

A swimmer in a black cap and goggles is captured in a dynamic, forward-leaning position in a swimming pool. The water is splashing around the swimmer's head and arms. The swimmer's cap features the CSL logo and the text 'CSL' and 'AG'. The background shows the pool's lane lines and a blurred orange buoy.

CSL™

Driven by Our Promise™

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



Michael Joshua

Michael has a favourite saying about his rare bleeding disorder: he may have haemophilia, but haemophilia doesn't have him. As a competitive swimmer and honours student with dreams of becoming a lawyer, the Baton Rouge, Louisiana, United States (US), teen says he is constantly pushing himself to be better than he was the day before.

2019 Corporate Governance Statement

The CSL Limited Board of Directors is pleased to present CSL's Corporate Governance Statement for 2019. This statement outlines CSL's principal corporate governance practices in place during the financial year ended 30 June 2019. Copies of all governance documents referred to in this statement can be found at CSL.com.

The Board and management team maintain high standards of corporate governance as part of their commitment to maximise shareholder value through effective strategic planning, risk management, transparency and corporate responsibility.

CSL has applied the Australian Securities Exchange (ASX) Corporate Governance Principles and Recommendations, and the proposed changes to the ASX Listing Rules.

The Board believes that CSL's corporate governance practices have complied with the recommendations contained in the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations throughout the year ended 30 June 2019.

The following table indicates where each principle is dealt within this statement.

ASX Corporate Governance Principles and Recommendations	Section reference in this Statement
Principle 1 – Lay solid foundations for management and oversight	1, 2
Principle 2 – Structure the Board to add value	1, 4
Principle 3 – Act ethically and responsibly	3
Principle 4 – Safeguard integrity in corporate reporting	4, 5
Principle 5 – Make timely and balanced disclosure	5, 6
Principle 6 – Respect the rights of security holders	6
Principle 7 – Recognise and manage risk	4, 5
Principle 8 – Remunerate fairly and responsibly	4

Find out more
CSL.com



Relevant governance documents:

- Board Charter
- Corporate Governance and Nomination Committee Charter

1.1 Role of the Board

The Board has a formal charter documenting its membership, operating procedures and the allocation of responsibilities between the Board and management.

The Board is responsible for overseeing the management of CSL and providing strategic direction. It monitors operational and financial performance, human resources policies and practices, and approves CSL's budgets and business plans. It is also responsible for supervising 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 Managing Director, who in turn delegates to senior management. To implement this, CSL has a detailed authorisations policy that sets out the decision-making powers which may be exercised at various levels of management.

The Board has delegated specific authority to five Board committees, which assist the Board by examining various issues and making recommendations. A description of each committee and their responsibilities is set out in section 4 of this statement.

The Board also delegates specific responsibilities to ad-hoc committees from time to time.

CSL has entered into a written agreement with each director and senior executive setting out the terms of their appointment, including their respective roles and responsibilities.

The Company Secretary monitors the Board and committee policies and procedures and assists the Board and its committees on governance matters. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. All directors have access to the Company Secretary for advice and services. The Board approves any appointment or removal of the Company Secretary.

Directors are entitled to access independent professional advice at CSL's expense to assist them in fulfilling their responsibilities as appropriate.

Details of Board meetings held during the year and individual directors' attendance at these meetings can be found in our 2019 Directors' Report at section 3.

1.2 Board Composition

Throughout the year, there were between nine and ten directors on the Board. Each director, their length of service and their status as an independent or non-independent director is set out in the following table.

Director	Length of service (as at 30 June 2018)	Independent/Non-independent
Dr Brian McNamee AO	1 year, 4 months	Independent, non-executive director
Mr Paul Perreault	6 years, 5 months	Non-independent, executive director
Mr David Anstice AO	10 years, 1 month	Independent, non-executive director (retired October 2018)
Mr Bruce Brook	7 years, 10 months	Independent, non-executive director
Dr Megan Clark AC	3 years, 5 months	Independent, non-executive director
Professor Andrew Cuthbertson AO	8 months	Non-independent, executive director
Mr Abbas Hussain	1 year, 4 months	Independent, non-executive director
Ms Marie McDonald	5 years, 10 months	Independent, non-executive director
Ms Christine O'Reilly	8 years, 5 months	Independent, non-executive director
Professor John Shine AC	12 years, 4 months	Independent, non-executive director (retired October 2018)
Dr Tadataka Yamada KBE	2 years, 9 months	Independent, non-executive director

1.3 Director Independence

CSL's Board Charter states that a director is considered to be an independent director if they are independent of management and free of any interest, position, association or relationship that could, or could reasonably be perceived to, materially interfere with the exercise of their unfettered and objective judgement.

Information about any such interests or relationships, including any related financial or other details, is assessed by the Board to determine whether the interest, position, association or relationship could, or could reasonably be perceived to, materially interfere with the exercise of a director's unfettered and independent judgement. As part of this process, the Board takes into account each of the factors relevant to assessing the independence of a director set out in the ASX Corporate Governance Principles and Recommendations, and other facts, information and circumstances that the Board considers relevant.

In determining whether an interest or relationship is considered to interfere with a director's independence, the Board assesses the materiality of the interest or relationship. For this purpose, the Board adopts a conservative approach to materiality, consistent with Australian accounting standards.

The Board Charter sets guidelines as to the desired length of service of non-executive directors. However, fixed tenure limits for non-executive directors have not been set. Tenure remains a matter for the Board's discretion on a case-by-case basis and according to the needs of CSL.

The Board assesses the independence of new directors on appointment, and makes an annual assessment of each non-executive director to determine whether it considers the director to be independent.

The Board has determined that all of its non-executive directors are independent and were independent for the duration of the reporting period. Accordingly, a majority of the directors on the Board are independent, and the Board is satisfied that it consists of an appropriate mix on tenures.

The Chairman of the Board, Dr Brian McNamee AO, is an independent, non-executive director. The responsibilities of the Chairman are described in the Board Charter. The roles of the Chairman and the Managing Director are exercised by separate individuals.

1.4 Nomination and Appointment of Directors

One new director, Professor Andrew Cuthbertson AO, was elected to the Board during the financial year.

Two directors, Professor John Shine AC and Mr David Anstice AO, retired from the Board during the financial year. Dr Brian McNamee AO, Mr Abbas Hussain and Professor Andrew Cuthbertson AO were elected as directors at the 2018 Annual General Meeting (AGM), following which Dr McNamee assumed the position of Chairman.

Prior to the expiry of a director's current term of office, the Board reviews that director's performance.

In addition, before a director is nominated for election or re-election, it is CSL's policy to ask directors to acknowledge to the Board that they have sufficient time to meet CSL's expectations of them. The Board requires that all its members devote the time necessary to ensure that their contribution to CSL is of the highest possible quality.

In the case of long-serving non-executive directors who are standing for re-election at an AGM but who intend to retire from the Board within their next term, this intention to retire will be clearly disclosed in the AGM notice of meeting.

Before a person is appointed as a director or put forward to shareholders as a candidate for election as a director, CSL undertakes appropriate background checks of that person, including the person's character, experience, education, criminal record and bankruptcy history.

CSL provides its shareholders with all material information (that is in CSL's possession) relevant to a decision on whether or not to elect or re-elect a director (including any material adverse information) in its notice of meeting.

1.5 Induction of New Directors and Ongoing Development

CSL provides an induction program to assist new directors to gain an understanding of:

- CSL's financial, strategic, operational and risk management position;
- the culture and values of CSL;
- the rights, duties and responsibilities of the directors;
- the roles and responsibilities of senior executives;
- the role of the Board committees;
- meeting arrangements; and
- director interactions with each other, senior executives and other stakeholders.

In addition to the briefing papers, agenda and related information regularly supplied to directors, the Board has an ongoing professional development and education program designed to give directors further insight into the operation of CSL's business, and to provide opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively. The program includes education on key developments relating to CSL and the industry and environment within which it operates. As part of this program, directors periodically visit CSL's facilities, including major operating sites in the United States (US), Europe and Australia, and attend meetings and information sessions with CSL's local management and employees.

1.6 Knowledge, Skills and Experience

The Board, through its Corporate Governance and Nomination Committee (CGNC), 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 diversity.

The CGNC recently reviewed and updated the matrix of skills and experience CSL requires to ensure the Board has the right balance to discharge its responsibilities and support CSL to achieve its strategic goals. This review has resulted in a smaller number of skills being identified, and the skill/experience area of 'technology' being added.

The Board considers that each of its directors has the following attributes:

- honesty and integrity;
- sufficient time to undertake the role;
- corporate governance; and
- financial literacy.

The Board considers that collectively its directors have the appropriate range of skills and experience necessary to direct CSL's businesses and achieve CSL's strategic objectives. The following Board skills matrix describes the combined capabilities of the Board across a range of general and specialist areas.

Biopharmaceutical, Biotechnology or Medical	Deep operational or technical experience with a large global biopharmaceutical, biotechnology or medical organisation (and a comprehensive understanding of patient focus).
Global Experience	Experience in working in a globally diverse organisation including a thorough understanding of and experience with global markets, economies and international political issues.
Strategy	Experience in developing and implementing successful strategies in enterprises with long implementation timelines, large research and development (R&D) programs, and complex supply chains.
Risk and Compliance	Comprehensive experience and understanding of risk management and compliance frameworks and controls, and an ability to identify and oversee mitigation strategies for emerging risk and compliance issues in the organisation.
Finance	Board audit/risk management membership or senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls.
Capital Projects – Manufacturing/Quality	Experience in an industry with projects involving large-scale capital outlays on manufacturing/quality operations with long-term investment horizons and complex regulatory requirements.
Health, Safety, Environment and Corporate Responsibility	Experience related to complex workplace health, safety, environment and corporate responsibility issues within a large patient, customer or stakeholder focused business enterprise.
Change Management, Corporate Culture and Remuneration	Board Human Resources committee membership or senior executive or equivalent experience relating to change management, corporate culture and the remuneration issues applicable in a global organisation.
R&D/Product Development	Experience in R&D or product development with a large biopharmaceutical, pharmaceutical or medical organisation.
Technology	Recent experience and expertise with the development, selection and implementation of leading and transformational technology solutions, and leadership in innovative thinking and responding to digital disruption.

Relevant governance documents:

- Diversity Policy
- Code of Responsible Business Practice

2.1 Diversity at CSL

At CSL, diversity refers to the unique backgrounds, beliefs and experiences that our people possess. We define diversity in the broadest of terms, including gender, nationality, ethnicity, disability, sexual orientation, gender identity, generation/age, socioeconomic status, religious beliefs, professional and educational background as well as global and cultural experiences.

CSL's employee brand – Promising Futures – is our commitment 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 believe diversity and inclusion are crucial to strong business growth and performance. Specifically, diversity and inclusion help us to:

- better understand and connect with our patients;
- attract, develop, retain and engage the talent needed to sustain our long-term success;
- foster creativity and innovation; and
- improve the quality of the decisions that we make.

CSL has a global diversity policy, which is integral to our overall talent and culture strategies and guides our investment in this area.



2.2 CSL's Diversity Profile

CSL's diverse and growing workforce is located across 38 countries. Our multigenerational workforce includes employees ranging from ages 16 to 81. Currently, millennials make up over half of CSL's total workforce and are the largest and fastest-growing segment in the global workforce overall. We believe this mix of generational diversity helps ensure we are considering and leveraging a wide range of perspectives and experiences when addressing patients' needs now and in the future.

CSL continues its strong commitment to advancing women in the workplace. Female employees represent 57% of our global workforce. The Board and executive team monitor the percentage of females in the workforce with a particular focus on senior executive positions. Pleasingly, CSL has surpassed the target percentage of 30% for female representation across senior executive positions and the target of 40% female representation for all people in management positions. The following diagrams show the proportion of women and men on the Board, in senior executive positions (senior director and above), other management roles and across the whole organisation as of 28 June 2019.

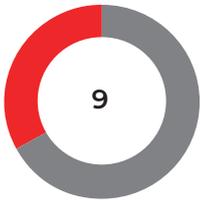
CSL's Diversity Profile



- Baby Boomers (1946–1961) 9%
- Generation X (1962–1979) 38%
- Generation Y (Millennials) (1980–2000) 53%

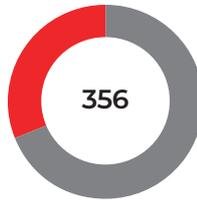
Data as of 28 June 2019 and includes all employees globally where birthday is recorded (98% of workforce).

Board Members



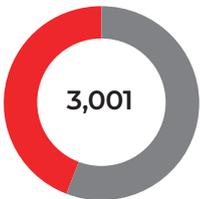
- Male 67%
- Female 33%

Senior Executives



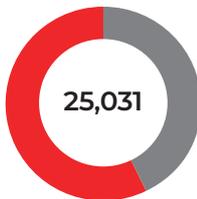
- Male 69%
- Female 31%

People Managers



- Male 56%
- Female 44%

All Employees



- Male 43%
- Female 57%

2.3 Report on Measurable Objectives for 2018/19

CSL has a Diversity Policy which requires the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and CSL's progress in achieving them. Set out below are the measurable objectives set for 2018/19 and our performance against them.

Objective	Description and Measures
<p>Advance women's education and opportunities in STEM careers</p> <p>Recognising the long-term investment and support necessary to bolster our early career STEM (science, technology, engineering and math) talent. This objective was a continuation from the prior year.</p>	<p>A number of noteworthy accomplishments in strengthening CSL's early STEM talent pipeline and promotion of CSL as an employer of choice by region have been achieved and include the following:</p> <ul style="list-style-type: none"> - APAC*: Australia sponsored a Florey Next Generation Award for outstanding Biomed PhD student, the National Youth Science Forum (NYSF) encouraging life-long STEM literacy, and the STEM X annual 'bootcamp' for science teachers. Colleagues from Japan attended the Women's International Network (WIN) and China colleagues participated in the Asia Women Leadership 2019 conference. - Americas: Our Canada site sponsored the John Molson International Case Competition for 200 of the world's top business students from 20 countries. The US sponsored the inaugural National Urban League Young Professionals conference targeting Millennials and Gen-Xers. CSL also partnered with Penn State University's Center of Excellence for Biotechnology to develop a capstone course. Our plasma organisation participated in numerous career fairs and events targeting women, nurses and STEM talent. - EMEA†: Our Germany site participated in the Mentoring Hess Program supporting female STEM students. The Bern, Switzerland, site participated in a number of programs targeting female STEM talent, including the Swiss Center Career Fair and Career Talk.
<p>Maintain diversity in senior executive and senior leader positions; increase diversity in CSL's people manager population</p> <p>CSL operates in a highly connected and global environment. As such, we need leaders who are not only comfortable but excel at creating inclusive, innovative and collaborative environments where employees' contributions and ideas matter.</p>	<p>CSL believes that by harnessing and honouring the unique capabilities, experiences and perspectives of its people, that it is better able to serve patients. To do this, CSL must continually be hiring from a qualified and diverse candidate pool and building leaders' capabilities around forming and effectively managing diverse teams. In 2018/19, CSL measured successful achievement of this objective in a number of ways:</p> <ul style="list-style-type: none"> - New global processes were adopted to avoid bias in hiring, including blinding candidate's current compensation during the offer process and removing pay history questions from employment applications. - The rollout of the "Hiring Top Talent" program was continued, aiming to educate another 100-plus hiring managers in US and Europe around topics such as creating diverse candidate slates, valuing differences, the benefits of diverse teams and selecting for diverse talent. - A diverse talent representation was ensured in the interview process, resulting in 49% of senior director and above external hires being female. - Enhanced relationships with women's professional associations provided CSL employees with opportunities to attend workshops and forums. Highlights by region include: <ul style="list-style-type: none"> - Americas: Healthcare Businesswomen's Association (HBA) membership and the Kankakee site was a third year title sponsor for the Women United annual event. - EMEA†: Healthcare Businesswomen's Association (HBA) membership in Europe. - APAC*: National Association of Women in Operations (NAWO) and Diversity Council of Australia. - Australia, Lengnau (Switzerland) and Bern (Switzerland) sites ran successful graduate programs, which provided STEM students' exposure to CSL while building our talent pipeline for the future. - Development programs aimed at building leadership capabilities and skills (for example, team effectiveness, change management, trust) were well attended by CSL female colleagues – approximately 60% of the total 2,500 attendees were women.

Objective**Sustain a culture differentiated by CSL's Values that attracts and retains a diverse workforce and rivals biotech competitors**

CSL competes for key talent in a tight, global labour market and accesses broader, diverse sources of talent to meet the growth needs of the business. To bring diversity of thought, person and experience to CSL, actively tending to CSL's values-based culture is crucial.

Description and Measures

CSL worked on a number of areas in an effort to both enhance and safeguard the CSL culture, which has been the cornerstone of our success over time. In 2018/19, achievements include:

- incorporating 360 assessments for existing leaders and introducing a new leadership assessment as part of hiring process for senior leaders because CSL believes the behaviours and values of its leaders significantly impact culture;
- receiving external recognition for CSL's attractive workplace and culture by Thomson Reuters (Top 100 Company Diversity & Inclusion), Forbes (The Best Employers for Diversity 2018), Forbes (America's Best Large Employers 2019) and Universum in Switzerland (Most Attractive Employers); and
- administering CSL's employee feedback survey in April/May 2019, which provides actionable insights regarding how CSL is performing against its strategy to create a culture that attracts, retains and develops the best talent. CSL's employee engagement index is two percentage points above global world norms.

2.4 Measurable Objectives Supporting Gender Diversity for 2019/20

The Board, with senior management's support, has set the following objectives for achieving gender diversity for the financial year commencing 1 July 2019. These objectives are designed to contribute to CSL's growth by fostering an environment that enables innovation, collaboration and talent development.

Objective**Build diversity in CSL's leader and manager populations with increased measurable targets for women people managers****Description and Measures****CSL will:**

- create online executive and manager dashboards for real-time monitoring of hiring, promotion and retention diversity results;
- provide external resources and tools to improve diverse talent sourcing efforts and increase diversity of candidate slates;
- train managers to enhance inclusion and prevent discrimination in hiring, promotion or workplace practices, including unconscious bias; and
- incorporate improved diversity analysis and key talent development plans into succession planning.

Success measurements include:

- 30% or better female representation in senior leader and executive leader population;
- 45% or better female representation in people manager population;
- 100% of new people managers complete unconscious bias training;
- 100% Talent, Compensation and HR business partners complete unconscious bias training; and
- no gender pay bias in remuneration practices.

* APAC = Asia-Pacific

† EMEA = Europe, the Middle East and Africa

Objective

Description and Measures

Sustain CSL's culture by holding leaders accountable to have a diverse workforce and role model values-based, inclusive leadership

CSL will:

- assess and develop leader and manager effectiveness through 360-degree assessments and coaching;
- expand executive assessment partnership (for hiring and succession);
- improve candidate interview practices to assess leadership ability to create an inclusive work environment;
- implement a global Paid Family Leave Program – inclusive of all parents, and employees caring for elderly parents or sick children – that supports CSL's commitment to a flexible, healthy workforce;
- formally incorporate CSL's Values into performance evaluations to measure and improve how managers and employees behave in accordance with them; and
- build a global recognition program that reinforces and rewards employees who exemplify CSL's Values.

Success measurements include:

- maintaining employee feedback survey results that are above global benchmark for employee engagement index items; and
- CSL Values being emphasised in performance evaluations for 2019/20. All senior leaders will be evaluated with the expectation of meeting or exceeding expectations related to our diversity and inclusion goals and objectives as well as personal performance objectives.

Advance CSL's commitment to diversity in leadership and a well-educated community through investments in leadership development and STEM careers for women

CSL will:

- continue to expand its global diversity and university partnerships* and current Australia graduate program to provide future women STEM leaders opportunities for internships, development and careers;
- sponsor educational events occurring in conjunction with specific diversity organisations with whom CSL partners;
- ensure women equally participate in CSL's leadership and management development programs;
- create a targeted women's development track as part of CSL Executive Edge program – CSL's new leadership development investment;
- incorporate diversity and inclusion messaging and training into all global Leadership Day events; and
- fund participation of CSL's diverse, key talent in diversity conferences, development opportunities and events.

Success measurements include:

- 50% female participation in expanded graduate program;
- 80% favourable rating on satisfaction surveys that assess effectiveness in attracting students through university relations and recruiting efforts;
- corporate sponsorship of one educational event (Women in STEM careers) in each of CSL's major geographies;
- 40% or better female participation across CSL's leadership development programs; and
- 100% diverse, key talent documented individual development plans.

* Six university strategic partnerships added in 2018/19.

Relevant governance documents:

- Code of Responsible Business Practice
- Anti-Bribery and Anti-Corruption Policy
- Statement on the Prevention of Human Trafficking, Slavery and Forced Labour
- 2018/19 CSL Limited Annual Report

CSL Group Values, the Code of Responsible Business Practice and related policies shape CSL's approach to Corporate Responsibility.

3.1 Group Values

CSL's Values are common to the diverse business units that form the CSL Group (Group Values). The Group Values, endorsed by the Board, serve as the foundation for everyday decision making. These Values are superior performance, innovation, integrity, collaboration and patient focus.

3.2 Code of Responsible Business Practice

CSL first established a Code of Responsible Business Practice (the Code) in December 2008. The Code is regularly reviewed and updated. Based on the Group Values and other guiding principles, the Code outlines CSL's commitment to responsible business practices and ethical standards. The Code sets out the rights and obligations that all directors, senior executives and employees have when conducting CSL's business, including in relation to business integrity, safety and quality of products and maintaining a safe and fair workplace. CSL also expects that its contractors and suppliers will observe the principles set out in the Code.

The Code has been distributed to all directors, senior executives and employees and a training program has been implemented across the CSL Group.

3.3 Modern Slavery

Each year, the Board approves CSL's Statement on the Prevention of Human Trafficking, Slavery and Forced Labour. The Statement details the steps the CSL Group is currently undertaking to address and prevent modern slavery.

3.4 Serious Complaints Policy

In accordance with the Code, CSL is committed to ensuring that employees, contractors, suppliers and partners are able to raise concerns regarding any potential misconduct and to have such concerns properly investigated. This commitment is implemented through CSL's internal Global Serious Complaints Policy. The policy contains mechanisms, including a global telephone and internet hotline service, for employees, contractors, suppliers and business partners to raise concerns in a confidential and anonymous manner without being subject to victimisation, harassment or discriminatory treatment.

3.5 Anti-Bribery and Anti-Corruption

The Code provides a high-level policy statement on preventing bribery and inducements. In addition, the Board has adopted an Anti-Bribery and Anti-Corruption Policy. This policy builds on the policy statement in the Code and supports the considerable amount of work being undertaken in many areas of CSL's operations to ensure that CSL is acting with integrity (one of CSL's core Values) at all times.

CSL has established training programs for relevant employees across the CSL Group to raise awareness of CSL's "zero tolerance" approach to bribery and corrupt business practices at any level within CSL's global operations.

4 Operation of the Board

Relevant governance documents:

- Board Charter
- Corporate Governance and Nomination Committee Charter
- Audit and Risk Management Committee Charter
- Human Resources and Remuneration Committee Charter
- Innovation and Development Committee Charter
- Securities and Market Disclosure Committee Charter

4.1 Board Committees

As described previously, CSL has established five Board committees:

- Corporate Governance and Nomination Committee (previously the Nomination Committee);
- Audit and Risk Management Committee;
- Human Resources and Remuneration Committee;
- Innovation and Development Committee; and
- Securities and Market Disclosure Committee.

Each committee is governed by a formal charter setting out its composition, functions and responsibilities. Each committee's charter is approved by the Board and is available on the "Board and Management" section of CSL.com.

Details of the number of committee meetings held during the year and individual directors' attendance at these meetings can be found in the Directors' Report. Details of the qualifications and experience of committee members can also be found in the 2019 Directors' Report.

A high-level description of each committee and its responsibilities is set out in the following table.

Committee	Members	Composition	Key Responsibilities
Corporate Governance and Nomination Committee (previously Nomination Committee)	Ms Christine O'Reilly (Chair) Dr Brian McNamee Mr Bruce Brook Dr Megan Clark	<ul style="list-style-type: none"> – At least three independent non-executive directors. – In the absence of the committee Chairman, chaired by another independent, non-executive director elected by the members present. 	<ul style="list-style-type: none"> – Making recommendations to the Board on Board membership and ensuring an appropriate mix of skills, experience, expertise and diversity to enable the Board to oversee the delivery of CSL's objectives and strategy. – Reviewing the membership of Board committees. – Overseeing annual performance reviews of the Board, individual directors and Board committees. – Settling and following the procedure for the selection of new directors for nomination. – Overseeing CSL's approach to corporate governance and reporting upon this. – Reviewing CSL's compliance with the CSL Act.
Audit and Risk Management Committee	Mr Bruce Brook (Chair) Ms Marie McDonald Ms Christine O'Reilly	<ul style="list-style-type: none"> – Between three to five directors, all of whom are non-executive directors, and one of whom should have financial expertise. – Majority of members will be independent directors. – An independent Chair who is not Chair of the Board. – In the absence of the committee Chair, chaired by another independent, non-executive director elected by the members present. 	<ul style="list-style-type: none"> – Overseeing and reviewing CSL's financial and risk management systems, compliance systems and internal control framework (as set out in CSL's Risk Framework). – Overseeing CSL's system of financial reporting with a view to safeguarding its integrity. – Monitoring the activities and effectiveness of both internal and external audit functions. – Reviewing CSL's global health, safety and environmental performance.

Committee	Members	Composition	Key Responsibilities
Human Resources and Remuneration Committee	Dr Megan Clark (Chair) Ms Christine O'Reilly Ms Marie McDonald Mr Abbas Hussain	<ul style="list-style-type: none"> – At least three non-executive directors. – Members will be independent directors. – Chaired by an independent director. – In the absence of the committee Chair, chaired by another independent, non-executive director elected by the members present. 	<ul style="list-style-type: none"> – Assisting the Board in fulfilling its responsibilities with respect to human resources and remuneration matters. – Overseeing the establishment of and regular review of CSL's diversity policy. – Reviewing and recommending to the Board the design of any share, performance option, performance rights, retention and deferred cash incentive plans including performance measures and any amendments to such schemes or plans. – Recommending to the Board for approval any award grant under an incentive plan to the Managing Director or the Managing Director's direct reports, and approving other award grants under an incentive plan to other executives. – Exercising all powers, authorities, discretions and decisions relating to CSL's incentive plans, including specifically good leaver treatment, change of control treatment and approving payment and vesting outcomes for incentive awards.
Innovation and Development Committee	Dr Brian McNamee (Chair) Mr Paul Perreault Dr Megan Clark Professor Andrew Cuthbertson Mr Abbas Hussain Dr Tadataka Yamada	<ul style="list-style-type: none"> – At least three directors, being at least two non-executive directors and the Managing Director. – Chaired by an independent, non-executive director. – In the absence of the committee Chair, chaired by another independent, non-executive director elected by the members present. – CSL's chief scientific officer is a required attendee of committee meetings. 	<ul style="list-style-type: none"> – Overseeing CSL's technology, research and product development opportunities. – Ensuring relevant investments are undertaken in ways that are most likely to create long-term value for shareholders. – Monitoring the strategic direction of CSL's technology, research and product development programs. – Providing guidance on issues and priorities, additions to the R&D pipeline and significant development milestones. – Overseeing the management of risk associated with the R&D projects.
Securities and Market Disclosure Committee	Dr Brian McNamee (Chair) Mr Paul Perreault	<ul style="list-style-type: none"> – A minimum of any two directors, one of whom must be an independent director. – Chaired by the Board Chairman. – In the absence of the Board Chairman, chaired by another non-executive director elected by the non-executive directors present. 	<ul style="list-style-type: none"> – Assists CSL in complying with reporting and disclosure obligations under the Corporations Act and ASX Listing Rules, including continuous disclosure obligations and trading halts. – Approving the allotment and issue, and registration of transfers, of CSL shares. – Overseeing compliance with other formalities which may be urgently required in relation to matters affecting CSL's share capital.

In addition, the Board may establish ad-hoc committees or empower existing committees to oversee specific activities.

4.2 Remuneration of Directors and Senior Executives

CSL is committed to ensuring that it has competitive remuneration and human resources policies and practices that offer appropriate and fair rewards and incentives to directors and employees in the countries in which they are employed. CSL also seeks to align the interests of senior management and shareholders.

Details regarding the Human Resources and Remuneration Committee charter, and CSL's remuneration policies and practices are set out in the Remuneration Report in the 2019 Directors' Report.

The Remuneration Report separately discloses details of the policies and practices regarding the remuneration of directors (executive and non-executive) and other key management personnel of the CSL Group. The Report also includes details of CSL's short-term incentive plans, and details of CSL's long-term incentive plans.

4.3 Performance Evaluation

The Corporate Governance and Nomination Committee oversees the annual process for reviewing the performance of the Board, individual directors and the Board committees.

The effectiveness of the Board and its committees is assessed against the roles and responsibilities set out in the Board Charter and each committee charter.

Matters considered in the evaluation include:

- the conduct of Board and committee meetings, including the effectiveness of discussion and debate at those meetings;
- the effectiveness of the Board and committees' processes and relationship with management;
- the timeliness and quality of meeting agendas, Board and committee papers and secretariat support; and
- the composition of the Board and each committee, focusing on the skills, experience, expertise and diversity of the Board necessary to enable it to oversee the delivery of CSL's objectives and strategy.

The Chairman also holds discussions with individual directors to facilitate peer review.

This financial year, the Board undertook an internal review of its performance and that of its committees and individual directors in line with the aforementioned processes, having appointed an external consultant to assist with the annual evaluation in the prior period. The findings of the review were discussed by the Board and changes made as appropriate.

The Corporate Governance and Nomination Committee, working with the Chairman, is responsible for overseeing the process for assessing the performance of the Managing Director, who in turn evaluates the performance of all other senior executives and makes recommendations in respect of their remuneration. These evaluations are based on specific criteria, including CSL's business performance, whether the long term strategic objectives are being achieved and the achievement of individual performance objectives.

These performance evaluations took place in accordance with the previously described processes during the last financial year.



5 Risk Management and Financial Reporting

Relevant governance documents:

- Audit and Risk Management Committee Charter
- Code of Responsible Business Practice

5.1 Role of the Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Board in overseeing and reviews annually the integrity of financial reporting, the effectiveness of the risk management framework compliance systems and internal control framework, and the external and internal audit functions to ensure that they continue to be sound.

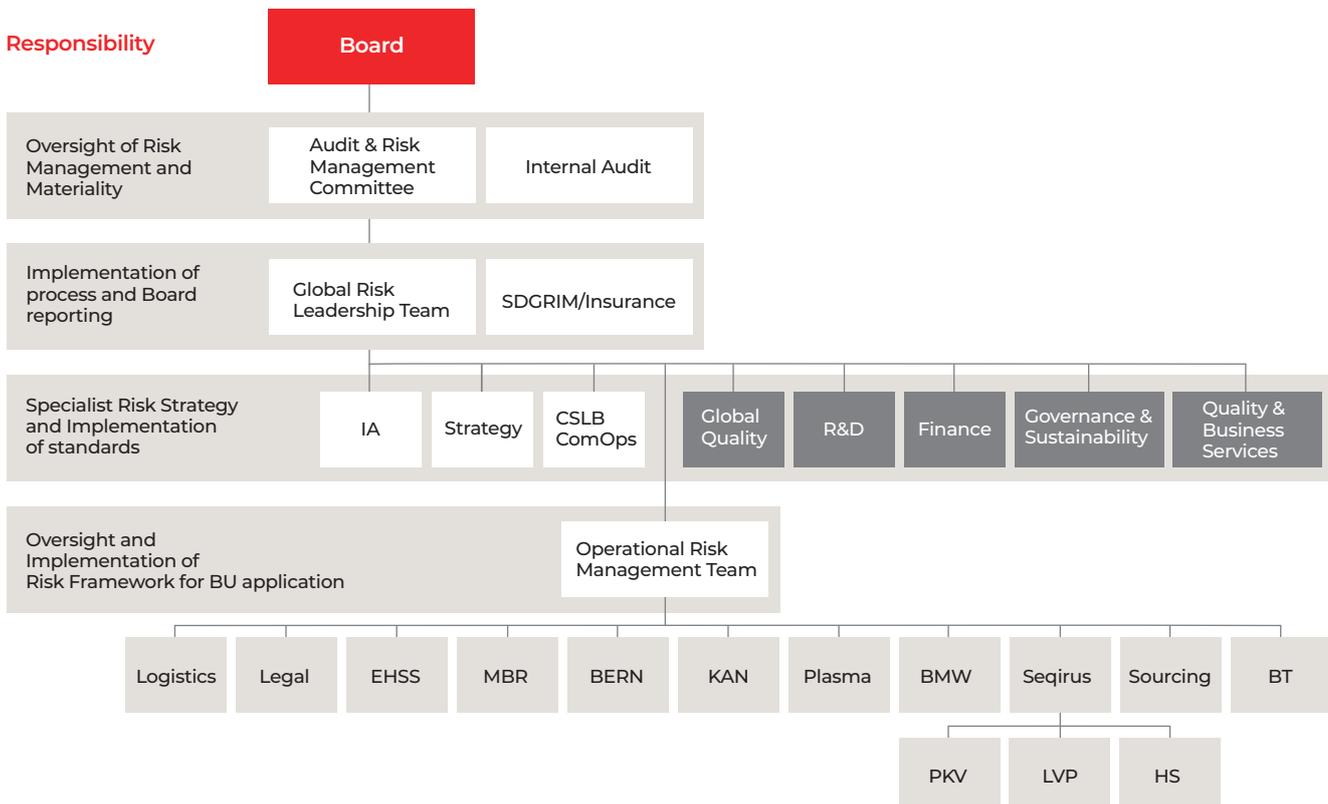
The Audit and Risk Management Committee has, in conjunction with management, conducted such a review during the financial year and reported to the Board as to CSL's effective management of its material business risks in respect of the financial year ending 30 June 2019.

Senior executives and internal and external auditors attend meetings on invitation by the Audit and Risk Management Committee. The Audit and Risk Management Committee holds regular meetings with both the internal and external auditors without management or executive directors present. Any director who is not a member of the Audit and Risk Management Committee may attend any meeting of the committee in an ex-officio capacity.

The chairman of the Audit and Risk Management Committee attends meetings of the Human Resources and Remuneration Committee on occasion to ensure risk behaviour is reflected in remuneration outcomes.

5.2 Risk Framework

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, illustrated in the diagram below, 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.

CSL has adopted an internal “Risk Appetite Statement” which is implemented throughout the CSL Group. CSL’s risk appetite is integral to the Company’s overall risk management processes and the Risk Appetite Statement sets forth the types and extent of risk that CSL is willing to accept in pursuit of its global strategic objectives, while adhering to CSL’s core Values and reinforcing its commitment to corporate responsibility.

As part of the Risk Framework, an Operational Risk Management Team of responsible executives reports to a Global Risk Leadership Team, which in turn reports to the Audit and Risk Management Committee, and includes an assessment of the effectiveness of CSL’s management of material risks. These teams are responsible for implementing, coordinating and facilitating the risk management process across the CSL Group. This includes quantifying and monitoring certain business risks identified and evaluated as part of the risk management process, including those relating to operating systems, the environment, health and safety, product quality, physical assets, security, disaster recovery, insurance and compliance. Each manufacturing site and each major function in the Group has its own Risk Management Committee, which reports to the Operational Risk Management Team on a semi-annual basis.

The oversight of risk management associated with R&D projects is one of the responsibilities of the Board and the Innovation and Development Committee. The R&D operations have a number of management committees that report into the Innovation and Development Committee.

Risk assessment and management policies are reviewed periodically, including by the CSL Group’s internal audit function.

5.3 Sustainability Risks

In the course of CSL’s business operations, CSL is exposed to a variety of risks that are inherent to the pharmaceutical industry, and in particular the plasma therapies industry. Key business/industry risks and key financial risks, including economic, environmental and social sustainability risks, are set out in the 2018/19 Annual Report available at CSL.com. In addition, further detail regarding CSL’s ongoing efforts to operate ethically and responsibly in respect of sustainability are also set out in CSL’s 2018/19 Annual Report and on CSL.com (Our Company > Corporate Responsibility).

5.4 External Auditor

One of the chief functions of the Audit and Risk Management Committee is to review and monitor the performance and independence of the external auditor.

CSL’s external auditor for the financial year was Ernst & Young, who was appointed by shareholders at the 2002 Annual General Meeting.

The Audit and Risk Management Committee has established a policy in relation to the engagement of the external auditor for non-audit services to ensure the independence of the external auditor. The Audit and Risk Committee has considered the nature of the non-audit services provided by the external auditor during the financial year and is satisfied that the services provided, and the amount paid for those services, did not compromise the independence of the external auditor. Details of fees paid (or payable) to Ernst & Young for non-audit services provided to the CSL Group in the year ended 30 June 2019 are set out in the 2019 Directors’ Report, available at CSL.com.

The signing partner for the external auditor is usually rotated at least every five years, and the auditor is required to make an independence declaration annually. Mr Rodney Piltz has acted as the signing partner for Ernst & Young since the 2016/17 financial year, which was the first year he acted in this role for CSL. This reporting period is Mr Piltz’s third year as CSL’s audit partner. Ernst & Young has provided an independence declaration to the Board for the reporting period. The declaration forms part of the 2019 Directors’ Report. The Audit and Risk Management Committee undertakes a formal review of the appropriateness of continuing with the incumbent audit firm prior to approving the appointment of a new signing partner by rotation.

The external auditor attends each Annual General Meeting and is available to answer questions from shareholders relevant to the audit and the preparation and content of the auditor’s report.

5.5 Internal Auditor

Another important function of the Audit and Risk Management Committee is to review and monitor the performance of CSL's internal audit operation. CSL's internal auditor for the financial year was PricewaterhouseCoopers.

The role of CSL's internal audit function is to provide independent and objective assurance to the Audit and Risk Management Committee and executive management regarding the effectiveness of CSL's risk management processes (including the state of any material risks) and internal compliance and control systems.

As noted in section 5.2, the internal compliance and control systems are made up of various CSL policies, processes, practices and procedures.

An internal audit plan is prepared by the internal auditor and reviewed and approved by the Audit and Risk Management Committee on an annual basis (for the upcoming financial year). The internal audit plan seeks to cover, over a rolling basis, all significant activities of CSL, including its controlled entities and their operations.

In addition, CSL's internal auditor may be requested to perform investigative reviews on suspected fraudulent activities or serious (or whistleblower) complaints.

5.6 Integrity in Financial Reporting and Regulatory Compliance

The Board is committed to ensuring the integrity and quality of its financial reporting, risk management and compliance and control systems.

Prior to giving their directors' declaration in respect of the annual and half-year financial statements, the Board requires the Managing Director and the chief financial officer to each sign a written declaration to the Board to the effect that, in their opinion the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

This written declaration was received by the Board prior to its approval of the financial statements for the financial year ended 30 June 2019.



Relevant governance document:

- Code of Responsible Business Practice

6.1 Communications and External Disclosure

CSL has a Communications and External Disclosure Policy. This policy operates in conjunction with CSL's more detailed internal continuous disclosure policy. Together, these policies are designed to facilitate CSL's compliance with its obligations under the ASX Listing Rules and the Corporations Act by:

- providing guidance as to the types of information that may require disclosure, including examples of practical application of the rules;
- providing practical guidance for dealing with market analysts and the media;
- identifying the correct channels for passing on potentially market sensitive information as soon as it comes to hand;
- establishing regular occasions at which senior executives and directors are actively prompted to consider whether there is any potentially market sensitive information which may require disclosure; and
- allocating responsibility for approving the substance and form of any public disclosure and communications with investors.

6.2 Shareholder Communication

In addition to its formal disclosure obligations under the ASX Listing Rules and the Corporations Act, the Board uses several additional means of communicating with shareholders and investors. These include:

- the half-year and annual report and shareholder review;
- posting media releases, public announcements, notices of general meetings and voting results, and other investor related information on CSL.com; and
- annual general meetings, including webcasting which permits shareholders worldwide to view proceedings.

CSL has a dedicated governance page on CSL.com, which supplements the communication to shareholders in the annual report and this Corporate Governance Statement regarding CSL's corporate governance policies and practices. CSL seeks to facilitate effective two-way communication with investors and encourage participation at shareholder meetings by allowing shareholders to receive communications from, and send communications to, CSL electronically and inviting shareholders to provide CSL with their questions ahead of the AGM. This helps CSL understand shareholder issues and concerns and enables CSL to address key shareholder feedback.

To ensure that shareholders and other stakeholders have a full understanding of CSL's performance and strategies, CSL undertakes to convene a number of analyst briefings and investor presentations and roadshows each year. CSL also convenes two shareholder briefings each year, at different locations in Australia. These updates provide an opportunity for analysts, investors and shareholders to speak directly with senior management and ask questions.

The Board is committed to monitoring ongoing developments that may enhance communication with shareholders, including technological developments, regulatory changes and the continuing development of 'best practice' in the market.

📄 Relevant governance document:

– Securities Dealing Policy

By promoting director and employee ownership of shares, the Board hopes to encourage directors and employees to become long-term holders of CSL securities, aligning their interests with those of CSL. CSL, and its equity based remuneration scheme, do not condone short-term or speculative trading in CSL securities by directors and employees, nor do they permit directors or employees to enter into any price-protection arrangements with third parties to hedge CSL securities or margin loan arrangements in relation to CSL securities.

CSL has a comprehensive Securities Dealing Policy which applies to all directors and employees. The policy aims to inform directors and employees of the law relating to insider trading and provide them with practical guidance for avoiding unlawful transactions in CSL securities.

A copy of CSL's Securities Dealing Policy has been lodged with the ASX in accordance with Listing Rule 12.9.

This Corporate Governance Statement was current and approved by the Board on 13 August 2019 and signed on its behalf by:



Dr Brian McNamee AO
Chairman

13 August 2019

Corporate Directory

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street Abbotsford VIC 3067
GPO Box 2975
Melbourne VIC 3001
Enquiries within Australia: 1800 646 882
Enquiries outside Australia: +61 3 9415 4178
Investor enquiries online: Investorcentre.com/contact

Auditors

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Facsimile: +61 3 8650 7777

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CSL.com

Further Information

For further information about CSL and its operations, refer to Company announcements to the Australian Securities Exchange and our website: CSL.com