CSL Limited

Tax Transparency Report
2019/2020

Driven by our promise, CSL is a global biotechnology leader that develops and delivers innovative medicines to patients in nearly 100 countries. Our 27,000 employees share a deep passion to help save lives and treat people with life-threatening medical conditions.

Contents

Introduction from the Acting Chief Financial Officer

I am pleased to present CSL's 2020 Tax Transparency Report. The report is in keeping with the Australian Voluntary Tax Transparency Code and aims to provide a greater understanding of CSL's tax profile, tax contributions, and the manner in which we govern and manage our tax obligations. The report is intended to provide more information in relation to our international tax footprint and our related party dealings, reflecting the global and integrated nature of our business.

For more than 100 years, CSL has protected and improved the health and wellbeing of millions of people in Australia and around the world. Our success as a globally integrated biotherapeutics company is built around key capabilities that span research & development of new technologies, educating patients and providers toward better diagnoses, and the specialised manufacture and distribution of life-saving and life-changing therapies.

CSL's approach to tax is underpinned by our value of Integrity. This is consistent with our commitment to complying with all tax laws in the countries in which we operate. CSL has a low appetite for tax risk and does not engage in aggressive tax planning. Operating with transparency forms a core part of CSL's tax management philosophy and as such we welcome the opportunity to explain the global nature of our business in this report.

While CSL's roots are proudly Australian, CSL is a truly global company, with more than 90% of our revenues and profits derived outside of Australia. Our specialised manufacturing operations span Australia, China, Germany, Switzerland, the United Kingdom, and the United States. With commercial enterprises in over 35 countries, we serve customers and patients in more than 100 countries.

In the year to 30 June 2020, CSL paid US$515.7 million of taxes globally, processed US$939.4m of indirect tax credits, and collected and remitted US$978.7m in indirect and employee taxes. CSL's tax payment profile aligns with our profit generation profile – we pay taxes in the jurisdictions where we make profits.

CSL is subject to the different tax regimes that apply in each of those countries and complies with applicable taxation laws in all the jurisdictions in which we operate, including the OECD Country-by-Country reporting measures. This information provides Tax Authorities around the world with details of how we conduct our business and how CSL's international related parties transact with each other.

CSL supports efforts to promote prevention of tax avoidance and to improve tax transparency in order to support a fairer economy and ensure there is confidence in the robustness of country tax regimes. We encourage governments to continue to work together to ensure tax requirements balance compliance administration with a globally consistent approach to implementing OECD recommendations.

The value of the culture, capabilities and capacity of our organisation 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. Transitioning from preclinical and early clinical studies to commercial manufacture requires a significant investment 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.

John Levy
Acting Chief Financial Officer

About CSL

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.

CSL was originally established by the Australian government in 1916 for the purpose of supplying Australia with vaccines and other bacteriological products. CSL listed on the Australian Securities Exchange (ASX) in 1994, and since that time, has expanded rapidly, initially via the strategic acquisition of a number of businesses. Swiss company, ZLB, was acquired in 2000; Aventis Behring, with operations predominantly in the US and Germany was acquired in 2004; and more recently the influenza vaccine business of Novartis was acquired in 2015.

Each of these acquisitions resulted in CSL acquiring new products and associated advanced manufacturing facilities. These acquisitions, along with a rise in global demand for our products and investment in increased capacity has seen CSL grow rapidly.

Today, the CSL Group 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.

As at 30 June 2020, the CSL Group employed over 27,000 full time equivalents (FTE) and delivered medicines to patients in more than 100 countries.

In the year to 30 June 2020, CSL earned Profit Before Tax of US$2.6 billion, paid US$515.7 million of taxes globally, processed US$939.4m of indirect tax credits, and collected and remitted US$978.7m in indirect and employee taxes.

CSL distributed $8.8 billion in supplier payments, employee wages and benefits, shareholder returns, government taxes and community contributions. In addition, we invested US$1.368 billion in capital expenditure to expand our manufacturing capabilities across all sites to support future demand.

In the year to 30 June 2020, CSL generated US$9.15 billion in revenue. CSL's global footprint is reflected in our sales profile.

External Operating Revenue

53% NORTH AMERICA

13% ASIA PACIFIC (AUS 8%)

27% EU

7% EMERGING MARKETS (ROW)

Our Segments

CSL Behring

CSL Behring is a global leader in developing and delivering high-quality medicines that treat people with 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 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.

CSL Plasma, a division of CSL Behring, operates one of the world's largest plasma collection networks, providing human plasma to CSL Behring for the manufacture and distribution of protein biotherapies. CSL Plasma has over 270 plasma collection centres globally. CSL plasma has developed the most efficient processes and systems that focus on donor and plasma safety, along with donor satisfaction.

Seqirus

Seqirus was established on 31 July 2015, following CSL's acquisition of the Novartis influenza vaccines business, and subsequent integration with bioCSL. 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.

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

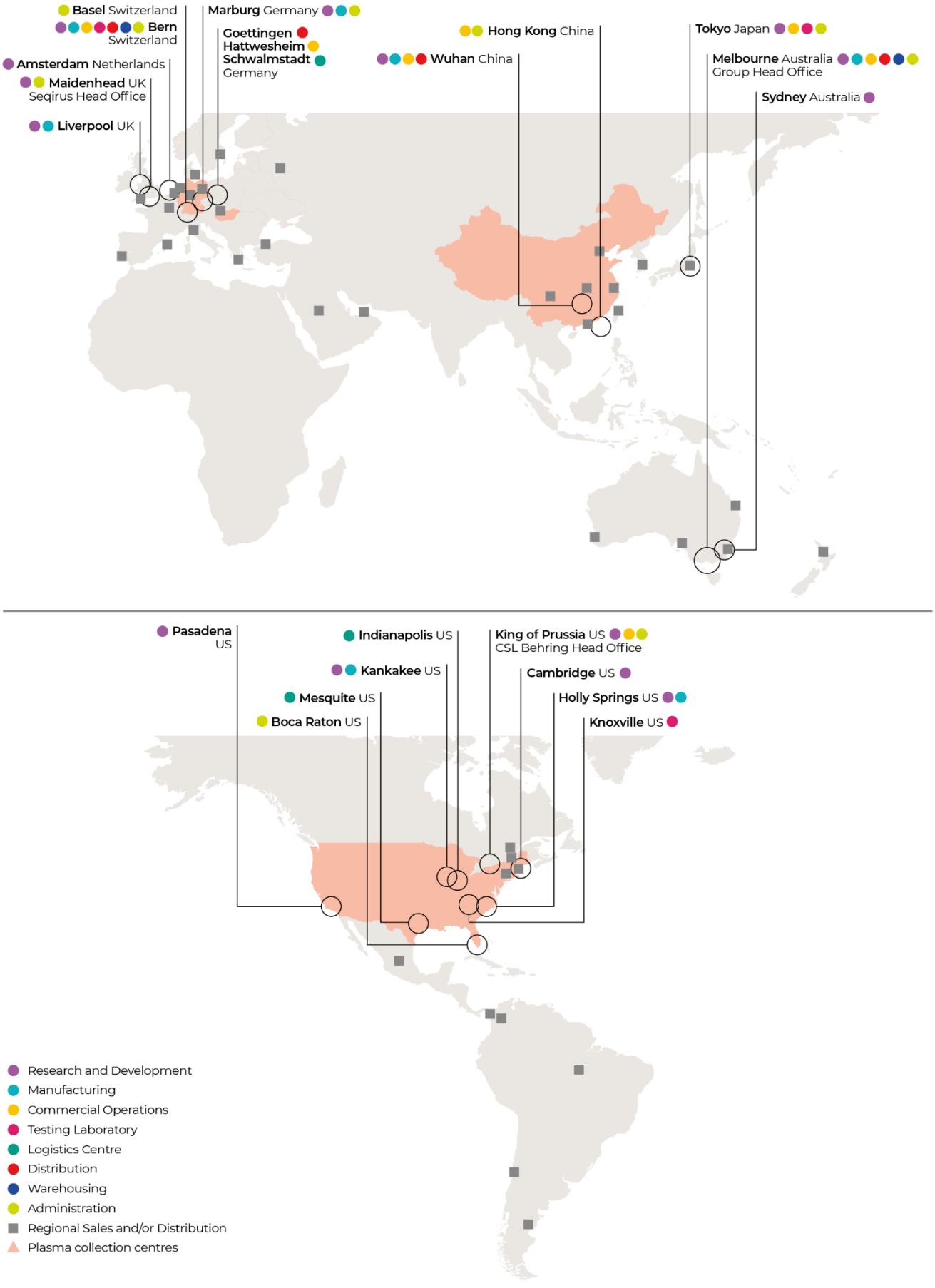
1,700+

R&D employees

270+

Plasma collection centers across China, Europe and North America

Our Locations



CSL Strategy and Innovation

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 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.

Innovation is in our DNA and we are committed to delivering novel therapies to patients in our core Therapeutic Areas (TA). 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 cardiovascular and metabolic, 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 and world-class research institutes, to find the next generation of therapies that will treat patients in the coming years. In order to accelerate the commercialisation of promising biomedical research, CSL has also committed funds to external biomedical research and commercialisation funds in Australia.

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. 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 outlicense assets that have promising therapeutic attributes.

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 for the treatment of haemophilia B. AMT-061 is currently in Phase III clinical trials. The transaction is subject to regulatory approvals and will not close until FY2021.

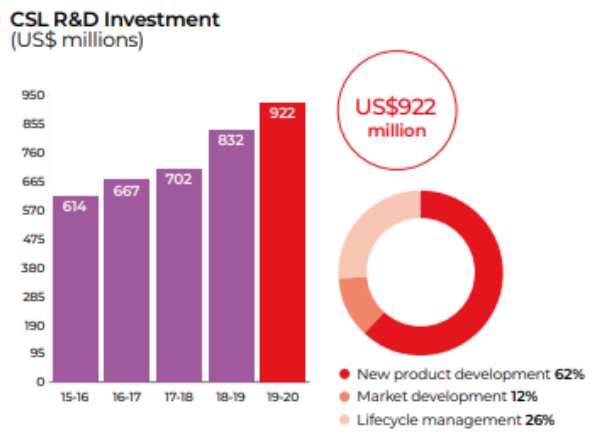
CSL's acquisition of Vitaeris Inc, also in June 2020, expanded our transplant therapeutic area portfolio with the addition of clazakizumab, an anti-interleukin-6 (IL-6) monoclonal antibody (mAb) currently in Phase III clinical trials.

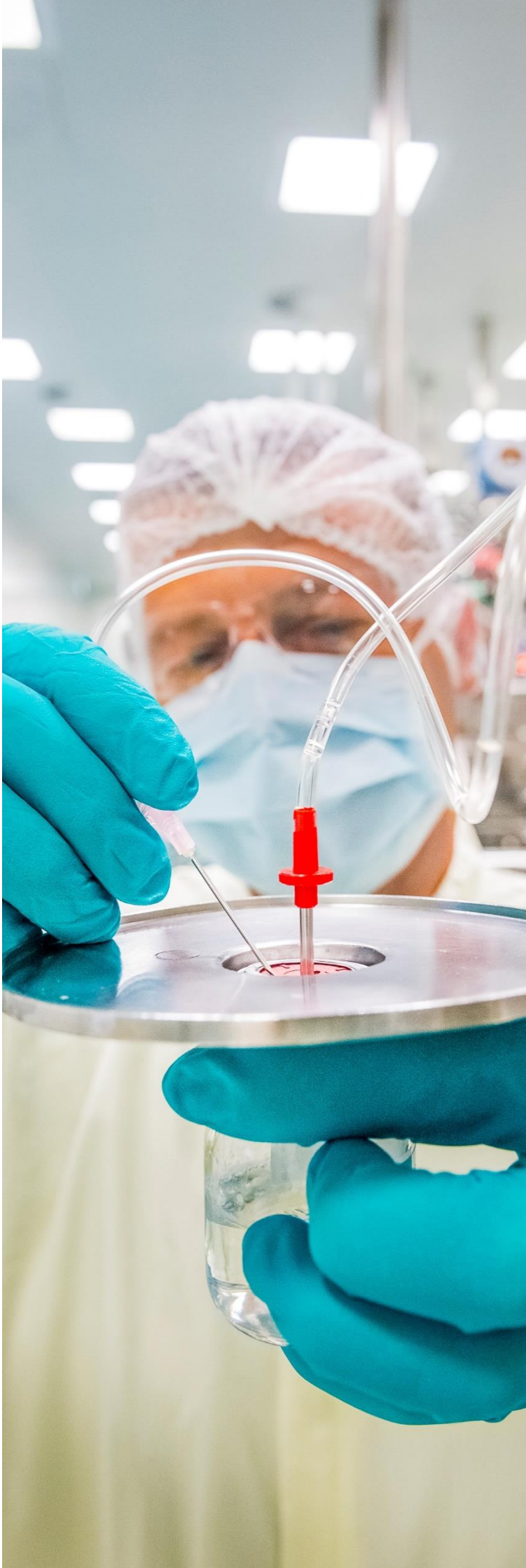
Powered by Innovation

Innovation and collaboration are the engine that drives CSL, and is part of our DNA. We invest in research and development (R&D), enabling our continued growth. Our global R&D activities support innovation in new products and technology, improved products and manufacturing expertise to ensure our continued growth and commitment to fulfill patient's needs. In support of this program, we invested over US$3.7 billion over the last five years.

Our R&D network has over 1,700 R&D staff based around the world. The network operates by assembling co-ordinated teams from around the world, drawing together staff from different countries, depending on their expertise. The activities of our R&D team span research, product development, clinical development, global regulatory affairs and safety.

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. 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.





Addressing the 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. CSL is leading several external collaborations to combat this devastating global pandemic, including the creation of the unprecedented CoVIg-19 Plasma Alliance.

CSL is 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. 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 and the initial phase of large-scale production of the vaccine will take place at CSL's biotech manufacturing facilities in Melbourne, Australia. 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.

Building upon the global CoVIg-19 Plasma Alliance, CSL Behring also 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 and Australian Red Cross Lifeblood

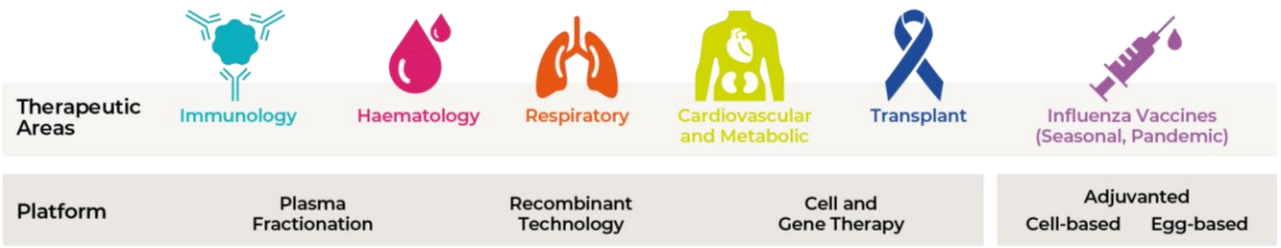
Our R&D Pipeline

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.

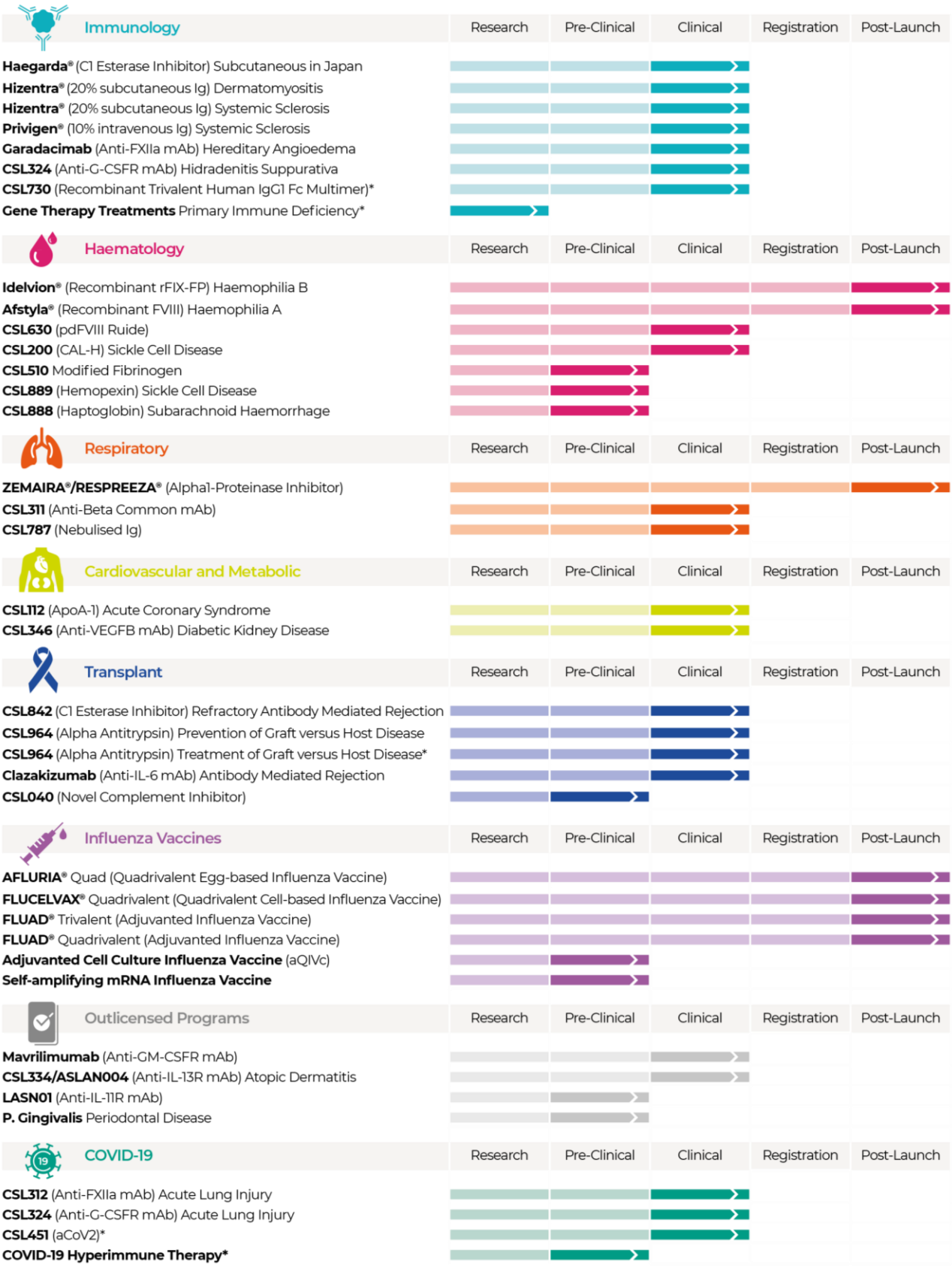
To ensure a robust and diverse innovation pipeline based on a foundation of scientific excellence, CSL Behring has evolved and strengthened its therapeutic area focus and will continue to use its three primary platforms of plasma fractionation, recombinant protein technology and cell and gene therapies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

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.

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.



Our R&D Pipeline



* 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.

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.

Financial resources

Cash, equity and debt for future growth.

Our people

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

Physical assets

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

Natural resources

Includes plasma donations for rare and serious disease; influenza virus trains for product manufacture; and environmental inputs such as water and energy.

Collaborators and business partners

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

Value we create

A heathier 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.

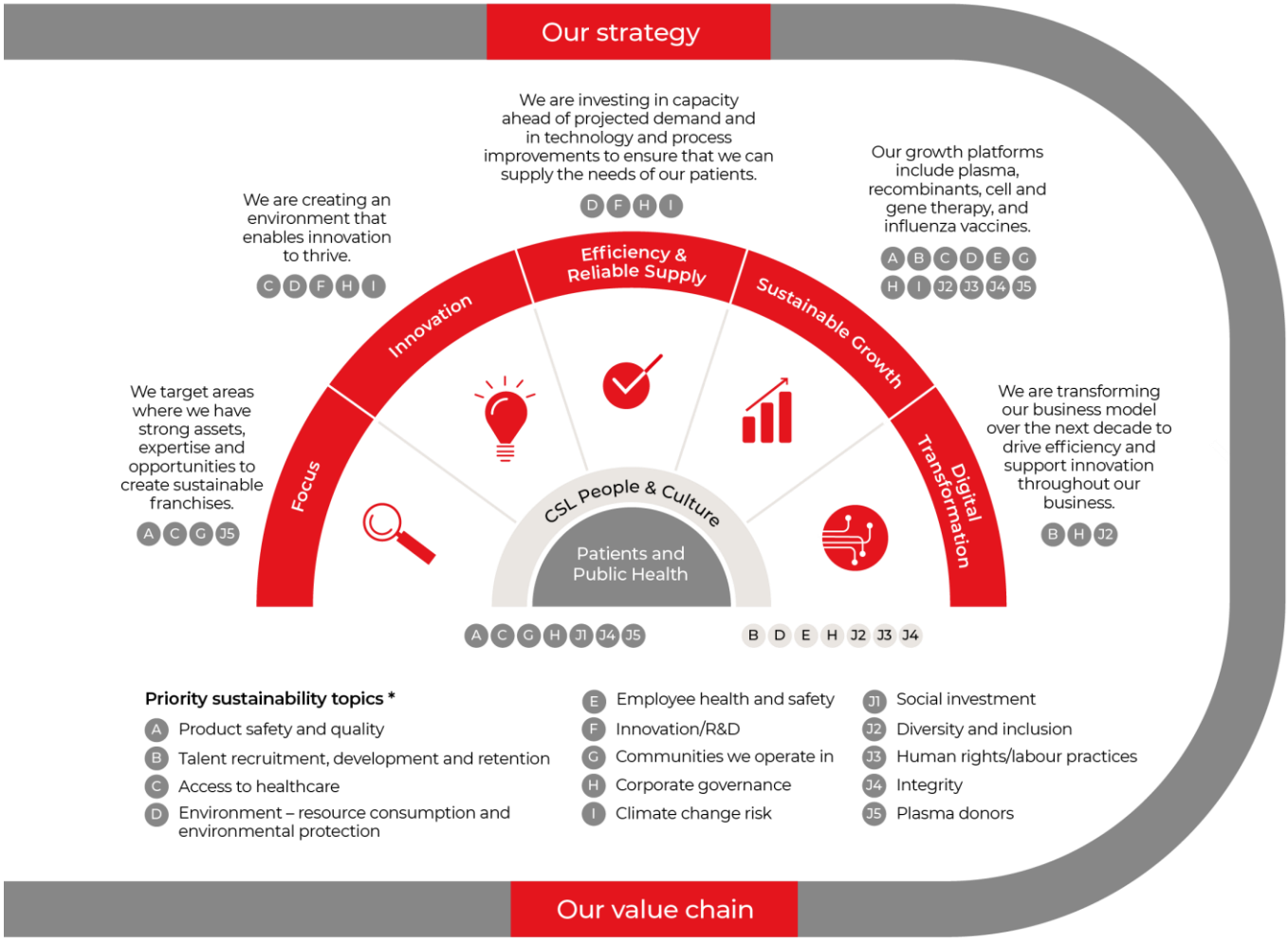
Sustainable financial growth

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



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.

Our Approach to Tax Governance and Tax Strategy

CSL's approach to tax governance and tax strategy is guided by our Code of Responsible Business Practice, which sets out CSL's values and principles of conduct. Our decisions in relation to tax are consistently made in accordance with this code.

At CSL, we are committed to conducting all aspects of our business in an ethical and transparent way. CSL has a low tax risk appetite, and seeks to manage its global tax affairs in a manner that maintains the integrity and reputation of CSL at all times. Tax is considered a core part of CSL's corporate responsibility, and tax governance is overseen by the Board.

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

CSL's approach to tax is guided by the following principles, which are the basis of our Tax Strategy:

Compliance

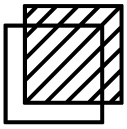
CSL is committed to complying at all times with the requirements of the law, and also with CSL's understanding of the intent of the law. Tax positions adopted must be cogent and well grounded. The principles in the OECD Transfer Pricing Guidelines will be adopted when determining the appropriate transfer price for transactions between International Related Parties.

Governance

The Board approves the Tax Policy, and has ultimate responsibility for ensuring there is an effective process to manage tax risk. The CFO is responsible for monitoring the effectiveness of the Tax Risk Management Framework.

Business Structure

CSL will only implement transactions that are aligned with our business activity, have clear commercial objectives, and do not rely on tax for their commercial viability. We will not operate artificial or aggressive tax structures.



Transparency

Publish an annual tax transparency report to explain our tax payments and a reconciliation between tax and financial results.

Relationships

CSL operates with integrity and transparency to maintain open, respectful and co-operative relationships with Tax Authorities. Where appropriate, CSL will seek advance rulings from Revenue Authorities to provide certainty to CSL.

Summary of CSL's international related party dealings

Collaboration is at the heart of CSL's success, and this is reflected in our globally integrated value chain. Employing more than 27,000 people, we have operations in over 35 countries. In order to best serve the needs of our patients, CSL's companies and employees conduct business with each other throughout the entire value chain to drive an integrated enterprise wide approach and meet the global demand for our lifesaving medicines.

The majority of CSL's related party transactions are between our subsidiary companies located in Australia, Germany, Switzerland, USA and the UK. Over 93% of our employees are located in these countries, working across manufacturing, R&D and commercial operations.

A significant proportion of CSL's growth has been achieved through offshore acquisitions, resulting in a global manufacturing network, and products that are owned by different companies within the CSL group.

To facilitate the development, manufacture, and sales of our products across a global value chain, the relevant 'product owner' will engage other CSL related entities to carry out certain supply chain functions, such as contract R&D, supply of intermediate product, distribution and, in some cases, components of manufacturing.

Pricing of Intercompany Transactions

In line with our Tax Policy, CSL has a robust transfer pricing policy and transfer pricing guidelines in place that comply with the OECD transfer pricing guidelines.

Transactions between related parties are undertaken as if the transactions were carried out between unrelated parties. This is referred to as 'the arm's length principle' and determines how profits are allocated between countries, which in turn is a component of the amount of tax paid in a country.

Transfer pricing is a complex area and its application can be subject to differences in interpretation by global Revenue Authorities.

The following activities are conducted between CSL related parties

Research and Development (R&D)

Strong and productive partnerships are essential for innovative discoveries and for developing new therapies for patients. CSL invests heavily in research, product development and clinical trials. 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. Approximately 10% of global revenue was invested in R&D in 2019/20 to develop clinical candidates and discover new molecules.

Where one CSL entity owns a product, that entity will be responsible for future R&D in relation to that product and may engage other entities around the CSL group to conduct contract R&D on its behalf.

Contract R&D services result in arm's length charges for the R&D services provided by one CSL company to another.

Our R&D pipeline (refer page 10) fuels the company's sustainable growth.

Licencing of IP

There are limited instances in the group where IP is owned by one entity, and that IP is licenced to another company in the group. Where this occurs, an arm's length royalty is paid to the owner of the IP.

Manufacturing

CSL has specialized and integrated manufacturing sites in Australia, Germany, Switzerland, the United Kingdom and United States. Operationalisation of CSL's new End to End Supply Chain model and full global implementation of our Enterprise Resource Planning system ensured that there was tighter integration across the network, better utilisation of assets, diversification of risks and improvements in supply reliability. There are a number of possible related party dealings that occur during the manufacturing stage;

- Raw material (i.e. plasma) for production can be sourced from the CSL network. For example, plasma sourced in the US is provided to Germany and Switzerland, where the plasma is used to manufacture intermediate or finished goods.
- Intermediate product can be provided by one manufacturing facility to another for further processing. For example, our manufacturing site in the US provides intermediate product, typically a 'paste' to manufacturing operations in Germany, Switzerland and Australia, where it is converted into finished goods.
- Products can be manufactured by one CSL entity on behalf of another – this can occur where the product owner does not have sufficient manufacturing capacity and also to manage supply risk.

The manufacturer is compensated with an arm's length return for the manufacturing services performed.

Sale of Product

Finished goods are principally sold into local markets through subsidiary distributors. Where the distributor is not the manufacturer, the distributor purchases the finished product at an arm's length price. CSL has distribution entities throughout the world.

Financing

CSL has limited instances of inter-company loans. Arm's length interest rates are charged in respect of any intercompany loans.

Management and Marketing Fees

A number of management, marketing, finance and administrative functions are performed by certain entities within the group that benefit other CSL entities worldwide.

This is more efficient than if each country was to also perform the same function. The entity providing the service charges the recipient entities an arm's length fee.

Note

For the purposes of clarity for Australian tax transparency reporting, Australia engages with its related parties in each of the above categories except for inter-company loans.

CSL'S MATERIAL SUBSIDIARIES *

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

* Extracted from Note 17 of the 2020 CSL Limited Annual Report.

^ This entity was named Zenyth Therapeutics Pty Ltd until 1 June 2019.

Overview of Activities in Key Jurisdictions

AUSTRALIA

US$752m
EXTERNAL OPERATING REVENUE

(US$1m)
LOSS

US$18m
INCOME TAX PAID

US$35m
TOTAL TAX PAID

US$424m
R&D EXPENDITURE

2,755
NUMBER OF EMPLOYEES

CSL is headquartered in Melbourne, Australia and listed on the Australian Securities Exchange.

CSL Behring

CSL Behring's biotherapies manufacturing site at Broadmeadows, Victoria, is a substantial part of the Australian business. CSL Behring is the national plasma fractionator for the Australian Government and manufactures a range of life saving plasma-derived therapies for the treatment of the Australian community.

The Australian manufacturing plant also provides plasma fractionation services to Hong Kong, Malaysia, New Zealand, Singapore and Taiwan.

Over A$723m has been invested in manufacturing infrastructure at this site over the last five years. CSL continues to invest in the Broadmeadows site, and has committed to further expand its facilities over the next three years. This includes base fractionation capacity expansion. These investments will help to meet future demand for our products by expanding production capacity and supporting end to-end manufacturing of plasma-derived therapies.

Seqirus

Seqirus Australia manufactures egg based influenza vaccine and products of national significance to Australia at its Parkville facility, including antivenoms and Q fever vaccine.

Seqirus is also a leading provider of in-licensed vaccines and specialty pharmaceuticals and markets and distributes a range of vaccines and specialty pharmaceuticals in Australia.

Research & Development

In response to COVID-19, CSL partnered 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. CSL also began 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.

CSL continues to invest in Melbourne as an important R&D centre for the group, with CSL's Global Hub for Research and Translational Medicine being based in Australia in the Bio21 institute in Parkville.

CSL also broke 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.

CSL Australia owns and funds a significant proportion of the group's new research projects. This significant spend on R&D contributed to the loss position for 2020. The largest clinical trial ever undertaken by CSL (for CSL112) has been able to progress despite some slowing due to COVID-19. CSL112 has the potential to reduce early recurrent cardiovascular events.

CSL's strong commitment to funding and conducting R&D in Australia is supported by the Australian government's R&D policy. Much of the R&D undertaken in Australia is eligible for the Australian Government's R&D tax offset regime, which provides a tax concession as an incentive for companies to conduct R&D in Australia. This concession effectively provides an additional 8.5% tax benefit on eligible R&D expenditure up to the capped amount of A$100 million.

Dividends

CSL Limited – as the parent entity of the CSL group, receives dividends from subsidiary entities. Dividends received from wholly owned subsidiaries are not subject to further taxation in Australia. The intra group dividends of US$1.4bn received have been excluded in deriving the loss number above.

Overview of Activities in Key Jurisdictions

SWITZERLAND

US$286m
EXTERNAL OPERATING REVENUE

US$1,286m
PROFIT

US$106m
INCOME TAX PAID

US$107m
TOTAL TAX PAID

US$205m
R&D EXPENDITURE

1,954
NUMBER OF EMPLOYEES

CSL Behring

CSL's operations in Switzerland primarily manufacture finished products, and is the owner of intravenous and subcutaneous immunoglobulin products such as PRIVIGEN ® and HIZENTRA ®. Immunoglobulins are used in the management of primary and secondary immunodeficiency diseases, neurology and oncology conditions.

The Swiss entities sell the products to Swiss third parties, and sell to the CSL group distribution entities for on sale to third parties overseas.

In order to meet patient demand for product, CSL Switzerland's technology is used by other manufacturing entities in the CSL network to manufacture immunoglobulins.

CSL's Swiss operations sell intermediate paste that is not required for its own manufacturing operations to other network companies for further manufacturing.

CSL's existing Swiss manufacturing facilities are based in Bern. The major capital expansion program is ongoing, to expand manufacturing capacity to deliver additional volumes of existing immunoglobulin products to patients globally. CSL is investing CHF 330 million in the project. This expansion will allow an additional 90,000 patients to live an improved quality of life.

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 it 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.

Research & Development

Our Swiss operations perform R&D activities such as product development and regulatory affairs, for the local business entity and for other companies in the CSL group.

During the financial year, CSL officially opened 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 will conduct research and enter into meaningful collaborations with scientists from both the academic and start-up arenas.

Overview of Activities in Key Jurisdictions

GERMANY

US$826m
EXTERNAL OPERATING REVENUE

US$465m
PROFIT

US$172m
INCOME TAX PAID

US$177m
TOTAL TAX PAID

US$44m
R&D EXPENDITURE

3,647
NUMBER OF EMPLOYEES

CSL Behring

CSL's German operations own and manufacture human plasma based coagulation products used to manage bleeding in patients with bleeding disorders such as haemophilia, along with critical care products and a broad range of specialty products, such as HAEGARDA® and BERNINERT®. The German entity sells their products to third parties in Germany, and to the CSL group distribution entities for on sale to third parties overseas.

CSL's German operations purchase and sell plasma and intermediate product to and from other network companies, for use in manufacturing operations. The German business also manufactures product on behalf of another entity in the CSL network.

The manufacturing operations are based in Marburg where a new base fractionation facility is currently under construction. Investment is also underway to support increased capacity and is expected to be completed in 2023. This investment will support production of the company's treatments for hereditary angioedema (HAE), a rare disease that causes dangerous swelling episodes. The capacity expansion will promote an efficient, seamless production chain with a new, state-of-the-art plant.

CSL Plasma

CSL Plasma's EU headquarters are based in Marburg. CSL Plasma Germany collects, purchases and sells source plasma to CSL network companies for further processing into intermediate, semi-finished and finished products. CSL Plasma in Germany also has plasma testing and logistics capabilities.

Research & Development

Our German R&D team is based at Marburg, and undertake R&D activities across the full spectrum of R&D functions, including research, product and clinical development and global regulatory affairs. The German based R&D team conduct activities in relation to German owned products and provide R&D services to other CSL companies.

During the financial year, CSL began 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 further opportunity for external partners and collaborators to work with us.

Overview of Activities in Key Jurisdictions

US

US$4,598m
EXTERNAL OPERATING REVENUE

US$716m
PROFIT

US$56m
INCOME TAX PAID

US$158m
TOTAL TAX PAID

US$217m
R&D EXPENDITURE

14,844
NUMBER OF EMPLOYEES

CSL Behring

CSL Behring's operational headquarters is located in King of Prussia, Pennsylvania, and manufacturing operations in Kankakee, Illinois. The Kankakee operation primarily manufactures intermediate products that are shipped worldwide to the CSL manufacturing network for further manufacture into final finished products. Finished products manufactured include albumin, which is used to treat blood volume loss as a result of trauma or surgery and Zemaira, which is used to treat hereditary emphysema.

CSL Behring US manufactures some products on behalf of other CSL companies. This occurs where the IP owner has manufacturing capacity constraints.

CSL has invested heavily in expanding existing base fractionation and albumin production capacity and continues to invest heavily in expanding Kankakee's base fractionation capacity. Due to continued investment in the US business, CSL is entitled to immediate tax deductions for fixed assets.

The US market is a key market for CSL products, and the US operation is the distributor for all of the CSL products in the US market.

CSL Plasma

CSL operates one of the largest plasma collection networks in the world, through our subsidiary CSL Plasma. CSL Plasma is headquartered in Boca Raton, Florida, and is responsible for the efficient sourcing of plasma for use in the CSL Behring business. There are now approximately 260 plasma collection centres in the US, with 40 new plasma collection centres opened in 2019/2020 to meet the demand for plasma.

In FY2020, the vast majority of plasma was sourced from CSL Plasma collection centres located in the United States. Innovation with respect to plasma collection is of increasing importance and CSL Plasma has developed the most efficient processes and systems in the plasma industry. Plasma is provided to the CSL Behring network for the manufacture of plasma protein therapies.

Seqirus

Seqirus has a state-of-the-art facility at Holly Springs, North Carolina, where cell based technology is used for the production of FLUCELVAX® QUADRIVALENT influenza vaccine.

A US$140 million expansion at the site is currently underway to increase capacity to supply global markets with influenza vaccines. The facility also retains capacity for rapid ramp up of pandemic vaccine production.

Research & Development

The US based R&D team has a strong focus on clinical development and product commercialisation.

In FY2020, CSL expanded CSL Behring's R&D facility in Pasadena, California. The expansion includes the addition of 845 square metres of laboratory and office space and will allow for growth in various functions including Cell Manufacturing, Clinical Operations and support functions.

CSL also opened its first laboratory in Philadelphia. Located at the University City Science Center, this CSL R&D laboratory will continue to maximise our ability to identify and help commercialise potential new medicines.

Both the CSL Behring and Seqirus businesses qualify for the R&D credit in respect of work performed in the US. This provides a tax credit in respect of qualifying R&D.

Overview of Activities in Key Jurisdictions

UK

US$478m
EXTERNAL OPERATING REVENUE

US$157m
PROFIT

(US$0.3m)
INCOME TAX PAID

US$7m
TOTAL TAX PAID

US$26m
R&D EXPENDITURE

792
NUMBER OF EMPLOYEES

CSL Behring

CSL Behring UK is a distributor of CSL products to third parties in the UK market. It does not have any manufacturing facilities in the UK, nor does it own any product technology.

Seqirus

CSL's principal business in the UK is Seqirus. Seqirus has a corporate hub in Maidenhead, Berkshire that provides various central headquarter services to Seqirus entities around the world.

Seqirus' Liverpool site manufactures and formulates bulk material for a range of influenza vaccines.

The Liverpool site is the largest influenza vaccine manufacturing site in the UK, and one of the largest in Europe.

In FY2020, Seqirus Liverpool optimised the process for incubation of eggs pre-inoculation that resulted in yield improvement in certain strains of 15%. Liverpool also 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.

Seqirus UK secured Authorised Economic Operator (AEO) status in 2019/20, confirming the quality of the organisation's processes with World Customs Organization (WCO) standards. 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.

In November 2017, Seqirus announced a new £40 million investment for a new fill and finish facility at our Liverpool site, which is scheduled to be operational in 2021.

Seqirus was newly formed in 2015 when CSL acquired the influenza vaccine business of Novartis. During the first years of operation, the Seqirus business incurred losses, primarily on the set up of a new global influenza business and as a result of R&D spend. From a tax perspective, losses incurred are available for future carry forward against future taxable income of the Seqirus business. Seqirus UK has substantial carried forward losses, derived from the establishment of its worldwide influenza business, particularly its early investment in R&D.

As a result of changes to the UK tax rules, which limit loss utilization to 50% of the current year profits, the first payments of UK corporate tax were made in FY 19.

While the Behring business in the UK is tax paying, a prior year refund was received in FY20 which resulted in a net income tax refund of US$0.3m.

Research & Development

There are R&D facilities based at Liverpool. The focus of the UK R&D team is on the Seqirus business.

Our Global Tax Profile

Calculation of Tax Expense

The Global Effective Tax Rate represents the tax expense calculated in accordance with Australian Accounting Standards, and is included in CSL's annual report. This is calculated by dividing the profit before tax by the income tax expense. It reflects the amount of tax that is expected to be paid on the year's activities.

Consolidated Entity
Values Per CSL Limited 2020 Annual Report

	2020 US$m
Profit before income tax expense	**2,572.7**
Income tax expense	(470.2)
Net profit for the period	**2,102.5**
Global Effective Tax Rate	**18%**

Australian Effective Tax Rate

	2020 US$m
Profit before income tax expense	**1,403.8**
Less Exempt Dividend[1]	(1,405.0)
Net Loss (after adjustment for tax exempt dividend)	**(1.2)**
Income Tax Calculated at 30%	(0.4)
Research & Development	(5.5)
Over/(under) provision in prior year	7.2
Other (non-assessable)/non-deductible amounts[2]	(21.6)
Income Tax Expense	**(20.3)**

[1] Under Division 768A of the Income Tax Assessment Act 1997, foreign dividends received from subsidiaries are not subject to Australian income tax.
[2] This includes expenses such as acquisition costs on new investments, non-deductible interest costs due to thin capitalisation restrictions and non- assessable / non-deductible foreign exchange movements.

Reconciliation of Accounting Profit to Tax Expense

The effective tax rate differs from the statutory tax rate of 30% due to differences in tax rates in the countries in which we operate, incentives such as R&D or any other country specific allowances and disallowance or limitation of certain deductions in some countries.

Consolidated Entity

	2020 US$m
Profit before income tax	**2,572.7**
Income tax calculated at 30%	**771.8**
Effects of different rates of tax on overseas income[1]	(325.8)
Research and development[2]	(22.8)
Over/(under) provision in prior year	31.2
Revaluation of deferred tax balances[3]	51.7
Other non-deductible expenses[4]	(35.9)
Income tax expense	**470.2**

[1] This arises due to the global nature of CSL's business. CSL pays tax in the jurisdiction where the income is earned. Some of the jurisdictions we operate in, such as the US, the UK and Switzerland have lower corporate income tax rates than Australia.
[2] Governments around the world offer tax incentives to companies that spend money on qualifying research and development activity. This is in recognition of the value and importance of such expenditure. CSL claims R&D tax incentives in Australia and the US.
[3] Due to tax rate changes.
[4] This includes expenses such as acquisition costs on new investments, non-deductible interest costs due to thin capitalisation restrictions and non-assessable / non-deductible foreign exchange movements.

Calculation of Effective Cash Tax Rate

The Effective Cash Tax Rate represents the tax rate based on total income tax paid to tax authorities during the year. This will always differ from the Effective Tax Rate for the period calculated for accounting purposes. This is due to a variety of factors, such as, cash tax paid in the year may relate to the profits from prior years or determined by reference to fixed instalment rates set by tax authorities. In some key jurisdictions, there may therefore be a significant time lag with respect to tax payments for a particular year. There are also differences in accounting and tax depreciation rates that impact the timing of tax payments, and other tax and accounting timing differences.

Consolidated Entity

	2020 US$m
Profit before income tax expense	**2,572.7**
Income taxes paid	384.2
Global Cash Tax Rate	**15%**

Reconciliation of Tax Expense to Income Tax Payable in respect of Current Year Profits

	2020 US$m
Tax Expense on profit before tax	470.2
Total net deferred tax movements affecting tax payable	(9.3)
Amounts charged to other comprehensive income	(0.1)
Amounts credited to equity	(9.6)
Amounts credited to translation reserve	0.0
Income Tax Payable in Respect of Current Year Profits	**451.2**

Taxes Paid

Country of Operation	Corporate Income Tax Paid USDm	Employee Taxes Paid USDm	Other USDm	Total Taxes Paid USDm
Australia	18.4	14.2	2.1	**34.8**
Switzerland	105.5	-	1.1	**106.6**
Germany	172.0	-	4.6	**176.6**
US	55.6	64.7	37.6	**158.0**
UK	(0.3)[2]	7.2	-	**6.9**
RoW[1]	32.8	-	-	**32.8**
Total	**384.2**	**86.1**	**45.4**	**515.7**

Other Taxes Collected and Remitted

Country of Operation	GST/VAT Collected USDm	GST/VAT Paid but reclaimed USDm	Employee Taxes Remitted USDm	Other USDm	Total Taxes Collected USDm
Australia	147.6	(134.3)	74.4	-	**87.7**
Switzerland	152.2	(120.3)	5.4	-	**37.3**
Germany	132.5	(590.1)[3]	70.9	-	**(386.7)**
US			237.3	38.1	**275.4**
UK	91.1	(94.7)	29.3		**25.7**
Total	**523.4**	**(939.4)**	**417.3**	**38.1**	**39.4**

[1] For materiality reasons, only corporate income tax has been disclosed for RoW.
[2] Due to receipt of prior year related dividend withholding tax refund. Corporate income tax paid in relation to FY20 was $3.5m.
[3] Due to high levels of capital expenditure.

Basis of Report Preparation

The purpose of this report is to provide an overview of the tax contribution made by CSL and provide further information in relation to CSL's tax governance process and tax profile.

The Australian component of the report, has been prepared in line with the Voluntary Tax Transparency Code.

Publication of our approach to tax strategy and tax governance is regarded as satisfying Paragraph 16(2), Schedule 19, Finance Act 2016 (UK).

Currency

Unless specifically noted otherwise, the data has been disclosed in US dollars.

Income Tax payments have been translated at the exchange rate at date of payment. The balance of tax payments have been translated at the average exchange rate for the year.

External Operating Revenue

This represents the revenue received on sales to third parties, and any other third party operating revenue. It does not include revenue from sales by the product owner to the group distribution companies.

Income Tax Paid

Income tax paid is calculated as the cash tax paid in the year 1 July 2019 – 30 June 2020. It is the amount of tax paid by the CSL companies in that country. It includes both payments made to the local Revenue Authority, and also any withholding taxes paid to foreign governments.

Number of Employees

In relation to individual countries: This is calculated based on FTE's. Total global employees is based on employee numbers, including part time employees (as per the annual report).

Other Taxes

This includes items such as property taxes, pharmaceutical taxes, sales and use tax, carbon taxes etc.

Profit

Profit disclosed on a Country Level Basis

The profit disclosed is based on the local statutory profit before tax, excluding intercompany dividends.

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