)
Age 61

Executive Vice President, Chief Commercial Officer

Bill was appointed in September 2017 as Executive Vice President, Chief Commercial Officer. He has responsibility for a variety of global functions including sales, marketing, commercial development, medical affairs and public policy. Prior to being appointed to his current role, Bill led CSL Behring's North American commercial operations since 2014. 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.

Elizabeth Walker

BA, MS (Organisational Development and Leadership)
Age 50

Executive Vice President, Chief Human Resources Officer

Elizabeth was appointed as Chief Human Resources Officer in December 2017. She joined CSL Behring as Chief Talent Officer in 2016 and served as interim Chief Human Resources Officer from October 2017. Prior to joining CSL, Elizabeth was Vice President Global Talent Management at Campbell Soup Company. She has more than 25 years of experience in both management consulting and human resources. Elizabeth has worked across a variety of industries, including healthcare, financial services and food manufacturing.

Bill Mezzanotte

MD, MPH
Age 61

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

Bill was appointed Head of Research & Development (R&D) in October 2018 and Chief Medical Officer was added to his direct responsibilities in 2020. He is responsible for developing and executing CSL's R&D strategy and portfolio, including the identification and development of all R&D platforms, skills and expertise necessary for success. Bill initially joined CSL as head of clinical development in April 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 and currently serves as a member of the Board of Directors of the Philadelphia-based University City Science Center.

Alan Wills

BA (Zoology), MBA
Age 56

Executive Vice President, Strategy and Business Development

Alan joined the company in February 2015. He is responsible for strategy, portfolio management and business development activities at CSL. Prior to joining CSL, Alan was Executive Vice President, Corporate Development at Auxilium Pharmaceuticals. He was previously head of corporate strategy for Bristol-Myers Squibb and Pfizer, and has worked in strategy and business development roles at United Healthcare and Stanford Medical Center. Alan began his career with the Boston Consulting Group.

Paul McKenzie

PhD (Chemical Engineering)
Age 54

Chief Operating Officer (from June 2019)

Paul was appointed Chief Operating Officer in June 2019 and leads CSL's global end-to-end operations organisation and its accompanying strategy. He also has responsibility for the Seqirus business. Prior to joining CSL, he 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.

On 17 June 2020, CSL announced the resignation of David Lamont, Chief Financial Officer, effective 30 October 2020. Other leadership changes during the financial year include Anjana Narain, Executive Vice President and General Manager, leaving Seqirus.

More on CSL.com (Our Company > Board and Management)

Ethics and transparency

While our 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 in ways that exemplify the highest standards of conduct throughout the organisation. This applies in all areas, from our R&D facilities to our plasma centres to our manufacturing sites to our commercial affiliates

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

In 2019/20, in line with our standard practice of ensuring CSL policies remain current, we commenced a review of the Code. The review included an independent assessment against Australian Standard – AS8002 Organisational Codes of Conduct and expert insights into current code of ethics good practice. CSL will publish the fourth edition of our Code in July 2021.

Each of our employees is responsible for complying with the applicable local laws of the countries in which we operate.

In certain aspects of our business, such as the marketing of our products, our relationships with other healthcare professionals 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.

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.

We have 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 2019/20, CSL's governance arrangements were consistent with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition). Our 2019/20 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. CSL is pleased to report that its governance arrangements as outlined in the Corporate Governance Statement already address a number of the new issues raised in the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations which will come into effect for CSL in 2020/21.

Risk management

CSL has adopted and follows a detailed and structured Risk Framework to ensure that risks in the CSL Group are identified, evaluated, monitored and managed. This Risk Framework sets out the risk management processes and internal compliance and control systems, the roles and responsibilities for different levels of management, the matrix of risk impact and likelihood for assessing risk, and risk management reporting requirements.

The risk management processes and internal compliance and control systems are made up of various CSL policies, processes, practices and procedures, which have been established by management and/or the Board to provide reasonable assurance that:

- established corporate and business strategies are implemented, and objectives are achieved;
- any material exposure to risk is identified and adequately monitored and managed;
- significant financial, managerial and operating information is accurate, relevant, timely and reliable; and
- there is an adequate level of compliance with policies, standards, procedures and applicable laws and regulations.

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.

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.

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 tax risk appetite and does not engage in aggressive tax planning.

CSL supports efforts to promote prevention of tax avoidance and 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).

13 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 2020.

1. Principal Activities, Strategy and Operating Model

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

CSL is a leader in global biotechnology, and develops and delivers innovative medicines that saves lives, protects 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 2020 strategic objectives can be found in Strategy and Performance.

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

2. Operating and Financial Review

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

3. Directors

The directors who served at any time during FY2020 or up until the date of this Directors' Report were Dr Brian McNamee AO, Mr Paul Perreault, Professor Andrew Cuthbertson AO, Mr Bruce Brook, Ms Carolyn Hewson AO, Dr Megan Clark AC, Mr Abbas Hussain, Ms Marie McDonald, Ms Christine O'Reilly and Dr Tadataka Yamada KBE.

Further details of the current directors are set out in the Governance section of CSL's 2019/20 Annual Report or CSL's website, 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 2017 and the period for which each directorship has been held.

Dr Tadataka Yamada KBE served as a Non-executive Director of CSL from September 2016 until his retirement on 16 October 2019.

Ms Carolyn Hewson AO was appointed as a Non-executive Director of CSL with effect from 9 December 2019. Mr Pascal Soriot was appointed as a Non-executive Director of CSL with effect from 19 August 2020.

4. Company secretaries

Ms Fiona Mead, B.Com/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.

Mr John Levy served as an Assistant Company Secretary from 16 August 2011 until his resignation from this position on 8 August 2019.

5. Directors' attendances at meetings

The Board meets as often as necessary to fulfil its role. Directors are required to allocate time to CSL to perform their responsibilities effectively, including adequate time to prepare for Board meetings. During the reporting year, the Board met nine 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 FY2020 is set out in the table 1 below. The Directors also visited various locations of the CSL Group's operations inside and outside Australia and met with local management.

Table 1: FY2020 Director Attendance at Board and Committee meetings

	Board of Directors		Audit & Risk Management Committee		Securities & Market Disclosure Committee		Human Resources & Remuneration Committee		Innovation & Development Committee		Corporate Governance & Nomination Committee	
	A	B	A[1]	B	A	B	A[2]	B	A	B	A	B
B McNamee	9	9		5*	4	4		5*	3	3	2	2
B Brook	9	9	6	6				1*		3*	2	2
C Hewson	7	7	3	3			3	3		1*	1	1
M Clark	9	9		1*			6	6	3	3	2	2
A Cuthbertson	9	9		2*					3	3		
A Hussain	9	8[3]					6	6	3	3		
M McDonald	9	9	6	6			6	6		3*		
P Perreault	9	9		6*	4	4		6*	3	3		2*
C O'Reilly	9	8[4]	6	6			6	6		3*	2	2
T Yamada	2	2										

A Number of meetings held whilst a member.

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

6. Dividends

On 18 August 2020 the directors resolved to pay a final dividend of US$1.07 per ordinary share, unfranked, bringing dividends per share for 2020 to US$2.02 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	Unfranked dividend per share US$	Total dividend US$
Final Dividend for Year Ended 30 June 2019	11/10/2019	100 cents	$453.9m
Interim Dividend for Year Ended 30 June 2020	09/04/2020	95 cents	$429.2m

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. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year not otherwise disclosed in this report 'ASX Full-year information 30 June 2020' including the financial statements.

8. Developments in operations in future years and expected results

The OFR sets out information on CSL's business strategies and prospectus 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.

1 One of the Audit & 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 & Risk Management Committee.
3 One Board meeting was arranged at short notice which meant two Non-executive Directors could not attend.
4 One Board meeting was arranged at short notice which meant two Non-executive Directors could not attend.

9. Significant events after year end

Other than Mr Soriot joining the CSL Board from 19 August 2020 and information as disclosed in the financial statements, the directors are not aware of any other matter of circumstance which has arisen since the end of the financial year which has significantly affected or may significantly affect the operations of the consolidated entity, results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

10. Environment, Health, Safety and Sustainability performance

CSL has an Environmental, Health, Safety and Sustainability (EHS[2]) Management System that its facilities operate to industry and regulatory standards. This system includes compliance with government regulations and commitments for continuous improvement of health and safety in the workplace, as well as minimising the impact of operations on the environment. To drive this system, CSL implemented an EHS[2] Management System (EHSMS) Standard. Internal audits at one site demonstrated compliance with the EHSMS in FY2019/20. Completion of the remaining internal audits are planned over the next one to two years.

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

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

In 2020, CSL, Parkville (Australia) submitted a proposed remediation plan for the identified groundwater contamination to the environmental authority. CSL has sought a meeting with the Environmental Protection Agency (EPA) to discuss a path forward on this issue. An environmental assessment of the broader Parkville site has been completed and we are currently reviewing the results to determine what further action may be required.

In 2020, CSL, Broadmeadows (Australia) received a non-compliance notice from the local water authority for a wastewater discharge of acetic acid in exceedance of the local limit. Investigations are ongoing in consultation with the water authority.

In 2019/20, CSL, Kankakee (US) experienced wastewater pH violations identified through sampling by the local environmental authority. In 2020, CSL entered into an agreement with the local environmental authority to allow periodic non-compliance with the site permit for pH until completion of a pH neutralisation system by November 2021.

In 2019, CSL, Kankakee received a Notice of Intent to File a Civil Administrative Complaint from the federal environmental authority for alleged violations of the Clean Air Act identified during a 2018 inspection. CSL and the environmental authority are continuing to discuss the potential violations with a final complaint or order expected to be filed in 2020.

In 2020, CSL Plasma, Margate (US) received a Citation and Notification of Penalty fine following a 2019 employee exposure to dry ice.

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

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

Additional EHS[2] performance details, including workplace safety, will be provided in Sections 6 and 8 of CSL's 2019/20 Annual Report and on CSL.com.

11. Directors' shareholdings and interest

At 30 June 2020, the interests of the Directors who held office at 30 June 2020 in the shares, options and performance rights of CSL are set out in the Remuneration Report – Tables 10 and 11 for executive Key Management Personnel (KMP) and Tables 16 and 17 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.

12. Directors' interests in contracts

Section 14 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.

13. Performance Rights and Options

As at 30 June 2020, the number of unissued ordinary shares in CSL under options and under performance rights are set out in Note 5 on page 110 and Note 18 on page 130 of the Financial Statements.

Holders of options or performance rights do not have any right, by virtue of the options or performance rights, to participate in any share issue by CSL or any other body corporate or in any interest issued by any registered managed investment scheme.

The number of options and performance rights exercised during the financial year and the exercise price paid to acquire fully paid ordinary shares in CSL is set out in Note 5 of the Financial Statements. Since the end of the financial year, no shares were issued under CSL's Performance Rights Plan.

Since the end of the financial year, there has been no change to the information contained in Note 5 or Note 18 to the Financial Statements.

14. Indemnification of Directors and Officers

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

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

a. an ongoing and unlimited indemnity to the relevant director against liability incurred by that director in or arising out of the conduct of the business of CSL or of a subsidiary (as defined in the *Corporations Act 2001*) (Cth) or in or arising out of the discharge of the duties of that director. The indemnity is given to the extent permitted by law and to the extent and for the amount that the relevant director is not otherwise entitled to be, and is not actually, indemnified by another person or out of the assets of a corporation, where the liability is incurred in or arising out of the conduct of the business of that corporation or in the discharge of the duties of the director in relation to that corporation;

b. that CSL will purchase and annually renew a liability insurance program which covers all past, present and future directors and officers against liability for acts and omissions in their respective capacity on behalf of CSL. Coverage will be maintained for a minimum of seven years following the cessation of office for each director appointment for acts or omissions during their time served; and

c. the relevant director with a right of access to Board papers relating to the director's period of appointment as a director for a period of seven years following that director's cessation of office. Access is permitted where the director is, or may be, defending legal proceedings or appearing before an inquiry or hearing of a government agency or an external administrator, where the proceedings, inquiry or hearing relates to an act or omission of the director in performing the director's duties to CSL during the director's period of appointment.

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 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.

For this purpose, 'officer' includes a director, executive officer, secretary, agent, auditor or other officer of CSL. The indemnity only applies to the extent CSL is not precluded by law from doing so, and to the extent that the officer is not otherwise entitled to be or is actually indemnified by another person, including under any insurance policy, 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 officer in relation to that corporation.

CSL paid insurance premiums of US$3,791,684 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.

15. 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.

16. 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*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

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

Ernst & Young and its related practices received or are due to receive the following amounts for the provision of non-audit services to CSL and its subsidiaries in respect to the year ended 30 June 2020:

AUDIT SERVICES – Ernst & Young Australia	2020 US$	2019 US$
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**1,851,091**	1,374,356
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements here there is discretion as to whether the service is provided by the auditor or another firm		
– Sustainability assurance	**110,982**	64,778
– Agreed upon procedures and other audit engagements	**9,749**	30,544
Fees for other services		
Due diligence	**375,384**	–
Remuneration advisory	**232,728**	186,845
Tax compliance	**22,288**	–
Total fees to Ernst & Young (Australia)	**2,602,222**	1,656,523
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	**3,649,937**	3,469,810
Fees for assurance services that are required by legislation to be provided by the auditor	**38,540**	13,459
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements here there is discretion as to whether the service is provided by the auditor or another firm		
– Agreed upon procedures and other audit engagements	**110,806**	28,226
Fees for other services	**28,463**	31,283
Total fees to overseas member firms of Ernst & Young (Australia)	**3,827,746**	3,542,778
Total audit services	**5,771,105**	4,981,174
Total non-audit services	**658,863**	218,128
Total auditor's remuneration	**6,429,968**	5,199,301

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

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

Matters considered in reviewing the performance of the Company's independent auditor in the 2020 financial year included:

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

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

In light of EY's status as CSL's incumbent auditor since 2002, the ARMC will give consideration to all options available at the next scheduled rotation, including the conduct of a competitive tender process.

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

17. Rounding

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

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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 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Rodney Piltz
Partner
18 August 2020

18. Remuneration Report

Dear Shareholder,

On behalf of the Board, I am pleased to present CSL's Remuneration Report (Report) for the year ended 30 June 2020. This Report contains detailed information regarding CSL's Key Management Personnel (KMP) for 2020.

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

Delivering on our Promise in 2020

Led by our Chief Executive Officer and Managing Director (CEO), Mr Paul Perreault, the leadership team has delivered an outstanding year, exceeding targets set in many areas. The team has also responded to the COVID-19 pandemic by prioritising staff, donors and patients and supporting global efforts to fight COVID-19. In 2020 we have delivered:

- An increase to Net Profit after Tax (NPAT) of 17.1% on a constant currency basis;
- An 8.9% increase in Revenue on a constant currency basis;
- Growth in Earnings per Share on a constant currency basis of 17%;
- Return on Invested Capital (ROIC) of 21.6%;
- The opening of 40 new plasma collection centres globally – taking the total to 227;
- The building of a growth pipeline of new medicines through investment in R&D;
- Progression in our diversity strategy with 57% female representation; and
- Employee engagement results above the global external norm.

CSL's Response to COVID-19 and the Impact on Remuneration

As outlined earlier in this Annual Report, CSL has contributed swiftly and strongly to the global response to COVID-19 by participating in the search for and development of potential therapies, vaccines and treatments in partnership with others. The company helped staff work from home, implemented safe protocols for staff and donors, and offered staff caregiver leave of absence and allowances to help balance work with home responsibilities. Payments to staff and donors at our plasma collection centres were increased in some areas to address the additional requirements of COVID-19. CSL has not accepted any government workforce support packages.

Our teams have delivered strongly on financial and non-financial targets and as a result, the pandemic has not materially impacted financial performance of CSL in 2020. However, in assessing outcomes for 2020, the Board did consider the impact of COVID-19 to ensure an appropriate balance between remuneration delivered to our executives and alignment with performance. Following this review, the Board exercised its discretion and the financial metric outcomes for the Short Term Incentive (STI) component of remuneration, NPAT and Cash Flow from Operations (CFO), were adjusted downward from the actual outcomes achieved. The Board chose not to apply the 'Leading and Managing' modifier to STI outcomes which allows for recognition of extraordinary contribution in exceptional circumstances or significant leadership failure. In setting targets for 2021, the hurdle for the maximum performance payment outcome for CFO has been extended.

Competition for talent in the pharmaceutical/biotechnology industry has increased as the world focusses on health care. The Board will continue to review the competitiveness of our remuneration framework as we focus on balancing the delivery of long term sustainable business performance with the need to attract and retain outstanding executives.

2020 Key Management Personnel Changes

In 2020, following changes to the structure of our leadership team, KMP were reviewed to include those leaders with authority and responsibility for planning, directing and controlling the activities of CSL. As a result we are reporting a smaller KMP group this year as opposed to all executives who report to the CEO. The remuneration framework described is the same for all of the senior executives reporting to the CEO.

In 2021, Professor Andrew Cuthbertson will transition into an executive advisory role, supporting the CEO in strategic global projects. Professor Cuthbertson remains an Executive Director.

We will also farewell our Chief Financial Officer, Mr David Lamont, and thank him for his outstanding contribution to CSL.

2020 CEO Remuneration Outcomes

We congratulate our CEO, who was named by the Harvard Business Review as one of the top 100 CEOs in the world and was also named The Australian Financial Review 2019 Business Person of the Year and the Australian Herald Sun's Business Daily CEO of the Year 2019.

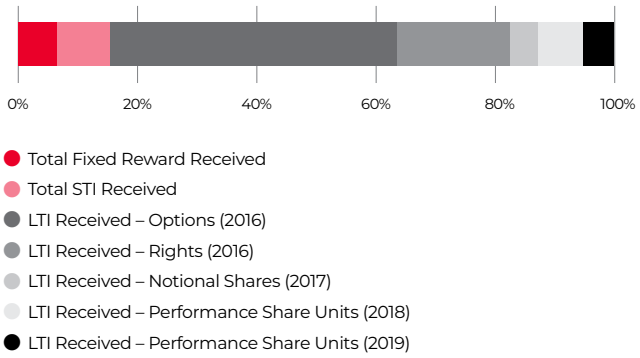
In 2020, Mr Perreault had no changes to his fixed reward nor to his STI target, which stayed flat at US$1,751,000 and 120% of fixed reward respectively. He received an increase to his long term incentive (LTI) opportunity at target, now set at 400% of fixed reward (an increase from 350% in the prior year). The increase to the LTI target drives focus on long term performance delivery and rewards will only be earned when performance hurdles are met.

Following above target performance in 2020, Mr Perreault will receive a STI cash payment of US$2,477,746. The STI outcome for Mr Perreault was 118% of target, based on the two financial measures of 'above target' performance on both NPAT and CFO and between 'threshold' and 'target' performance on three individual non-financial measures. Details of the outcomes can be found in sections 5 and 7.1 of the Report.

During the year Mr Perreault had LTI vesting of US$23,923,845 based on the CSL share price at the date of vesting. Of this amount, US$18,592,836 relates to the increase in the CSL share price since the date of grant of each award. Awards were granted annually over the period 1 October 2015 to 1 September 2018. Refer to section 5.3.3 and table 6 of the Report for detailed information. In 2021, there will be the final vesting of legacy programs with the vesting of Options and Performance Rights granted in October 2016. Thereafter, these legacy plans will cease.

In addition to the disclosure of statutory remuneration, we also disclose CEO and Executive KMP 'realised' remuneration. Mr Perreault's 'realised' remuneration for 2020 was US$28,224,845 and this is a 21% increase from the prior year (full detail provided in section 7.2, table 12).

2020 CEO Realised Remuneration



Remuneration in 2021

For 2021, the Board has determined that there will be no increase to any component of Mr Perreault's total target reward – remaining at fixed reward of US$1,751,000, a STI target of 120% and a LTI target of 400%. Mr Perreault's total target reward will be US$10,856,200 with the maximum potential outcome being US$11,906,800. While total target reward is below the median of the global pharmaceutical/biotechnology peer group, given the current global economic environment and investor and community sentiment, the Board believes no increase is warranted at this time.

For our remaining Executive KMP, in 2021 our Chief Operating Officer Dr Paul McKenzie will receive an increase to his fixed reward and long term incentive target to reflect an increase in responsibilities to include leadership of the Seqirus business. These increases better align Dr McKenzie towards the median of the global pharmaceutical/biotechnology peer group in accordance with our remuneration policy. Internal pay relativity has also been considered by the Board.

Professor Cuthbertson's total reward in 2021 has been adjusted to reflect his reduced responsibilities and he will no longer participate in CSL's STI and LTI plans. No changes will be made to Mr Lamont's reward for his remaining period of employment with CSL. He will not receive a LTI grant in September 2020.

Following benchmarking with ASX 10 and ASX 25 Non-Executive Director (NED) remuneration, in 2021 there will be a 2.8% increase to Board fees. There will be no payment of the NED travel allowance until international travel of our overseas NEDs resumes.

Shareholder Engagement and Review of our Reward Framework in 2021

Over the year, we enjoyed conversations with many of our shareholders and welcomed their feedback on our executive reward framework. In response to this feedback, for the LTI awards granted in 2020, the Board introduced an annual threshold of ROIC performance that must be achieved before vesting can occur – the measure is the Investment Hurdle Rate (IHR). This was added as a gateway condition of the LTI target to ensure the ROIC is delivering an appropriate return each financial year as well as over the seven year rolling average period and aligns with shareholder outcomes. If the ROIC outcome is below the IHR, no vesting will occur in that year. The Board decided not to make any further changes to the framework this year in light of continuing uncertainty in the external market.

In 2021, we will undertake a formal review of the framework, ensuring each component is fit for purpose for CSL and enables us to attract, engage and retain talent, compete with larger global pharmaceutical companies and motivate our people to deliver their best performance. We will review the STI and LTI design, making sure our framework drives sustainable long term results and aligns the interests of executives with our shareholders. The review will include the STI framework, LTI measures, tranche structure and vesting schedule. We look forward to engaging with you as we undergo this review process.

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

Dr Megan Clark AC
Chair
Human Resources and Remuneration Committee

Contents

Independent audit of the Report

The Remuneration Report (Report) has been audited by Ernst & Young. Please see page 139 of the Financial Statements for Ernst & Young's report.

1. CSL Key Management Personnel

This Report sets out remuneration information for Key Management Personnel (KMP) which includes Non-Executive Directors (NEDs), Executive Directors (i.e. the Chief Executive Officer and Managing Director (CEO) and Chief Scientific Officer) and those key executives who have authority and responsibility for planning, directing and controlling the activities of CSL during the financial year (together with the Executive Directors, herein referred to as Executive KMP). The CSL KMP during the year ended 30 June 2020 and changes to KMP are outlined in Table 1.

In 2020, the Global Leadership Group (CEO and direct reports) changed as a result of the commencement of employment of Dr Paul McKenzie and the retirement of Mr Gordon Naylor. In addition, reporting structures, roles and responsibilities changed and this provided the opportunity for CSL to review who has authority and responsibility for planning, directing and controlling the activities of CSL. Following the review, CSL has introduced changes to the composition of its KMP. Previous disclosures included all direct reports to the CEO.

Table 1: CSL Key Management Personnel in 2020

Non-Executive Directors
Chairman Dr Brian McNamee AO
Mr Bruce Brook
Dr Megan Clark AC
Ms Carolyn Hewson AO – appointed 9 December 2019
Mr Shah Abbas Hussain
Ms Marie McDonald
Ms Christine O'Reilly
Executive Key Management Personnel
Executive Director and Chief Executive Officer and Managing Director (CEO) Mr Paul Perreault
Executive Director and Chief Scientific Officer (CSO) Professor Andrew Cuthbertson AO
Chief Financial Officer Mr David Lamont[1]
Chief Operating Officer Dr Paul McKenzie – appointed 1 July 2019

Former Non-Executive Directors
Dr Tadataka Yamada KBE – retired 16 October 2019
Former Executive Key Management Personnel
EVP Legal & Group General Counsel Mr Greg Boss* – ceased to be KMP 30 June 2019
EVP & Chief Commercial Officer Mr William Campbell* – ceased to be KMP 30 June 2019
EVP Quality & Business Services Ms Karen Etchberger* – ceased to be KMP 30 June 2019
EVP Research & Development Dr William Mezzanotte* – ceased to be KMP 30 June 2019
President, Seqirus Mr Gordon Naylor – ceased to be KMP 30 June 2019
EVP Manufacturing Operations & Planning Mr Val Romberg – ceased to be KMP 30 June 2019
EVP & Chief Human Resources Officer Ms Elizabeth Walker* – ceased to be KMP 30 June 2019

1 D Lamont will cease employment on 30 October 2020 by way of resignation.

* Remains a current employee as at 30 June 2020 and the date of this Report.

2. 2020 Remuneration Outcomes at a Glance

CEO	· No increase to fixed reward · A short term incentive (STI) payment of US$2,477,746 – 79% of maximum opportunity · A long term incentive (LTI) grant of US$7,004,000 – 400% of fixed remuneration · LTI vesting during the year of US$23,923,845 (face value at vest) · Received 'realised' remuneration in financial year 2020 of US$28,224,945.
Other Executive KMP	· No increase to fixed reward · STI awards were paid at an average of 82% of maximum opportunity and were in the range of US$699,030 to US$1,164,765 · Annual LTI grants for all other Executive KMP were in the range of US$1,182,690 to US$2,981,906 (face value at grant) · LTI vesting for Professor Cuthbertson of US$2,018,233 (face value at vest) · LTI vesting for Mr Lamont of US$2,272,478 (face value at vest) · Dr McKenzie received a sign on equity award of US$4,740,637 as partial compensation for forgone Biogen equity awards, US$1,684,148 of which was 'realised' during 2020 (face value at vest) · 'Realised' remuneration in 2020 received as follows: – Professor Cuthbertson – US$3,425,261 – Mr Lamont – US$4,044,761 – Dr McKenzie – US$4,349,026
Non-Executive Directors	· Received an average increase to fees of 1.9%

3. Global Remuneration Framework

3.1 Global Total Rewards Principles

To deliver on our promise to patients and protect public health, we rely on our people and need to ensure a strong global talent supply. Our Total Rewards Principles, reviewed and simplified in 2020, enable us to attract, engage and retain talent, provide us with the flexibility to address talent challenges in various markets and allows us to compete with larger global pharmaceutical companies. We motivate our people to deliver their best performance by enabling an approach that integrates market competitive and differentiated reward programs that align to CSL's strategy and business objectives.

Common Global Structure

- We leverage a market-based approach to offer competitive rewards, balancing both a global and local view
- We align employee and shareholder interests, and consider community expectations
- We benchmark ourselves against the life sciences industry[2]
- 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

2 CSL Plasma is benchmarked against the Retail industry.

3.2 Remuneration Framework

As a leading global biotechnology company with manufacturing sites across six countries and over 26,000 employees in 39 countries, CSL develops and delivers innovative biotherapies and influenza vaccines that save lives, and help people with life-threatening medical conditions live full lives. This requires a research to commercialisation lifecycle that can extend seven to ten years. Accordingly, we have designed a reward framework that effectively incentivises and rewards our executives over the long term.

Our reward 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 Remuneration Framework Elements

	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 the success and sustainability of CSL	Alignment to longer term performance and strategy of CSL, building economic alignment between Executive KMP and shareholders over the long term
Structure	Cash – salary and superannuation/pension	Cash	Performance Share Units[3]
Approach	Reviewed annually Determined based on the scope, complexity and responsibilities of the role, experience and performance Reviewed through both an internal and external relativity lens Peer group[4] – global pharmaceutical/ biotechnology peers or a general industry view depending on role (desired positioning at the median)	Paid annually Mr Perreault's target is 120% of FR, Dr McKenzie's target is 100% of FR and the target for Professor Cuthbertson and Mr Lamont is 85% of FR Maximum payout is 150% of target for all Executive KMP Outcomes based on business (70%) and individual performance measures (30%), except for Professor Cuthbertson who has a 60%/40% split	Granted annually with vesting in instalments over a four year period – 25% each year Performance measure is Return on Invested Capital – measured on a seven year rolling return in the year the award vests
Risk Management	Before determining remuneration outcomes and vesting, we ensure 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 The Board has the discretion to apply a 'Leading and Managing' modifier to both the STI and LTI outcomes – formally recognising the importance of CSL's culture including leadership behaviours, values, diversity objectives and management of risk. The modifier allows for the Board to adjust in exceptional circumstances +20%/-50% of annual STI earned, and/or LTI opportunity granted. The modifier is also available to adjust for risk management outcomes following the implementation of a more formal risk/consequence management framework. The Board has a discretion in all circumstances, including a significant risk management failure, to reduce further, including to zero		
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 and participation in local benefit programs		

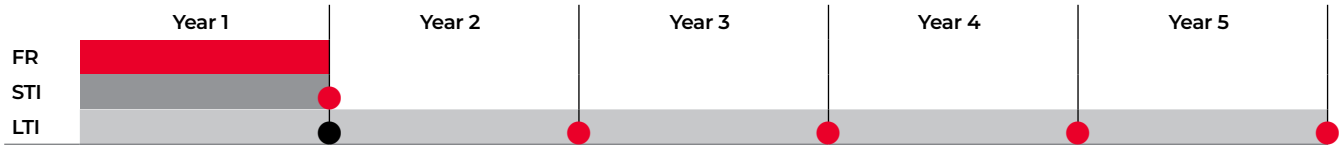
As noted in the letter from the Chair, in 2021 we will be reviewing our remuneration framework for executives, with any changes to be implemented effective 1 July 2021. The review of our framework is directed at ensuring the arrangements in place facilitate the delivery of our 2030 strategy, deliver outstanding returns to shareholders and ensure a market competitive program. The review will include the STI framework, LTI measures, tranche structure and vesting schedule.

3 Legacy LTI plans (Options and Performance Rights) remain in place with final reporting in 2021. See section 10.1 for more details on testing and key plan characteristics.

4 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 2020 included: Alexion Pharmaceuticals, Inc.; Allergan plc; AstraZeneca PLC; Bayer Aktiengesellschaft; Biogen Inc.; BioMarin Pharmaceutical Inc.; Celgene Corporation; Eli Lilly and Company; GlaxoSmithKline plc; Gilead Sciences Inc.; Grifols, S.A.; Incyte Corporation; Jazz Pharmaceuticals Public Limited Company; Merck Kommanditgesellschaft auf Aktien; Novo Nordisk A/S; Regeneron Pharmaceuticals, Inc.; Shire plc; UCB SA; Vertex Pharmaceuticals Incorporated. For the 2021 year, AbbVie Inc., Amgen Inc., Bausch Health Companies Inc. and Bristol-Myers Squibb Company are added to the peer group and BioMarin Pharmaceutical Inc, Celgene Corporation, Incyte Corporation, Jazz Pharmaceuticals plc and Shire plc have been removed. In addition, two general industry reference groups representing Australia and North America also help us ensure we pay appropriately to reward senior talent and may be used as a primary, or hybrid, data set for certain Executive KMP dependent on role and location.

3.2.2 Remuneration Delivery Timeline

The diagram below illustrates how the components of 2020 Executive KMP remuneration is delivered over a five year period.

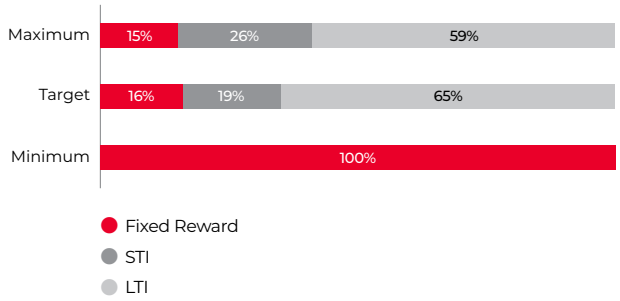


● Award Granted
● Eligible for payment or vesting

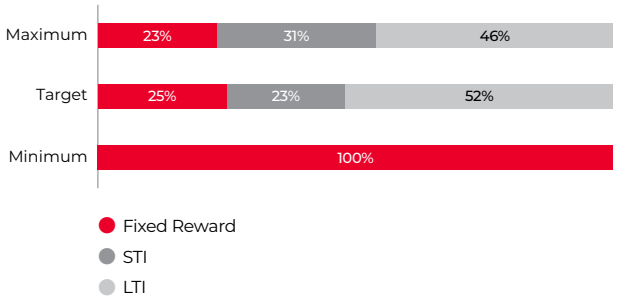
3.2.3 Pay Mix

The following diagram sets out the remuneration mix for Executive KMP in 2020. The majority of the target reward mix is variable remuneration and is at risk. This better aligns Executive KMP rewards with shareholder interests and is aligned to our pay for performance philosophy, focussing efforts on driving growth and long term performance and sustainability. The data for Executive KMP excluding the CEO is a weighted average.

Remuneration Mix – CEO



Remuneration Mix – Executive KMP



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

3.2.4 Short Term Incentive (STI)

Rewarding performance over an annual period, the STI program is designed to drive business performance and the creation of shareholder value. KPIs on which Executive KMP are assessed and rewarded are challenging and not just duties expected in the normal course of their role.

The key features of the program for cash awards for the year ended 30 June 2020 (to be paid in September 2020) are detailed as follows. In 2021, we will review the STI program to ensure it remains competitive and fit for purpose.

Feature	Description	
Performance Period	Annual aligned with the financial year – 1 July 2019 to 30 June 2020	
Performance Measures	Each Executive KMP has a maximum of six KPIs. The KPIs are made up of two critical financial measures of CSL business strength, shared by all participants – Net Profit after Tax (NPAT) and Cash Flow from Operations (CFO), plus up to four individual business building KPIs. Hurdles are set at threshold, target and maximum levels of performance and there is real difference between under achieve/achieve/over achieve targets and measures, so that a challenging but meaningful incentive is provided	
	Financial	**Individual**
	Financial growth is the foundation of long term sustainability and evidences our competitive advantage, whilst pursuing profitable growth aligns employee and shareholder objectives. The financial performance measures are NPAT measured at constant currency and CFO measured at the reported rate	Individual performance hurdles align with strategic priorities, encourage appropriate decision making, and balance performance in non-financial priorities. The individual performance measures are based on individual responsibilities and categories include divisional performance, achievement of strategic objectives and improvement in operations, risk management, compliance, people, health and safety and quality
Performance Measure Weighting	The weighting of the measures in 2020 is as follows: • NPAT 35%/CFO 35%/Individual 30% – Mr Perreault, Mr Lamont and Dr McKenzie • NPAT 30%/CFO 30%/Individual 40% – Professor Cuthbertson In 2021, we will adjust the weighting of the CFO measure, reducing to 25% for Mr Perreault, Dr McKenzie and the new Chief Financial Officer. The change focuses our leaders on growing a sustainable business and driving cost efficiencies through their individual objectives, which will have their weighting increased accordingly	
Executive KMP STI Targets	• Mr Perreault – 120% • Dr McKenzie – 100% • Professor Cuthbertson and Mr Lamont – 85%	
Vesting	Below Threshold	0% earned
	Between Threshold and Target	50% earned on achievement of threshold level performance, increasing on a straight-line basis to 100% earned on achievement of target level performance
	Target	100% earned
	Maximum	100% earned at target level performance, increasing on a straight-line basis to 150% earned on achievement of maximum level performance (capped)
	The above STI Outcome percentages are then multiplied by the KPI weighting and individual STI opportunity (as disclosed in Table 3 in section 5.2 below) to determine the payment amount	
Cessation of Employment	A 'good leaver' (such as retirement) 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 'good leaver', no payment will be made	

3.2.5 Long Term Incentive (LTI)

Introduced in 2017, our current LTI plan was designed to align our executives' equity interests with those of our shareholders by rewarding sustainable Return on Invested Capital (ROIC) outcomes over the longer term – a fit for purpose design to ensure the long term growth of the organisation and returns to our shareholders. The instalment vesting of awards over a four year period will only deliver reward where CSL performance has been strong over the longer term. When our target performance is achieved, we want our executives to have their LTI vest – we set targets that not only provide excellent outcomes for shareholders both absolutely and relative to the performance of our global peers, but also reward and assist us in retaining our talent.

The Board establishes a ROIC hurdle for each annual grant, taking into consideration the CSL budget and longer term forecast annual ROIC over the four year term of the grant, together with the historical annual ROIC achieved that will form part of the performance test over the four year annual testing period. The ROIC hurdle established is tested against market analyst consensus for reasonableness. The Board also reviews peer group ROIC numbers to ensure the performance levels we are targeting are appropriate.

For awards granted in 2020 (on 1 September 2019 to Mr Lamont and Dr McKenzie and on 23 October 2019 to Mr Perreault and Professor Cuthbertson), the Board introduced an annual threshold of ROIC performance that must be achieved before vesting can occur – the measure is the Investment Hurdle Rate (IHR). The IHR is the minimum return we require on our investments to ensure we are making sound investment decisions and appropriately manage risk and cover our cost of capital. This was added as a gateway condition of the LTI target to ensure that the ROIC is delivering an appropriate return each financial year as well as over the seven year rolling average period and aligns with shareholder outcomes and expectations. If the ROIC outcome for a year is below the IHR, no vesting will occur in that year.

The key features of the program for 2020 LTI awards are detailed as follows.

Feature	Description	
Summary	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 Executive KMP on grant or vesting of rights. Shares are automatically allocated (or cash automatically paid) without the need for exercise by an Executive KMP	
Security	Performance Share Unit (PSU)	
Grant Methodology	To determine the number of PSUs issued, a five day weighted average share price is used. The LTI opportunity for each Executive KMP is divided by the calculated face value to determine the number of securities granted	
Performance Period	Seven year rolling average: Tranche 1 – 1 July 2013 to 30 June 2020; Tranche 2 – 1 July 2014 to 30 June 2021 Tranche 3 – 1 July 2015 to 30 June 2022; and Tranche 4 – 1 July 2016 to 30 June 2023	
Gateway Performance Measure	No vesting will occur unless an Investment Hurdle Rate (IHR) is achieved. The IHR is the minimum return CSL requires on its investments to ensure it is making sound investment decisions and appropriately managing risk and covering its cost base	
Performance Measure	Return on Invested Capital	
Performance Target	Threshold – 22.0% Target – 25.0%	
Executive KMP LTI Targets (target opportunity set as a percentage of Fixed Reward)	• Mr Perreault – 400% • Dr McKenzie – 315% • Professor Cuthbertson – 200% • Mr Lamont – 135%	
Vesting Schedule	Below Threshold	0% earned
	Between Threshold and Target	50% of target opportunity earned on achievement of threshold level performance, increasing on a straight-line basis to 100% of target opportunity earned on achievement of target level performance
	Target	100% of target opportunity earned
	Maximum	Outcome capped at 100%
Vesting Date	Subject to performance, 25% of the award vests annually over four years: Tranche 1 – 1 September 2020; Tranche 2 – 1 September 2021; Tranche 3 – 1 September 2022; and Tranche 4 – 1 September 2023	
Retesting	No retest of any tranche	
Cessation of Employment	A 'good leaver' (such as retirement) may retain a pro-rated number of PSUs based on time elapsed since grant date, subject to original terms and conditions including test date. If an Executive KMP is not a 'good leaver', all unvested awards will be forfeited	
Change of Control	In the event of a change of control, the Board, in its absolute discretion, may determine that some or all of the awards vest having regard to the performance of CSL during the vesting period to the date of the change of control event. Vesting may occur at the date of the change of control event or an earlier vesting date as determined by the Board	
Dividends and Voting Rights	No dividends or dividend equivalents are paid on unvested awards. Executive KMP are only eligible for dividends once shares have been allocated following vesting of any PSUs. PSUs do not carry any voting rights prior to vesting and allocation of shares	

3.2.6 Leading and Managing Modifier

The Board, based on recommendations from the CEO for Executive KMP, and the Human Resources and Remuneration Committee (HRRC) for the CEO, has the discretion to apply a 'Leading and Managing' modifier to both the STI and LTI opportunity – allowing for recognition of extraordinary contribution in exceptional circumstances or significant leadership failure across culture and diversity. Applied to the overall STI outcome or LTI target opportunity, there can be an increase of up to 20% or a decrease of up to 50% applied. In 2020, the Leading and Managing modifier was not used as the CEO and the Board determined that all Executive KMP had met expectations in the leadership of their respective business units and outcomes delivered, and consistently modelled the CSL Values. Below sets out an illustrative example of how the Modifier is used on STI outcomes.

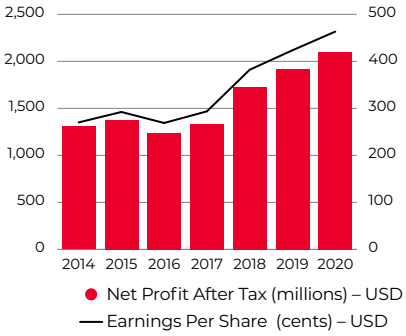
In addition to consideration during the determination of KPI outcomes, the modifier is also utilised for the assessment of the management of risk – both financial and non-financial. In consultation with the Audit and Risk Management Committee, the HRRC use a principles approach to ensure alignment between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

4. CSL Performance and Shareholder Returns

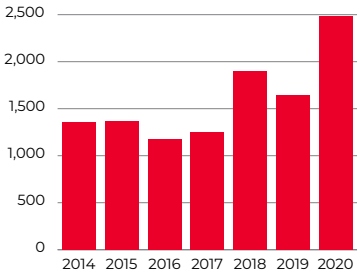
4.1 Financial Performance from 2014 to 2020

The following graphs[5] 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.

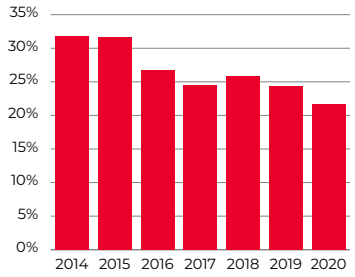
Net Profit After Tax/ Earnings Per Share (USD)



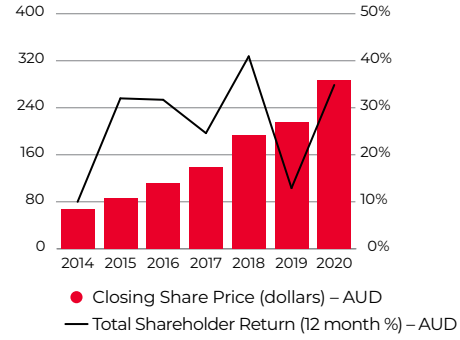
Cash Inflow From Operating Activities (millions USD)



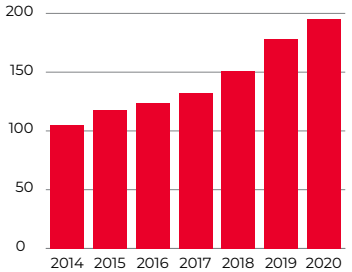
Annual Return on Invested Capital



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



Total Dividends Per Share (cents USD)



5 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 2015 was A$86.21. The Total Dividends per Share is the actual total dividends paid within the financial year.

5. Executive Key Management Personnel Outcomes in 2020

5.1 CSL Performance

2020 has been another year of outstanding performance outcomes. Financial performance has been strong and we continue to develop and progress our research and development pipeline, consistently innovating to ensure a sustainable business. Our new end to end supply chain model continues to be implemented enabling an efficient and reliable supply. CSL has been on the forefront in the response to the COVID-19 pandemic. As the pandemic evolved, CSL continued to provide an uninterrupted supply of our medicines around the world. Our team is working with academia, industry and governments globally to combat the novel coronavirus COVID-19.

The following performance outcomes, as aligned to the CSL strategy, were achieved resulting in an average overall STI payment outcome of 122% of target level opportunity across the Executive KMP (see Table 3). The minimum STI earned as a percentage of target level opportunity was 118% and the maximum was 126% – the latter was 84% of the maximum STI outcome that could be achieved. Additional quantitative objectives, which were also integral to the achievement of individual performance, were considered by the Board when assessing Executive KMP performance. However, these remain confidential for commercial reasons.

Table 2: CSL Achievements in 2020

Strategy Component	Rating	Outcome
Financial		
NPAT	●	• Reported NPAT above target at US$2,102.5m
CFO	●	• Reported CFO above target at US$2,488.3m
People	●	• CSL named in the Top 500 companies for Diversity in the US by Forbes • Continued employee engagement scores above the global norm • Key leadership appointments following organisational operating structure review
Focus	●	• Agreement for a primary immunodeficiency gene therapy collaboration with the Seattle Children's Research expanding our cell and gene therapy footprint into the Immunology Therapeutic Area • Acquisition of Vitaeris
Innovation	●	• HIZENTRA® granted Orphan Drug Exclusivity for CIDP • HIZENTRA® Dermatomyositis Phase III study initiated • CSL112 trial (cardiovascular disease) Phase III progressing • CSL200 first patient with sickle cell disease dosed • US FDA approval of AUDENZTM – world's first adjuvanted, cell-based influenza A (H5N1) pandemic vaccine • FLUCELVAX® launched in EU • FLUAD® preferred recommendations in UK and Australia, and QIV approved in Australia • Positive real world effectiveness evidence continuing for FLUCELVAX® and FLUAD® • Commenced aQIVc development
Efficiency and Reliable Supply	●	• 40 plasma collection centres opened taking our total to 277 globally • Operationalisation of our new End to End Supply Chain model • Successful implementation of the final phase of the new Enterprise Resource Planning system in Asia Pacific – the system is now fully implemented globally • Major capital projects at all manufacturing sites progressing to support future demand • Transition to Good Supply Practices (GSP) license in China
Sustainable Growth	●	• Global expansion with two new offices opening (Saudi Arabia and Colombia) • Strategic partnership with Thermo Fisher Scientific for the lease of CSL's Lengnau biotech manufacturing facility

● Target Exceeded
● Target Met
● Target Partially Met
● Target Not Met

5.2 STI Outcomes by Executive KMP in 2020

The financial performance of CSL (NPAT and CFO) makes up the majority weighting of the KPIs for Executive KMP, incentivising the delivery of strong financial performance – 70% for Mr Perreault, Mr Lamont and Dr McKenzie and 60% for Professor Cuthbertson. Both NPAT and CFO at 30 June 2020 resulted in above target performance and after reviewing the outcome and considering the impact of COVID-19, the Board exercised its discretion and reduced outcomes for certain unbudgeted actual outcomes. The remaining KPIs measured individual 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 Audit and Risk Management Committee.

Table 3: STI Outcomes in 2020

Executive	Value of STI Earned US$	STI opportunity at Target level hurdle as a % of FR	STI opportunity at Maximum level hurdle as a % of FR	STI earned as % of Target opportunity	STI earned as % of Maximum opportunity	STI earned as % of FR	Financial Performance Outcome	Individual Performance Outcome
P Perreault	2,477,746	120%	180%	118%	79%	142%	Between Target and Maximum	Between Threshold and Target
A Cuthbertson	699,030	85%	128%	121%	81%	103%	Between Target and Maximum	Between Target and Maximum
D Lamont	901,581	85%	128%	124%	83%	105%	Between Target and Maximum	Between Target and Maximum
P McKenzie	1,164,765	100%	150%	126%	84%	126%	Between Target and Maximum	Between Target and Maximum

5.3 LTI Outcomes by Executive KMP in 2020

5.3.1 LTI awards tested in 2020

In 2020, in the course of annual performance testing, four LTI grants were tested across both legacy and current LTI awards. Due to CSL's performance against a peer group of global pharmaceutical and biotechnology companies, and CSL's strong share price growth over the performance period, vesting value outcomes were high. The table below shows the performance of CSL against the targets with vesting occurring in August 2019 and September 2019.

Table 4: LTI Awards Tested in 2020

Grant Date	Security	Tranche	Performance Period	Exercise Price A$	Performance Outcome	Vesting Outcome
1 October 2015	Option	1	1 July 2015 – 30 June 2019	89.52	Individual Performance	100% vested
	Right	1		–	RTSR ranking – 98th%ile against a peer group of global Pharmaceutical and Biotechnology companies	100% vested
	Right	2			Annual EPS growth at 9.7%	57.31% vested[6]
	Right	3			Annual EPS growth at 9.7%	0% vested[7]
1 October 2016	Notional Share	1	1 July 2016 – 30 June 2019	–	Individual Performance	100% vested
1 October 2017	PSU	2	1 July 2012 – 30 June 2019	–	Seven year ROIC at 28.2%	100% vested
1 October 2018	PSU	1	1 July 2012 – 30 June 2019	–	Seven year ROIC at 28.2%	100% vested

6 The remaining 42.69% of this tranche has lapsed – there is no retest.
7 The full tranche has lapsed – there is no retest.

5.3.2 Fair Value of awards granted, vested and lapsed equity in 2020

The table below details the fair value at the date of grant for all awards granted[8], vested and lapsed in 2020. The values are shown in Australian Dollars.

Table 5: Grant Fair Value

Security	Tranche	Grant Date	Vest/Lapse Date	Fair Value at Grant A$
Option	1	1 Oct 2015	15 Aug 2019	13.51
Right	1	1 Oct 2015	15 Aug 2019	60.92
Right	2/3	1 Oct 2015	15 Aug 2019	83.12
Notional Share	1	1 Oct 2016	30 Sep 2019	107.25
PSU	2	1 Oct 2017	1 Sep 2019	129.01
PSU	1	1 Sep 2018	1 Sep 2019	223.06
PSU	1	1 Sep 2019	1 Sep 2020	232.89
PSU	2	1 Sep 2019	1 Sep 2021	230.50
PSU	3	1 Sep 2019	1 Sep 2022	228.14
PSU	4	1 Sep 2019	1 Sep 2023	225.80
Restricted Share Unit (RSU)	1	1 Sep 2019	1 Mar 2020	234.10

5.3.3 Summary of Executive KMP granted, vested and lapsed equity in 2020

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

For Dr McKenzie, the awards granted include the 2020 annual LTI grant, and the awards provided on commencement of employment. Dr McKenzie, an accomplished global leader with diverse biotechnology experience, brought significant experience and leadership capabilities to CSL that will continue to drive CSL's sustainable growth. A sign-on award was made to compensate for the loss of Biogen (prior employer) equity-based incentives Dr McKenzie held at the time of cessation of his employment with Biogen. The awards were pro-rated and aligned to conditions of the awards at Biogen – performance hurdled awards were discounted and replaced with CSL performance hurdled awards, and time-based awards were matched with CSL time-based awards. The awards were provided in the form of PSUs and RSUs, with each PSU and RSU being a conditional right to receive a share in CSL (or a cash equivalent payment). The vesting schedule was adjusted to match the dates on which CSL awards vest following testing of performance conditions – vesting periods were extended beyond those of the relevant Biogen incentives. No price is payable by Dr McKenzie on the grant or vesting of Rights awarded as a sign-on award. Further details of how remuneration is determined is set out in section 9.2 and details on the terms of the awards can be found in section 3.2.5 for the PSU grants, and section 11.2 for RSU grants.

8 The grant date of PSUs granted to P Perreault and A Cuthbertson was 23 October 2019.

Table 6: Movement in equity in 2020

Executive	Security	Grant Date	Vesting Date	Exercise Price A$	Fair Value at Grant US$	Face Value at Grant US$[9]	Granted	Vested	Lapsed	Face Value at Vest – Vested Award US$[10]	Face Value at Lapse – Lapsed Award US$[11]
P Perreault	Option	1 Oct 2015	15 Aug 2019	89.52	1,343,515	–	147,911	147,911	–	13,633,051	–
	Right	1 Oct 2015	15 Aug 2019	–	2,267,098	2,850,433	47,138	34,934	12,204	5,322,482	1,859,380
	Notional Share	1 Oct 2016	30 Sep 2019	–	615,735	615,735	8,559	8,559	–	1,344,776	–
	PSU	1 Oct 2017	1 Sep 2019	–	1,128,724	1,172,032	13,013	13,013	–	2,107,400	–
	PSU	1 Sep 2018	1 Sep 2019	–	1,404,032	1,430,784	9,362	9,362	–	1,516,136	–
	PSU	1 Sep 2019	1 Sep 2020	–	1,734,442	1,793,873	11,077	–	–	–	–
	PSU	1 Sep 2019	1 Sep 2021	–	1,716,643	1,793,873	11,077	–	–	–	–
	PSU	1 Sep 2019	1 Sep 2022	–	1,699,067	1,793,873	11,077	–	–	–	–
	PSU	1 Sep 2019	1 Sep 2023	–	1,681,336	1,793,549	11,075	–	–	–	–
A Cuthbertson	Right	1 Oct 2015	15 Aug 2019	–	437,571	550,155	9,098	6,743	2,355	1,027,352	358,804
	Notional Share	1 Oct 2016	30 Sep 2019	–	131,291	131,291	1,825	1,825	–	286,741	–
	PSU	1 Oct 2017	1 Sep 2019	–	183,104	190,130	2,111	2,111	–	341,867	–
	PSU	1 Sep 2018	1 Sep 2019	–	335,486	341,878	2,237	2,237	–	362,273	–
	PSU	1 Sep 2019	1 Sep 2020	–	335,552	347,050	2,143	–	–	–	–
	PSU	1 Sep 2019	1 Sep 2021	–	332,108	347,050	2,143	–	–	–	–
	PSU	1 Sep 2019	1 Sep 2022	–	328,708	347,050	2,143	–	–	–	–
	PSU	1 Sep 2019	1 Sep 2023	–	325,185	346,888	2,142	–	–	–	–
D Lamont	Right	1 Jan 2016	15 Aug 2019	–	712,321	868,479	12,266	9,090	3,176	1,384,936	483,890
	Notional Share	1 Oct 2016	30 Sep 2019	–	124,312	124,312	1,728	1,728	–	271,501	–
	PSU	1 Oct 2017	1 Sep 2019	–	176,859	183,645	2,039	2,039	–	330,207	–
	PSU	1 Sep 2018	1 Sep 2019	–	264,700	269,743	1,765	1,765	–	285,834	–
	PSU	1 Sep 2019	1 Sep 2020	–	285,916	295,713	1,826	–	–	–	–
	PSU	1 Sep 2019	1 Sep 2021	–	282,982	295,713	1,826	–	–	–	–
	PSU	1 Sep 2019	1 Sep 2022	–	280,084	295,713	1,826	–	–	–	–
	PSU	1 Sep 2019	1 Sep 2023	–	277,060	295,551	1,825	–	–	–	–
P McKenzie	PSU (sign-on)	1 Sep 2019	1 Sep 2020	–	858,218	887,624	5,481	–	–	–	–
	PSU (sign-on)	1 Sep 2019	1 Sep 2021	–	1,415,064	1,478,726	9,131	–	–	–	–
	PSU (sign-on)	1 Sep 2019	1 Sep 2022	–	1,007,139	1,063,336	6,566	–	–	–	–
	PSU (LTI)	1 Sep 2019	1 Sep 2020	–	720,740	745,436	4,603	–	–	–	–
	PSU (LTI)	1 Sep 2019	1 Sep 2021	–	713,344	745,436	4,603	–	–	–	–
	PSU (LTI)	1 Sep 2019	1 Sep 2022	–	706,040	745,436	4,603	–	–	–	–
	PSU (LTI)	1 Sep 2019	1 Sep 2023	–	698,950	745,598	4,604	–	–	–	–
	RSU	1 Sep 2019	1 Mar 2020[12]	–	1,274,105	1,310,951	8,095	8,095	–	1,684,148	–

9 Securities granted multiplied by the closing CSL share price on the date of grant. For Options granted, Options were multiplied by the share price at the date of grant minus the exercise price payable (A$89.52). The face value of the Options at the date of grant for Mr Perreault is shown as zero as the exercise price was higher than the closing CSL share price on the date of grant. The AUD value was converted to USD at an average exchange rate for the 2020 financial year of 1.48735.

10 Securities vested multiplied by the closing CSL share price on the date of vest. For Options vested during the year, Options were multiplied by the share price at the date of vesting minus the exercise price payable (A$89.52). The AUD value was converted to USD at an average exchange rate for the 2020 financial year of 1.48735.

11 Securities lapsed multiplied by the closing CSL share price on the date of lapse. The AUD value was converted to USD at an average exchange rate for the 2020 financial year of 1.48735.

12 The RSU award granted to P McKenzie vested at 100% due to performance and service conditions being met – no portion of the award was lapsed. See section 11.2 for details of award terms.

5.3.4 Executive KMP 2021 equity vesting opportunity

In 2021, our final legacy LTI awards will be tested which will result in one further year of complexity in the reporting of awards that either vest or lapse across multiple award securities and terms and conditions, including performance measures. In regard to the awards granted in 2017 (grant date of 1 October 2016), the value of any vesting is expected to be high – as has been the case over the past two years. This outcome reflects the exceptionally strong CSL share price over the performance period. The high vesting value is also in line with the shareholder returns over the same period.

The following tables set out a preview of the awards that will be tested in 2021 for Executive KMP with Table 8 providing the specific grant details for each Executive KMP. The face value in Table 7 is provided in Australian Dollars.

Table 7: LTI awards to be tested in 2021

Grant Date	Security	Performance Measure	Exercise Price A$	Face Value of a CSL Share at Date of Grant A$
1 October 2016	Option	Individual Performance	107.25	107.00
1 October 2016	Right	Relative Total Shareholder Return (rTSR)	–	107.00
1 October 2016	Right	Earnings per Share growth (EPSg)	–	107.00
1 October 2017	Performance Share Unit	ROIC	–	133.96
1 September 2018	Performance Share Unit	ROIC	–	227.31
1 September 2019	Performance Share Unit	ROIC	–	240.87

Table 8: Executive KMP LTI opportunity to be tested in 2021

Executive	Number of Options	Number of Performance Rights	Number of Performance Share Units
P Perreault	163,514	51,727	33,452
A Cuthbertson	–	11,389	6,491
D Lamont	–	11,683	5,630
P McKenzie	–	–	10,084

6. Executive Key Management Personnel Statutory Remuneration Tables

Remuneration is reported in US Dollars (USD), unless otherwise stated. This is consistent with the presentation currency used by CSL. Remuneration for Executive KMP located in Australia is paid in Australian Dollars (AUD) and converted to USD based on the average exchange rate for the 2020 financial year of 1.48735. Valuation of equity awards was converted from AUD to USD using the same average exchange rate.

6.1 Executive KMP Remuneration 2019 and 2020

All amounts are presented in US Dollars.

Table 9: Statutory Remuneration Disclosure – Executive KMP

		Short Term Benefits			Post-Employment
Executive	Year[13]	Cash Salary and Fees US$[15]	Cash Bonus US$[16]	Non-Monetary US$[17]	Super US$
P Perreault – CEO and Managing Director	**2020**	**1,676,919**	**2,477,746**	**52,404**	**19,950**
	2019	1,676,922	1,979,386	48,880	19,600
A Cuthbertson – Chief Scientific Officer	**2020**	**714,704**	**699,030**	**29,944**	**16,808**
	2019	734,862	563,225	29,944	17,948
D Lamont – Chief Financial Officer	**2020**	**887,558**	**901,581**	**14,747**	**16,808**
	2019	899,222	722,033	14,747	17,948
P McKenzie	**2020**	**999,747**	**1,164,765**	**552,870**	**22,243**
Chief Operating Officer	2019	–	–	–	–
Former Executive KMP					
G Boss – EVP Legal & Group General Counsel	**2020**	**–**	**–**	**–**	**–**
	2019	620,991	412,369	42,211	19,600
W Campbell – EVP & Chief Commercial Officer	**2020**	**–**	**–**	**–**	**–**
	2019	602,309	542,463	48,721	19,527
K Etchberger – EVP Quality & Business Services	**2020**	**–**	**–**	**–**	**–**
	2019	571,637	390,147	50,726	18,121
W Mezzanotte – EVP Research & Development	**2020**	**–**	**–**	**–**	**–**
	2019[20]	729,267	443,564	19,795	20,261
G Naylor – President, Seqirus	**2020**	**–**	**–**	**–**	**–**
	2019	1,005,103	956,298	56,312	81,438
V Romberg – EVP Manufacturing Operations & Planning	**2020**	**–**	**–**	**–**	**–**
	2019	740,540	434,527	113,374	21,413
E Walker – EVP & Chief Human Resources Officer	**2020**	**–**	**–**	**–**	**–**
	2019	453,805	312,510	30,339	–
TOTAL	**2020**	**4,278,928**	**5,243,122**	**649,965**	**75,809**
	2019	8,034,658	6,756,522	455,049	235,856

13 The AUD, GBP and CHF compensation paid during the years ended 30 June 2019 and 30 June 2020 have been converted to USD. For the 30 June 2020 compensation, this has been converted to USD at an average exchange rate for the 2020 financial year: AUD – 1.48735. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the exchange rates. No cash sign on payments or termination benefits were paid in 2020.

14 The Performance Rights and Options have been valued using a combination of the Binomial and Black Scholes option valuation methodologies including Monte Carlo simulation as at the grant date adjusted for the probability of hurdles being achieved. The Performance Share Units and Restricted Share Units have been valued using the Black Scholes option valuation methodology. These valuations were undertaken by Deloitte and PricewaterhouseCoopers. The amounts disclosed have been determined by allocating the value of the Options, Performance Rights, Performance Share Units and Restricted Share Units over the period from grant date to vesting date in accordance with applicable accounting standards.

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

16 The cash bonus in respect of 2020 is scheduled to be paid in September 2020. The cash component of the cash bonus received in 2019 was paid in full in September 2019 for all Executive KMP as previously disclosed, with no adjustment.

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

18 The fair value of the EDIP cash settled deferred payment has been measured by reference to the CSL share price at reporting date, adjusted for the dividend yield and the number of days left in the vesting period.

19 The 2019 EDIP share based payment amount has been restated due to an error in the calculation of the figures stated in the 2019 Remuneration Report. This also impacts the 2019 Totals.

20 The period reported is 1 October 2018 to 30 June 2019 being the period W Mezzanotte was Executive KMP.

Other Long Term	Share Based Payments[14]						
LSL US$	Performance Rights US$	Options US$	Performance Share Units US$	Restricted Share Units US$	EDIP US$[18, 19]	Total US$	% Performance Related
–	**717,831**	**473,426**	**5,474,555**	**–**	**223,961**	**11,116,792**	**84%**
–	1,356,333	887,634	4,120,925	–	721,358	10,811,038	84%
16,531	**158,047**	**–**	**1,114,393**	**–**	**47,754**	**2,797,211**	**72%**
28,810	262,534	–	864,952	–	146,773	2,649,048	69%
20,979	**162,128**	**–**	**937,367**	**–**	**45,216**	**2,986,384**	**69%**
24,062	390,393	–	727,202	–	143,391	2,938,998	67%
–	**–**	**–**	**2,817,245**	**1,274,105**	**–**	**6,830,975**	**77%**
–	–	–	–	–	–	–	–
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	209,065	148,002	704,205	–	153,988	2,310,431	70%
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	163,389	–	832,508	–	157,394	2,366,311	72%
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	191,722	135,246	643,523	–	140,701	2,141,823	70%
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	77,238	–	435,084	104,046	67,893	1,897,148	59%
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
33,508	327,065	199,825	808,866	–	95,151	3,563,566	67%
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	229,882	132,465	711,701	–	229,823	2,613,725	67%
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	–	–	451,076	18,094	87,294	1,353,118	64%
37,510	**1,038,006**	**473,426**	**10,343,560**	**1,274,105**	**316,931**	**23,731,362**	**79%**
86,380	3,207,621	1,503,172	10,300,042	122,140	1,943,766	32,645,206	73%

6.2 Executive KMP Shareholdings

Details of shares held directly, indirectly or beneficially by each Executive KMP, including their related parties, are provided in Table 10. 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 11. Any amounts are presented in US Dollars. Following the vesting of awards, any trading undertaken by Executive KMP was subject to the Group Securities Dealing Policy (outlined in section 9.6). Approved trading disclosed was actioned in accordance with the Policy, including forced trades to cover CSL tax withholding obligations.

Table 10: Executive KMP Shareholdings

Executive	Balance at 1 July 2019	Number of shares acquired on exercise of Options, Performance Rights, Performance Share Units or Restricted Share Units during year	Value of shares acquired on exercise of Options[21], Performance Rights, Performance Share Units or Restricted Share Units during year US$	Number of (Shares Sold)/ Purchased	Balance at 30 June 2020
P Perreault	76,072	205,220	32,276,337	(153,911)	127,381
A Cuthbertson	78,091	11,091	1,762,240	–	89,182
D Lamont	14,454	12,894	2,079,286	(8,073)	19,275
P McKenzie	–	8,095	1,684,148	(4,082)	4,013

There have been no movements in shareholdings of Executive KMP between 30 June 2020 and the date of this Report.

Table 11: Executive KMP Option, Performance Right, Performance Share Unit and Restricted Share Unit Holding

								Balance as at 30 June 2020	
Executive	Security	Balance as at 1 July 2019	Number Granted	Number Exercised	Number Lapsed	Balance as at 30 June 2020	Number Vested During Year	Vested[22]	Unvested
P Perreault	Option	311,425	–	147,911	–	163,514	147,911	–	163,514
	Right	98,865	–	34,934	12,204	51,727	34,934	–	51,727
	PSU	76,488	44,306	22,375	–	98,419	22,375	–	98,419
A Cuthbertson	Option	–	–	–	–	–	–	–	–
	Right	20,487	–	6,743	2,355	11,389	6,743	–	11,389
	PSU	15,278	8,571	4,348	–	19,501	4,348	–	19,501
D Lamont	Option	–	–	–	–	–	–	–	–
	Right	23,949	–	9,090	3,176	11,683	9,090	–	11,683
	PSU	13,175	7,303	3,804	–	16,674	3,804	–	16,674
P McKenzie	Option	–	–	–	–	–	–	–	–
	Right	–	–	–	–	–	–	–	–
	PSU	–	39,591	–	–	39,591	–	–	39,591
	RSU	–	8,095	8,095	–	–	8,095	–	–

21 The value of Options at exercise date has been determined by the share price at the close of business on exercise date less the Option exercise price, multiplied by the number of Options exercised during 2020. For Performance Rights, Performance Share Units and Restricted Share Units, the value at exercise date has been determined by the share price at the close of business on the exercise date multiplied by the number of securities exercised during 2020. The AUD value was converted to USD at an average exchange rate for the year of 1.48735.

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

7. 2020 and 2021 Executive Key Management Personnel Remuneration

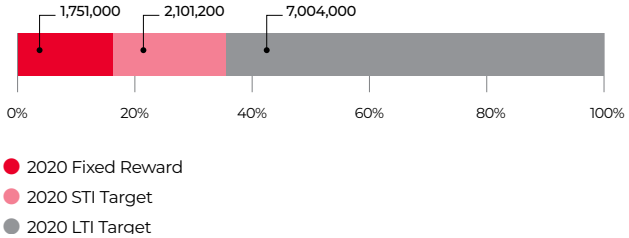
7.1 CEO Remuneration

7.1.1 2020 CEO Remuneration Outcome

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. As has been the case for the past four years, there was no increase to fixed reward, remaining at US$1,751,000. Mr Perreault's STI percentage remained set at 120% of his Fixed Reward for target performance and his maximum payout opportunity capped at 180% for outstanding performance. An increase was applied to LTI as communicated in our 2019 Remuneration Report – the target is now 400% of fixed reward (also maximum opportunity) and the LTI is both time and performance hurdled. Irrespective of these changes, Mr Perreault is still below the median for the pharmaceutical/ biotechnology peer group.

Mr Perreault's target reward for 2020 is displayed below.

2020 CEO Total Target Reward – USD



The 2020 STI outcome for Mr Perreault was 118% of target based on the two key measures of above target NPAT and CFO performance outcome and individual performance that resulted in an outcome between threshold and target. Individual outcomes against objectives set for Mr Perreault included:

Outcome	Commentary
●	The optimisation of our newly implemented business model across the End to End Supply Chain. Succession management and bench strength of critical roles focus with key leadership roles in place and/or transitioned. The transformation of our 'Enabling Functions' to ensure enterprise-wide operating models and functions is underway, ensuring the CSL Group is able to deliver on our 2030 strategy. Delivery of the 2020 diversity targets and objectives
●	Global, sustainable growth continues through the creation and implementation of the 2030 strategy with a focus on Patients, Therapeutic Areas, Efficiency and Reliable Supply, Innovation and Digital Transformation. Key outcomes are included in section 5.1, table 2
●	Stewardship of our culture and achievement of cultural initiatives focused on values, innovation, effective risk management, employee health and safety, and compliance. Employee engagement outcomes continue to be above the global norm. Celebrate the Promise, CSL's new global recognition program piloted and on track for global rollout in early 2021. Safety outcomes have continued to improve over prior year and key metrics continue to outperform industry averages

● Target Exceeded
● Target Met
● Target Partially Met
● Target Not Met

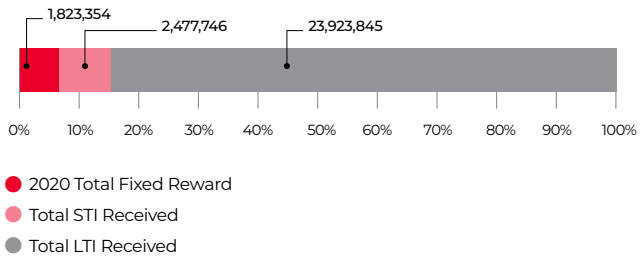
The achievement against targets set resulted in a cash payment of US$2,477,746 (to be paid in September 2020).

Further detail can be found in section 5.2.

7.1.2 2020 CEO Realised Remuneration

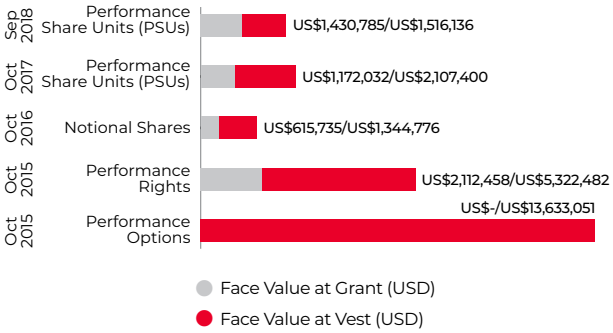
Below we have disclosed the CEO 'realised' remuneration with a full view of all Executive KMP 'realised' remuneration detailed in section 7.2, Table 12. This is a voluntary disclosure which the Board believes is simple and affords a transparent view of what the CEO's actual take-home pay was in 2020. Further details related to how each of the below elements is determined is provided in section 9.2. These outcomes are aligned with the CEO's and CSL's performance during 2020, 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 6.1 (Table 9) for the Statutory Remuneration disclosure that has been prepared in accordance with the Australian accounting standards.

2020 CEO Realised Remuneration – USD



Mr Perreault's total 'realised' remuneration for 2020 was US$28,224,945 and this is a 21% increase from the prior year. Driving this increase was the vesting of LTI awards made under our legacy plans – the 2016 Option and Performance Right and 2017 Executive Deferred Incentive Plan awards (granted 1 October 2015 and 1 October 2016 respectively with further details in section 5.3). As you will have experienced as shareholders, there has been a significant increase in the CSL share price over this period (Options had an exercise price of A$89.52 (set at grant[23]) and the share price at vesting was A$226.61) leading to increased reward outcomes for the CEO. The graph following depicts the increase in value of each of the vested awards over the period of grant to vest using the face value of the vested award at each point in time (CSL closing share price). For Options, the value shown is the difference between the exercise price and the closing price on date of vest.

CEO – Vested LTI Award Growth



Given the long term nature of CSL's legacy remuneration plans, we will also see their impact on the 'realised' remuneration of our Executive KMP in our 2021 Remuneration Report when we report on vesting outcomes for the 2017 LTI awards (granted 1 October 2016).

7.1.3 2021 CEO Remuneration Targets

In 2021 the Board has determined that there will be no increase to any component of total reward for Mr Perreault. Mr Perreault's fixed reward will remain at US$1,751,000, his STI target at 120% of fixed reward and the LTI target at 400% of fixed reward. While the Board recognises Mr Perreault's total reward is below the global pharmaceutical/biotechnology peer group, given the current global economic environment and investor and community sentiment, the Board believes no increase is warranted at this time.

7.2 2020 Executive KMP Realised Remuneration

Table 12 shows the 'realised' remuneration of Executive KMP for the year ended 30 June 2020 in US Dollars. This is a voluntary disclosure that the Board believes is simple and affords a transparent view of what the Executive KMP actual take-home pay was in 2020.

The main difference between 'realised' remuneration disclosures, and the statutory disclosures in section 6, is that the 'realised' remuneration table includes the value of performance based awards that vested or were paid in the period (calculated at the date of vesting), while the statutory tables include the accounting expense over the period the performance hurdles are met.

Some of the 'realised' remuneration in the table was earned over the previous three to four years, but was not paid until 2020. This includes cash settled LTI earned between 2017 and 2020 and equity settled LTI earned over four years from 2016 to 2020. The significant increase in the CSL share price over the period of grant to vest has provided Executive KMP with a significant increase in value of the LTI component of reward. This has been demonstrated in the table below. The benefit of the increased share price has been shared by shareholders and Executive KMP alike.

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

Table 12: Executive KMP 'realised' remuneration (received or available as cash) in 2020

Executive	2020 Total Fixed Reward US$[24]	2020 Short Term Incentive US$[25]	Cash Settled LTI in 2020 US$[26]	LTI Vested in 2020 US$[27]	Total LTI Received US$	Total Reward Received US$	Total LTI Reward Received (valued at grant date) US$[28]	LTI Growth in Value (due to share price growth) US$[29]
Period Earned	2020	2020	2017 – 2020	2016 – 2020	2016 – 2020	2016 – 2020	2016 – 2020	2016 – 2020
P Perreault	1,823,354	2,477,746	1,344,776	22,579,069	23,923,845	28,224,945	5,331,009	18,592,836
A Cuthbertson	707,998	699,030	286,741	1,731,492	2,018,233	3,425,261	1,071,048	947,185
D Lamont	870,702	901,581	271,501	2,000,977	2,272,478	4,044,761	1,221,306	1,051,172
P McKenzie	1,500,113	1,164,765	–	1,648,148	1,684,148	4,349,026	1,310,951	373,197

7.3 2020 and 2021 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 13 below sets out the changes to Executive KMP reward for 2020 (effective 1 September 2019) and 2021 (effective 1 September 2020). Where applicable the higher increase is applied to the LTI portion of the reward mix, driving focus on long term performance delivery and is in line with our pay for performance philosophy – rewards will only be earned where performance hurdles are met.

As noted earlier in this report, a global pharmaceutical/biotechnology peer group is used for external benchmarking. 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. In determining reward, the Board considers internal pay relativity across the full Global Leadership Group.

For Dr McKenzie, in 2021 there will be an expansion of role to include responsibility for the Seqirus business. The adjustment to salary and LTI reflects this increased responsibility in addition to market position and internal relativity.

In 2021, Professor Cuthbertson will begin the transition to retirement from his executive duties. He will remain an Executive Director and continue to lead special projects across the CSL Group. Professor Cuthbertson's prior Chief Scientific Officer role responsibilities will be undertaken by Dr William Mezzanotte and Dr Andrew Nash, who reports to Dr Mezzanotte. Accordingly, the remuneration structure for Professor Cuthbertson will be adjusted and will include salary only – remunerating for his work on the Board and leading the project and consulting work. Professor Cuthbertson will not be eligible for any STI or LTI awards.

Mr Lamont will not receive any increase to fixed reward and will not receive a LTI grant in September 2020 due to his resignation which takes effect on 30 October 2020. On cessation of employment Mr Lamont will not be granted 'good leaver' status and will therefore not retain any unvested LTI awards.

Table 13: Adjustments to Executive KMP reward 2020 and 2021

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	2021	–	–	–	–	–
	2020	–	–	14%	9%	875,500
A Cuthbertson	2021	-35%	-100%	-100%	-83%	(2,168,730)
	2020	–	–	–	–	–
D Lamont	2021	–	–	–	–	–
	2020	–	–	8%	3%	91,396
P McKenzie	2021	3%	3%	14%	10%	476,375
	2020	–	–	–	–	–

24 Includes base salary, retirement/superannuation benefits, and other benefits such as insurances, relocation and allowances paid in 2020.

25 Relates to STI earned in 2020 and will be paid in September 2020 (refer to section 5.2).

26 Value of awards vested at 30 September 2019 under the Executive Deferred Incentive Plan (EDIP) and paid in October 2019 (refer to section 5.3).

27 Value of LTI vested at 15 August 2019 (Options and Performance Rights) and 1 September 2019 and 1 March 2020 (Performance Share Units and Restricted Share Units) that became unrestricted (refer to section 5.3). The value at vest has been determined by multiplying the number of vested units by the closing share price on the date of vest. For Options, it is the difference between the closing share price and the exercise price. This has been converted to USD at an average exchange rate for the 2020 financial year of 1.48735.

28 The value at grant has been determined by multiplying the number of vested units by the closing share price on the date of grant. For Options, it is the difference between the closing share price and the exercise price. This has been converted to USD at an average exchange rate for the 2020 financial year of 1.48735.

29 This figure shows the increase in market value of the LTI awards due to share price growth between the grant date and the vesting date. The increase in value of the awards is calculated by multiplying the number of vested and/or exercised awards by the difference between the share price of CSL shares on the grant date and the vesting date or exercise date (as applicable). This has been converted to USD at an average exchange rate for the 2020 financial year of 1.48735.

8. Non-Executive Director Remuneration

8.1 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 2020 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 2020 year (including superannuation contributions, NED Rights Plan sacrifice amounts and Committee fees) is within this agreed limit, and totalled A$2,594,787. NEDs may be reimbursed for reasonable expenses incurred by them in the course of discharging their duties and this reimbursement is not included within this limit
Remuneration reviews	The Board reviews NED fees on an annual basis in line with general industry practice. Fees are set with reference to the responsibilities and time commitments expected of NEDs along with consideration to the level of fees paid to NEDs of comparable Australian companies
Independence	To ensure independence and impartiality is maintained, NEDs do not receive any performance related remuneration
NED Equity	The NEDs participate in the NED Rights Plan – introduced to enable NEDs to build up meaningful levels of equity more quickly. Under the plan, NEDs sacrifice at least 20% of their pre-tax base fee in return for a grant of Rights, each Right entitling a NED to acquire one CSL share at no cost. The number of Rights granted is equivalent to the fee sacrificed divided by the prevailing market price of CSL shares at that time. Rights are allocated in two tranches and vesting occurs following the disclosure of half year and full year financial results following the grant of Rights. For Australian based NEDs, shares are allocated at vesting of the Rights and for overseas based NEDs, shares are allocated at the end of the nominated restriction period. At the end of a nominated restriction period, of three to fifteen years, the NED is able to access their shares. No price is payable on vesting and exercise of rights. Shares are automatically allocated without the need for exercise by a NED. As this is a salary sacrifice plan, no performance conditions apply to the Rights. The shares are purchased on-market. Additional shares may be purchased by NEDs on-market at prevailing share prices in accordance with CSL's Securities Dealing Policy
Shareholding Requirement	NEDs must hold CSL shares equal to 100% of their Board base fee within five years from the date of appointment to their role
Post-Employment Benefits	Superannuation contributions are made in accordance with legislation and are included in the reported base fee and are not additional to the base fee. NEDs are not entitled to any compensation on cessation of appointment
Contracts	NEDs are appointed under a letter of appointment and are subject to ordinary election and rotation requirements as stipulated in the ASX Listing Rules and CSL Limited's constitution

8.2 NED fees in 2020

The following table provides details of current Board and Committee fees from 1 July 2019. As a truly global business, our NED fee structure allows us to attract and recruit globally experienced directors.

In 2020, after reviewing both ASX12 and ASX25 comparative Board fees, the Board has determined to increase Board and Committee fees by 2.8% from 1 July 2020. These increases ensure market competitive fees and allow us to attract and retain high quality NEDs. Fees remain within the existing aggregate fee pool approved by shareholders in 2016. The Board considers that sufficient headroom remains within the existing fee pool. Committee fees are not payable to the Chairman or to members of the Securities & Market Disclosure Committee.

Table 14: NED Fees 2020 and 2021

	2020 Fees		2021 Fees	
Board Chairman Fee	A$798,000		A$820,350	
Board NED Base Fee	A$232,050		A$238,550	
Committee Fees	**Committee Chair**	**Committee Member**	**Committee Chair**	**Committee Member**
Audit & Risk Management	A$65,800	A$32,400	A$67,650	A$33,300
Corporate Governance & Nomination	A$28,500	A$14,300	A$29,300	A$14,700
Human Resources & Remuneration	A$55,000	A$28,500	A$56,550	A$29,300
Innovation & Development	A$55,000	A$28,500	A$56,550	A$29,300

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.

8.3 Non-Executive Share Purchases

During 2020, CSL completed two on-market purchases of shares for the purposes of the NED Rights Plan. A total of 1,920 shares were purchased during the reporting period and the average price paid per share was A$278.31.

8.4 Non-Executive Director Statutory Remuneration Tables

Remuneration is reported in US Dollars, unless otherwise stated. This is consistent with the presentation currency used by CSL. Valuation of equity awards was converted from Australian Dollars (AUD) to USD at the average exchange rate of 1.48735 for the 2020 financial year.

8.4.1 Non-Executive Director Remuneration 2019 and 2020

All amounts are presented in US Dollars.

Table 15: Statutory Remuneration Disclosure – Non-Executive Directors

		Short Term Benefits	Post Employment		Share Based Payments	
Non-Executive Director	Year	Cash Salary and Fees US$[30]	Superannuation US$	Retirement Benefits US$	Rights US$[31]	Total US$
B McNamee – Chairman	**2020**	**415,099**	**14,121**	**–**	**106,768**	**535,988**
	2019	308,865	14,823	–	120,659	444,347
B Brook	**2020**	**133,343**	**14,121**	**–**	**60,325**	**207,789**
	2019	155,980	14,740	–	45,200	215,920
M Clark	**2020**	**176,446**	**14,121**	**–**	**30,692**	**221,259**
	2019	184,840	14,740	–	30,126	229,706
C Hewson[32]	**2020**	**15,816**	**7,060**	**–**	**61,332**	**84,208**
	2019	–	–	–	–	–
A Hussain	**2020**	**170,277**	**423**	**–**	**30,692**	**201,392**
	2019	163,264	7,599	–	30,126	200,989
M McDonald	**2020**	**136,035**	**14,121**	**–**	**45,574**	**195,730**
	2019	151,040	14,349	–	37,586	202,975
C O'Reilly	**2020**	**162,258**	**7,060**	**–**	**46,082**	**215,400**
	2019	162,584	14,740	–	45,200	222,524
Former Non-Executive Director						
J Shine	**2020**	**–**	**–**	**–**	**–**	**–**
	2019[33]	125,769	5,310	–	32,285	163,364
D Anstice	**2020**	**–**	**–**	**–**	**–**	**–**
	2019[34]	13,003	1,235	–	46,806	61,044
T Yamada	**2020**[35]	**8,530**	**–**	**–**	**87,774**	**96,304**
	2019	20,102	–	–	150,786	170,888
TOTAL	**2020**	**1,217,804**	**71,027**	**–**	**469,239**	**1,758,070**
	2019	1,285,447	87,536	–	538,774	1,911,757

30 The AUD compensation paid during the years ended 30 June 2019 and 30 June 2020 have been converted to USD. For the 2020 compensation, this has been converted to USD at an average exchange rate for the 2020 financial year: AUD – 1.48735. Both the amount of remuneration and any movement in comparison to prior years may be influenced by changes in the AUD/USD exchange rates.

31 As disclosed in the section titled 'Non-Executive Director Remuneration', 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 22 August 2019 was A$229.22 for Tranche 1 and A$227.92 for Tranche 2. For the grant made to C Hewson on 20 February 2020, the Fair Value for the tranche granted was A$331.29.

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

33 In 2019 J Shine was a NED for the period 1 July 2018 to 17 October 2018.

34 In 2019 D Anstice was a NED for the period 1 July 2018 to 17 October 2018.

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

8.4.2 Non-Executive Director Shareholdings

Details of shares held directly, indirectly or beneficially by each NED, including their related parties, is provided in Table 16. Any amounts are presented in US Dollars. Details of Rights held directly, indirectly or beneficially by each NED, including their related parties, is provided in Table 17. Following the vesting of awards, any trading undertaken by NEDs was subject to the Group Securities Dealing Policy (outlined in section 9.6).

Table 16: Non-Executive Director Shareholdings

KMP	Balance at 1 July 2019	Number of shares acquired on exercise of Rights during year	Value of shares acquired on exercise of Rights during year US$[36]	Number of (Shares Sold)/ Purchased	Balance at 30 June 2020
Non-Executive Director					
B McNamee	178,049	766	142,173	(17,758)	161,057
B Brook	4,964	358	69,168	–	5,322
M Clark	2,663	206	38,785	355	3,224
C Hewson	–	–	–	174	174
A Hussain	41	–	–	–	41
M McDonald	2,701	282	53,977	–	2,983
C O'Reilly	3,384	308	57,989	–	3,692
Former Non-Executive Director					
T Yamada[37]	283	–	–	–	283

There have been no movements in shareholdings of NEDs between 30 June 2020 and the date of this Report.

Table 17: Non-Executive Director Right Holdings

KMP	Instrument	Balance at 1 July 2019	Number Granted[38]	Face Value of Rights Granted US$[39]	Fair Value of Rights Granted US$[40]	Number Exercised	Value of Rights Exercised US$[41]	Number Lapsed	Balance at 30 June 2020	Number Vested During Year	Balance at 30 June 2020	
											Vested[42]	Unvested
Non-Executive Director												
B McNamee	Right	420	692	111,131	106,344	766	142,173	–	346	766	–	346
B Brook	Right	157	402	64,559	61,778	358	69,168	–	201	358	–	201
M Clark	Right	105	201	32,279	30,889	206	38,785	–	100	206	–	100
C Hewson	Right	–	388	88,350	86,423	–	–	–	388	–	–	388
A Hussain	Right	210	201	32,279	30,889	–	–	–	411	206	311	100
M McDonald	Right	131	302	48,499	46,410	282	53,977	–	151	282	–	151
C O'Reilly	Right	157	302	48,499	46,410	308	57,989	–	151	308	–	151
Former Non-Executive Director												
T Yamada[43]	Right	1,051	1,006	161,558	154,598	–	–	–	2,057	525	1,051	1,006

36 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 2020. The AUD value was converted to USD at an average rate for the year of 1.48735.

37 The closing balance for T Yamada is 16 October 2019 being the date T Yamada ceased to be a Non-Executive Director and KMP.

38 The number of Rights granted is determined by dividing the NEDs elected percentage of pre-tax base fee (minimum 20%) by the five day volume weighted average price at which CSL shares were traded on the ASX ending on (and including) the last ASX trading day prior to the date of grant of the Rights being 21 August 2019 of A$230.46. The Rights were granted on 22 August 2019 in two tranches. Tranche one had a vesting date of 17 February 2020 and tranche two vests 24 August 2020. For C Hewson, the five day volume weighted average price at which CSL shares were traded on the ASX ending on (and including) the last ASX trading day prior to the date of grant of the Rights, 19 February 2020, was A$332.64. The Rights were granted on 20 February 2020 in one tranche with a vesting date of 24 August 2020.

39 The value at grant date has been determined by the share price at the close of business on the grant date of 22 August 2019 being A$238.86 and for C Hewson the share price at the close of business on 20 February of A$338.68 multiplied by the number of Rights granted during 2020. The AUD value was converted to USD at an average exchange rate for the year of 1.48735.

40 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 22 August 2019 was Tranche 1: A$229.22 and Tranche 2: A$227.92 and for C Hewson A$331.29 multiplied by the number of Rights granted during 2020.

41 The value at exercise date has been determined by the share price at the close of business on the exercise date multiplied by the number of Rights exercised during 2020. The AUD value was converted to USD at an average exchange rate for the year of 1.48735. Australian based NEDs have Rights exercised at the vesting date and a holding lock is placed on the shares for a period of three to fifteen years as elected by the NED. The UK and US based NED hold vested but unexercisable Rights until the end of the nominated restriction period.

42 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.

43 The closing balance for T Yamada is 16 October 2019 being the date T Yamada ceased to be a Non-Executive Director and KMP.

9. Remuneration Governance

The following diagram illustrates CSL's remuneration governance framework.

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

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

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

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

Members
Dr Megan Clark AC (Chair), Mr Abbas Hussain, Ms Carolyn Hewson AO, Ms Marie McDonald and Ms Christine O'Reilly.

Charter
Full responsibilities of the HRRC are outlined in its Charter, which is reviewed annually. The Charter is available on CSL's website at http://www.csl.com.au/about/governance.htm

Audit and Risk Management Committee (ARMC):
The ARMC assists the Board in the governance of CSL's financial reporting and disclosures, risk identification and management, and compliance.

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

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

In 2020 the HRRC engaged the services of Aon Consulting in the US, and EY in Australia. Under engagement and communication protocols adopted by CSL, the market data and other advice were provided directly to the HRRC by both Aon Consulting and EY. Neither Aon Consulting nor EY provided Remuneration Recommendations during the 2020 financial year.

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

9.1 HRRC Activities

During 2020, the HRRC met formally on six occasions involving the following activities:

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

9.2 Remuneration Determination

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

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

STI outcomes – A formal review of Executive KMP progress against objectives 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 objectives 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 Chair of the Board and HRRC. The Board believes this is the most appropriate method of measurement.

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

Board discretion – Prior to approving all remuneration outcomes, the Board assesses the quality of the outcomes and reviews 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. This review is done in conjunction with the ARMC. The Board has discretion to determine final vesting outcomes to ensure outcomes are in line with CSL performance, market reported financial outcomes and shareholder outcomes. The discretion can be used to both increase and reduce vesting outcomes, which includes reducing to zero. In 2020, after reviewing the outcome for the NPAT and CFO STI metrics, and considering the impact of COVID-19, the Board exercised its discretion and reduced outcomes for certain unbudgeted actual outcomes.

New Hires and Internal Promotions – The Remuneration Framework as set out in section 3.2 applies to the remuneration arrangements for any newly hired or promoted Executive KMP, ensuring a market competitive Total Reward offering. In the case of external hires, the HRRC and Board may determine that it is appropriate for a commencement benefit to be offered. Commencement benefits in the form of cash and/or equity can be made to compensate for remuneration being forfeited from a former employer. For any foregone equity awards, CSL equity will be used as compensation. Awards may be discounted to take into consideration any performance conditions on the award at the former employer and the HRRC will determine the appropriate service and performance conditions on the CSL award within the CSL framework. For internal promotions, the HRRC may determine that an award of equity should be made to ensure an appropriate Total Reward package. This is done as hurdled equity under the LTI framework described in 3.2.5.

9.3 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.

9.4 Other Transactions

No loans or related party transactions were made to Executive KMP or their associates during 2020.

No loans were made to NEDs during 2020. NEDs and their related entities conducted the following transactions with CSL, as part of a normal supplier relationship on 'arm's length' terms:

- CSL has entered into a number of contracts, including collaborative research agreements, with Monash University, of which Dr Megan Clark AC is a member of Council;
- Financial services provided by Bank of America Merrill Lynch of which Dr Megan Clark AC is a member of the Australian Advisory Board and is a member of the Global Advisory Council of the Bank of America;
- CSL has entered into a research collaboration with the Centre of Eye Research Australia, of which Professor Andrew Cuthbertson AO is a director;
- CSL has entered into a number of contracts, including collaborative research agreements, with the Walter and Eliza Hall Institute for Medical Research (WEHI), of which Ms Marie McDonald is a director;
- Corporate finance advisory services provided by Flagstaff Partners of which Ms Marie McDonald is a senior adviser;
- CSL has entered into a research collaboration with the Baker Heart and Diabetes Institute, of which Ms Christine O'Reilly is a Director; and
- CSL has a corporate account with Medibank Private Limited, of which Ms Christine O'Reilly is a director.

9.5 Malus and Clawback Policy

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

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

In 2020, following a joint review of reward outcomes by both the HRRC and the ARMC, there was no application of the policy.

9.6 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 on the CSL Limited website at http://www.csl.com.au/about/governance.htm.

9.7 Minimum Shareholding Guideline

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

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

As at 30 June 2020, all KMP hold, or are on track to hold, the minimum shareholding requirement within the relevant time period.

10. Legacy Equity Programs

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

10.1 Key Characteristics of Prior Financial Year Performance Right and Option Grants

Feature	2016-2017
Grant Date	1 October 2015 (reported 2016/expiry 30 Sep 2020), 1 October 2016 (reported 2017/expiry 30 Sep 2021)
Instrument	Options and Performance Rights
Tranches	One tranche of Options and three tranches of Performance Rights
Performance Period	Four years
Performance Measure	Options – individual performance measure Performance Rights T1 – rTSR against selected global Pharmaceutical and Biotechnology companies, and T2 and T3 – EPSg
Vesting Schedule	**Tranche 1 – rTSR** < 50th %ile – 0% vesting 50th %ile – 50% vesting Between 50th and 75th %ile – Straight line vesting from 50% to 100% vesting ≥ 75th %ile – 100% vesting **Tranche 2 – EPS target performance** < 8% – 0% vesting 8% to 13% – Straight line vesting from 35% to 100% vesting 13% – 100% vesting **Tranche 3 – EPS maximum performance** 13% – 0% vesting 13% to 15% – Straight line vesting from 0% to 100% vesting 15% – 100% vesting
Exercise Price	Options only: 2016 – A$89.52 and 2017 – A$107.25
Retesting	No retest

10.2 Key Characteristics of Prior Financial Year Executive Deferred Incentive Plan Grants

Feature	2017
Grant Date	1 October 2016 (reported 2017)
Instrument	Notional Shares
Tranches	One
Performance Period	Three years
Performance Measure	Individual performance measure
Vesting Schedule	100% if performance measure met
Exercise Price	N/A
Settlement	Value of the award at vest is based on the five day weighted average share price up to the award maturity date multiplied by the number of Notional Shares held
Retesting	No retest

11. Additional Employee Equity Programs

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

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$6,000 per six month period. The employee then receives shares at a minimum 15% discount to the applicable market rate over the five day period up to an including the first and last ASX trading days of the six month period, whichever is the lower. Shares are then held in restriction for a period of one or three years as determined upfront by the employee. The shares may be issued or purchased on market.

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

11.2 Retain and Grow Plan

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

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

Key plan elements are as follows

- A conditional 'right' to a CSL share (i.e. full value instrument) or at the Board's discretion, a cash equivalent payment. No price is payable by the participant on grant or vesting of rights. Shares are automatically allocated (or cash automatically paid) without the need for exercise by a participant;
- The security is a Restricted Share Unit (RSU) – settled as an Ordinary Fully Paid Share;
- LTI opportunity set as % of local salary (converted to Australian Dollars (AUD) at grant);
- Number of RSUs determined using face value (5 day weighted average share price);
- Individual performance hurdle – must not fail to meet performance expectations;
- 25% of RSUs will vest on the first, second, third and fourth anniversaries of the Issue Date;
- There is no retesting of awards;
- On cessation of employment a 'good leaver' (such as retirement) may retain a pro-rated number of RSUs based on time elapsed since grant date, subject to original terms and conditions. If a participant is not a 'good leaver', all unvested awards will be forfeited;
- In the event of a change of control, the Board, in its absolute discretion, may determine that some or all of the awards vest having regard to the performance of the participant during the vesting period to the date of the change of control event. Vesting may occur at the date of the change of control event or an earlier vesting date as determined by the Board; and
- No dividends or dividend equivalents are paid on unvested awards. Participants are only eligible for dividends once shares have been allocated following vesting of any RSUs. RSUs do not carry any voting rights prior to vesting and allocation of shares.

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

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

Consolidated Statement of Comprehensive Income

For the Year Ended 30 June 2020

	Notes	Consolidated Entity 2020 US$m	2019 US$m
Continuing operations			
Sales and service revenue		**8,796.6**	8,205.4
Influenza Pandemic Facility Reservation fees		**145.4**	133.4
Royalties and License revenue		**158.5**	171.1
Other Income		**50.3**	28.7
Total Operating Revenue		**9,150.8**	8,538.6
Cost of sales		**(3,924.4)**	(3,761.2)
Gross profit		**5,226.4**	4,777.4
Research and development expenses	6	**(921.8)**	(831.8)
Selling and marketing expenses		**(896.2)**	(866.8)
General and administration expenses		**(691.8)**	(574.8)
Operating profit		**2,716.5**	2,504.0
Finance costs	2	**(150.8)**	(176.7)
Finance income		**7.0**	13.8
Profit before income tax expense		**2,572.7**	2,341.1
Income tax expense	3	**(470.2)**	(422.4)
Net profit for the period		**2,102.5**	1,918.7
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations, net of hedges on foreign investments	12	**13.3**	(34.8)
Items that will not be reclassified subsequently to profit or loss			
Actuarial (losses)/gains on defined benefit plans, net of tax	19	**(13.6)**	(67.1)
Total of other comprehensive income/(loss)		**(0.3)**	(101.9)
Total comprehensive income for the period		**2,102.2**	1,816.8
Earnings per share (based on net profit for the period)		**US$**	US$
Basic earnings per share	10	**4.633**	4.236
Diluted earnings per share	10	**4.615**	4.226

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

Consolidated Balance Sheet

As at 30 June 2020

	Notes	Consolidated Entity 2020 US$m	2019 US$m
CURRENT ASSETS			
Cash and cash equivalents	14	**1,194.4**	657.8
Receivables and contract assets	15	**1,703.9**	1,821.7
Inventories	4	**3,509.5**	3,038.8
Current tax assets		**35.1**	21.4
Other financial assets		**3.3**	0.4
Total Current Assets		**6,446.2**	5,540.1
NON-CURRENT ASSETS			
Property, plant and equipment	8	**5,366.0**	4,484.3
Intangible assets	7	**2,140.2**	1,878.3
Right-of-use assets	8	**939.4**	–
Deferred tax assets	3	**543.0**	378.7
Other receivables	15	**14.3**	21.6
Other financial assets		**14.2**	9.9
Retirement benefit assets	18	**1.4**	1.5
Total Non-Current Assets		**9,018.5**	6,774.3
TOTAL ASSETS		**15,464.7**	12,314.4
CURRENT LIABILITIES			
Trade and other payables	15	**1,525.4**	1,407.7
Interest-bearing liabilities and borrowings	11	**202.3**	420.6
Current tax liabilities		**253.7**	162.2
Provisions	16	**156.9**	194.9
Deferred government grants	9	**3.2**	2.8
Total Current Liabilities		**2,141.5**	2,188.2
NON-CURRENT LIABILITIES			
Interest-bearing liabilities and borrowings	11	**5,790.5**	4,242.2
Retirement benefit liabilities	18	**347.5**	307.0
Deferred tax liabilities	3	**352.0**	168.7
Provisions	16	**41.7**	35.9
Deferred government grants	9	**40.1**	34.6
Other non-current liabilities	15	**223.8**	86.5
Total Non-Current Liabilities		**6,795.6**	4,874.9
TOTAL LIABILITIES		**8,937.1**	7,063.1
NET ASSETS		**6,527.6**	5,251.3
EQUITY			
Contributed equity	12	**(4,561.0)**	(4,603.0)
Reserves	12	**336.3**	242.0
Retained earnings	19	**10,752.3**	9,612.3
TOTAL EQUITY		**6,527.6**	5,251.3

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 2020

Consolidated Entity	Contributed Equity US$m		Foreign currency translation reserve US$m		Share based payment reserve US$m		Retained earnings US$m		Total US$m	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
As at the beginning of the year	**(4,603.0)**	(4,634.5)	**(5.7)**	29.1	**247.7**	195.1	**9,612.3**	8,490.2	**5,251.3**	4,079.9
Profit for the period	**–**	–	**–**	–	**–**	–	**2,102.5**	1,918.7	**2,102.5**	1,918.7
Other comprehensive income	**–**	–	**13.3**	(34.8)	**–**	–	**(13.6)**	(67.1)	**(0.3)**	(101.9)
Total comprehensive income for the full year									**2,102.2**	1,816.8
Transactions with owners in their capacity as owners										
Opening balance sheet adjustment adopting AASB 16 and 15 (See Accounting Policies disclosure)	**–**	–	**–**	–	**–**	–	**(65.0)**	74.0	**(65.0)**	74.0
Share based payments	**–**	–	**–**	–	**81.0**	52.6	**–**	–	**81.0**	52.6
Dividends	**–**	–	**–**	–	**–**	–	**(883.1)**	(806.8)	**(883.1)**	(806.8)
Share issues										
– Employee share scheme	**42.0**	31.5	**–**	–	**–**	–		–	**42.0**	31.5
Other	**–**	–	**–**	–	**–**	–	**(0.8)**	3.3	**(0.8)**	3.3
As at the end of the year	**(4,561.0)**	(4,603.0)	**7.6**	(5.7)	**328.7**	247.7	**10,752.3**	9,612.3	**6,527.6**	5,251.3

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 2020

The format of the consolidated statement of cash flows was changed to the indirect method of presentation for the cash flows from operating activities. The prior comparative period was changed to align to the new format, which is informative in showing the impact of changes in the balance sheet on cash flows.

	Notes	Consolidated Entity 2020 US$m	2019 US$m
Cash Flows from Operating Activities			
Profit before income tax expense		**2,572.7**	2,341.1
Adjustments for:			
Depreciation and amortisation		**419.8**	375.5
Inventory provisions		**189.5**	191.3
Share-based payments expense		**81.0**	52.0
Bad debt provision		**10.1**	(3.5)
Finance costs		**142.4**	127.8
Loss (gain) on disposal of property, plant and equipment		**0.5**	(0.8)
Changes in operating assets and liabilities:			
Decrease/(increase) in trade and other receivables		**124.9**	(367.1)
Increase in inventories		**(686.0)**	(558.3)
Increase in trade and other payables		**157.8**	136.2
(Decrease)/increase in provisions and other		**(27.0)**	18.6
Income tax paid		**(355.0)**	(527.7)
Finance costs paid		**(142.4)**	(140.7)
Net cash inflow from operating activities		**2,488.3**	1,644.4
Cash flows from Investing Activities			
Payments for property, plant and equipment		**(1,206.8)**	(1,117.6)
Payments for intangible assets		**(160.8)**	(167.2)
Payment for business acquisition (Net of cash acquired)		**(17.8)**	–
Receipts/(payments) from other investing activities		**18.7**	(2.5)
Net cash outflow from investing activities		**(1,366.7)**	(1,287.3)
Cash flows from Financing Activities			
Proceeds from issue of shares		**42.0**	31.8
Dividends paid	10	**(883.1)**	(806.8)
Proceeds from borrowings	11	**1,652.7**	898.5
Repayment of borrowings	11	**(1,399.2)**	(610.2)
Principal payments of AASB 16 lease liabilities		**(54.7)**	–
Other financing activities		**(0.4)**	(4.8)
Net cash (outflow)/inflow from financing activities		**(642.7)**	(491.5)
Net (decrease)/increase in cash and cash equivalents		**478.9**	(134.4)
Cash and cash equivalents at the beginning of the financial year		**657.8**	812.7
Exchange rate variations on foreign cash and cash equivalent balances		**14.6**	(20.5)
Cash and cash equivalents at the end of the period		**1,151.3**	**657.8**
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the end of the period as shown in the statement of cash flows is reconciled as follows:			
Cash and cash equivalents		**1,194.4**	657.8
Bank overdrafts		**(43.1)**	–
Cash and cash equivalents at the end of the period		**1,151.3**	657.8

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

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 18 August 2020.

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 2020. CSL has control of its subsidiaries when it is exposed to, and has the rights to, variable returns from its involvement with those entities and when it has the ability to affect those returns. A list of significant controlled entities (subsidiaries) at year-end is contained in Note 17.

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

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

c. Foreign currency

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

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

d. Other accounting policies

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

e. Key judgements and estimates

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

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 the 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 2019, except for the adoption of AASB 16 Leases and AASB Interpretation 23 Uncertainty over Income Tax Treatments.

AASB Interpretation 23 clarifies the application of recognition and measurement requirements of AASB 112 Income Taxes where there is uncertainty over income tax treatments. The adoption of this interpretation did not result in any material change to the financial statements of the group.

AASB 16 supersedes AASB 117 Leases and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group adopted AASB16 using the modified retrospective method of adoption with the date of initial application of July 1, 2019. The Group elected to use the transition practical expedient approach allowing the following:

- Standard to be applied only to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4 at the date of initial application;
- Recognition exemptions for lease contracts that, at initial application date, have a remaining lease term of 12 months or less;
- Recognition exemptions for lease contracts for which the underlying asset is of low value;
- Apply a single discount rate to a portfolio of leases with reasonable similar characteristics;
- Use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease; and
- Exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application

The effect of adopting AASB 16 is as follows:

Impact on the balance sheet (increase/(decrease)) as at 1 July 2019	US$m
Assets	
Right-of-use assets	926
Finance lease assets	(11)
Total assets	**915**
Liabilities	
Interest-bearing liabilities	1,004
Finance lease liabilities	(11)
Asset retirement obligations	25
Trade and other payables	(29)
Deferred tax liabilities	(9)
Total liabilities	**980**
Equity	
Retained earnings	(65)

The Group has lease contracts for various items of plant, land and vehicles. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of income on a straight-line basis over the lease term. Any accrued rent was recognised under Trade and other payables.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the modified retrospective method of adoption, the Group applied AASB 16 at the date of initial application as though effective at the commencement date of existing lease contracts. The comparative information in the consolidated financial statements has not been restated.

As at 1 July 2019:

- Right-of-use assets of $926m were recognised and presented separately in the balance sheet. The right-of-use-asset at the time of adoption was the carrying amount as if the Standard had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application.
- Lease liabilities of $1,004m were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and included under interest bearing liabilities.
- Trade and other payables of $29m related to previous operating leases were derecognised.
- Deferred tax liabilities decreased by $9m because of the deferred tax impact of the changes in assets and liabilities.
- Finance lease assets and liabilities of $11m were removed and included in right-of-use assets and liabilities.
- Asset retirement obligations of $25m were recorded.
- The net effect of these adjustments had been adjusted to Retained earnings ($65m).

The lease liabilities as at 1 July 2019 can reconciled to the operating lease commitments as of 30 June 2019 as follows:

Operating Lease Commitments Reconciliation	US$m
Operating lease commitments as at 30 June 2019	**735**
Weighted Average Incremental Borrowing Rate	2.52%
Discounted Operating Lease Commitments as at 1 July 2019	**669**
Add:	
Commitments relating to leases previously classified as finance leases	11
Payments in optional extension periods not recognised as at 30 June 2019	324
Lease Liabilities as at 1 July 2019	**1,004**

For the year ended 30 June 2020 included in the statement of income is depreciation of right-of-use assets of $70.9m and interest expense of $26.0m. Expense for these leases would have been recorded under rent expense prior to the adoption of AASB 16.

After adoption of AASB 16, the Group's cash flows from operating activities include only payments for the interest portion of lease payments (included in borrowing costs paid) and cash flows from financing include repayment of the principal portion of the lease liabilities.

Below are the new accounting policies of the Group upon adoption of AASB 16:

Right-of-use 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). Right-of-use assets are measured at cost, less any restoration obligations, accumulated depreciation, or impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised less any lease incentives received and initial direct costs. 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. Right-of-use assets are subject to annual impairment assessment as discussed in Note 8 – PPE (Property, Plant & Equipment). Based on each lease category, the following table summarises the range of useful lives (i.e. lease terms) for AASB 16 Leases:

ROU assets useful lives	Plasma Centres	Office Leases	Warehouse Leases	Land Leases	Vehicles
	Years	Years	Years	Years	Years
Minimum	3	<1	1	4	3
Maximum	40	30	35	101	4
Average	25	8	13	60	3.5

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. 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.

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. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is 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 following table summarises the maturity profile of the Group's lease liabilities based upon contractual undiscounted payments:

Repayable in	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	More than 5 years	Total
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
As at 30 June 2020	91.0	88.8	84.6	82.1	76.2	891.0	1,313.7

In considering further disclosures around variable lease consideration, the Group's leases are subject only to future rent increases related to fair market rental adjustments and adjustments linked to price index changes. Approximately 90% of lease liabilities relate to plasma collection centres, offices, and warehouses subject primarily to future fair market rental adjustments. The remaining approximate 10% of lease liabilities relates to long-term land leases that are subject to periodic index adjustments. Accordingly, the rental arrangements themselves do not pose any incremental or unique risk specific to variable lease considerations that would warrant further evaluation beyond what we have disclosed in Note 11, which addresses financial risk in the context of the Group's collective business activities.

The Group's lease liabilities are inclusive of extension options the Group is reasonably certain to exercise based upon our judgement as of 30 June 2020. For lease extension options that the Group is not reasonably certain to exercise as of 30 June 2020, these are appropriately excluded from the lease liabilities under AASB 16. However, the Group has analysed the lease contracts to determine potential future lease payments (undiscounted) to which there is a contractual right to exercise an extension. We have summarised these undiscounted potential future lease payments split between those due in five years or less or greater than five years in the following table:

Undiscounted potential future lease payments	5 years or less	Greater than 5 years	Total
	US$m	US$m	US$m
As at 30 June 2020	3.8	95.5	99.3

The Group applied the same methodology in applying AASB 16 in determining the potential future lease payments not included in the lease liability as we did for lease extension options included in the lease liability as of 30 June 2020. Should facts and circumstances change the Group's current assessment of the reasonable certainty about not extending these contracts beyond those included in our lease liabilities, these undiscounted potential future lease payments represent and approximate additional lease payments that would become contractually due.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those 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 that would not have quantitative or qualitative significance to recognise in our adoption of AASB 16 or ongoing accounting for leases under AASB 16. 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.

Significant judgements

Determination of the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

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).

Calculation of the incremental borrowing rates

Where the lessee cannot readily determine the interest rate implicit in the lease contracts, the present value of the lease liabilities are estimated using 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.

Set out below, are the carrying amounts of the right-of-use assets and lease liabilities and the movements during the period:

	Plasma Centres	Office Leases	Warehouse Leases	Land Leases	Vehicles	Total	Lease liabilities
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
As at 1 July 2019	**452**	**259**	**113**	**95**	**6**	**926**	**(1,004)**
Additions	58	19	6	0	2	85	(85)
Depreciation expense	(23)	(39)	(9)	(1)	–	(72)	–
Interest expense	–	–	–	–	–	–	(26)
Payments	–	–	–	–	–	–	81
As at 30 June 2020	**488**	**239**	**110**	**94**	**8**	**939**	**(1,034)**

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

Our Current Performance

Note 1: Segment Information and Business Combinations

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

The Group's operating segments are:

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

	CSL Behring US$m		Seqirus US$m		Consolidated Entity US$m	
	2020	2019	2020	2019	2020	2019
Sales and service revenue	**7,661.0**	7,187.3	**1,135.6**	1,018.1	**8,796.6**	8,205.4
Influenza Pandemic Facility Reservation fees	**–**	–	**145.4**	133.4	**145.4**	133.4
Royalties and License revenue	**158.5**	151.1	**–**	20.0	**158.5**	171.1
Other Income	**34.2**	4.5	**16.1**	24.2	**50.3**	28.7
Total segment revenue	**7,853.7**	7,342.9	**1,297.1**	1,195.7	**9,150.8**	8,538.6
Segment Gross Profit	**4,540.3**	4,195.1	**686.1**	582.3	**5,226.4**	4,777.4
Segment Gross Profit %	**57.8%**	57.1%	**52.9%**	48.7%	**57.1%**	56.0%
Segment EBIT	**2,451.4**	2,350.6	**265.1**	153.4	**2,716.5**	2,504.0
Consolidated Operating Profit					**2,716.5**	2,504.0
Finance income					**7.0**	13.8
Finance costs					**(150.8)**	(176.7)
Consolidated profit before tax					**2,572.7**	2,341.1
Income tax expense					**(470.2)**	(422.4)
Consolidated net profit after tax					**2,102.5**	1,918.7
Amortisation	**42.8**	76.5	**29.7**	25.8	**72.5**	102.3
Depreciation	**309.9**	244.5	**37.4**	28.6	**347.3**	273.1
Segment EBITDA	**2,804.1**	2,671.6	**332.2**	207.8	**3,136.3**	2,879.4

	CSL Behring US$m		Seqirus US$m		Intersegment Elimination US$m		Consolidated Entity US$m	
	2020	2019	2020	2019	2020	2019	2020	2019
Segment assets	**14,193.4**	11,249.7	**1,617.0**	1,333.5	**(345.8)**	(268.8)	**15,464.6**	12,314.4
Segment liabilities	**8,510.2**	6,697.3	**715.1**	634.6	**(288.1)**	(268.8)	**8,937.2**	7,063.1
Other Information – capital expenditure								
Payments for property, plant and equipment	**1,079.9**	1,017.0	**126.9**	100.6	**–**	–	**1,206.8**	1,117.6
Payments for intangibles	**136.2**	142.1	**24.6**	25.1	**–**	–	**160.8**	167.2
Total capital expenditures	**1,216.1**	1,159.1	**151.5**	125.9	**–**	–	**1,367.6**	1,284.8

Note 1: Segment Information and Business Combinations continued

Inter-segment sales

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

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External Operating Revenue	752.3	702.2	4,598.2	3,973.9	825.9	763.9	478.2	510.4	285.8	216.0	215.3	625.8	1,995.1	1,746.4	9,150.8	8,538.6
PPE, ROU, and intangible assets	1,063.9	840.0	3,011.2*	2,159.5	936.8	737.1	362.2	333.0	2,298.1	1,804.0	477.0*	472.3	296.4	16.7	8445.6	6,362.6

* This number has been corrected from that published on 19 August 2020.

Note 1b: Business Combination

Vitaeris acquisition

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

The provisional fair value of assets and liabilities acquired were:

Asset Class	$m
Cash	2.2
Trade and other receivables	0.1
Prepaid expenses	3.0
Intellectual property	188.0
Goodwill	52.6
Trade payables & other	(8.8)
Other liabilities	(3.5)
Deferred tax liabilities	(52.6)
Fair Value of Net Assets Acquired	**181.0**
Consideration paid	20.0
Contingent consideration recognised as a liability at the date of acquisition	161.0

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

The range of undiscounted contingent consideration is expected to be between $0, in the event no product receives regulatory approval, and $470m. The outcome is dependent on the technical success of the research program and the commercial success of any resultant product. At this stage of development these factors are unknown and judgement has been exercised in the determination of the fair value of the contingent consideration.

The goodwill recognised is a consequence of the recognition of deferred tax liabilities in respect of indefinite lived intellectual property in accordance with accounting standards.

Since CSL obtained control of the acquired business it has incurred $0.8m of R&D expenses as a result of the ongoing research activity.

Note 2: Revenue and Expenses

Recognition and measurement of revenue

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

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

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

Significant estimates on Seqirus sales returns is performed in respect of the influenza season expected to be subject to return. The estimate is performed with inputs including historical returns and customer sales data amongst other factors.

For contracts where the customer controls the plasma (tolling contracts) and the Group provides fractionation services – the Group recognises revenue over time as the performance obligations are satisfied based upon a percentage of completion of our fractionation services.

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

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

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

Revenue from contracts with customers includes amounts in Total Operating Revenue except Other Income.

Expenses	2020 US$m	2019 US$m
Finance costs	**142.4**	127.8
Unrealised foreign currency (gains) losses on debt	**8.4**	48.9
Total finance costs	**150.8**	176.7
Depreciation and amortisation of fixed assets	**347.3**	273.1
Amortisation of intangibles	**72.5**	102.3
Total depreciation and amortisation expense	**419.8**	375.4
Write-down of inventory to net realisable value	**189.5**	191.3
Employee benefits expense	**2,528.1**	2,184.2

Recognition and measurement of expenses

Total finance costs: Includes interest expense & borrowing costs, including interest expense related to the adoption of AASB 16, which have been disclosed separately in section g of our significant accounting policies. Non-AASB 16 related interest expense and borrowing costs are recognised as an expense when incurred, except where finance costs are directly attributable to the acquisition or construction of a qualifying asset where they are capitalised as part of the cost of the asset. Capitalised interest for qualifying assets during the year ended 30 June 2020 was $15.8m (2019: $16.4m). Interest-bearing liabilities and borrowings are stated at amortised cost. Any difference between the borrowing proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the borrowing period using the effective interest method. Unrealised foreign currency gains on debt is related to the EUR350m and CHF400m of Senior Unsecured Notes in the US Private Placement market (see Note 11). The foreign currency risk related to this debt was partially hedged as a cash flow hedge in 2020 and 2019.

Depreciation and amortisation: Depreciation and amortisation of fixed assets includes depreciation of fixed assets and right-of-use assets, which can be found in Note 8 and in section g of our significant accounting policies. Refer to Note 7 for full details on amortisation of intangible assets.

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

Rental Expenses: The majority of rental expenses related to previously categorised operating leases are now reflected as depreciation expense under AASB 16, which we have disclosed separately in section g of our significant accounting policies. Therefore, rental expenses primarily include rental charges that did not meet the recognition criteria under AASB 16 and are charged to the statement of comprehensive income on a straight-line basis over the period of the rental period.

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

Goods and Services Tax and other foreign equivalents (GST)

Revenues, expenses and assets are recognised net of GST, except where GST is not recoverable from a taxation authority, in which case it is recognised as part of an asset's cost of acquisition or as part of the expense.

Note 3: Tax

	2020 US$m	2019 US$m
a. Income tax expense recognised in the statement of comprehensive income		
Current tax expense		
Current year	**410.4**	428.5
Deferred tax expense/(recovery)		
Origination and reversal of temporary differences	**28.7**	7.2
Total deferred tax expense/(recovery)	**28.7**	7.2
Over/(under) provided in prior years	**31.2**	(13.3)
Income tax expense	**470.2**	422.4
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	**2,572.7**	2,341.1
Income tax calculated at 30% (2019: 30%)	**771.8**	702.3
Effects of different rates of tax on overseas income	**(325.8)**	(256.1)
Research and development incentives	**(22.8)**	(25.5)
(Over)/under provision in prior year	**31.2**	(13.3)
Revaluation of Deferred Tax Balances	**51.7**	0.0
Other (non-assessable revenue)/non-deductible expenses	**(35.9)**	15.0
Income tax expense	**470.2**	422.4
c. Income tax recognised directly in equity		
Deferred tax benefit/(expense)		
Share-based payments	**6.8**	0.6
Income tax benefit/(expense) recognised in equity	**6.8**	0.6
d. Deferred tax assets and liabilities		
Deferred tax asset	**543.0**	378.7
Deferred tax liability	**(352.0)**	(168.7)
Net deferred tax asset	**191.0**	210.0
Deferred tax balances reflect temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income		
Inventories	**246.0**	215.6
Property, plant and equipment	**(285.0)**	(162.6)
Intangible assets	**(227.8)**	(169.0)
Trade and other payables	**72.0**	32.7
Recognised carry forward tax losses[a]	**142.2**	183.4
Retirement liabilities, net	**69.1**	50.9
Receivables and contract assets	**(19.8)**	(54.9)
Other assets	**0.5**	4.9
Interest bearing liabilities	**55.7**	13.5
Other liabilities and provisions	**75.9**	74.2
Tax bases not in net assets – share-based payments	**34.0**	(0.4)
Total recognised in the statement of comprehensive income	**162.4**	188.3
Amounts recognised in equity		
Share-based payments	**28.6**	21.8
Net deferred tax asset	**191.0**	210.0

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

Note 3: Tax continued

	2020 US$m	2019 US$m
e. Movement in temporary differences during the year		
Opening balance	**210.0**	207.6
Credited/(charged) to profit before tax	**(9.3)**	0.3
Charged to other comprehensive income	**(0.1)**	9.7
Net deferred tax asset/(liability) recognised in business combination	**0.0**	0.6
Credited/(charged) to equity	**(9.6)**	(8.2)
Closing balance	**191.0**	210.0
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised for the following items:		
Tax losses with no expiry date[b]	**0.4**	0.4

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

Current taxes

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

Deferred taxes

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

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

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

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

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

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

Key Judgements and Estimates – Tax

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

Note 4: Inventories

	2020 US$m	2019 US$m
Raw materials	**876.8**	915.2
Work in progress	**1,361.1**	1,049.2
Finished products	**1,271.6**	1,074.4
Total inventories	**3,509.5**	3,038.8

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. At this stage the relevant expiry date is that applicable to the resultant intermediate or finished product.

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

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

Key Judgements and Estimates – Inventory

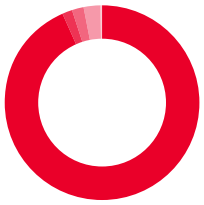
Various factors affect the assessment of recoverability of the carrying value of inventory, including regulatory approvals and future demand for the Group's products. These factors are taken into account in determining the appropriate level of provisioning for inventory.

Note 5: People Costs

(a) Employee Benefits

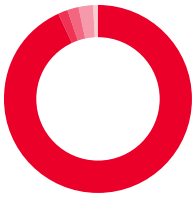
Employee benefits include salaries and wages, annual leave and long-service leave, defined benefit and defined contribution plans and share-based payments incentive awards.

People Cost 2020 – $2,528.1m



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

People Cost 2019 – $2,184.2m



- Salaries and wages **$2,033.3m**
- Defined benefit plan expense **$37.1m**
- Defined contribution plan expense **$46.0m**
- Equity settled share-based payments expense (LTI) **$52.0m**
- Cash settled share-based payments expense (EDIP) **$15.8m**

Salaries and wages

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

- The liability for annual leave and the portion of long service leave expected to be paid within twelve months is measured at the amount expected to be paid.
- The liability for long service leave and annual leave expected to be paid after one year is measured as the present value Of expected future payments to be made in respect of services provided by employees up to the reporting date.
- The liability for annual leave and the portion of long service leave that has vested at the reporting date is included in the current provision for employee benefits.
- The portion of long service leave that has not vested at the reporting date is included in the non-current provision for employee benefits.

Defined benefit plans

	2020 US$m	2019 US$m
Expenses/(gains) recognised in the statement of comprehensive income are as follows:		
Current service costs	**41.1**	33.1
Net interest cost	**3.3**	3.8
Past service costs	**0.0**	0.2
Total included in employee benefits expense	**44.4**	37.1

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

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

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

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

Key Judgements and Estimates – People Costs

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

Defined contribution plans

The Group makes contributions to various defined contribution pension plans and the Group's obligation is limited to these contributions. The amount recognised as an expense for the year ended 30 June 2020 was $46.1m (2019: $46.0m).

Equity settled share-based payments expense

Share-based payments expenses arise from plans that award long-term incentives.

Detailed information about the terms and conditions of the share-based payments arrangements is presented in Note 18.

Outstanding share-based payment equity instruments

The number and weighted average exercise price for each share-based payment scheme outstanding is as follows. All schemes are settled by physical delivery of shares except for instruments granted to good leavers from 2012 onwards, which may be settled in cash at the discretion of the company.

	Options		Performance Rights	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of the year	615,840	A$97.83	422,448	A$0.00
Granted during the year	–	A$0.00	–	A$0.00
Exercised during the year	299,078	A$89.52	151,486	A$0.00
Cash settled during the year	–	A$0.00	2,297	A$0.00
Forfeited during the year	8,576	A$0.00	57,301	A$0.00
GESP True-up[1]	–	A$0.00	–	A$0.00
Closing balance at the end of the year	308,188	A$105.63	211,364	A$0.00
Exercisable at the end of the year	28,245	A$89.52	2,590	A$0.00

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

	2020	2019
Options	**A$243.87**	A$215.88
Performance Rights	**A$243.73**	A$209.97
RGP	**A$248.01**	A$227.29
EPA	**A$239.85**	A$229.43
GESP	**A$276.35**	A$204.39

Cash-settled share-based payments expense

The Group did not grant any notional shares related to the Executive Deferred Incentive Plan (EDIP) plan in the current fiscal year as this plan has been replaced with other equity-based schemes as previously disclosed. All cash settlements ceased after 30 September 2019 and the EDIP ceased to operate. The amount of the cash payment was determined by reference to the CSL share price immediately before the award maturity date.

The October 2016 EDIP grant, which is the final EDIP grant and payment, vested during the period ended 30 June 2020 and an amount of $37.6m was paid to participants (2019: $30.1m).

1 The exercise price at which GESP plan shares are issued is calculated at a 15% discount of the five day VWAP up to and including the lower of the ASX market price on the first and last dates of the contribution period. Accordingly, the exercise price and the final number of shares to be issued is not yet known (and may differ from the assumptions and fair values disclosed above). The number of shares which may ultimately be issued from entitlements granted on 1 March 2020 has been estimated based on information available as at 30 June 2020.

* Forfeitures as a result of Director retirement.

\# As noted in Note 18 Non-Executive Directors pay a portion of their pre-tax base fee in return for the grant of rights under his Plan.

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	
500,756	A$0.00	315,838	A$0.00	2,231	A$0.00	106,780	A$166.31	1,963,893
444,508	A$0.00	237,555	A$0.00	3,494	A$0.00	190,609	A$222.78	876,166
168,866	A$0.00	91,822	A$0.00	3,116	A$0.00	198,823	A$180.89	913,191
–	A$0.00	195	A$0.00	–	A$0.00	–	A$180.89	2,492
59,294	A$0.00	27,853	A$0.00	861*	A$0.00	–	A$0.00	153,885
–	A$0.00	–	A$0.00	–	A$0.00	2,058	A$166.31	2,058
717,102	A$0.00	433,523	A$0.00	1,748	A$0.00	96,508	A$243.95	1,768,433
–	A$0.00	–	A$0.00	311	A$0.00	–	–	31,146

(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

	2020 US$	2019 US$
Total of short term remuneration elements	**11,389,819**	16,531,676
Total of post-employment elements	**146,836**	323,392
Total of other long term elements	**37,510**	86,380
Total of share-based payments	**13,915,267**	17,615,515
Total of all remuneration elements	**25,489,432**	34,556,963

The prior year share based payment amount has been restated to align with the Remuneration Report.

Our Future

Note 6: Research & 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.

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 2020, the research costs, net of recoveries, were $921.8m (2019: $831.8m). Further information about the Group's research and development activities can be found on the CSL website.

Note 7: Intangible Assets

	Goodwill US$m		Intellectual Property US$m		Software US$m		Intangible capital work in progress US$m		Total US$m	
Year	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Cost	**1,154.2**	1,101.8	**575.7**	565.6	**696.1**	618.5	**133.4**	148.4	**2,559.5**	2,434.3
Accumulated amortisation	**–**	–	**(184.1)**	(332.1)	**(235.2)**	(223.9)	**–**	–	**(419.3)**	(556.0)
Net carrying amount	**1,154.2**	1,101.8	**391.7**	233.5	**460.9**	394.6	**133.4**	148.4	**2,140.2**	1,878.3
Movement										
Net carrying amount at the beginning of the year	**1,101.8**	1,102.0	**233.5**	262.9	**394.6**	257.8	**148.4**	179.8	**1,878.3**	1,802.5
Additions[2]	**–**	–	**–**	10.2	**44.2**	3.2	**76.8**	172.9	**121.0**	186.3
Business acquisition	**52.6**	–	**188.0**	–	**–**	–	**–**	–	**240.6**	–
Transfers from intangible capital work in progress	**–**	–	**–**	–	**93.1**	204.0	**(93.1)**	(204.0)	**–**	–
Transfers to/from property, plant and equipment	**–**	–	**–**	–	**(1.0)**	–	**–**	1.0	**(1.0)**	1.0
Disposals	**–**	–	**(25.2)**	(1.5)	**–**	(0.1)	**(0.1)**	0.1	**(25.3)**	(1.5)
Amortisation for the year[3]	**–**	–	**(3.7)**	(37.2)	**(68.7)**	(65.1)	**–**	–	**(72.5)**	(102.3)
Currency translation differences	**(0.2)**	(0.2)	**(0.9)**	(0.9)	**(1.3)**	(5.2)	**1.5**	(1.4)	**(0.9)**	(7.7)
Net carrying amount at the end of the year	**1,154.2**	1,101.8	**391.7**	233.5	**460.9**	394.6	**133.5**	148.4	**2,140.2**	1,878.3

Goodwill

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

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

	2020 $m	2019 $m
CSL Behring	**1,154.2**	1,101.8
Closing balance of goodwill as at 30 June	**1,154.2**	1,101.8

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 2020.

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

2 The intangible capital work in progress additions relate to two significant information technology projects.

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

Intellectual property

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

Amortisation is calculated on a straight-line basis over periods generally ranging from 5 – 20 years. Certain intellectual property acquired in a business combination is considered to have an indefinite life

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.

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. Significant software intangible assets are amortised over a ten year useful life. The amortisation period and method is reviewed at each financial year end at a minimum.

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

Impairment of intangible assets

Assets with finite lives are subject to amortisation and 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) are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they may be impaired.

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

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

Key Judgements and Estimates

The impairment assessment process requires significant judgement. Determining whether goodwill and indefinite lived intangibles have been impaired requires an estimation of the recoverable amount of the cash generating units using a discounted cash flow methodology. The goodwill calculation uses cash flow projections based on operating budgets and a ten-year strategic business plan, after which a terminal value, based on our view of the longer term growth profile of the business is applied. Cash flows have been discounted using an implied pre-tax discount rate of 7.6% (2019: 10.6%) which is calculated with reference to external analyst views, long-term government bond rates and the company's pre-tax cost of debt.

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

The intangible assets acquired in the Calimmune business combination comprise a disease specific project and two platform technologies. The disease specific research program is actively being advanced and it is the Group's intent to fund this program for the next twelve months. The platform technologies support both the disease specific project and other potential projects, two such projects have been identified to date and the Group continues to explore other projects that will utilise these platforms. 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 8: Property, Plant and Equipment

	Land US$m		Buildings US$m		Leasehold Improvements US$m	
	2020	2019	2020	2019	2020	2019
Cost	**38.8**	38.8	**782.0**	687.5	**461.0**	381.5
Accumulated depreciation/amortisation	**–**	–	**(220.4)**	(197.5)	**(136.3)**	(115.7)
Net carrying amount	**38.8**	38.8	**561.7**	490.0	**324.8**	265.9
Movement						
Net carrying amount at the start of the year	**38.8**	39.9	**490.0**	489.9	**265.9**	230.9
Transferred from capital work in progress	**–**	–	**92.9**	32.7	**84.5**	58.8
Additions[4]	**–**	0.1	**–**	0.6	**–**	1.7
Disposals	**–**	–	**–**	(0.1)	**(5.0)**	(4.7)
Other Adjustments	**–**	–	**(4.6)**	–	**–**	–
Depreciation/amortisation for the year	**–**	–	**(24.1)**	(25.7)	**(22.9)**	(24.0)
Accumulated depreciation/amortisation on disposals	**–**	–	**–**	0.4	**2.3**	4.0
Currency translation differences	**(0.1)**	(1.1)	**7.5**	(7.8)	**(0.0)**	(0.9)
Net carrying amount at the end of the year	**38.7**	38.8	**561.7**	490.0	**324.8**	265.9

Property, plant and equipment

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

Depreciation is on a straight-line basis over the estimated useful life of the asset.

Buildings	5 – 40 years
Plant and equipment	3 – 15 years
Leasehold improvements	5 – 25 years

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 occurs if an impairment trigger is identified. No impairment triggers have been identified in the current year.

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

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

Leasehold improvements

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

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

Plant and Equipment US$m		Right of Use assets US$m		Capital work in progress US$m		Total US$m	
2020	2019	2020	2019	2020	2019	2020	2019
3,302.9	3,040.0	**1,347.2**	–	**2,852.5**	2,221.0	**8,784.3**	6,403.2
(1,714.5)	(1,584.5)	**(407.8)**	–	**–**	–	**(2,478.9)**	(1,918.9)
1,588.4	1,455.5	**939.4**	–	**2,852.5**	2,221.0	**6,305.4**	4,484.3
1,468.6	1,436.8	**925.8**	–	**2,221.0**	1,340.5	**5,410.0**	3,551.4
297.0	246.2	**–**	–	**(474.4)**	(337.7)	**–**	–
63.2	12.3	**85.3**	–	**1,124.6**	1,232.3	**1,273.1**	1,250.4
(129.3)	(89.9)	**–**	–	**(8.2)**	1.8	**(142.6)**	(97.2)
–	–	**–**	–	**(0.5)**	(1.0)	**(5.1)**	(1.0)
(229.3)	(220.6)	**(71.7)**	–	**–**	–	**(348.0)**	(273.2)
110.9	88.7	**–**	–	**–**	–	**113.2**	96.5
7.3	(18.0)	**–**	–	**(10.0)**	(14.9)	**4.7**	(42.6)
1,588.4	1,455.5	**939.4**	–	**2,852.5**	2,221.0	**6,305.4**	4,484.3

Note 9: Deferred Government Grants

	2020 US$m	2019 US$m
Current deferred income	**3.2**	2.8
Non-current deferred income	**40.1**	34.6
Total deferred government grants	**43.3**	37.4

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to an expense item are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the expenses that they are intended to compensate. Government grants received for which there are no future related costs are recognised in the statement of comprehensive income immediately. Government grants relating to the purchase of property, plant and equipment are included in current and non-current liabilities as deferred income and are released to the statement of comprehensive income on a straight-line basis over the expected useful lives of the related assets.

Returns, Risk & Capital Management

Note 10: Shareholder Returns

Dividends

Dividends are paid from the retained earnings and profits of CSL Limited, as the parent entity of the Group. (See Note 19 for the Group's retained earnings). During the year, the parent entity reported profits of US$93.1m (2019: US$461.9m). The parent entity's retained earnings as at 30 June 2020 were US$7,706.4m (2019: US$8,484.4m). During the financial year US$883.1m was distributed to shareholders by way of a dividend, with a further US$485.8m being determined as a dividend payable subsequent to the balance date.

Dividend paid	2020 US$m	2019 US$m
Paid: Final ordinary dividend of US$1.00 per share, unfranked, paid on 11 October 2019 for FY19 (prior year: US$0.93 per share, unfranked, paid on 12 October 2018 for FY18)	**453.9**	420.3
Paid: Interim ordinary dividend of US$0.95 per share, unfranked, paid on 9 April 2020 for FY20 (prior year: US$0.85 per share, unfranked, paid on 12 April 2019 for FY19)	**429.2**	386.5
Total paid	**883.1**	806.8
Dividend determined, but not paid at year end:		
Final ordinary dividend of US$1.07 per share, unfranked, expected to be paid on 9 October 2020 for FY20, 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$1.00 per share, unfranked paid on 11 October 2019 for FY19)	**485.8**	453.1

The distribution in respect of the 2020 financial year represents a US$2.02 dividend paid for FY2020 on each ordinary share held. These dividends are approximately 43.6% of the Group's basic earnings per share ("EPS") of US$4.63.

Earnings per Share

CSL's basic and diluted EPS are calculated using the Group's net profit for the financial year of US$2,102.5m (2019: US$1,918.7m).

	2020	2019
Basic EPS	**US$4.633**	US$4.236
Weighted average number of ordinary shares	**453,808,099**	452,919,486
Diluted EPS	**US$4.615**	US$4.226
Adjusted weighted average number of ordinary shares, represented by:	**455,605,010**	454,027,808
Weighted average ordinary shares	**453,808,099**	452,919,486
Plus:		
Employee Share Schemes (See Note 5 & Note 18)	**1,796,911**	1,108,322

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

On-market Share Buyback

The Group did not undertake any share buy backs during the year.

Contributed Equity

The following table illustrates the movement in the Group's contributed equity.[5]

	2020		2019	
	Numbers of shares	US$m	Numbers of shares	US$m
Opening balance at 1 July	**453,138,632**	**(4,603.0)**	452,400,784	(4,634.5)
Shares issued to employees (see also Notes 5 and 18):				
Performance Options Plan	**299,078**	**18.0**	206,748	10.8
Performance Rights Plan (for nil consideration)	**151,486**	**–**	201,460	–
Retain and Grow Plan (for nil consideration)	**168,866**	**–**	82,222	–
Executive Performance & Alignment plan	**91,822**	**–**	51,628	–
Global Employee Share Plan (GESP)	**198,823**	**24.0**	195,790	20.7
Closing balance	**454,048,707**	**(4,561.0)**	453,138,632	(4,603.0)

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

Note 11: Financial Risk Management

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

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

The primary risks these give rise to are:

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

Source of Risk	Risk Mitigation
a. Foreign exchange risk	
The Group is exposed to foreign exchange risk because of its international operations. These risks relate to future commercial transactions, assets and liabilities denominated in other currencies and net investments in foreign operations.	Where possible CSL takes advantage of natural hedging (i.e. the existence of payables and receivables in the same currency). The Group also reduces its foreign exchange risk on net investments in foreign operations by denominating external borrowings in currencies that match the currencies of its foreign investments.
b. Interest Rate Risk	
The Group is exposed to interest rate risk through its primary financial assets and liabilities.	The Group mitigates interest rate risk on borrowings primarily by entering into fixed rate arrangements, which are not subject to interest rate movements in the ordinary course. If necessary, CSL also hedges interest rate risk using derivative instruments. As at 30 June 2020, no derivative financial instruments hedging interest rate risk were outstanding (2019: Nil).
c. Credit Risk	
The Group is exposed to credit risk from financial instruments contracts and trade and other receivables. The maximum exposure to credit risk at reporting date is the carrying amount, net of any provision for impairment inclusive of any lifetime expected credit loss under AASB 9, if applicable, of each financial asset in the balance sheet.	The Group mitigates credit risk from financial instruments contracts by only entering into transactions with counterparties who have sound credit ratings and with whom the Group has a signed netting agreement. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations. The Group minimises the credit risk associated with trade and other debtors by undertaking transactions with a large number of customers in various countries. Creditworthiness of customers is reviewed prior to granting credit, using trade references and credit reference agencies.
d. Funding and Liquidity Risk	
The Group is exposed to funding and liquidity risk from operations and from external borrowing. One type of this risk is credit spread risk, which is the risk that in refinancing its debt, CSL may be exposed to an increased credit spread. Another type of this risk is liquidity risk, which is the risk of not being able to refinance debt obligations or meet other cash outflow obligations when required. Liquidity and re-financing risks are not significant for the Group, as CSL has a prudent gearing level and strong cash flows.	The Group mitigates funding and liquidity risks by ensuring that: • The Group has sufficient funds on hand to achieve its working capital and investment objectives • The Group focusses on improving operational cash flow and maintaining a strong balance sheet • Short-term liquidity, long-term liquidity and crisis liquidity requirements are effectively managed, minimising the cost of funding and maximising the return on any surplus funds through efficient cash management • It has adequate flexibility in financing to balance short-term liquidity requirements and long-term core funding and minimise refinancing risk
e. Capital Risk Management	
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern while providing returns to shareholders and benefits to other stakeholders. Capital is defined as the amount subscribed by shareholders to the Company's ordinary shares and amounts advanced by debt providers to any Group entity.	The Group aims to maintain a capital structure, which reflects the use of a prudent level of debt funding. The aim is to reduce the Group's cost of capital without adversely affecting the credit margins applied to the Group's debt funding. Each year the Directors determine the dividend taking into account factors such as profitability and liquidity. The Directors have proposed share buybacks in previous years, consistent with the aim of maintaining an efficient balance sheet, and with the ability to cease a buyback at any point should circumstances such as liquidity conditions change.

Risk management approach

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

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

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

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

a. Foreign exchange risk

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

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

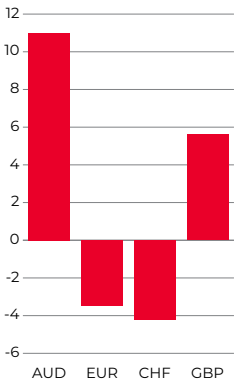
The total value of forward exchange contracts in place at reporting date is nil (2019: Nil).

Sensitivity analysis – USD values

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

Equity – sensitivity to general movement of 1%
Any change in equity is recorded in the Foreign Currency Translation Reserve.

FX Sensitivity on Equity (US$m)



This calculation is based on changing the actual exchange rate of US Dollars to AUD, EUR, CHF and GBP as at 30 June 2020 by 1% and applying these adjusted rates to the net assets (excluding investments in subsidiaries) of the foreign currency denominated financial statements of various Group entities.

b. Interest rate risk

At 30 June 2020, 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 $8.1m. This calculation is based on applying a 1% movement to the total of the Group's cash and cash equivalents at year end.

At 30 June 2020, 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 $6.7m. This calculation is based on applying a 1% movement to the total of the Group's floating rate unsecured bank loans at year end.

As at 30 June 2020, the Group had the following bank facilities, unsecured notes and finance leases:

- Five revolving committed bank facilities totalling $1,607.9m are available. Of these facilities $70.9m mature in the twelve months, $37.2m in November 2022 and $1.5b in February 2025. Interest on the facilities is paid quarterly in arrears at a variable rate. As at the reporting date the Group had $1,158.2m in undrawn funds available under these facilities;
- US$750m uncommitted Commercial Paper Program. As at the reporting date there was $740.0m in undrawn funds available under this facility;
- EUR214.7m committed bank facility (the KfW loan) with quarterly repayments commencing in September 2020 through to September 2027;
- US$2,900m of Senior Unsecured Notes in the US Private Placement market. The notes mature in November 2021 (US$250m), March 2023 (US$150m), November 2023 (US$200m), March 2025 (US$100m), October 2025 (US$100m), October 2026 (US$150m), November 2026 (US$100m), May 2027 (US$100m), October 2027 (US$250m), October 2028 (US$200m), October 2029 (US$200m), August 2030 (U$300m), October 2031 (US$200m), May 2032 (US$150m), October 2032 (US$150m), May 2035 (U$200m) and October 2037 (US$100m). The weighted average interest rate on the notes is fixed at 3.23%;
- EUR350m of Senior Unsecured Notes in the US Private Placement market. The Notes mature in November 2022 (EUR100m), November 2024 (EUR150m) and November 2026 (EUR100m). The weighted average interest rate on the notes is fixed at 1.90%;
- CHF400m of Senior Unsecured Notes in the US Private Placement market. The notes mature in October 2023 (CHF150m) and October 2025 (CHF250m). The weighted average interest rate on the notes is fixed at 0.88%;
- US$500m of Unsecured Floating Rate Notes (the QDI Bond) in the Hong Kong market. The notes mature in December 2021;
- Finance leases with a weighted average lease term of 5 years (2019: 5 years). The weighted average discount rate implicit in the leases is 5.24% (2019: 4.69%). The Group's lease liabilities are secured by leased assets of $13.1m (2019: $13.1m). In the event of default, leased assets revert to the lessor.

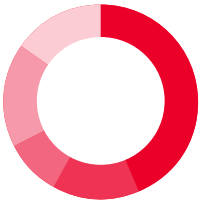
The Group is in compliance with all debt covenants.

c. *Credit Risk*

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

	Floating rate[6]		Non-Interest bearing		Total		Average Closing Interest Rate	
	US$m		US$m		US$m		%	
	2020	2019	2020	2019	2020	2019	2020	2019
Financial Assets								
Cash and cash equivalents	**1,194.4**	657.8	**–**	–	**1,194.4**	657.8	**0.24%**	0.5%
Trade and other receivables	–	–	**1,572.5**	1,726.5	**1,572.5**	1,726.5	**–**	–
Other financial assets	–	–	**17.5**	10.3	**17.5**	10.3	**–**	–
	1,194.4	657.8	**1,590.0**	1,736.8	**2,784.4**	2,394.6		

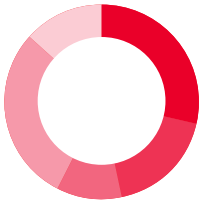
Credit quality of financial assets
(30 June 2020 in $m)



- Financial Institutions* **$1,217.4**
- Governments **$403.7**
- Hospitals **$263.2**
- Buying Groups **$475.7**
- Other **$424.4**

* US$1,194.4m of the assets held with financial institutions are held as cash or cash equivalents, $5.6m of trade and other receivables and $17.4m of other financial assets. Financial assets held with non-financial institutions include US$1,572.5m of trade and other receivables and $0.05m of other financial assets.

Credit quality of financial assets
(30 June 2019 in $m)



- Financial Institutions* **$690.4**
- Governments **$431.5**
- Hospitals **$257.7**
- Buying Groups **$700.9**
- Other **$314.1**

* US$657.8m of the assets held with financial institutions are held as cash or cash equivalents, $22.6m of trade and other receivables and $10.0m of other financial assets. Financial assets held with non-financial institutions include US$1,703.9m of trade and other receivables and $0.4m of other financial assets.

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

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

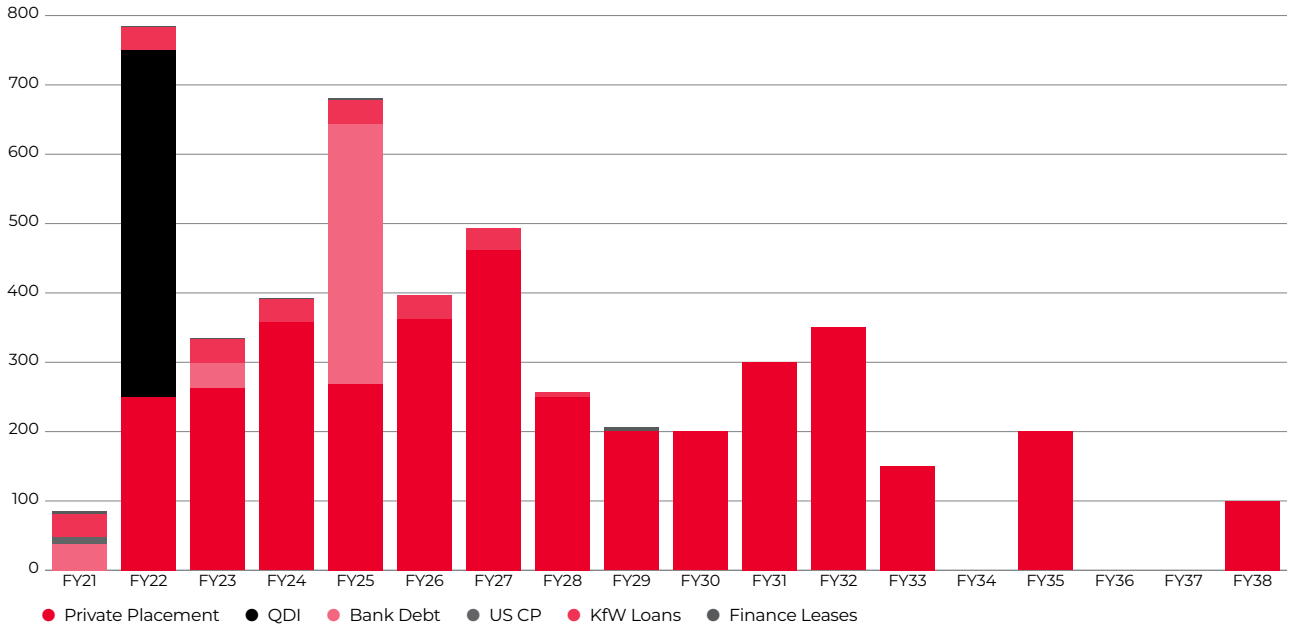
Government or government-backed entities (such as hospitals) often account for a significant proportion of trade receivables. As a result, the Group carries receivables from a number of Southern European governments. The credit risk associated with trading in these countries is considered on a country-by-country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

	Trade Receivables					
	Gross		Provision		Net	
	2020 US$m	2019 US$m	2020 US$m	2019 US$m	2020 US$m	2019 US$m
Trade receivables:						
current	**1,191.0**	1,311.8	**9.2**	3.6	**1,181.8**	1,308.2
less than 30 days overdue	**46.1**	18.7	**–**	–	**46.1**	18.7
between 30 and 90 days overdue	**27.7**	38.1	**–**	0.1	**27.7**	38.0
more than 90 days overdue	**47.5**	87.8	**16.1**	13.8	**31.4**	74.0
	1,312.3	1,456.4	**25.3**	17.5	**1,287.0**	1,438.9

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

d. Funding and liquidity risk

Maturity Profile of Debt by Facility
(US$ millions)



The following table analyses the Group's financial liabilities excluding AASB 16 lease liabilities

Interest-bearing liabilities and borrowings	2020 US$m	2019 US$m
Current		
Bank overdrafts – Unsecured	**43.1**	–
Bank Borrowings – Unsecured	**70.9**	85.6
Commercial Paper	**10.0**	181.9
Senior Unsecured Notes – Unsecured	**–**	150.0
Other liability – Secured	**3.1**	3.1
	127.1	420.6
Non-current		
Bank loans – Unsecured	**619.7**	769.0
Senior Unsecured Notes – Unsecured	**4,204.9**	3,453.7
Other liability – Secured	**7.1**	19.5
	4,831.7	4,242.2

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

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

The Group is in compliance with all debt covenants.

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

	Contractual payments due									
	1 year or less US$m		Between 1 year and 5 years US$m		Over 5 years US$m		Total US$m		Average interest Rate %	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Trade and other payables (non-interest bearing)	**1,525.4**	1,407.7	**–**	–	**–**	–	**1,525.4**	1,407.7	**–**	–
Bank loans – unsecured (floating rates)	**39.9**	77.4	**426.8**	533.6	**–**	–	**466.7**	611.0	**1.3%**	3.1%
Bank loans – unsecured (fixed rates)	**36.3**	28.4	**141.7**	180.1	**73.1**	73.9	**251.1**	282.4	**1.0%**	1.0%
Bank overdraft – unsecured (floating rates)	**43.1**	–	**–**	–	**–**	–	**43.1**	–	**–**	–
Commercial Paper Program (floating rates)	**10.0**	184.3	**–**	–	**–**	–	**10.0**	184.3	**0.4%**	2.6%
Senior unsecured notes (fixed rates)	**104.9**	238.7	**1,498.9**	1,503.0	**2,924.1**	2,041.5	**4,527.9**	3,783.2	**2.8%**	2.9%
Senior unsecured notes (floating rate)	**4.5**	14.6	**502.3**	521.9	**–**	–	**506.8**	536.5	**0.9%**	3.0%
Other liabilities (fixed rates)	**5.2**	3.3	**6.8**	13.8	**7.8**	9.3	**19.8**	26.4	**5.2%**	4.7%
	1,769.3	1,954.4	**2,576.5**	2,752.4	**3,005.0**	2,124.7	**7,350.8**	6,831.5	**–**	–

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

Fair value of financial assets and financial liabilities

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

Cash

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

Trade and other receivables/payables

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

Interest bearing liabilities

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

The Group also has external loans payable that have been designated as a hedge of its investment in foreign subsidiaries (known as a net investment hedge).

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

Valuation of financial instruments

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

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

There were no derivatives outstanding as of 30 June 2020 (30 June 2019 – nil).

There were no transfers between Level 1 and 2 during the year.

Note 12: Equity and Reserves

(a) Contributed Equity

	2020 US$m	2019 US$m
Ordinary shares issued and fully paid	–	–
Share buy-back reserve	**(4,561.0)**	(4,603.0)
Total contributed equity	**(4,561.0)**	(4,603.0)

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

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

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

(b) Reserves

Movement in reserves

	Share-based payments reserve (i) US$m		Foreign currency translation reserve (ii) US$m		Total US$m	
	2020	2019	2020	2019	2020	2019
Opening balance	**247.7**	195.1	**(5.7)**	29.1	**242.0**	224.2
Share-based payments expense	**74.3**	52.0			**74.3**	52.0
Deferred tax on share-based payments	**6.8**	0.6			**6.8**	0.6
Net exchange gains/(losses) on translation of foreign subsidiaries, net of hedge			**13.3**	(34.7)	**13.3**	(34.7)
Closing balance	**328.7**	247.7	**7.6**	(5.6)	**336.3**	242.0

Nature and purpose of reserves

i. Share-based payments reserve

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

ii. Foreign currency translation reserve

Where the functional currency of a subsidiary is not US dollars, its assets and liabilities are translated on consolidation to US dollars using the exchange rates prevailing at the reporting date, and its profit and loss is translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income and in the foreign currency translation reserve in equity. Exchange differences arising from borrowings designated as hedges of net investments in foreign entities are also included in this reserve.

Note 13: Commitments and Contingencies[6]

(a) Commitments

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

	Capital Commitments US$m	
	2020	2019
Not later than one year	**505.9**	802.0
Later than one year but not later than five years	**79.1**	148.4
Total	**585.0**	950.4

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

(b) Contingent assets and liabilities

Litigation

The Group is involved in litigation in the ordinary course of business, including litigation for breach of contract and other claims. The Group remains subject to certain patent infringement actions brought by competitors. CSL is highly confident in our intellectual property positions which are the product of many years of innovative research by the Group. The Company is vigorously defending against the claims.

Other Contingent assets and liabilities

On 24 June 2020 the Group entered into an exclusive licence with Uniqure for Haemophilia-B gene therapy. The transaction is subject to regulatory approvals and will not close until FY2021. The upfront payment is expected to be $450m upon approval followed by regulatory and commercial milestones.

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

Efficiency of Operation

Note 14: Cash and Cash Equivalents

	2020 US$m	2019 US$m
Reconciliation of cash and cash equivalents		
Cash at bank and on hand	773.4	653.8
Cash deposits	421.0	4.0
Total cash and cash equivalents	1,194.4	657.8

Cash, cash equivalents and bank overdrafts

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

- Cash on hand.
- At call deposits with banks or financial institutions.
- Investments in money market instruments with original maturities of six months or less, that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

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

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

Note 15: Trade Receivables and Payables

(a) Trade and other receivables

	2020 US$m	2019 US$m
Current		
Trade receivables	**1,121.1**	1,274.4
Contract Assets	**191.2**	182.0
Less: Provision for expected credit loss	**(25.3)**	(17.5)
	1,287.0	1,438.9
Sundry receivables	**271.2**	266.0
Prepayments	**145.7**	116.8
Carrying amount of current receivables and contract assets[7]	**1,703.9**	1,821.7
Non-current		
Long term deposits/other receivables	**14.3**	21.6
Carrying amount of non-current other receivables[7]	**14.3**	21.6

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

A provision for expected credit loss (ECL) is recognised in accordance with AASB 9. ECLs are 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.

7 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.

Contract assets and deferred revenue (contract liabilities):
The completion of performance obligations often differs from contract payment schedules. A contact asset is initially recognised for revenue earned from satisfying a performance obligation (AASB 15); 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 2020, the Group had made provision for expected credit loss of $25.3m (2019: $17.5m).

	2020 US$m	2019 US$m
Opening balance at 1 July	**17.5**	21.5
Additional allowance/(utilised/written back)	**7.8**	(3.5)
Currency translation differences	**(0.0)**	(0.5)
Closing balance at 30 June	**25.3**	17.5

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

	2020 US$m	2019 US$m
Current		
Trade payables	**458.3**	422.6
Accruals and other payables	**1,067.1**	951.5
Share-based payments (EDIP)	**–**	33.6
Carrying amount of current trade and other payables	**1,525.4**	1,407.7
Non-current		
Accruals and other payables	**223.8**	86.5
Carrying amount of non-current other payables	**223.8**	86.5

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

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

Note 16: Provisions

	Employee benefits	Legal	Other	Total
	US$m	US$m	US$m	US$m
Current				
Carrying amount at the start of the year	130.4	63.7	0.8	194.9
Utilised	–	(40.7)	–	(40.7)
Reversal of previously recognised provision	–	(23.0)	–	(23.0)
Additions	25.7	–	–	25.7
Carrying amount at the end of the year	**156.1**	**–**	**0.8**	**156.9**
Non-current				
Carrying amount at the start of the year	35.9	–	–	35.9
Additions	5.8	–	–	5.8
Carrying amount at the end of the year	**41.7**	**–**	**–**	**41.7**

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

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

Provisions are not recognised for future operating losses.

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

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

Other Notes

Note 17: Related Party Transactions

Ultimate controlling entity

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

Related party transactions

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

Wholly owned subsidiaries

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

The transactions were undertaken on commercial terms and conditions.

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

Ownership interests in related parties

All transactions with subsidiaries have been eliminated on consolidation.

Subsidiaries

The following table lists the Group's material subsidiaries.

		Percentage owned	
Company	Country of Incorporation	2020 %	2019 %
CSL Limited	Australia		
Subsidiaries of CSL Limited:			
CSL Innovation Pty Ltd*	Australia	**100**	100
CSL Behring (Australia) Pty Ltd	Australia	**100**	100
CSL Behring LLC	USA	**100**	100
CSL Plasma Inc	USA	**100**	100
CSL Behring GmbH	Germany	**100**	100
CSL Behring AG	Switzerland	**100**	100
CSL Behring Lengnau AG	Switzerland	**100**	100
Seqirus UK Limited	UK	**100**	100
Seqirus Pty Ltd	Australia	**100**	100
Seqirus Vaccines Limited	UK	**100**	100
Seqirus Inc	USA	**100**	100

* This entity was named Zenyth Therapeutics Pty Ltd until 1 June 2019

Key management personnel transactions with the Group

The following transactions with key management personnel and their related entities have occurred during the financial year. These transactions occur as part of a normal supplier or partner relationship on "arm's length" terms:

CSL has entered into a number of contracts, including collaborative research agreements, with Monash University, of which Megan Clark is a member of Council.

CSL has entered into a number of contracts, including collaborative research agreements, with the Walter and Eliza Hall Institute for Medical Research, of which Marie McDonald is a director.

CSL has received advisory services from Flagstaff Partners, of which Marie McDonald is a Senior Advisor.

CSL has entered into a research collaboration with Frazier Healthcare, of which Tadataka Yamada is a partner.

CSL in Australia has a corporate account with Medibank Private Limited, of which Christine O'Reilly is a director.

CSL has entered into a research collaboration with the Baker Heart and Diabetes Institute, of which Christine O'Reilly is a director.

CSL has received financial services from Bank of America Merrill Lynch, of which Megan Clark is a member of the Australian Advisory Board.

CSL has a commercial arrangement to acquire laboratory supplies from Agilent Technologies, of which Tadataka Yamada is a director.

CSL has entered into a research collaboration with the Centre of Eye Research Australia, of which Andrew Cuthbertson is a director.

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 2020 $m			June 2019 $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	**17.8**	**(18.6)**	**(0.8)**	20.3	(19.0)	1.3
CSL Behring AG Pension Plan (Switzerland) – provides an ongoing pension	**649.7**	**(730.5)**	**(80.8)**	582.6	(664.4)	(81.8)
CSL Behring Union Pension Plan (USA) – provides an ongoing pension	**68.0**	**(66.6)**	**1.4**	62.2	(62.0)	0.2
CSL Behring GmbH Supplementary Pension Plan (Germany) – provides an ongoing pension	**–**	**(226.9)**	**(226.9)**	–	(190.0)	(190.0)
bioCSL GmbH Pension Plan (Germany) – provides an ongoing pension	**–**	**(3.0)**	**(3.0)**	–	(2.9)	(2.9)
CSL Behring KG Pension Plan (Germany) – provides an ongoing pension	**–**	**(17.7)**	**(17.7)**	–	(14.7)	(14.7)
CSL Plasma GmbH Pension Plan (Germany) – provides an ongoing pension	**–**	**(0.3)**	**(0.3)**	–	(0.3)	(0.3)
CSL Behring KK Retirement Allowance Plan (Japan) – provides a lump sum benefit upon exit	**–**	**(15.4)**	**(15.4)**	–	(14.7)	(14.7)
CSL Behring S.A. Pension Plan (France) – provides a lump sum benefit upon exit	**–**	**(1.5)**	**(1.5)**	–	(1.4)	(1.4)
CSL Behring S.p.A Pension Plan (Italy) – provides a lump sum benefit upon exit	**–**	**(1.1)**	**(1.1)**	–	(1.2)	(1.2)
Total	**735.5**	**(1,081.6)**	**(346.1)**	665.1	(970.6)	(305.5)

In addition to the plans listed above, CSL Behring GmbH and Seqirus GmbH employees are members of multi-employer plans administered by an unrelated third party. CSL Behring 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 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 and Seqirus GmbH are expensed in the year in which they are made.

Movements in Accrued benefits and assets

During the financial year the value of accrued benefits increased by $111.6m, mainly attributable to three main factors:

- Actuarial adjustments, due primarily to lower discount rates at the end of the year than originally anticipated by the actuary, generated an increase in accrued benefits of $46.6m. These adjustments do not affect the profit and loss as they are recorded in Other Comprehensive Income.
- Service cost charged to the profit and loss of $41.1m. This amount represents the increased benefit entitlement of members, arising from an additional year of service and salary increases.
- Interest costs of $9.1m, representing the discount rate on the benefit obligation and anticipated monthly benefit payments.

In the prior year the value of accrued benefits increased by $131.5m. The increase is mainly attributable to three main factors:

- Actuarial adjustments, due primarily to lower discount rates at the end of the year than originally anticipated by the actuary, generated an increase in accrued benefits of $46.7m. These adjustments do not affect the profit and loss as they are recorded in Other Comprehensive Income.
- Service cost charged to the profit and loss of $33.1m. This amount represents the increased benefit entitlement of members, arising from an additional year of service and salary increases.
- Interest costs of $11.9m, representing the discount rate on the benefit obligation and anticipated monthly benefit payments.

Plan assets increased by $70.4m during the financial year. The increase is mainly attributable to the following factors:

- Contributions made by employer and employee increased plan assets by $39.3m.

Investment returns increased plan assets by $27.1m; and

Offsetting these increases were benefits paid by the plans of $9.3m and unfavourable foreign currency movements of $0.4m which are taken directly to the Foreign Currency Translation Reserve.

In the prior year the value of plan assets increased by 38.3m. Contributing factors were investment returns earned on plan assets ($5.9m), employer and employee contributions ($37.9m); offset by benefits paid by the plan ($3.7m) and unfavourable currency movements ($1.1m).

The principal actuarial assumptions, expressed as weighted averages, at the reporting date are:	2020 %	2019 %
Discount rate	**0.7%**	1.0%
Future salary increases	**2.1%**	2.1%
Future pension increases	**0.5%**	0.4%

Plan Assets:

The major categories of total plan assets are as follows:	2020 $m	2019 $m
Cash	**21.9**	40.8
Instruments quoted in active markets:		
Equity Instruments	**241.7**	227.3
Bonds	**328.9**	278.7
Unquoted investments – property	**143.3**	115.1
Other assets	**(0.3)**	3.2
Total Plan assets	**735.5**	665.1

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 $70.6m. An increase in the average discount rate of 0.25% would reduce the defined benefit obligation by $66.7m.

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.

Year ended 30 June 2020	$44.4m (2019: 22.8m)
Between two and five years	$164.1m (2019: 99.3m)
Between five and ten years	$197.5m (2019: 148.1m)
Beyond ten years	$676.0m (2019: 699.7m)

(b) Share-based payments – equity settled

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

Long Term Incentives under the current framework

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

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

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

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

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

The fair value of the PSUs and RSUs granted is estimated at the date of grant using an adjusted form of the Black-Scholes model, considering the terms and conditions upon which the PSUs and RSUs were granted. There is no exercise price payable on PSUs or RSUs. On 1 September 2019, 231,742 PSUs and 419,673 RSUs were granted. The relevant tranche of PSUs and RSUs will exercise upon vesting on 1 September 2020, 2021, 2022, and 2023 and 1 March 2020, 2021, 2022, and 2023.On 1 March 2020, 5,813 PSUs and 24,835 RSUs were granted. The relevant tranche of PSUs and RSUs will exercise upon vesting between March 2020 and September 2023.

Legacy Share-based Long Term Incentives (LTI) issued in October 2015 and October 2016

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

The Non-Executive Directors Plan (NED)

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

On 22 August 2019, 3,106 Rights were granted under the NED vesting on 17 February 2020 and 24 August 2020. On February 20, 2020, 388 Rights were granted under NED vesting on August 24, 2020.

Global Employee Share Plan (GESP)

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

Recognition and measurement

The fair value of options or rights is recognised as an employee benefit expense with a corresponding increase in equity. Fair value is independently measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options or rights. Fair value is independently determined using a combination of the Binomial and Black Scholes valuation methodologies, including Monte Carlo simulation, considering the terms and conditions on which the options and rights were granted. The fair value of the options granted excludes the impact of any non-market vesting conditions, which are included in assumptions about the number of options that are expected to vest.

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

Valuation assumptions and fair values of equity instruments granted

The model inputs for performance share units, restricted share units and GESP awards granted during the year ended 30 June 2020 included:

	Fair Value[8]	Share Price	Exercise Price	Expected Volatility[9]	Life Assumption	Expected Dividend Yield	Risk-free Interest Rate
	A$	A$	A$				
Performance Share Units (by grant date)							
1 September 2019 – Tranche 1	$232.89	$235.31	Nil	24.40%	12 months	1.03%	0.66%
1 September 2019 – Tranche 2	$230.50	$235.31	Nil	21.48%	24 months	1.03%	0.73%
1 September 2019 – Tranche 3	$228.14	$235.31	Nil	21.87%	36 months	1.03%	0.72%
1 September 2019 – Tranche 4	$225.80	$235.31	Nil	21.32%	48 months	1.03%	0.80%
1 March 2020 – Tranche 1	$314.88	$316.27	Nil	20.63%	6 months	0.86%	0.62%
1 March 2020 – Tranche 2	$312.15	$316.27	Nil	22.91%	18 months	0.86%	0.49%
1 March 2020 – Tranche 3	$309.45	$316.27	Nil	21.00%	30 months	0.86%	0.42%
1 March 2020 – Tranche 4	$306.76	$316.27	Nil	21.39%	42 months	0.86%	0.48%
Restricted Share Units (by grant date)							
1 September 2019 – Tranche 1	$235.31	$235.31	Nil	N/A	Nil	1.03%	1.00%
1 September 2019 – Tranche 1	$234.10	$235.31	Nil	21.15%	6 months	1.03%	0.85%
1 September 2019 – Tranche 1	$232.89	$235.31	Nil	24.40%	12 months	1.03%	0.66%
1 September 2019 – Tranche 2	$231.70	$235.31	Nil	22.94%	18 months	1.03%	0.64%
1 September 2019 – Tranche 2	$230.50	$235.31	Nil	21.48%	24 months	1.03%	0.73%
1 September 2019 – Tranche 3	$229.33	$235.31	Nil	20.78%	30 months	1.03%	0.72%
1 September 2019 – Tranche 3	$228.14	$235.31	Nil	21.87%	36 months	1.03%	0.72%
1 September 2019 – Tranche 4	$226.98	$235.31	Nil	21.54%	42 months	1.03%	0.76%
1 September 2019 – Tranche 4	$225.80	$235.31	Nil	21.32%	48 months	1.03%	0.80%
1 March 2020 – Tranche 1	$316.27	$316.27	Nil	N/A	0 months	0.86%	0.75%
1 March 2020 – Tranche 1	$314.88	$316.27	Nil	20.63%	6 months	0.86%	0.62%
1 March 2020 – Tranche 2	$313.56	$316.27	Nil	20.65%	12 months	0.86%	0.50%
1 March 2020 – Tranche 2	$312.15	$316.27	Nil	22.91%	18 months	0.86%	0.50%
1 March 2020 – Tranche 3	$310.81	$316.27	Nil	22.91%	24 months	0.86%	0.49%
1 March 2020 – Tranche 3	$309.45	$316.27	Nil	21.00%	30 months	0.86%	0.49%
1 March 2020 – Tranche 4	$306.76	$316.27	Nil	21.39%	42 months	0.86%	0.42%
Rights (by grant date)							
22 August 2019 – Tranche 1	$229.22	$230.46	Nil	21.20%	6 months	1.10%	1.01%
22 August 2019 – Tranche 2	$227.92	$230.46	Nil	24.38%	12 months	1.10%	0.87%
20 February – Tranche 1	$331.29	$332.64	Nil	19.00%	6 months	0.79%	0.83%
GESP (by grant date)[10]							
1 September 2019 – Tranche 1	$ 78.11	$240.87	$162.76	20.00%	6 months	1.75%	1.75%
6 March 2020 – Tranche 1	$108.37	$309.44	$201.70	20.00%	6 months	1.50%	1.75%

8 PSUs are subject to a ROIC based performance measure

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

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

Note 19: Detailed Information – Shareholder Returns

Note	Consolidated Entity 2020 $m	2019 $m
Retained earnings		
Opening balance at 1 July	**9,612.3**	8,490.2
Net profit for the year	**2,102.5**	1,918.7
Opening Balance Sheet adj. for accounting pronouncement adoptions	**(65.0)**	74.0
Dividends	**(883.1)**	(806.8)
Actuarial gain on defined benefit plans	**(27.1)**	(76.8)
Deferred tax on actuarial gain on defined benefit plans	**12.7**	13.0
Closing balance at 30 June	**10,752.3**	9,612.3
Performance Options Plan		
Options exercised under Performance Option plans as follows		
299,078 issued at A$89.52 (2019: 8,530 issued at A$29.34; 198,218 issued at A$73.93)	**18.0**	10.8
	18.0	10.8
Global Employee Share Plan (GESP)		
104,722 issued at A$162.76 in September/October 2019 (2019: 97,889 issued at A$138.00 on 24 September 2018)	**11.6**	9.7
94,101 issued at A$201.07 on 10 March 2020 (2019: 97,901 issued at A$160.69 on March/April 2019)	**12.4**	11.1
	42.0	20.8

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	2020 US$	2019 US$
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	**1,851,091**	1,374,356
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements here there is discretion as to whether the service is provided by the auditor or another firm		
– Sustainability assurance	**110,982**	64,778
– Agreed upon procedures and other audit engagements	**9,749**	30,544
Fees for other services		
Due diligence	**375,384**	–
Remuneration advisory	**232,728**	186,845
Tax compliance	**22,288**	–
Total fees to Ernst & Young (Australia)	**2,602,222**	1,656,523
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	**3,649,937**	3,469,810
Fees for assurance services that are required by legislation to be provided by the auditor	**38,540**	13,459
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements here there is discretion as to whether the service is provided by the auditor or another firm		
– Agreed upon procedures and other audit engagements	**110,806**	28,226
Fees for other services	**28,463**	31,283
Total fees to overseas member firms of Ernst & Young (Australia)	**3,827,746**	3,542,778
Total audit services	**5,771,105**	4,981,174
Total non-audit services	**658,863**	218,128
Total auditor's remuneration	**6,429,968**	5,199,301

Note 21: Deed of Cross Guarantee

On 3 February 2017, a deed of cross guarantee was executed between CSL Limited and some of its wholly owned entities, namely CSL International Pty Ltd (now CSL Behring (Holdings) Pty Ltd), CSL Finance Pty Ltd, Seqirus (Australia) Pty Ltd), Zenyth Therapeutics Pty Ltd (now CSL Innovation Pty Ltd), Seqirus Pty Ltd, CSL Behring (Australia) Pty Ltd and Seqirus Holdings Australia Pty Ltd. During the year ended 30 June 2020, CSL IP Investments Pty Ltd and Amrad Pty Ltd, were added to the deed. Under this deed, each company guarantees the debts of the others. By entering into the deed, these specific wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

The entities that are parties to the deed represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by CSL Limited, they also represent the 'Extended Closed Group'. A consolidated income statement and a summary of movements in consolidated retained profits for the year ended 30 June 2020 and 30 June 2019 and a consolidated balance sheet as at each date for the Closed Group is set out below.

	Consolidated Closed Group	
Income Statement	**2020 US$m**	**2019 US$m**
Continuing operations		
Sales revenue	**1,035.3**	830.9
Cost of sales	**(488.3)**	(558.7)
Gross profit	**547.0**	272.2
Sundry revenues	**25.7**	38.9
Dividend income	**521.9**	745.9
Interest income	**1.3**	31.6
Research and development expenses	**(141.8)**	(148.3)
Selling and marketing expenses	**(44.9)**	(51.8)
General and administration expenses	**(95.6)**	(168.6)
Finance costs	**(26.1)**	(27.4)
Profit before income tax expense	**787.6**	692.5
Income tax expense	**(20.3)**	(0.1)
Profit for the year	**767.3**	692.4

Balance Sheet	2020 US$m	2019 US$m
Current Assets		
Cash and cash equivalents	**481.8**	13.6
Trade and other receivables	**407.5**	386.2
Inventories	**212.3**	205.1
Total Current Assets	**1,101.6**	604.9
Non-current assets		
Trade and other receivables	**48.1**	40.9
Other financial assets	**14,631.1**	14,627.2
Property, plant and equipment	**841.1**	723.6
Deferred tax assets	**121.9**	56.1
Intangible assets	**23.3**	29.9
Retirement benefit assets	**–**	1.3
Total Non-Current Assets	**15,665.5**	15,479.0
Total assets	**16,767.1**	16,083.9
Current liabilities		
Trade and other payables	**770.1**	71.1
Provisions	**53.0**	47.8
Deferred government grants	**2.9**	2.7
Total Current Liabilities	**826.0**	121.6
Non-current liabilities		
Trade and other payables	**26.6**	325.4
Interest-bearing liabilities and borrowings	**1,429.2**	1,207.7
Provisions	**9.4**	8.0
Deferred government grants	**27.8**	30.9
Total Non-Current Liabilities	**1,493.0**	1,572.0
Total liabilities	**2,319.0**	1,693.6
Net assets	**14,448.1**	14,390.3
Equity		
Contributed equity	**(3,476.6)**	(3,434.0)
Reserves	**304.2**	88.3
Retained earnings	**17,620.5**	17,736.0
TOTAL EQUITY	**14,448.1**	14,390.3

Summary of movements in consolidated retained earnings of the Closed Group	2020 US$m	2019 US$m
Retained earnings at beginning of the financial year	**17,735.9**	17,720.0
Net profit	**767.3**	692.4
Actuarial gain/(loss) on defined benefit plans, net of tax	**0.4**	0.6
Dividends provided for or paid	**(883.1)**	(677.1)
Retained earnings at the end of the financial year	**17,620.5**	17,735.9

Note 22: Parent Entity Information

		2019 US$m	2018 US$m
	Information relating to CSL Limited ('the parent entity')		
(a)	**Summary financial information**		
	The individual financial statements for the parent entity show the following aggregate amounts:		
	Current assets	**310.6**	336.9
	Total assets	**6,272.1**	6,072.1
	Current liabilities	**323.7**	42.3
	Total liabilities	**3,181.0**	2,269.0
	Contributed equity	**(4,014.9)**	(4,057.1)
	Foreign Currency Translation Reserve	**(600.4)**	(624.2)
	Retained earnings	**7,706.4**	8,484.4
	Net Assets & Total Equity	**3,091.0**	3,803.1
	Profit or loss for the year	**93.1**	461.9
	Total comprehensive income	**117.9**	201.6

(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 2020 or 30 June 2019. For information about guarantees given by the parent entity, please refer above and to Note 21.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity did not have any material contractual commitments for the acquisition of property, plant and equipment as at 30 June 2020 or 30 June 2019.

Note 23: Subsequent Events

Other than as disclosed elsewhere in these statements, there are no matters or circumstances which have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, results of those operations or the state of affairs of the Group in subsequent financial years.

Note 24: New and Revised Accounting Standards

New and revised standards and interpretations adopted by the Group

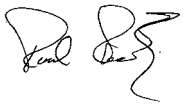
The Group has adopted, for the first time, certain standards and amendments to accounting standards. The adoption of AASB 16 Leases and AASB Interpretation 23 Uncertainty over income tax treatments as of 1 July 2019 has been disclosed in these financial statements.

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 2020 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 2020.
4) In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 21 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee dated 3 February 2017.

This declaration is made in accordance with a resolution of the directors.

Brian McNamee AO
Chairman



Paul Perreault
Managing Director

Melbourne
August 18 2020

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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 statement of financial position as at 30 June 2020, 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 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Existence and valuation of inventories

Why significant	How our audit addressed the key audit matter
At 30 June 2020, the Group holds inventories of $3,509.5 million which are recorded at the lower of cost and net realisable value. The Group's accounting for inventories is complex as the nature of products being produced and the strict quality and efficacy requirements it must comply with leads to a risk that inventories may be valued at greater than their recoverable amount. Provisions can be recognised for all components of inventories, including raw materials, work in progress and finished goods. The Group considers a number of factors when determining the appropriate level of inventory provisioning, including regulatory approvals and future demand for the Group's products. In addition, the geographic footprint of the Group and the movements and sale of inventory between the Group's operations means both the existence of inventories and the valuation of inventories is a key audit matter. This includes considering whether any mark up of inventories from sales within the Group is appropriately eliminated in the consolidated financial statements. The Group's disclosures with respect to inventories is included in Note 4 of the financial report.	We have assessed the carrying value of inventories, including costing and provisions for obsolescence and net realisable value at 30 June 2020. The existence of inventories has been tested through our attendance at regular cycle counts conducted throughout the period or through attendance at year-end inventory stocktakes in all locations with significant stock holdings. Due to the COVID-19 pandemic, we observed counts through video-conferencing technology at certain locations where we were unable to physically attend inventory counts in material locations due to local restrictions. Observing physical inventories assisted with our valuation assessment as we were able to identify quality issues and validate expiry dates of products. We assessed the appropriateness of the determination of inventory cost by assessing the accuracy of the standard costing used by the Group and assessing the recognition of variances from standard costs. We assessed whether inventory is recognised at the lower of cost or net realisable value at period end by comparing the inventory value measured at cost to audit evidence supporting net realisable value such as the current selling price of the products and achieved margins. We assessed whether the provisions for obsolescence calculated by the Group reflect known quality issues and commercial considerations including product expiration, market demand, and manufacturing plans, as well as their compliance with Australian Accounting Standards, and consistent application from prior periods. We assessed the Group's financial report consolidation process, the elimination of any unrealised profits on transactions between group entities and resultant tax consequences. We have substantively tested the inputs to the calculation of the intercompany profit in stock, and verified that it eliminated upon consolidation We have assessed the Group's disclosures with respect to inventories in Note 4 of the financial report.

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2. Uncertain Tax Positions

Why significant	How our audit addressed the key audit matter
The Group operates in a number of different tax jurisdictions, all of which have specific tax risks and regulations that need to be considered. In particular, transfer pricing arrangements relating to transactions within the Group are significant with a large number of cross-border purchases and sales, intercompany charges as well as transfers of intellectual property between Group entities in different tax jurisdictions. The Group's disclosures with respect to taxation are included in Note 3 of the financial report.	We assessed the Group's various tax exposures to assess whether adequate provisions have been recorded for exposures with higher risk and uncertainty. Involving our taxation specialists in relevant countries, our audit procedures included: ► assessing the Group's determination of current and deferred income tax expense, with particular focus on uncertain tax positions and consideration of AASB Interpretation 23 'Uncertainty over Income Tax Treatments'; ► considering any third-party taxation advice received; ► understanding the status of and accounting for any tax audits being conducted by regulators around the world and their findings; and ► considering the Group's transfer pricing documentation.

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3. Implementation of AASB 16 Leases

Why significant	How our audit addressed the key audit matter
The Group adopted AASB 16 Leases ("AASB 16") from 1 July 2019, which resulted in the recognition of $926 million of right-of-use assets and $1,004 million lease liabilities at adoption date. The application of this accounting standard is inherently complex due to the volume of operating leases held by the Group and the judgements applied by management, including: ► the determination of the lease term considering the impact of lease extension options; ► the calculation of incremental borrowing rates, particularly in multiple geographic regions Key judgements applied to the Group's leases are set out in the *Significant changes in the current reporting period* section of the financial statements.	We selected a sample of lease agreements to determine the appropriateness of the judgements and accounting treatments applied in determining the transition adjustment upon adoption of the new standard, including: ► the determination of the lease term; ► the identification of non-lease components; ► the treatment of adjustments to lease payments (both fixed and variable rate adjustments); ► the impact of lease modifications; ► the determination of discount rates used in calculating lease liabilities; and ► the application of practical expedients available under AASB 16 We evaluated the effectiveness of the Group's processes and controls to capture and measure the right-of-use asset and associated liability including the completeness of the balances. We selected a sample of leases from the Group's contract management system and assessed whether they have been appropriately recognised under the standard. We selected a sample of lease contracts to determine the appropriateness of the discount rate used by the Group. Where an incremental borrowing rate is applied, we involved our debt advisory specialists to assess the interest rates applied by the Group We assessed the calculation of the adjustment to opening retained earnings calculated by the Group. We have assessed the Group's disclosures with respect to leases the *Significant changes in the current reporting period* section of the financial statements.

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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 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit.

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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 2020.

In our opinion, the Remuneration Report of CSL Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Rodney Piltz
Partner
Melbourne
18 August 2020

Kylie Bodenham
Partner
Melbourne
18 August 2020

14 Share Information

CSL Limited

Issued Capital Ordinary Shares: 454,048,707 as at 30 June 2020; 454,048,707 as at 14 August 2020

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.

Substantial shareholders

The following table shows holdings of five per cent or more of voting rights in CSL Limited's shares as notified to CSL Limited under the Australian Corporations Act 2001, Section 671B as at 30 June 2020.[1]

		Date of last notice				
Title of class	Identity of person or group	Date received	Date of change	Number owned	% of total voting rights[2]	% of total voting rights as at 14 August 2020[3]
Ordinary Shares	Vanguard Group Inc	5 November 2018	31 October 2018	22,656,088	5.02%	4.9%
Ordinary Shares	Blackrock Group	2 December 2019	28 November 2019	27,353,205	6.02%	6.02%

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 14 August 2020

Range	Total holders	Shares	% of issued capital
1 – 1,000	178,978	34,262,373	7.55
1,001 – 5,000	21,450	49,237,798	10.84
5,001 – 10,000	3,404	23,402,904	5.15
10,001 – 100,000	1,411	25,511,059	5.62
100,001 and over	50	321,634,573	70.84
Total shareholders and shares on issue	**205,293**	**454,048,707**	**100.00**

Unmarketable parcels	Minimum parcel size	Holders	Shares
Minimum A$500.00 parcel at A$279.34 per share (being the closing market price on 14 August 2020)	2	370	370

1 No changes in the holdings of five per cent or more of the voting rights in CSL Limited's shares have been notified to CSL Limited between 1 July 2020 and 14 August 2020.
2 The percentages quoted are based on the total voting rights provided in the last substantial shareholders notice.
3 The percentages quoted are based on the total voting rights conferred by ordinary shares in CSL Limited as at 14 August 2020 of 454,048,707.

Shareholder Information

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 2020 final dividend payment must provide their valid US bank account details to the Share Registry by the dividend record date of 11 September 2020.

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 2020 Annual General Meeting will be held online on Wednesday, 14 October 2020 at 10am (Melbourne time).

CSL's 20 largest shareholders as at 14 August 2020

	Shareholder	Account Shares	% Total Shares
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	154,130,927	33.95
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	81,317,162	17.91
3	CITICORP NOMINEES PTY LIMITED	33,409,768	7.36
4	NATIONAL NOMINEES LIMITED	12,932,543	2.85
5	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	7,884,394	1.74
6	BNP PARIBAS NOMS PTY LTD <DRP>	5,625,521	1.24
7	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,314,290	0.95
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,547,501	0.56
9	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	2,012,754	0.44
10	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,499,000	0.33
11	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	1,386,344	0.31
12	SOLIUM NOMINEES (AUSTRALIA) PTY LTD <ALLOCATED A/C>	1,365,798	0.30
13	ARGO INVESTMENTS LIMITED	1,113,370	0.25
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	866,277	0.19
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	857,419	0.19
16	D W S NOMINEES PTY LTD	793,090	0.17
17	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	724,197	0.16
18	AMP LIFE LIMITED	704,273	0.16
19	MUTUAL TRUST PTY LTD	652,588	0.14
20	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	608,222	0.13
Top 20 holders of ordinary fully paid shares		**314,745,438**	**69.32**
Remaining holders balance		**139,303,269**	**30.68**
Total shares on issue		**454,048,707**	**100.00**

Share Registry

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Enquiries within the United States: 1-888-BNY-ADRS (1-888-269-2377)
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15 Medical Glossary

Adjuvant is a substance which enhances 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).

Allantoic fluid is fluid found in the foetal membrane that develops from the yolk sac.

Antivenom (or antivenin, or antivenene) is a biological product used in the treatment of venomous bites or stings.

Autoimmune disease is when the body's immune system attacks healthy cells.

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.

Dermatomyositis is an autoimmune condition that causes skin changes and muscle weakness.

Diffuse alveolar damage describes changes to the structure of the lungs during injury or disease. It is associated with the early stages of acute respiratory distress syndrome.

Fibrinogen is a coagulation factor found in human plasma that is crucial for blood clot formation.

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.

Hidradenitis suppurativa is a skin condition that causes small, painful lumps to form under the skin.

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).

Inherited respiratory diseases are diseases that are passed from parents to their children through their genes. Alpha 1 antitrypsin deficiency is an example of an inherited disorder that may cause lung disease and liver disease.

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.

Neurology is the science of nerves and the nervous system.

Pandemic is the worldwide spread of a disease.

Periodontal disease is an infection of the tissues or gums that hold teeth in place.

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).

Sickle cell disease is an inherited group of disorders, in which red blood cells contort into a sickle shape. The cells die early, leaving a shortage of healthy red blood cells and can block blood flow causing pain.

Subarachnoid haemorrhage is the sudden leaking of a blood vessel over the surface of the brain.

Subcutaneous is the administration of drugs or fluids into the subcutaneous tissue, which is located just below the skin.

Thrombocytopenia is a condition characterised by a decrease in the number of thrombocytes, also called platelets, in the blood, thus reducing the ability of the blood to clot.

Trivalent influenza vaccine is a vaccine that offers protection against three different influenza virus strains.

von Willebrand disease (vWD) is a hereditary disorder caused by defective or deficient von Willebrand factor, a protein involved in normal blood clotting.

16 Key Performance Data Summary

Some data points contained in this report have been summarised and grouped according to CSL's key sustainability topics and provided over a three-year period.

Performance indicator	More in this report (page reference)	Measure	17-18	18-19	19-20
Economic contribution					
Operating revenue	7	US$ million	7,915*†	8,539*†	9,151*†
Net profit		US$ million	1,729*†	1,919*†	2,103*†
Economic value generated	37	US$ million	7,925*†	8,552*†	9,158*†
Economic value distributed		US$ million	7,500*†	8,409*†	8,832*†
Innovation					
R&D investment	21	US$ million	702*†	832*†	922*†
Our people					
Total headcount	44-47	Number	22,220*	25,031*	27,009*
Total Recordable Injury Frequency Rate (TRIFR) ‡		Per million hours worked	4.6**	7.2**	6.1*†
Fatalities (including contractors)		Number	0*	0*	0*
Employee engagement		Percentage	75*†	74*†	76.4*†
Safety and quality					
Regulatory audits	37	Number	374†	440†	401†
Quality audits of suppliers		Number	489†	580†	476†
Safety related recalls of finished product		Number	5†	3†	2†
Community					
Total contribution	48	US$ million	39.5*	56.0*	38.7*
Product access support (subset of total community contribution)	38	US$ million	7.5*†	21.7*†	6.6*†
Marketing and promotion					
Breaches	41	Number	0*†	0*†	2*†
Environment§					
Energy consumption	35	Petajoules	3.27	3.39	3.79*
Greenhouse gas emissions		Metric kilotonnes	308	319	344*
Water consumption		Gigalitres	3.61	3.87	4.25*
Waste		Metric kilotonnes	49.15	61.40	66.75*
Waste recycling rate		Percentage	43	42	46*

* Includes Ruide.
† Data for nominated period has received limited assurance by Ernst & Young.
** Includes Ruide. Ernst & Young provided limited assurance against underlying data.
‡ See page 47 for more on reporting boundary.
§ See page 35 for more on reporting boundary.

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), including Calimmune which was acquired in 2017. This includes our seven manufacturing facilities in Australia, 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.

We continue to work towards fully integrating systems and processes for the acquired operations in China – plasma-derived therapies manufacturer Wuhan Zhong Yuan Rui De Biological Products Co. Ltd. (Ruide). Unless otherwise indicated, data for Ruide has been excluded. CSL's acquisition of Vitaeris, announced in June 2020, is also excluded.

Corporate Directory

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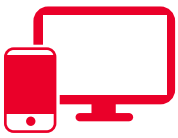
Further Information

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



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CSL disclaims any obligation to update any forward-looking statements.

CSL Limited ABN 99 051 588 348