





### **Stacy Ahearn**

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

## 2020 Corporate Governance Statement

The CSL Limited Board of Directors is pleased to present CSL's Corporate Governance Statement for 2020. This statement outlines CSL's principal corporate governance practices in place during the financial year ended 30 June 2020. Copies of all governance documents referred to in this statement can be found at CSL.com.

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

The Board believes that CSL's corporate governance practices have complied with the recommendations contained in the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles) throughout the year ended 30 June 2020. In addition, CSL is already compliant with many of the new suggestions in the 4th Edition of the ASX Principles and will report against this edition in its 2021 Corporate Governance Statement.

### 2019/20 Governance Highlights:

- Performance reviews of the Board, Committees and each director were conducted and changes implemented to further enhance the effectiveness of the Board and its Committees.
- CSL's Speak Up Policy was updated and an accompanying training provided to key employees.
- Changes to Board composition occurred as part of the Board's ongoing succession planning, including the appointment of a new independent non-executive director in December 2019.
- During the second half of 2019, directors visited the Seqirus operations in Liverpool, the CSL Behring commercial office in Milan and the CSL Behring operations in Bern. Site visits scheduled for the first half of 2020 were cancelled due to the COVID-19 pandemic.

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

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

Find out more CSL.com



# The Board of Directors

### Relevant governance documents:

- Board Charter
- Corporate Governance and Nomination Committee Charter

### 1.1 Role of the Board

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

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

The Board has delegated the day-to-day management of CSL, and the implementation of approved business plans and strategies, to the Managing Director, who in turn delegates to senior management. To implement this, CSL has a detailed authorisations policy that sets out the decision-making powers which may be exercised at various levels of management.

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

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

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

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

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

Details of Board meetings held during the year and individual directors' attendance at these meetings can be found in our 2020 Directors' Report at section 5.

### 1.2 Board Composition

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

Director	Length of service (as at 30 June 2020)	Independent/Non-independent
Dr Brian McNamee AO	2 years, 4 months	Independent, non-executive director and Chairman
Mr Paul Perreault	7 years, 4 months	Non-independent, executive director
Mr Bruce Brook	8 years, 10 months	Independent, non-executive director
Dr Megan Clark AC	4 years, 4 months	Independent, non-executive director
Professor Andrew Cuthbertson AO	1 year, 8 months	Non-independent, executive director
Ms Carolyn Hewson	7 months	Independent, non -executive director
Mr Abbas Hussain	2 years, 4 months	Independent, non-executive director
Ms Marie McDonald	6 years, 10 months	Independent, non-executive director
Ms Christine O'Reilly	9 years, 4 months	Independent, non-executive director
Dr Tadataka Yamada KBE	3 years, 1 month	Independent, non-executive director (retired October 2019).

### 1.3 Director Independence

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

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

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

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

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

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

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

### 1.4 Nomination and Appointment of Directors

One new director, Ms Carolyn Hewson, was elected to the Board during the financial year.

One director, Dr Tadataka Yamada KBE, retired from the Board during the financial year. Ms Marie McDonald and Dr Megan Clark AC were re-elected as directors at the 2019 Annual General Meeting (AGM).

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

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

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

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

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

# 1.5 Induction of New Directors and Ongoing Development

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

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

In addition to the briefing papers, agenda and related information regularly supplied to directors, the Board has an ongoing professional development and education program designed to give directors further insight into the operation of CSL's business, and to provide opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively. The program includes education on key developments relating to CSL and the industry and environment within which it operates. As part of this program, directors periodically visit CSL's facilities, including major operating sites in the United States (US), Europe and Australia, and attend meetings and information sessions with CSL's local management and employees. The induction program has been modified in recent months to respond to the COVID-19 pandemic.

# The Board of Directors

### 1.6 Knowledge, Skills and Experience

The Board, through its Corporate Governance and Nomination Committee (CGNC), is focused on maintaining an appropriate mix of skills and diversity in its membership. This includes a range of skills, experience and background in the pharmaceutical industry, international business, finance and accounting and management, as well as diversity. The skills assessment method was amended at the same time the skills matrix was reconfigured to reduce complexity. The Board skills matrix set out below describes the combined capabilities of the Board across a range of general and specialist areas.

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

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

The Board considers that collectively its directors have the appropriate range of skills and experience necessary to direct CSL's businesses and achieve CSL's strategic objectives.

Skill Category	Skill Description	Number of Directors
Biopharmaceutical, Biotechnology or Medical	Senior Executive who has deep operational or technical experience with a large global biopharmaceutical, biotechnology or medical organisation (and a deep understanding of patient focus).	4
Global Experience	Global experience working in a globally diverse organisation including a deep understanding of and experience with global markets, economies and international political issues.	9
Strategy	Experience in developing and implementing successful strategies in enterprises with long implementation timelines, large research and development (R&D) programs, and complex supply chains.	7
Risk and Compliance	Experience and deep understanding of risk management and compliance frameworks and controls, ability to identify and oversee mitigation strategies for emerging risk and compliance issues in the organisation.	5
Finance	Board audit/risk management membership or senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls.	4
Capital Projects – Manufacturing/Quality	Experience in an industry with projects involving large-scale capital outlays on manufacturing/quality operations with long term investment horizons, and complex regulatory requirements.	4
Health, Safety, Environment and Corporate Responsibility	Experience related to complex workplace health, safety, environment and corporate responsibility issues within a large patient or stakeholder focussed business enterprise.	2
Change Management, Corporate Culture and Remuneration	Board Human Resources committee membership or senior executive or equivalent experience relating to change management, corporate culture and the remuneration issues applicable in a global organisation.	
R&D/Product Development	Experience in research and development or product development with a large biopharmaceutical, pharmaceutical or medical organisation.	4
Technology	Recent experience and expertise with the development, selection and implementation of leading and transformational technology solutions, leadership in innovative thinking and responding to digital disruption.	2

# 2 Diversity

### Relevant governance documents:

- Diversity Policy
- Code of Responsible Business Practice

### 2.1 Diversity & Inclusion at CSL

CSL's employee brand — Promising Futures — speaks to our commitment to building a workplace where employees can fulfill their career aspirations, realise their potential and be inspired by being part of a purpose-driven company with a values-based culture. This goal requires us to have a culture of inclusion where all employees are respected, valued and able to freely share their perspectives, experiences and ideas.

CSL defines diversity in the broadest of terms, including gender, nationality, ethnicity, disability, sexual orientation, gender identity, age, socioeconomic status, marital/family status, religious beliefs, language, professional and educational background, cultural experiences and any other criteria protected by applicable law or company policy.

We rely on our people's unique perspectives, ideas, capabilities and experiences to deliver for our business, our patients, our communities, our donors and our shareholders.

We believe a diverse workforce and an inclusive environment allows us to:

- · Better understand and connect with our patients;
- Develop strong and sustainable relationships with diverse stakeholders including shareholders, communities, employees, governments, donors, customers and suppliers;
- Attract, retain, develop and engage a diverse workforce to sustain our long-term success;
- · Foster creativity and innovation; and
- $\boldsymbol{\cdot}$  Improve the quality of the decisions that we make.

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



# 2 Diversity

### 2.2 CSL's Diversity Profile

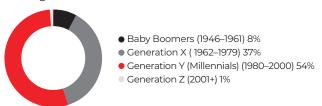
CSL's diverse and growing workforce is located across 39 countries. Our multigenerational workforce includes employees ranging from ages 16 to 81. Millennials continue to make up over half of CSL's total workforce and are the largest and fastest-growing segment in the global workforce overall.

We believe this mix of generational diversity helps ensure we are considering and leveraging a wide range of perspectives and experiences to solve business challenges and develop innovative solutions.

CSL has a strong commitment to advancing women in the workplace. Female employees continue to represent 57% of our global workforce. The Board and executive team monitors the percentage of females in the workforce with a particular focus on senior executive positions. We have met our target of 30% for female representation across our senior executive positions and fell just short (1% below) of our target for female representation for all people management positions, which is currently at 44%. We define People Managers as all managers with three or more direct reports. In line with ASX guidelines, below highlights the proportion of women and men on the Board, in senior executive positions (Senior Director and above), other management roles and across the whole organisation as of 30 June 2020:

### CSL's Generational Diversity Profile

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



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





• Female **44**%

Male **56**%

### People Managers



Female 44%

Male **56**%

### Senior Executives



Female 30%

Male 70%

### All Employees



Female 57%

Male 43%

### 2.3 Report on Measurable Objectives for 2019/2020

Under CSL's Diversity and Inclusion Policy, the Board sets measurable objectives and assesses progress against them on an annual basis. We are pleased to share our year-end progress against our 2019/2020 objectives:

### Objective

### **Description and Measures**

Build diversity in CSL's leader and manager populations with increased measurable targets for women people managers Our efforts to build greater diversity in our leader/manager populations are an ongoing priority and we aim to strengthen our capabilities year-over-year through different investments and initiatives. This year, we made good progress against this objective based on a two-prong strategy – enhancing our overall talent sourcing capabilities and partnerships, while also introducing inclusion-focused training for key roles.

### Achievements include:

- Launch of a Global Diversity and Inclusion curriculum, including meeting our goal of having 100% completion of unconscious bias training for our Talent Acquisition Consultants, HR Professionals and new managers.
- Increased digital diversity recruitment efforts to ensure CSL was positioned as an employer of choice across online sites such as LinkedIn and Biospace.
- Expanded diversity partnerships with organisations, such as Society of Women Engineers,
   PowerToFly and Healthcare Businesswomen's Association (HBA), directly resulting in 88 new female hires.
- Introduction of new dashboards that allow for the integration of diversity analysis and development plans for key talent as part of the succession planning process.
- Conducted two pilots for Competency-based Interview Management to minimise bias. As part
  of this effort, all Plasma hiring managers completed interview and compliance training (over 1,300
  leaders) and all Kankakee new hires completed values-based training.

Sustain CSL's culture by holding leaders accountable to have a diverse workforce and role model values-based, inclusive leadership Creating and maintaining an inclusive workplace is everyone's responsibility at CSL but it is especially true for our people leaders. We need leaders who embody our values and embrace diverse people, thoughts and ideas to deliver the best outcomes for our patients, public health and our business. We are also investing in employee-centric programs that reinforce our values.

### Achievements against this objective include:

- Completed the first stage of implementation of a Global Benefits Minimum Standard for Parental and Caregiver Leave, which supports CSL's commitment to a flexible and healthy workforce.
- Introduced two emergency caregiver policies to support essential employees during the COVID-19 pandemic providing additional support through time-off and/or financial assistance.
- Launched the pilot of our new recognition program Celebrate the Promise that recognises and rewards employees for exemplifying CSL's values and contributing to the company's success.
   Since the program launched in February 2020, 15,699 recognition moments have been given/received via the new platform and we plan to roll it out globally in September 2020.
- Celebrated CSL receiving external recognition for our inclusion efforts, including being named a Best Employer for Diversity by Forbes.
- Administered CSL's employee feedback survey in March/April 2020, which provides actionable
  insights regarding achievement against our strategy to create a culture that attracts, retains
  and develops the best talent. CSL's employee engagement index is four points above the global
  external benchmark.

# 2 Diversity

### Objective

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

### **Description and Measures**

Digital Transformation is a core element of CSL's 2030 Strategy. With rapid advancements in AI, robotics and other emerging technologies happening at an increasing rate of speed, as well as an expected shortage of Science Technology Engineering and Math (STEM) talent in the coming years across most industries, a focus on STEM talent is essential. CSL must invest now to ensure a strong pipeline of diverse STEM talent in the future.

### Achievements include:

- Exceeding our target of ensuring 40% or better female participation across CSL's leadership development programs, including the creation of a targeted women's development track as part of the CSL Executive Edge program – our new leadership development investment.
- Exceeding our 50% female participation target for our expanded graduate program in Australia providing future women (STEM) leaders opportunities for internships, development and careers.
   This program helped CSL receive recognition as one of the Top 100 Graduate Employers in 2020.
- Sponsoring STEM educational events in all of our major geographies, including:
  - Australia: National Association of Women in Operations offers ~40 CSL female employees access to development and networking workshops.
  - Europe: Swiss Women in Healthcare & Lifesciences event titled Challenges in gender diversity within Healthcare & Lifesciences.
  - United States: Onsite networking event in partnership with Women in Technology International (WITI) for over 100 women. Average satisfaction ranking 4.8/5.
- Continuing University outreach and sponsorship in order to invest in up and coming female talent.
   Highlights include:
  - Sponsorship of Girls in Tech virtual event offering young women in STEM fields the opportunity to learn from and network with CSL trainees and leaders.
  - German scholarship program, which provides significant financial support to STEM students from a variety of local universities — 63% of current scholarship holders are female.
  - Sponsorship of LeBow Diversity and Inclusion Case Competition at Drexel University.

### 2.4 Measurable Objectives for 2020/2021

The Board, with senior management's support, has set the following Diversity and Inclusion objectives for the financial year beginning 1 July 2020.

### Objective

### **Description and Measures**

Broaden diversity focus beyond gender, including measurable targets for people with disabilities and ethnic differences

### CSL will:

- Establish a new global process for capturing workforce demographics of people with disabilities and ethnic differences.
- Ensure an appropriate gender mix continues to be represented on interview slates and in hiring with an added focus on ethnicity and ability mix.
- Maintain activities to hire women and STEM candidates, while expanding outreach to people with disabilities and diverse ethnic backgrounds.
- Pilot automated candidate screening in at least one major site to reduce the risk of discriminatory recruiting.
- Conduct unconscious bias and non-discrimination interview training for all people leaders globally.
- Broaden communications of the new career framework structure to make promotional opportunities transparent to all employees.

### Success measures include:

- 30% or better female representation in Board, Executive and Senior Leader populations.
- 50% or better female representation in CSL's overall People Manager population.
- 5% increase or better female representation in CSL Behring and Seqirus People Manager population.
- 100% diverse hiring slates.
- 5% increase in CSL's overall ethnic and disability workforce demographics.
- 100% of all people managers trained on unconscious bias and non-discrimination interview training.

### Objective

### **Description and Measures**

Strengthen CSL's culture by recognising performance aligned to CSL Values while developing and measuring inclusive leadership

### CSL will:

- Launch "Celebrate the Promise" to recognise people exemplifying CSL Values and establish baseline metrics.
- Continue measuring and improving inclusive behaviours by monitoring engagement through the Employee Feedback Survey.
- Enhance leadership development in recognition, cultural awareness and inclusion through an executive development "Summit Series".
- Introduce the new global benefit standard for parental and caregiver leave.
- Introduce mentor/sponsorship for women in conjunction with the Executive Edge Program.
- Expand gender pay equity analysis to equal pay for equal work.
- Refresh Code of Responsible Business Ethics policy.

### Success measures include:

- By Global Leadership Group member, at least 25% of employees receive recognition for values-based behaviour.
- Employee feedback survey results at or above global benchmarks for employee engagement index items.
- Increase to 45% or more female participation in leadership development programs.
- 5% increase in identified ethnic diversity in talent development programs.
- No gender pay bias in remuneration practices.

### Enhance CSL's external reputation for diversity and inclusion to attract and retain talent

### CSL will:

- Grow the external Promising Futures brand with a focus on CSL's values-based, diverse culture by competing for marketplace recognition awards.
- Host at least two external diversity related events in each of CSL's major geographies.
- Strengthen diversity-focused external partnerships to strategically drive CSL's affiliation with diverse populations.
- Create an internal CSL global diversity network to sponsor diverse rising talent to participate in external events.
- Develop a process for exit interviews and surveys to better understand reasons for diverse, regrettable talent losses.

### Success measures include:

- Maintain at least two external workplace awards one specifically for diversity.
- Generate over 750 new diverse person introductions made to CSL through diversity events.
- 5% of hires attributed to strategic partnerships and diverse networking events.
- 10% increase in CSL partnerships within our target areas (e.g., female leaders, ethnicity, disability, and STEM-female) across all major operating areas.

# Corporate Responsibility

## Relevant governance documents:

- Code of Responsible Business Practice
- Anti-Bribery and Anti-Corruption Policy
- Statement on the Prevention of Human Trafficking, Slavery and Forced Labour
- 2019/20 CSL Limited Annual Report

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

### 3.1 Group Values

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

The Group Values are available on CSL.com.

### 3.2 Code of Responsible Business Practice

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

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

### 3.3 Modern Slavery

Each year, the Board approves CSL's Statement on the Prevention of Human Trafficking, Slavery and Forced Labour. The Statement details the steps the CSL Group is currently undertaking to address and prevent modern slavery. The Statement can be found on CSL.com (Our Company > Corporate Responsibility > Workplace > Employee Relations and Diversity).

### 3.4 Speak Up Policy

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

The Board, together with the Audit and Risk Management Committee, has oversight of matters reported under the Speak Up Policy. The Board and Committee receive periodic updates including any significant matters as well as other information related to the effectiveness of the Speak Up Policy across the Group.

The Speak Up Policy is also available on CSL.com (Our Company > Corporate Governance > Core Policies).

### 3.5 Anti-Bribery and Anti-Corruption

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

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

## Operation of the Board

### Relevant governance documents:

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

### 4.1 Board Committees

As described previously, CSL has established five Board committees:

- · Corporate Governance and Nomination Committee;
- · Audit and Risk Management Committee;
- · Human Resources and Remuneration Committee;
- · Innovation and Development Committee; and
- · Securities and Market Disclosure Committee.

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

Details of the number of committee meetings held during the year and individual directors' attendance at these meetings can be found in the Directors' Report. Details of the qualifications and experience of committee members can also be found in the 2020 Directors' Report.

A high-level description of each committee's responsibilities and committee composition as at 30 June 2020 is set out in the following table.

Committee	Members	Composition	Key Responsibilities
Corporate Governance and Nomination Committee	Ms Christine O'Reilly (Chair) Dr Brian McNamee Mr Bruce Brook Dr Megan Clark Ms Carolyn Hewson	<ul> <li>At least three independent non-executive directors.</li> <li>In the absence of the committee Chairman, chaired by another independent, non- executive director elected by the members present.</li> </ul>	<ul> <li>Making recommendations to the Board on Board membership and ensuring an appropriate mix of skills, experience, expertise and diversity to enable the Board to oversee the delivery of CSL's objectives and strategy.</li> <li>Reviewing the membership of Board committees.</li> <li>Overseeing annual performance reviews of the Board, individual directors and Board committees.</li> <li>Settling and following the procedure for the selection of new directors for nomination.</li> <li>Overseeing CSL's approach to corporate governance and reporting on this.</li> <li>Reviewing CSL's compliance with the CSL Act.</li> </ul>
Audit and Risk Management Committee	Mr Bruce Brook (Chair) Ms Marie McDonald Ms Christine O'Reilly Ms Carolyn Hewson	<ul> <li>Between three to five directors, all of whom are non-executive directors, and one of whom should have financial expertise.</li> <li>An independent Chair who is not Chair of the Board.</li> <li>In the absence of the committee Chair, chaired by another independent, non-executive director (who is not Chair to the Board) elected by the members present.</li> </ul>	<ul> <li>Overseeing and reviewing CSL's financial and risk management systems, compliance systems and internal control framework (as set out in CSL's Risk Framework).</li> <li>Overseeing CSL's system of financial reporting with a view to safeguarding its integrity.</li> <li>Monitoring the activities and effectiveness of both internal and external audit functions, including oversight of the external and internal auditor appointment.</li> <li>Oversight of the Company's global Quality, health, safety and environmental performance.</li> <li>Meet with the CRO as well as internal and external auditors, absent management, on a regular basis.</li> </ul>

Committee	Members	Composition	Key Responsibilities
Human Resources and Remuneration Committee	Dr Megan Clark (Chair) Ms Christine O'Reilly Ms Marie McDonald Mr Abbas Hussain Ms Carolyn Hewson	<ul> <li>At least three non- executive directors.</li> <li>Members will be independent directors.</li> <li>Chaired by an independent director.</li> <li>In the absence of the committee Chair, chaired by another independent, non-executive director elected by the members present.</li> </ul>	<ul> <li>Assisting the Board in fulfilling its responsibilities with respect to human resources and remuneration matters.</li> <li>Overseeing the establishment of and regular review of CSL's diversity policy.</li> <li>Reviewing and recommending to the Board the design of any share, performance option, performance rights, retention and deferred cash incentive plans including performance measures and any amendments to such schemes or plans.</li> <li>Recommending to the Board for approval any award grant under an incentive plan to the Managing Director's direct reports, and approving other award grants under an incentive plan to other executives.</li> <li>Exercising all powers, authorities, discretions and decisions relating to CSL's incentive plans, including specifically good leaver treatment, change of control treatment and approving payment and vesting outcomes for incentive awards.</li> </ul>
Innovation and Development Committee	Dr Brian McNamee (Chair) Mr Paul Perreault Dr Megan Clark Professor Andrew Cuthbertson Mr Abbas Hussain	<ul> <li>At least three directors, being at least two non-executive directors and the Managing Director.</li> <li>Chaired by a member of the Innovation and Development Committee.</li> <li>In the absence of the committee Chair, chaired by another Innovation and Development Committee member elected by the members present.</li> <li>CSL's chief scientific officer is a required attendee of committee meetings.</li> </ul>	<ul> <li>Overseeing CSL's technology, research and product development opportunities.</li> <li>Ensuring relevant investments are undertaken in ways that are most likely to create long-term value for shareholders.</li> <li>Monitoring the strategic direction of CSL's technology, research and product development programs.</li> <li>Providing guidance on issues and priorities, additions to the R&amp;D pipeline and significant development milestones.</li> <li>Overseeing the management of risk associated with the R&amp;D projects, Pharmacovigilance and Clinical Safety.</li> </ul>
Securities and Market Disclosure Committee	Dr Brian McNamee (Chair) Mr Paul Perreault	<ul> <li>A minimum of any two directors, one of whom must be an independent director.</li> <li>Chaired by the Board Chairman.</li> <li>In the absence of the Board Chairman, chaired by another non-executive director elected by the non-executive directors present.</li> </ul>	<ul> <li>Assists CSL in complying with reporting and disclosure obligations under the Corporations Act and ASX Listing Rules, including continuous disclosure obligations and trading halts.</li> <li>Approving the allotment and issue, and registration of transfers, of CSL shares.</li> <li>Overseeing compliance with other formalities which may be urgently required in relation to matters affecting CSL's share capital.</li> </ul>

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

## 4.2 Remuneration of Directors and Senior Executives

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

Details regarding the activities of the Human Resources and Remuneration Committee during the reporting period, along with a summary of its responsibilities, and CSL's remuneration policies and practices are set out in the Remuneration Report in the 2020 Directors' Report.

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

### 4.3 Performance Evaluation

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

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

Matters considered in the evaluation include:

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

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

This year, the Board undertook an internal review of its performance and that of its committees and individual directors in line with the aforementioned processes. The findings of the review were discussed by the Board and changes made as appropriate. It is intended that an external review will be carried out in FY21, and then every 3 years thereafter.

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

These performance evaluations took place in accordance with the previously described processes during the last financial year. Further information about the performance of KMP is set out in the Remuneration Report in the 2020 Directors Report.



## Risk Management and Reporting

### Relevant governance documents:

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

### 5.1 Role of the Audit and Risk **Management Committee**

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

The Audit and Risk Management Committee has, in conjunction with management, conducted such a review during the financial year and reported to the Board as to CSL's effective management of its material business risks in respect of the financial year ending 30 June 2020.

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

The chairman of the Audit and Risk Management Committee attends meetings of the Human Resources and Remuneration Committee annually to ensure risk management outcomes are aligned with remuneration outcomes.

### 5.2 Enterprise Risk Management Framework

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

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

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



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

In support of CSL's new business operating model, CSL is aligning the Enterprise Risk Management Framework with enterprise-wide risks by global function and business. This alignment results in the creation of the Enterprise Risk Management Committee (ERMC), which comprises of senior leaders across the organisation who hold an assignment as the Senior Risk Leaders and are responsible for overseeing and managing the risk management process for their respective global function or business. The ERMC is responsible for ensuring strategic, enterprise-wide, and emerging risks are appropriately considered and facilitating connectivity across CSL in assessing and managing groupwide risks. The ERMC and its role results in there no longer being a need for the former risk management committee, the Operational Risk Management Team. The ERMC structure is illustrated in the diagram below.

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

### 5.3 External Auditor

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

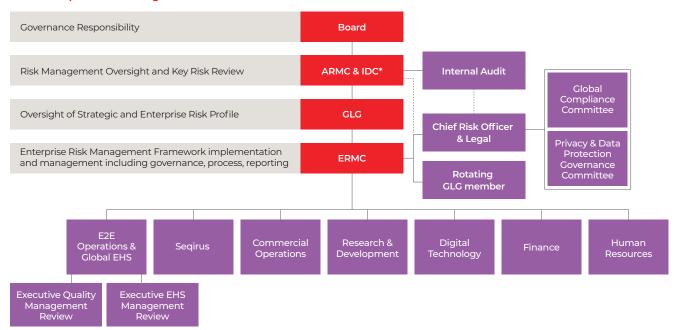
CSL's external auditor for the financial year was Ernst & Young, who was appointed by shareholders at the 2002 AGM.

The Audit and Risk Management Committee has established a policy in relation to the engagement of the external auditor for non-audit services to ensure the independence of the external auditor. The Audit and Risk Committee has considered the nature of the non-audit services provided by the external auditor during the financial year and is satisfied that the services provided, and the amount paid for those services, did not compromise the independence of the external auditor. Details of fees paid (or payable) to Ernst & Young for non-audit services provided to the CSL Group in the year ended 30 June 2020 are set out in the 2020 Directors' Report, available at CSL.com.

Ernst & Young has provided an independence declaration to the Board for the reporting period. The declaration forms part of the 2020 Directors' Report. The Audit and Risk Management Committee undertakes a formal review of the appropriateness of continuing with the incumbent audit firm prior to approving the appointment of a new signing partner by rotation.

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

### CSL's Enterprise Risk Management Framework Governance



<sup>\*</sup> Only as it pertains to Pharmacovigilance and Patient Safety Risks.

### 5.4 Internal Auditor

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

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

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

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

In addition, CSL's internal auditor may be requested to perform investigative reviews on suspected fraudulent activities or reports made under the Speak-Up Policy.

# 5.5 Integrity in Financial Reporting and Regulatory Compliance

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

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

This written declaration was received by the Board prior to its approval of the full year and half year financial statements for the financial year ended 30 June 2020.

### 5.6 Sustainability risks

In the course of CSL's business operations, CSL is exposed to a variety of risks that are inherent to the pharmaceutical industry, and in particular the plasma therapies industry.

Key business/industry risks and key financial risks, including economic, environmental and social sustainability risks, are set out in the 2019/20 Annual Report available at CSL.com.

In addition, further detail regarding CSL's ongoing efforts to operate ethically and responsibly in respect of sustainability are also set out in the 2019/20 Annual Report and on CSL.com (Our Company > Corporate Responsibility).

# Market

### Relevant governance documents:

Code of Responsible Business Practice

### 6.1 Communications and External Disclosure

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

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

The Board receives copies of all material announcements promptly after they have been released and notification has been received that they have been published on the ASX platform.

### 6.2 Shareholder Communication

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

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

CSL has a dedicated governance page on CSL.com, which supplements the communication to shareholders in the annual report and this Corporate Governance Statement regarding CSL's corporate governance policies and practices. CSL also provides other information on its website, including a financial calendar for the current financial year, ASX and media announcements, dividend information, presentations and other information for investors.

CSL seeks to facilitate effective two-way communication with investors and encourage participation at shareholder meetings by allowing shareholders to receive communications from, and send communications to, CSL electronically and inviting shareholders to provide CSL with their questions ahead of the AGM. This helps CSL understand shareholder issues and concerns and enables CSL to address key shareholder feedback. At the AGM, it is CSL's practice to put all substantive resolutions to a vote by poll.

To ensure that shareholders and other stakeholders have a full understanding of CSL's performance and strategies, CSL undertakes to convene a number of analyst briefings and investor presentations and roadshows each year. Any new and substantive investor or analyst presentations are also released on the ASX platform ahead of the presentation.

CSL also convenes two shareholder briefings each year, at different locations in Australia. These updates provide an opportunity for analysts, investors and shareholders to speak directly with senior management and ask questions. This year, although COVID-19 restrictions were in place, CSL continued to deliver its shareholder and investor briefings via on-line technologies.

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

# Securities

### Relevant governance document:

- Securities Dealing Policy

By promoting director and employee ownership of shares, the Board hopes to encourage directors and employees to become long-term holders of CSL securities, aligning their interests with those of CSL. The Securities Dealing Policy prohibits short-term or speculative trading in CSL securities by directors and employees. In addition, directors and employees are not permitted to enter into any priceprotection arrangements to hedge CSL securities or margin loan arrangements in relation to CSL securities. This includes securities awarded under CSL's equity incentive schemes.

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

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

This Corporate Governance Statement was current and approved by the Board on 18 August 2020 and signed on its behalf by:

Dr Brian McNamee AO

18 August 2020

Chairman

## **Corporate Directory**

### **Share Registry**

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

### **Auditors**

Ernst & Young Ernst & Young Building 8 Exhibition Street Melbourne VIC 3000 GPO Box 67 Melbourne VIC 3001 Telephone: +61 3 9288 8000 Facsimile: +61 3 8650 7777

### **Registered Head Office**

CSL Limited ABN 99 051 588 348 45 Poplar Road Parkville VIC 3052 Australia Telephone: +61 3 9389 1911

Facsimile: +61 3 9389 1434

CSL.com

### **Further Information**

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