



CSL



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

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Introduction from the Chief Financial Officer



I am pleased to present CSL's Tax Transparency Report for the year ended 30 June 2022. 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 provides 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 biopharmaceuticals company is built around key capabilities that span research and development of new technologies, educating patients and providers toward better diagnoses, and the specialised manufacture and distribution of life-saving and life-changing therapies and vaccines.

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, despite the ever-evolving nature of the tax regulatory landscape from both a global OECD perspective as well as in local jurisdictions.

A major focus of the CSL Board is on governance, which includes ensuring we are focused on having rigorous, best-practice frameworks in place to ensure we are able to continue to deliver on our long track record of exceptional governance.

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 derived outside of Australia. Our specialised manufacturing operations span Australia, China, Germany, Switzerland, the United Kingdom, and the United States. We operate in over 40 countries and serve patients in more than 100 countries.

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 continues to support efforts to improve tax transparency in order to support a fairer economy and ensure there is confidence in the robustness of country tax regimes. We support the work undertaken by the OECD in relation to Pillar One and Pillar Two requirements and the position that income earned in a country should be reflective of the economic activity undertaken in that country. We encourage

governments to continue to work together to adopt a globally consistent approach to these requirements in order to balance the compliance complexity for companies operating across a number of territories.

In the year to 30 June 2022, CSL paid US\$633 million of taxes globally, processed US\$808 million of indirect tax credits, and collected and remitted US\$1.3 billion 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.

Although the global pandemic has entered a new phase, the operating environment continues to prove testing. In the face of significant geopolitical issues, we are committed to ensuring that the people who rely on our vaccines and therapies remain a priority for CSL.

From developing new, innovative therapies for diseases to enabling greater access to life-saving vaccines, protecting the safety and wellbeing of our patients and communities around the world sits at the center of our purpose as a business. This requires continuous engagement with the stakeholders we depend upon to fulfill our promise. Tax payments are an important component of CSL's ongoing contribution to the broader communities in which we operate.

We will continue to operate with resilience, integrity and agility to deliver sustainable growth.

A handwritten signature in black ink, reading "Joy Linton". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Joy Linton
Chief Financial Officer

About CSL

CSL is a global biotechnology leader which develops and delivers innovative therapies and vaccines that save lives, protect the health of communities around the world, and help people with serious and life-threatening conditions live full lives.

The Commonwealth Serum Laboratories was established in Australia in 1916 to service the health needs of a nation isolated by war. CSL Limited was incorporated in 1991 and listed on the Australian Securities Exchange (ASX) in 1994. Since that time, CSL has expanded rapidly through strategic acquisitions 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; the influenza vaccine business of Novartis was acquired in 2015; and Vitaeris was acquired in June 2020 which expanded our transplant therapeutic area portfolio. CSL also entered the cell and gene therapy field in 2017 with the acquisition of Calimmune, and in 2020/21 expanded our reach in this therapeutic area through the commercialization and license agreement with uniQure for EtranaDez, a potential gene therapy candidate for haemophilia B.

During the financial year ended 30 June 2022, CSL launched an all-cash public tender offer to acquire all the shares in Vifor Pharma AG, a global pharmaceutical company listed on the Swiss stock exchange. Vifor Pharma is focused on the treatment areas of iron deficiency, dialysis, nephrology and rare disease. This acquisition was completed in August 2022 and broadens our global reach and R&D capabilities, providing further opportunities for CSL to bring new and innovative products to the large and underserved community of people suffering with kidney disease and iron deficiencies.

Each of these acquisitions result 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 therapies and vaccines that save lives, protects public health and helps people with life-threatening medical conditions live full lives.

In the year to 30 June 2022, CSL generated US\$10.6 billion in revenue. CSL's global footprint is reflected in our sales profile.

As at 30 June 2022, the CSL Group employed over 30,000 people and delivered medicines to patients in more than 100 countries.

In the year to 30 June 2022, CSL earned Profit Before Tax of US\$2,779.6 million, paid US\$633 million of taxes globally, processed US\$808 million of indirect tax credits, and collected and remitted US\$1.3 billion in indirect and employee taxes.

CSL distributed \$9.9 billion in supplier payments, employee wages and benefits, shareholder returns, government taxes and community contributions. In addition, we invested US\$1,247.7 million in capital expenditure at all manufacturing sites to support future growth.

External Operating Revenue



Our Segments

CSL Behring

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

CSL Behring operates one of the world's largest plasma collection networks CSL Plasma. CSL Plasma has 330 plasma collection centres across China, Europe and North America. CSL plasma has developed the most efficient processes and systems that focus on donor and plasma safety, along with donor satisfaction.

CSL Behring accounts for more than 80% of overall company revenue with substantial markets in more than 100 countries across Asia Pacific, Europe, Latin America and North America.

CSL Seqirus

As one of the leading influenza vaccine providers in the world, CSL Seqirus is a major contributor to the prevention of influenza globally and a transcontinental partner in pandemic preparedness. In Australia and New Zealand, CSL Seqirus is a leading provider of in-licensed vaccines and specialty pharmaceuticals. It is also the world's only supplier of a unique range of products made in the national interest for the Australian Government, including antivenoms and Q fever vaccine.

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

CSL Vifor

The newest member of the CSL family, the acquisition of Vifor Pharma was completed in August 2022. CSL Vifor is a global leader in iron deficiency and nephrology and is committed to launching the next generation of therapies to truly address the full spectrum of kidney disease, with a focus on dialysis and rare disease.

CSL at a glance at 30 June 2022



40+

Countries of operations around the world



30,000+

employees around the world



US\$10.6

billion in annual revenue



2,000+

R&D employees



US\$4.6

billion in R&D investments in the last 5 years to advance product pipeline

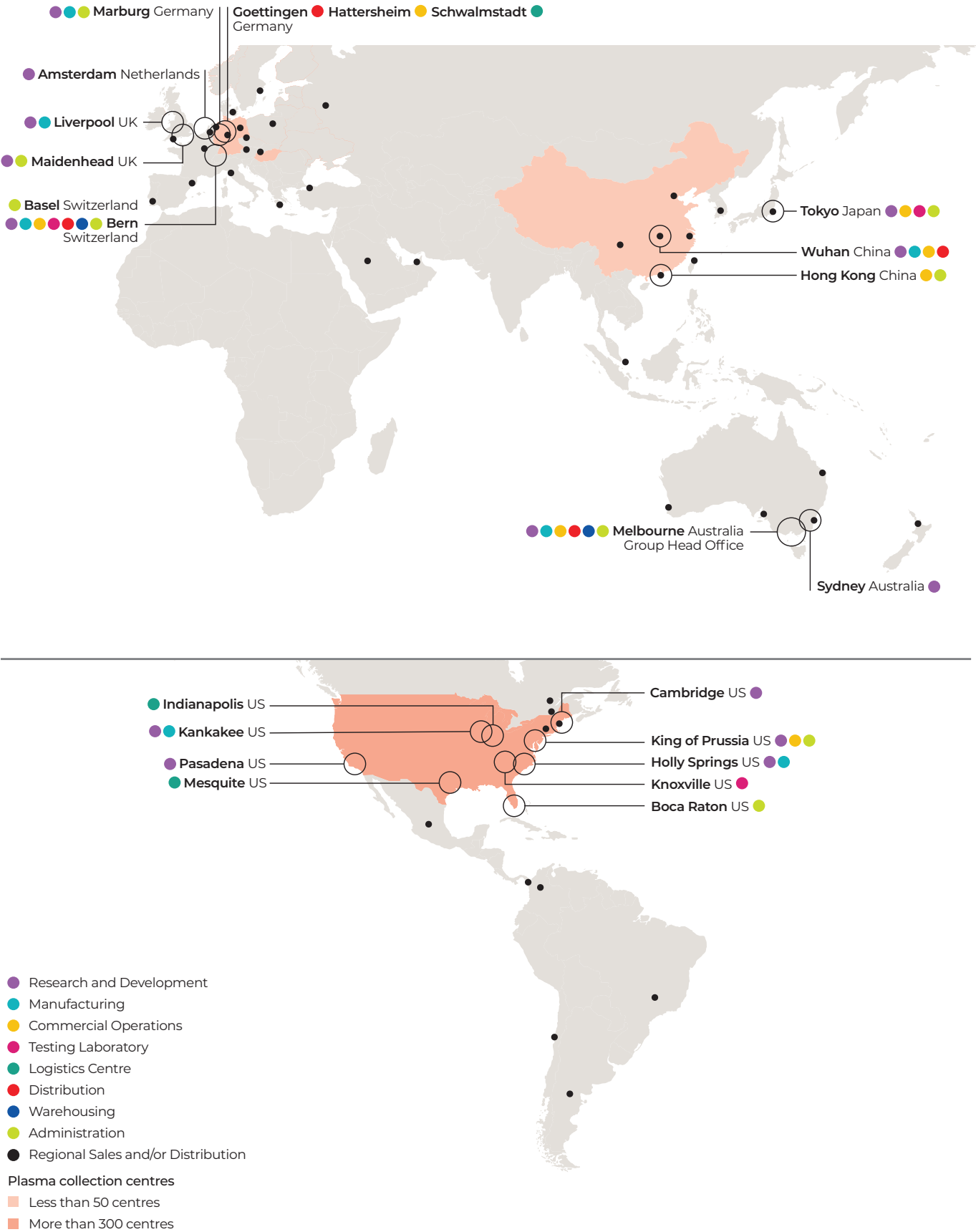


330

Plasma collection centres across China, Europe and North America



Our Locations at 30 June 2022



Our Future Prospects

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

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

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

The core plasma and influenza vaccines platforms have advantages that position us for growth over the long term, and provide competitive advantage over our peers. They deliver products that are complex to make, and require special skills that are not easily replicable.

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

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

We do expect some cost pressure due to inflation and other supply chain factors, noting that at the time of this writing, inflation is the highest in decades due to supply chain uncertainty, geopolitical challenges including the war in Ukraine and other factors. While policy makers have signalled the priority for fighting inflation, inflation could remain elevated for a sustained period.

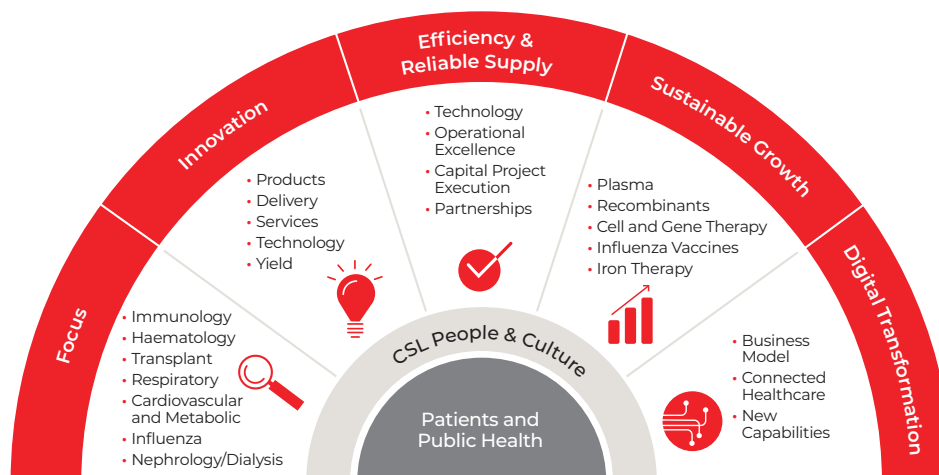
We also expect significant competition from companies manufacturing products similar to ours and the uncertain impact of substitute products that are on the market or in development.

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

- The COVID-19 pandemic has affected the industry's ability to collect plasma, which in turn has caused a tightness in supply of the end products and constrained the industry's ability to fulfill patient demand.
- Our plasma collection volumes have recovered to their pre-pandemic levels. Notwithstanding a long manufacturing cycle (typically 9-12 months) we expect the tightness in supply to alleviate throughout the rest of the calendar year.
- Continued investments over the last few years, including expanding the collections network to over 300 centres and the rollout of the new Terumo plasma collection device, improve the donor experience and gives us a great position to capture growth opportunities.
- Over the past two years, we have experienced strong demand for influenza vaccines as governments look to protect their health systems and populations, and to avoid a twindemic of COVID-19 and influenza. The demand profile is likely to continue to be robust as stakeholders recognise the benefits of population-level protection.
- The acquisition of Vifor Pharma which closed in August 2022 broadens our base with additional growth opportunities in iron replacement, dialysis and nephrology.

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

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



Powered by Innovation

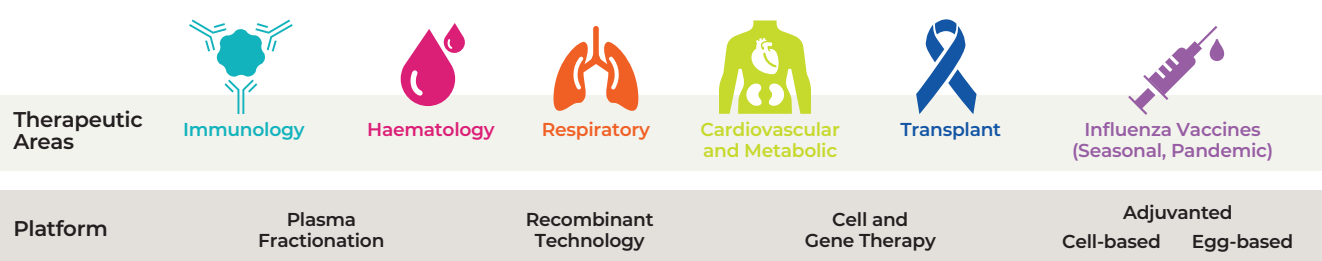
CSL utilizes its expertise in our strategic platforms - plasma fractionation, recombinant protein technology, cell and gene therapy, and vaccines technology to develop and deliver innovative medicines and vaccines that address unmet medical needs, help prevent infectious disease and protect public health, and help patients lead full lives.

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

In FY22, CSL invested US\$1.16 billion in research and development across our businesses.

To be an innovator means that, at times, you will disrupt the status quo and challenge orthodoxies to achieve better outcomes. At CSL, we have a history of disrupting ‘the way things are’. Equally, we are not afraid to also disrupt ourselves if it means an even better experience or outcome for patients and public health. Its an exciting time to be in the business of disruptive innovation for patients, public health, our employees and the CSL business as CSL R&D drives forward with this approach.

Looking towards 2030, we continue to strive to deliver on the current portfolio of medicines and vaccines and build a full and innovative pipeline that will make a meaningful difference to the lives of patients with rare and serious diseases. This pipeline is expected to contribute new revenue streams well into the following decades.



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

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

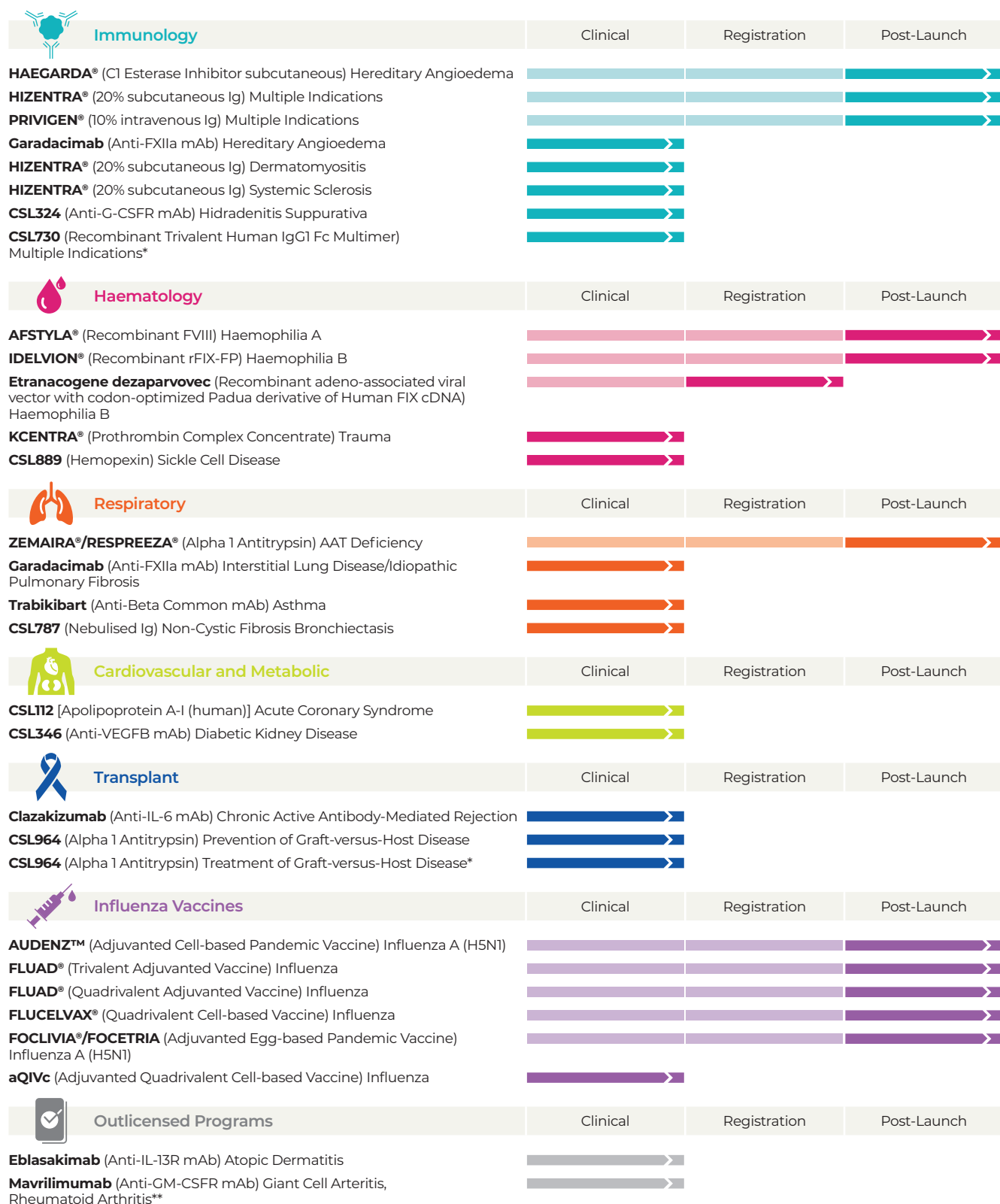
Our R&D pipeline is at the heart of future therapies and our investment in our R&D infrastructure is significant. Construction of our new R&D campus in Marburg, Germany, will complete in calendar 2022 and this building has capacity to house about 500 R&D employees, who will form strong, collaborative linkages with our other R&D campuses around the world.

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



Our R&D Pipeline

Global Research and Development Pipeline 2021/22



* Partnered Project

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

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

Our Value Creation Chain

What we depend on

Unmet need

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

Natural resources

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

Physical assets

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

Our people

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

Financial resources

Cash, equity and debt for future growth.

Collaborators and business partners

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

CSL's Strategy



Our expertise and operations



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

Value we create

A healthier more productive society

Protecting global health and the wellbeing of individuals, families, businesses and communities from life-threatening and/or complications resulting from influenza.

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

Sustainable financial growth

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

Social and economic opportunity

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

Our promise to patients

Our 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 appetite for tax risk, 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.



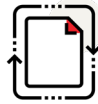
Governance

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

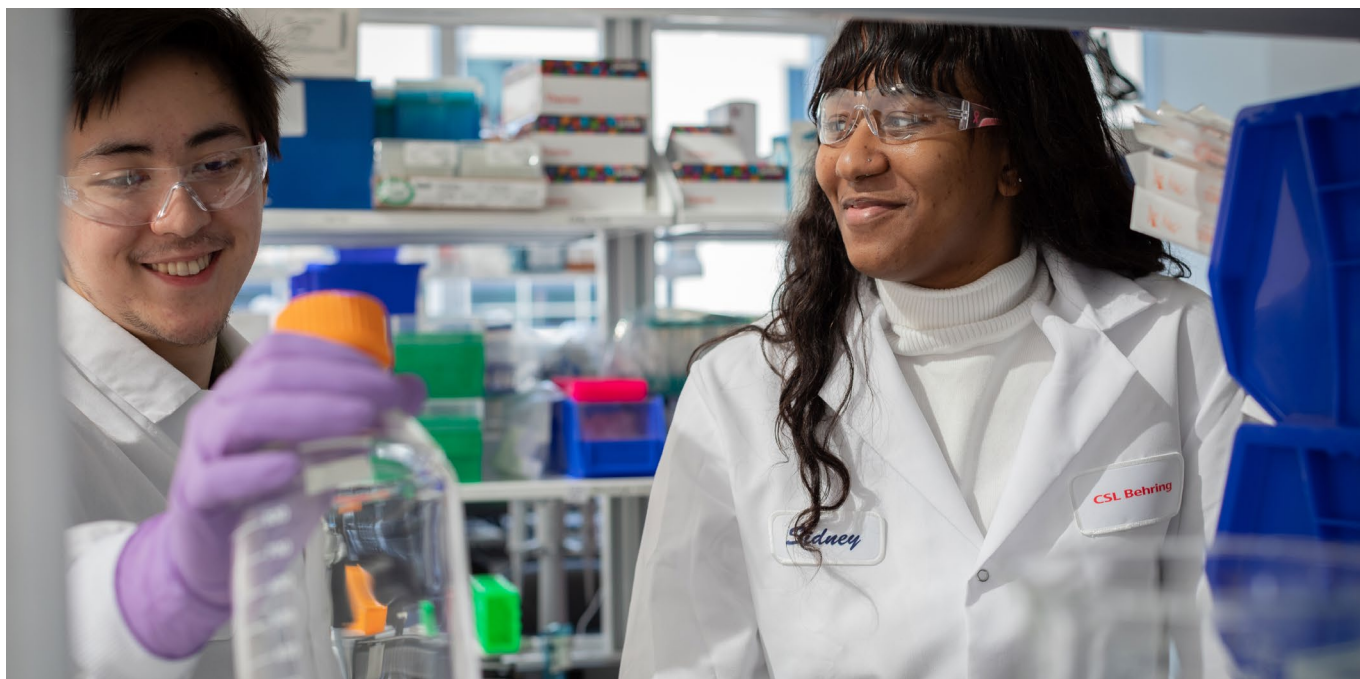
Publish an annual tax transparency report to explain our tax payments and a reconciliation between tax and financial results.



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 30,000 people, we have operations in over 40 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, UK and the US. 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 global acquisitions, resulting in a broad geographical 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. CSL ensures that transactions in our value chain are priced to reflect the value created and OECD principles are applied consistently across the group, in compliance with our tax reporting obligations, with pricing determined by reference to benchmark data.

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

CSL has applied for a series of bilateral Advanced Pricing Arrangements (APAs) with certain tax authorities to reach agreement on pricing in respect of our related party dealings. CSL appreciates the confidence that future focussed agreements provide in relation to ensuring compliance with tax laws.

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 11% of global revenue was invested in R&D in 2021/22 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 fuels the company's sustainable growth.

Licensing of IP

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

Manufacturing

CSL has specialized and integrated manufacturing sites in Australia, Germany, Switzerland, the United Kingdom and United States. CSL's End to End Supply Chain model and our Enterprise Resource Planning system ensures 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; also managing 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 from the product owner. 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.

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
CSLB Holdings Inc	USA	100
CSL Finance Plc	UK	100
CSL Finance Pty Ltd	Australia	100
Seqirus UK Limited	UK	100
Seqirus Pty Ltd	Australia	100
Seqirus Vaccines Limited	UK	100
Seqirus USA Inc	USA	100
Seqirus Inc	USA	100

* Extracted from Note 17 of the 2022 CSL Limited Annual Report.

Overview of Activities in Key Jurisdictions

Australia



US\$1,022.2m

External operating revenue

(US\$26.3m)

Net Loss

US\$65.3m

Income tax paid

US\$86.0m

Total tax paid

US\$480.9m

R&D expenditure

2,749

Number of employees

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

As the pandemic emerged, CSL was able to offer our skills, breadth and capabilities in support of onshore vaccine manufacturing for Australia. CSL partnered with AstraZeneca and the Australian Government so that AstraZeneca's COVID-19 vaccine could be produced in Australia for the domestic market.

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.

Components of our Broadmeadows Base Fractionation facility will be complete in FY23 and CSL is committed to further expanding its facilities (and capacity) in the coming years. These investments help to meet future demand for our products by expanding production capacity and supporting end to-end manufacturing of plasma-derived therapies.

CSL 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. CSL 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.

Construction of a new A\$800+ million cell culture vaccine production facility in Tullamarine has commenced which will further enable supply of cell-based influenza vaccines to Australia and the rest of the world. The facility is expected to be operational in 2026.

Research & Development

CSL's strong commitment to funding and conducting R&D in Australia is demonstrated by CSL's continued investment in Melbourne as an important R&D centre for the group. CSL is a significant contributor to driving innovation and jobs growth in the R&D sector in Australia. Much of the R&D activity undertaken is eligible for the Australian government's R&D tax incentive, which was introduced to encourage investment and jobs growth in this sector. The R&D Tax Incentive provides tax offset benefits for eligible R&D expenditure up to a capped amount of A\$150 million.

Construction of CSL's new global headquarters in the Parkville Biomedical Precinct in Melbourne is scheduled for completion in early 2023. This facility will house around 800 employees, including product development teams from throughout CSL R&D, and include leading-edge laboratories along with space for external collaborators, innovators and start-ups. The facility is just 500m from the Bio21 Institute, where CSL's early stage research team has been based for over 10 years, and will further enable collaboration with other researchers in this multidisciplinary biomedical precinct.

CSL Australia also owns and funds a significant proportion of new research projects, and incurs significant R&D expenditure that contribute to net losses in Australia. These R&D projects present significant opportunities for future profit generation if successful. The largest clinical trial ever undertaken by CSL (for CSL112) is currently in Phase III and continues to progress with over 80% enrolment. CSL112 has the potential to reduce the risk of recurrent cardiovascular events following a heart attack, and will be a transformative treatment offering if it is successful.

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\$934.6 million received have been excluded in deriving the net loss number above.

Overview of Activities in Key Jurisdictions

Switzerland



US\$281.5m

External operating revenue

US\$532m

Profit

US\$90.2m

Income tax paid

US\$92.1m

Total tax paid

US\$231.4m

R&D expenditure

1,687

Number of employees

CSL Behring

CSL's operations in Switzerland primarily manufacture finished products, and is the owner of intravenous and subcutaneous immunoglobulin products 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 products.

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 'Protinus' state-of-the-art immunoglobulin production facility is now operational, with two additional manufacturing lines for immunoglobulin bulk manufacturing, space for a future sterile filling line, utility and logistics rooms, as well as new office workspaces and meeting rooms.

This major capital program expands manufacturing capacity to deliver additional volumes of existing immunoglobulin products to patients globally and 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 recombinant manufacturing facility in Lengnau, Switzerland, the site reached mechanical completion in October 2021.

CSL has entered into a strategic partnership with Thermo Fisher Scientific Inc. for the long-term lease of the Lengnau facility, who have now assumed oversight and operation of the facility in Lengnau. Thermo Fisher will manufacture and supply CSL Behring with IDELVION®, which will be produced in Lengnau.

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. Our Swiss operations derive income from product related intellectual property that qualifies for the recently introduced Swiss patent box regime.

CSL's Swiss Institute for Translational and Entrepreneurial Medicine – known as sitem-insel – is based on the campus of the University of Bern hospital. CSL's Biologics Research Centre is situated at sitem-insel. CSL is the sole large biotechnology company on-site which conducts research and enters into meaningful collaborations with scientists from both the academic and start-up arenas. These collaborations will support the growth of our research pipeline and cutting edge therapeutics.

Overview of Activities in Key Jurisdictions

Germany



US\$781.2m

External operating revenue

US\$509.5m

Profit

US\$153.7m

Income tax paid

US\$157.9m

Total tax paid

US\$43.2m

R&D expenditure

3,589

Number of employees

CSL Behring

CSL's German operations own and manufacture 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 BERINERT®.

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 other entities in the CSL network.

In order to better meet the global demand for its speciality medicines, a large base fractionation production facility is currently being built at the company's Marburg site. In tandem, the company is launching a new project in 2023 aimed at producing a larger volume of drugs to treat hereditary angioedema (HAE).

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.

Construction of the new R&D campus in Marburg commenced in November 2019 and is nearly complete. The new R&D campus will open its doors in September 2022 and will be the new home for about 500 CSL R&D employees as well as hosting academic partners and collaborators. The R&D campus is almost 40,000 square metres including 7,400 m² of laboratory space, 10,300 square metres of working space, a state of the art vivarium and 905 m² of collaborative laboratory space. As one of the homes for our future innovation, innovative sustainability was at the forefront of our mind when we designed the building. It was constructed according to KfW (a German state-owned investment and development bank) eligibility criteria for green financing.

Overview of Activities in Key Jurisdictions

US



US\$5,123.5m

External operating revenue

US\$693.9m

Profit

US\$39.7m

Income tax paid

US\$180.1m

Total tax paid

US\$331.3m

R&D expenditure

18,307

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 also manufactures some products on behalf of other CSL companies where the IP owner has manufacturing capacity constraints.

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 for the manufacture of plasma protein therapies. There are now in excess of 300 plasma collection centres in the US.

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. Whilst plasma collections were adversely impacted in the prior year due to COVID-19, this year saw strong growth of plasma volumes, at an increased cost of collections including donor compensation and labour.

CSL Seqirus

CSL 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. With testing now based in Holly Springs, CSL Seqirus has been able to simplify and streamline the testing process to release FLUCELVAX® influenza vaccine into the US each season.

CSL Seqirus recently completed a US\$156 million expansion of our CSL Seqirus manufacturing facility in Holly Springs, which is a new fill and finish production line that provides CSL Seqirus with the ability to streamline production process more efficiently, and help better meet patient and public health needs. This site provides increased capacity for fill and finish manufacturing of both cell-based and adjuvanted influenza vaccines as well as retaining capacity for rapid ramp up of pandemic vaccine production.

Research & Development

The US based R&D team has a strong focus on clinical development, gene therapy and product commercialisation. In May, we received notice that the US Food and Drug Administration had accepted our Biologics License Application, for priority review, for the promising gene therapy etranacogene dezaparvovec which has been shown in clinical trials to significantly reduce the rate of annual bleeds in people with haemophilia B after a single, one-time infusion compared to when these people were receiving recombinant factor IX therapy alone. If approved, this would be the first ever gene therapy treatment option for the haemophilia B community.

CSL is taking a pioneering role in innovation, leveraging our cell, adjuvant and self-amplifying mRNA (sa-mRNA) technologies. Our new facility in Waltham, Massachusetts will support CSL's growing R&D portfolio, including the sa-mRNA technology platform for seasonal and pandemic influenza vaccines. The custom-built facility includes approximately 13,000 m² overall including 5,000 m² of lab space and can accommodate about 300 full-time employees. All ongoing R&D programs currently taking place in Cambridge will transition to the Waltham facility and it will act as a future North American campus for global research collaborations. The new site is expected to be fully operational later in calendar year 2022.

CSL claims R&D and Orphan Drug credits for qualifying R&D work performed in the US.

Overview of Activities in Key Jurisdictions

UK



US\$596.0m

External operating revenue

US\$616.1m

Profit

US\$42.6m

Income tax paid

US\$51.6m

Total tax paid

US\$46m

R&D expenditure

928

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.

CSL Seqirus

CSL's principal business in the UK is CSL Seqirus. CSL Seqirus has corporate hubs in Maidenhead, Berkshire and Liverpool that provide various central headquarter and shared services to CSL entities around the world.

The Liverpool site is the largest vaccine manufacturing facility in the UK, and one of the largest in Europe. This site is able to produce over 50m doses of seasonal influenza vaccine each year, with the ability to increase production to 200m doses in the event of an influenza pandemic.

CSL Seqirus' Liverpool site manufactures and formulates bulk material for a range of influenza vaccines. The Liverpool site also produces MF59®, CSL Seqirus' novel immune-enhancing adjuvant.

Over the past two years, CSL Seqirus have experienced strong demand for influenza vaccines as governments look to protect their health systems and populations, and to avoid a twindemic of COVID-19 and influenza. The demand profile is likely to continue to be robust as stakeholders recognise the benefits of population-level protection. There is strong demand for CSL Seqirus' differentiated products, in particular FLUAD®, the adjuvanted product for the elderly market.

CSL Seqirus has completed a new capacity expansion project at Liverpool which provides high-speed fill and finish capabilities at the Liverpool site and enables start-to-finish onshore manufacturing in the UK.

CSL Seqirus was newly formed in 2015 when CSL acquired the influenza vaccine business of Novartis.

From a tax perspective, losses incurred during the initial years of operation and set up of a new global influenza business and R&D activity, have now been fully utilized in the period against taxable income of the CSL Seqirus business.

Research & Development

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

Developing new and better vaccines across all age groups in expanded markets is a strategic priority for CSL Seqirus, including further advancing our MF59® adjuvant, to enhance the immune response of those particularly vulnerable to influenza such as children and older adults. We are also investigating a quadrivalent adjuvanted cell culture influenza vaccine (aQIVc) which combines FLUCELVAX® antigen with MF59® adjuvant. Adjuvants can help improve immune response and reduce the amount of antigen needed for each vaccine, enabling more doses to be manufactured more rapidly.

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 income tax expense by the profit before tax. It reflects the amount of tax that is expected to be paid on the year's activities.

Consolidated Entity

Values Per CSL Limited 2022 Annual Report

	2022 US\$m
Profit before income tax expense	2,779.6
Income tax expense	(524.9)
Net profit for the period	2,254.7
Global Effective Tax Rate	19%

Australian Effective Tax Rate

	2022 US\$m
Profit before income tax expense	908.4
Less Exempt Dividend ¹	(934.6)
Net Loss (after adjustment for tax exempt dividend)	(26.2)
Income Tax Calculated at 30%	(7.9)
Research & Development	(11.4)
Under provision in prior year	40.9
Other (non-assessable)/non-deductible amounts ²	7.1
Income Tax Expense	28.7

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 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

	2022 US\$m
Profit before income tax	2,779.6
Income tax calculated at 30%	833.9
Effects of different rates of tax on overseas income ¹	(247.6)
Research and development ²	(62.7)
Under provision in prior year	(51.5)
Revaluation of deferred tax balances	17.7
Other (non-assessable)/non-deductible amounts ³	35.1
Income tax expense	524.9

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 tax incentives as a result of R&D activities in Switzerland, Australia and the US.

3 This includes non-assessable/non-deductible amounts such as 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

	2022 US\$m
Profit before income tax expense	2,779.6
Income taxes paid	457.1
Global Cash Tax Rate	16%

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

	2022 US\$m
Tax Expense on profit before tax	524.9
Total net deferred tax movements affecting tax payable	(213.4)
Amounts charged to other comprehensive income	0.3
Amounts credited to equity	(9.6)
Amounts credited to translation reserve	0.0
Income Tax Payable in Respect of Current Year Profits	302.2

Taxes Paid

Country of Operation	Corporate Income Tax Paid US\$m	Employee Taxes Paid US\$m	Other US\$m	Total Taxes Paid US\$m
Australia	65.3	18.5	2.2	86.0
Switzerland	90.2	0.0	1.9	92.1
Germany	153.7	0.0	4.2	157.9
US	39.7	104.7	35.7	180.1
UK	42.6	9.0	0.0	51.6
RoW ¹	65.7			65.7
Total	457.2	132.2	44.0	633.4

Other Taxes Collected and Remitted

Country of Operation	GST/VAT Collected US\$m	GST/VAT Paid but reclaimed US\$m	Employee Taxes Remitted US\$m	Other US\$m	Total Taxes Collected US\$m
Australia	163.3	(129.9)	87.7		121.1
Switzerland	290.4	(150.3)	6.6		146.7
Germany	164.3	(405.1)	79.7		(161.1)
US			263.1	48.2	311.3
UK	154.0	(123.2)	36.7		67.5
Total	772.0	(808.5)	473.8	48.2	485.5

1 Only corporate income tax has been disclosed for RoW.

Basis of Report Preparation

The purpose of this report is to provide an overview of the tax contribution made by CSL for the financial year ended 30 June 2022 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).

A bilateral Advance Pricing Arrangement (APA) is a procedural agreement between taxpayers and two tax authorities. The APA determines in advance, a set of criteria to be used to determine transfer prices for specific cross-border transactions across a set period of time.

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, as per the annual report. 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 2021 – 30 June 2022. It is the net amount of tax paid or received 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 headcount 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 is disclosed on a Country Level Basis. The profit disclosed is based on the local statutory profit before tax, excluding intercompany dividends.

R&D Expenditure

This represents the expenditure incurred in each country and does not include any impairments otherwise accounted for through R&D Expense for purposes of the annual report.

