



CSL Limited
Our Corporate
Responsibility
2009

CSL[™]



Emily Bartko

Emily Bartko celebrated her third birthday by having her ears pierced. She attends school three days a week and takes a dance class. For Emily and her family, these are exciting milestones that not long ago seemed improbable.

While an infant, Emily was diagnosed with congenital fibrinogen deficiency. This is a rare, potentially life-threatening bleeding disorder that affects an estimated one person per million.

"Shortly after birth we noticed significant bleeding from Emily's umbilical cord site. It was a frightening experience," said Alison Bartko, Emily's mother. "She was brought to the hospital where our physicians ran many tests, and results showed that her fibrinogen level was zero. Emily was diagnosed with afibrinogenemia, the most severe form of congenital fibrinogen deficiency."

During the next two years, Emily frequently endured bouts of bleeding and bruising. From riding in a car seat to crawling on the floor, basic childhood activities would cause serious bruising.

"It was often a struggle to go out of the house and the disorder impacted our entire family," Alison said. "We never wanted to be too far away from her physicians, so we weren't always able to attend many family functions."

In early 2009, the United States (US) Food and Drug Administration (FDA) approved CSL Behring's fibrinogen replacement concentrate, making it the first and only such product available in the United States. The patient population that can benefit from this product is extremely small – approximately 300 in the US, which makes it a "super-orphan" therapy.

CSL Behring's fibrinogen replacement concentrate effectively supplements missing or low fibrinogen protein in a patient's blood, and has specific virus inactivation/removal steps to reduce the risk of exposure to infectious agents. CSL Behring's fibrinogen replacement concentrate has long been marketed outside the United States.

Emily and her family played an important role in the approval of CSL Behring's fibrinogen replacement concentrate in the US. The Bartko family traveled cross country from their Las Vegas home to the Washington, D.C. area to appear before an FDA advisory committee. The Bartko's felt compelled to share Emily's story as a real-life example of the impact of this new treatment.

"I'm nervous about traveling with Emily but I thought it would be important for the committee to see her and who this therapy will be helping," Alison said. "Treatment has changed Emily's life. She used to be achy and immobile some days, but now she's up and around, going to school and participating in normal childhood activities."

Alison added, "Even after her first dose, you could see an immediate change. She was walking and running around with her sister like any child."

As Emily continues to attend school and take dance class, Alison is thrilled that her family was able to help CSL Behring bring the therapy to the US market.

"I think it's great because there was a point in time where I thought Emily wouldn't walk much and would have to be in a stroller or a wheelchair," Alison said. "Now that she is dancing and running, we're really ecstatic. It's wonderful that now everyone with this disorder has access to the fibrinogen replacement concentrate. I'm so glad we could contribute to making that happen."

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A proud history of saving and improving lives



CSL, or the Commonwealth Serum Laboratories as it was known then, was established by the Australian Government in 1916 to ensure an isolated Australia had its own supply of biological medicines – particularly in times of war and global pandemics. Over the ensuing years CSL provided Australians with rapid access to 20th century medical advances including insulin and penicillin, as well as vaccines against influenza, tuberculosis and polio.

In 1918, CSL produced a vaccine to combat the Spanish Flu epidemic in Australia. We remain the only company in the world to make Southern Hemisphere candidate influenza vaccine strains and have provided associated sera and standards to the World Health Organisation for more than 20 years. We now supply influenza vaccine to global markets and have developed a vaccine against avian influenza for use in Australia in the event of a pandemic. We were able to quickly produce a vaccine for the 2009 H1N1 influenza pandemic for use worldwide.



In the 1930's, CSL produced the first Australian antivenom (for tiger snake) and because Australia has so many of the world's venomous animals, we have since developed and maintained the world's largest range of antivenoms for snakes, spiders and marine animals. These are very complex medicines and we continue to manufacture them as part of our service to the community in Australia and Papua New Guinea.



In the 1950's CSL's role expanded to include fractionation of human plasma to produce therapies for people with bleeding disorders and immune deficiencies and those in critical care situations. This marked the start of a long-standing relationship with the Australian Red Cross and the

development of one of the world's safest and highest quality blood systems. We continue to provide this highly specialised service to the Australian Government, working closely with the Australian Red Cross Blood Service, to ensure Australians have continued access to a secure and reliable supply of high quality plasma-derived therapeutics. We also fractionate plasma for Blood Transfusion Services in the Asia Pacific region.

CSL listed on the Australian Securities Exchange in 1994 and has since grown to become a global biopharmaceutical company. Significant acquisitions have included an affiliate of the Swiss Red Cross and a company founded by Nobel Prize Winner Emil von Behring. These organisations shared with CSL a very similar heritage and ethos, thereby strengthening the company's commitment to public health and to the patient communities who depend upon plasma therapies*.

CSL's growth and success has enabled a greater investment in research and development, from A\$2 million per annum in the early 90's to A\$312 million in 2008/09. A key part of CSL's R&D strategy is to develop new protein-based therapies to prevent or treat serious illness for which there is significant unmet medical need. It is this approach that helped deliver the world's first vaccine against cervical cancer, a disease that causes significant socio-economic burden in both developed and developing nations, and continues to provide a rich pipeline of promising new medicines for cancers, infections, bleeding disorders and other serious human disease.

* In this report the use of 'plasma therapies' refers to CSL's plasma-derived therapies and recombinant products, unless otherwise stated.

Message from the Chief Executive Officer and Managing Director

CSL operates a highly-specialised business, in a complex sector, across many markets. We create value for our shareholders and take serious account of the needs of our many other stakeholders. We also give careful consideration to the challenges and opportunities that emerge as a result of our changing world.

I am delighted to introduce CSL's first Corporate Responsibility Report.

For us, Corporate Responsibility is about conducting our business ethically and contributing to the economic, social and environmental well-being of our communities. We believe that behaving responsibly is critical to the sustainability of our company.

As a specialist biopharmaceutical company, our greatest opportunity to contribute to society is through the development of new protein-based medicines for serious unmet medical needs and through the continued supply of life-saving vaccines and plasma therapies.

Along with this opportunity comes the responsibility of ensuring our medicines are safe and of the highest quality, and are developed and marketed in an ethical manner. We also work with others to help improve equity of access to vaccines and plasma therapies.

Many people who use our medicines have rare and life-threatening conditions that present ongoing challenges for them and their families. Helping our patient communities by funding research, awareness, education and advocacy is a critical part of our corporate responsibility.

Our ability to make meaningful economic contributions is dependent on our financial success. In seeking to expand sales and markets for our medicines, we are committed to being honest and fair at all times and to working with governments to help shape policy in the areas of health, science and medical reimbursement.

Our people are the greatest enablers of our corporate aspirations. We aim to provide a positive working environment for all our employees through professional development, equal opportunity, reward and recognition, community involvement and the promotion of health and safety.

With global operations, we recognise our role in responding to humanitarian emergencies around the world, from pandemics to earthquakes to bushfires. We also have a significant presence in many small communities where we contribute to local sustainable development.

Finally, we take the threat of global climate change seriously and appreciate the importance of assessing related business risks and opportunities. We also continue to be committed to minimising the environmental impacts of our operations.

In our first report, we set out our approach and performance in these key areas of corporate responsibility. Our Values continue to guide us, especially when we need to balance the differing expectations of our stakeholders. We are proud of our many achievements but recognise there is always opportunity for improvement.

We look forward to your feedback.



Brian McNamee
Chief Executive Officer
and Managing Director



Corporate Responsibility Performance Summary 2008/09

OUR ORGANISATION

We formed a new executive steering committee representing all business units to drive the integration and continuous improvement of corporate responsibility throughout the Company. We replaced our Code of Conduct with the CSL Code of Responsible Business Practice, expanding on our commitment to ethical behaviour and sustainable development. We delivered the new Code to all employees, developed training modules and began to advise our major suppliers and customers about our commitments and expectations.

RESEARCHING NEW MEDICINES

We invested A\$312 million in the research and development of protein-based therapies for the prevention and treatment of serious human illnesses. Key projects included the development of a vaccine for the 2009 H1N1 influenza pandemic and enhancements of our existing coagulation and immunoglobulin therapies. We continued to build our capabilities through hiring world class scientists and investing in our external collaborations and networks.

ENSURING THE SAFETY AND QUALITY OF OUR THERAPIES

Our manufacturing sites and plasma collection operations participated in 83 regulatory audits and received zero non-compliances affecting our product marketing licences. We issued two finished product recalls, both of which were classified as non-serious by the FDA. We also undertook 288 quality audits of our suppliers. A Consent Decree imposed on our manufacturing facility in Kankakee (Illinois) prior to CSL's acquisition, was lifted.

OPERATING RESPONSIBLY IN THE MARKETPLACE

We distributed economic value of A\$4.3 billion to employees, suppliers, shareholders and governments. In Australia, we contributed to 7,546 jobs while our US plasma collection centres contributed an average of US\$5 million to each of their local economies. We participated in policy initiatives to improve access to therapies for people with rare diseases and to enhance the sustainability of the pharmaceutical sector in Australia.

ENSURING A POSITIVE WORKPLACE FOR OUR PEOPLE

We increased our employee population by 10% to support the growth of our business. Our most recent employee opinion survey achieved a response rate of 88%. We introduced a new career development planning tool and increased international assignments as part of our talent management strategy. We reduced our lost time injury frequency rate by 38% and increased assistance to employees to make care arrangements for dependents.

SUPPORTING OUR COMMUNITIES AROUND THE WORLD

We contributed almost US\$10 million to patient organisations in our therapy areas. We announced a US\$3 million partnership with the World Federation of Hemophilia to support care programs in the developing world and pledged 3 million doses of pandemic H1N1 influenza vaccine to the World Health Organisation. We commissioned a study of antivenom access in Papua New Guinea and invested in new programs to help foster the next generation of medical researchers. We began a global project to harmonise our accounting of community contributions.

MINIMISING OUR ENVIRONMENTAL IMPACTS

We reduced our net water consumption by 6% and despite increased production, we were able to contain our energy consumption and greenhouse gas emissions. Since 2004/2005 we have reduced the amount of water consumed per unit of vaccine production by 71% and the amount of carbon emitted for every unit of plasma production by 36%. We expanded our environmental reporting to include CSL Plasma and waste data for our Australian facilities. We also developed a new environment policy and climate change position.

PERFORMANCE DATA SUMMARY

Economic Contribution		2006/07	2007/08	2008/09
Economic value generated	A\$million	3,317	3,794	5,039
Economic value distributed	A\$million	2,959	3,418	4,320

For more information, please see page 29

Research and Development		2006/07	2007/08	2008/09
R&D investment	A\$million	191	225	312

For more information, please see page 18

Safety and Quality		2006/07	2007/08	2008/09
Regulatory Audits	Number	98	80	83
Non-compliances affecting our product marketing licences	Number	0	0	0
Quality audits of suppliers	Number	259	232	288
Safety related recalls of finished product	Number	1	0	2

For more information, please see page 23

Our People		2006/07	2007/08	2008/09
Total headcount	Number	9,404	10,404	11,410
Total full-time equivalents (FTE)	Number	8,561.7	9,405.2	10,400.6
Employee opinion survey participation rate (biennial)	%	–	88	–

For more information, please see page 37

Lost time injury frequency rate (LTIFR)	per million hours worked	4.33	5.07	3.16
Medical treatment injury frequency rate (MTIFR)	per million hours worked	8.05	6.34	8.38

For more information, please see page 42

Environment		2006/07	2007/08	2008/09
Energy consumption	Petajoules	1.69	1.75	1.74
Greenhouse gas emissions	Kilotonnes	142	160	160
Water consumption	Gigalitres	1.70	2.00	1.87
Waste	Kilotonnes	9.83	11.72	13.09
Waste recycling rate	%	78	78	88

For more information, please see page 57

1 Our organisation



CSL is a global specialty biopharmaceutical company that develops manufactures and markets therapies to prevent and treat serious human disease. We have substantial operations in the USA, Germany, Switzerland and Australia where we are headquartered. CSL employs over 11,000 people and operates in 27 countries. In 2008/09 our total revenue was A\$5.04 billion.

CSL Limited (CSL) comprises three business units: CSL Behring (incorporating CSL Plasma), CSL Bioplasma and CSL Biotherapies. These businesses are supported by a strong base of collaborative research and development.

CSL Behring

CSL Behring is headquartered in King of Prussia, USA and has manufacturing and research facilities in Kankakee, USA; Marburg, Germany; and Bern, Switzerland. Its commercial division operates in 20 countries. CSL Behring is a global leader in the plasma protein biotherapeutics industry, manufacturing and marketing a range of plasma-derived and recombinant products and related services.

CSL Behring also operates one of the world's largest plasma collection networks, CSL Plasma, which has 73 collection centres located throughout the US and Germany, as well as testing laboratories and distribution centres.

CSL Biotherapies*

CSL Biotherapies in Parkville (Melbourne), Australia manufactures and markets vaccines, anti-venoms and other pharmaceutical products for human use and has the largest influenza vaccine manufacturing facilities in the southern hemisphere. CSL Biotherapies also imports and markets a broad range of human pharmaceutical products under licence arrangements, including the world's first vaccine against cervical cancer, GARDASIL[^].

CSL Bioplasma*

CSL Bioplasma in Broadmeadows (Melbourne), Australia fractionates plasma collected by the Australian Red Cross Blood Service into plasma-derived therapies to treat serious medical conditions in Australia. CSL Bioplasma also provides plasma fractionation services for New Zealand, Hong Kong, Malaysia, Singapore and Taiwan, markets commercial plasma products in Asia, and operates an immunohaematology blood grouping business.

*In December 2009, CSL announced that CSL Biotherapies and CSL Bioplasma will merge to form one operating entity known as CSL Biotherapies, effective 1 January 2010. In this report, we refer to these business units as they were known and operated in the reporting period (2008/09).

CSL has a strong commitment to **research and development**, focussing on the expansion of our existing therapies and the development of new protein-based medicines for the treatment of serious disease. We operate an integrated global research and development program, with scientists in laboratories and manufacturing facilities across our major sites in Australia, Europe, and North America.

[^] GARDASIL is a trademark of Merck and Co. Inc.

Researching new medicines

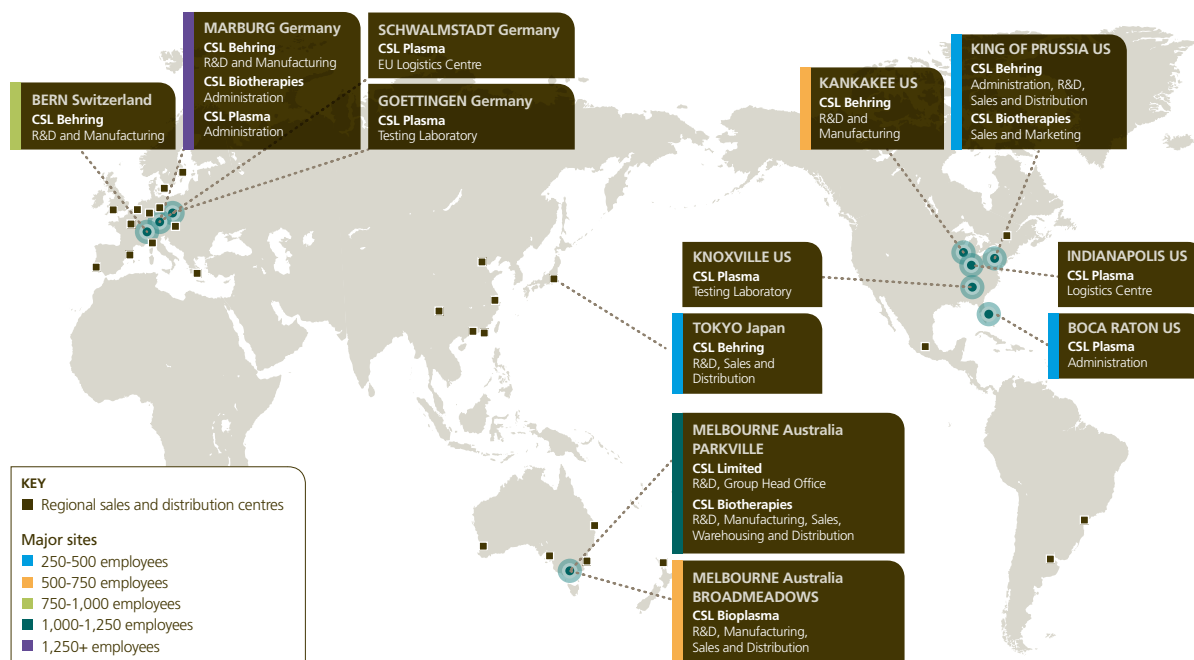
Ensuring the safety and quality of our therapies

Operating responsibly in the marketplace

Providing a positive working environment for our people

Supporting our communities around the world

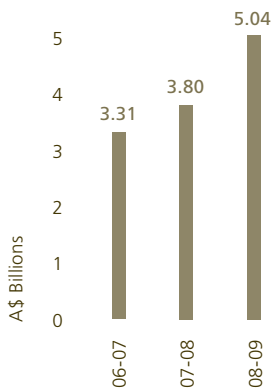
Minimising our environmental impacts



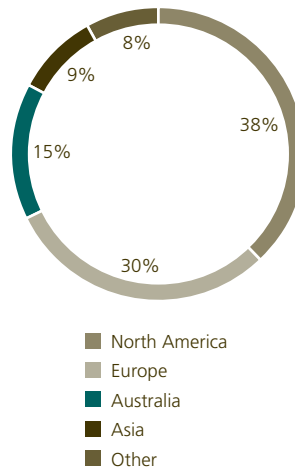
Our therapy areas	Description
Haemophilia and Other Coagulation Disorders	Our coagulation therapies are used to treat bleeding disorders such as haemophilia, von Willebrand Disease and congenital fibrinogen deficiency.
Immune Disorders and Immune Therapy	Our immunoglobulins are used to treat infections, immunodeficiency, specific autoimmune diseases and to prevent haemolytic disease in the newborn.
Critical Care Conditions	Our critical care therapies are used to treat shock, sepsis and severe burns, and are used in cardiac surgery.
Infectious disease	Our vaccines are used to help protect against seasonal and pandemic influenza. We also in-license and market vaccines in some markets for other infectious diseases including Human Papilloma Virus.
Wound Healing	Our wound healing therapies are used to facilitate healing.
Diagnostics and Antivenoms	Our diagnostic products are used in the testing of blood to prevent haemolytic transfusion reactions and haemolytic disease of the foetus and newborn, and for snake venom detection. We produce a range of antivenoms to treat snake and spider bites, and box jellyfish and stone fish stings.

We also in-license and market other prescription pharmaceuticals in Australia to treat a range of serious human medical conditions. A full list of our therapies is available on our website.

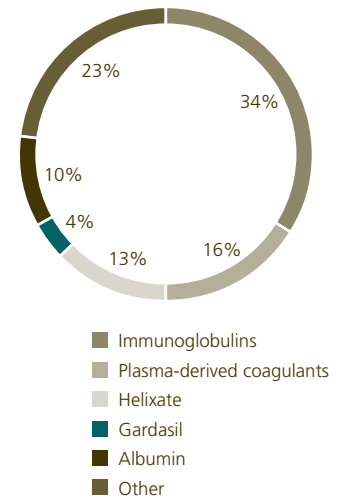
CSL TOTAL REVENUE (A\$ BILLIONS)



CSL GROUP SALES BY REGION 08-09



CSL GROUP SALES BY MAJOR PRODUCTS 08-09



1.1 Report profile

This is CSL's first corporate responsibility report and covers the financial year 2008/09. It builds on the CSL Environment Report 2007/08, extending into areas of product responsibility, social responsibility and economic sustainability. It complements our Annual Report 2008/09 which provides details of our financial performance and corporate governance. The CSL Corporate Responsibility Steering Committee decided the scope and contents of our report, and recommended it to the CEO/Managing Director for approval.

We have identified our key corporate responsibility issues through a process of analysis covering internal and external reports and other commentary on our performance; benchmarking against other pharmaceutical companies and sustainability indices; and stakeholder research. The findings of these analyses informed discussion at an executive workshop and the subsequent deliberations of the Corporate Responsibility Steering Committee.

Our report covers the five manufacturing facilities in Australia, Europe and the United States, Research & Development (R&D), sales and distribution, and administration activities which are co-located with these facilities, as well as CSL Plasma's collection and processing centres. It also includes

sales and distribution activities and R&D which occur away from our manufacturing facilities where these activities are under CSL's operational control. The availability of data has not been complete across all these areas and any gaps are noted in the relevant sections of our report. Case studies and examples used are predominantly drawn from our major locations.

We have included references to material events that have occurred between the end of the reporting period and the publication date, where an omission of such events would render the report out of date with other information in the public domain. For any such events, we have referenced the date at which they took place.

Preparation of our report has followed the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines 2006. We have self-assessed our report as GRI Application Level B. A GRI Content Index for the report is available on our website.

Contact

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1.2 Corporate responsibility governance

In 2009 CSL established a Corporate Responsibility Steering Committee to drive the awareness, integration and continuous improvement of corporate responsibility throughout the company; ensuring alignment with CSL's strategic goals and operational priorities; making sure we manage our corporate responsibility processes efficiently; and providing flexibility for business unit implementation. The Committee reports to the CEO/Managing Director who appoints its Chair.

The Committee's responsibilities cover planning, policy development, public reporting, participation in external initiatives and strategic communications. Its members include senior representatives from all CSL businesses as well as the heads of relevant functions such as human resources, public affairs and risk management. The Corporate Responsibility Director provides specialist advice and guidance to the Committee and works closely with the Chair. The Committee's charter is available on our website.



1.3 Stakeholder engagement

We regard stakeholder engagement as a foundation of corporate responsibility, and have identified our key stakeholders as patient groups, employees, investors, regulators, suppliers, government, healthcare professionals, plasma donors, business partners and the academic and scientific community.

Stakeholder engagement covers many different activities from the provision of information and educational material to health service providers, through to active collaboration with and support of patient organisations and structured dialogue with stakeholder representatives.

We use different mechanisms for stakeholder engagement according to the objectives of the engagement, issues involved and the characteristics of the stakeholder group(s). Approaches include customer surveys; meetings with government customers, visits to major suppliers and perception studies amongst health professionals. We undertake roadshows and forums to brief our investors and seek the opinions of our employees through a biennial survey.

The main topics of interest to our stakeholders help to inform the identification and prioritisation of our corporate responsibility issues and are addressed in the relevant sections of our report.

Engaging with stakeholders: CSL Behring key issues dialogues

CSL Behring regularly invites stakeholders to participate in discussions or dialogues about important and emerging issues. It most recently invited representatives from the bleeding disorders community to tour its manufacturing facility in Kankakee and a CSL Plasma collection centre in Melrose Park, Illinois. The purpose of the visit was to show patient representatives how we ensure product safety and quality throughout the manufacturing process from plasma donor to patient and to discuss any questions or concerns that they might have.

CSL virologists, haematologists and plasma collection and manufacturing experts were on site to explain the company's quality and safety paradigm and answer questions from the patient representatives. These experts included Albrecht Gröner, Ph.D., Head of Pathogen Safety; Garrett Bergman, M.D., Senior Director, Medical Affairs, US Commercial Operations; Gordon Naylor, (then) Executive Vice President, Plasma, Supply Chain and Information Systems; Wally Casey, Senior Vice



President and General Manager Kankakee; and Daniel Ferris, Director of Manufacturing, Kankakee, among others.

The second part of the visit drew patient representatives into discussion with the expert panel on issues such as how we protect patients from potential infections, regulations covering product safety, and how industry and community organisations can best work together. A full report of the dialogue between the CSL Behring panel and patient representatives was published following the visit and is available on the CSL Behring website. (<http://www.cslobehring.com>)

1.4 Corporate governance

1.4.1 The Board

During 2008/09 the CSL Board comprised nine members two of whom, the CEO/Managing Director and the Finance Director, were executive directors. The remaining seven including the Chair, were independent directors. The CSL Board Charter documents the Board's membership, operating procedures and apportionment of responsibilities between the Board and management. The Board is responsible for overseeing the management of the Company and providing strategic direction. It monitors operational, financial and environmental performance, and human resources policies and practices, and approves the Company's budget and business plans. It delegates day-to-day management of the Company to the CEO/Managing Director.

All directors are bound by the Corporations Act to disclose to the Board any interests or relationships they or their associates might have in any matter that relates to the affairs of CSL or any other matter that might affect their independence. They are required to disclose any related party dealings and any conflicts of interest. The Board makes an annual assessment of each non-executive director to consider whether the director is independent. The details of disclosure and assessment processes are provided in CSL's Annual Report 2008/09.

The Board is supported by five Board committees which share responsibility for corporate responsibility issues. The Board also delegates specific responsibilities to ad hoc committees from time to time.

The Board follows the Australian Securities Exchange's Corporate Governance Council's Revised Corporate Governance Principles and Recommendations released in August 2007.

Details of the Board, its membership, committees and their charters are available on our website.



Our values

- > **Customer focus** – We are passionate about meeting the needs of our customers
- > **Innovation** – We seek better ways of doing things
- > **Integrity** – We are ethical and honest at all times
- > **Collaboration** – We work together to achieve better results
- > **Superior performance** – We strive to be the best at what we do

Following the acquisition of various worldwide plasma collection centres and fractionation assets in 2000 and 2001, the Executive Management Group undertook to identify the shared values and associated behaviours across the new organisation. The common thread linking our various business units together was established in 2002 in the form of CSL's Values.

With subsequent acquisitions and further expansion in the diversity of our operations and workforce, we continue to work hard to integrate our Values throughout the organisation and to emphasise the relationship between living our Values and the ongoing success of CSL.

Board Committee	Summary of responsibilities
Audit and Risk Management Committee	Identification and management of key risks Safeguarding the integrity of financial reporting Compliance with laws, regulations and codes
Human Resources Committee	Executive remuneration policy Management succession Incentive and share ownership schemes
Nomination Committee	Procedure for selection and appointment of Board members including their expertise in corporate responsibility matters Annual review of Board performance and the Managing Director's performance
Innovation and Development Committee	Strategic direction of CSL's R&D program
Securities and Market Disclosure Committee	Disclosures to the Australian Securities Exchange Matters related to CSL securities

1.4.2 Risk management

We have adopted a structured, consistent, enterprise-wide Risk Management Framework based on the Australian Standard AS 4360 Risk Management Principles and Standards. It sets out the risk management process, the roles and responsibilities of the different layers of management, CSL's risk tolerance, the matrix of risk impact and likelihood, and risk management reporting requirements.

The Corporate Risk Management Committee comprising senior executives is responsible for implementing the Risk Management Framework across CSL.

The framework prescribes risk categories to be considered by the Business, which include risks directly linked to our corporate responsibility issues. The Corporate Risk Management Committee reports to the Audit and Risk Management Committee of the Board. Each business unit and manufacturing site has a risk management committee which reports to the Corporate Risk Management Committee. The Global Risk and Insurance Manager monitors and coordinates the Risk Management Framework.

The Innovation and Development Committee of the Board oversees risk management associated with CSL's R&D projects.

1.4.3 Rewarding directors and executive management

The CSL Board and its Human Resources Committee have responsibility for CSL's remuneration framework. The full Board determines remuneration payable to non-executive directors and to executive directors including the CEO/Managing Director's remuneration package. It also approves proposals from the Human Resources Committee concerning remuneration for senior management and other matters, and oversees the Performance Rights Plan and Global Employee Share Plan.

The maximum remuneration payable to non-executive directors is set in the Company's constitution and can only be increased on approval by shareholders at a general meeting. Non-executive directors participate in the Non-Executive Directors Share Plan and are required to take at least 20% of their fees as shares in the Company.

CSL executive remuneration packages are structured around a fixed element and performance-related elements comprising both short and long term incentives. Short term incentives are awarded to executives annually according to the achievement of their specific performance objectives and targets. In this way executive rewards are linked to the achievement of corporate objectives, strategic initiatives and standards of conduct which incorporate CSL's environmental, social and economic priorities. Long term incentives constitute cash incentives, performance rights and performance options. Cash incentives are linked to performance objectives and targets, performance rights to total shareholder return, and performance options to earnings per share.

The operation of CSL's remuneration framework is explained in detail in our Annual Report 2008/09.

1.5 Our commitment to ethical behaviour

1.5.1 Our Code of Responsible Business Practice and corporate policy framework

Our commitment to ethical behaviour and what it entails is set out in our Code of Responsible Business Practice. The Code defines our ethical standards and sets out the rights and obligations all employees have in the conduct of CSL's business. It also applies to our contractors, suppliers and distributors. The full Code is available on our website.

In summary the Code contains the following:

- > A commitment to conducting CSL's business with the utmost integrity by complying with laws and regulations in all countries in which we operate, and by fulfilling all of its responsibilities to shareholders and the financial community;
- > Rules guiding employees and directors towards ethical decisions in situations of potential conflict of interest, political involvement, bribery and financial inducements;
- > Workplace relations principles regarded by CSL as fundamental, including mutual respect, anti-discrimination and freedom of association;
- > Commitment to adherence to health and safety standards, both of products through compliance with manufacturing and other best practice standards, and in the provision of safe employee work environments and practices for responsible environmental management; and
- > Guidance for beneficial interactive relationships with the communities in which CSL operates and collaboration throughout the organisation.

Our practices and performance relating to the standards within the Code are detailed throughout this report.

Since introducing the Code in December 2008, we have delivered it to all CSL employees globally and provided training through departmental meetings, on-line training modules and other mechanisms. We introduce all new recruits to the Code at orientation programs.

CSL also requires its contractors, suppliers and distributors to comply with the standards set forth in the Code, and we alert all our significant customers to the Code and the obligations it imposes.

CSL conducted a review of its policy framework in conjunction with the introduction of the Code and this provided three levels of policy making at CSL:

- > Board Policies which cover operational issues of strategic importance and apply to all CSL businesses and employees;
- > Global Policies which cover operational issues, are approved by a member of the Executive Management Group, and are applied consistently across CSL's global operations; and
- > Local Policies which apply to a specific business unit or part of one, and are approved by a site or functional leader.

This framework ensures that policy issues are reviewed at the appropriate organisational level and that the principles of the Code are implemented effectively.

1.5.2 Monitoring compliance with the Code

CSL strives to maintain open and transparent communication with its employees and contractors. We encourage these parties to bring any instances of actual or suspected inappropriate conduct to our attention. Our Whistleblower Policy ensures employees and contractors can raise concerns regarding illegal conduct or malpractice in good faith, anonymously, and without being subject to victimisation, harassment or discriminatory treatment. It also provides that all such concerns will be properly investigated. Information about our Whistleblower Policy and how it is implemented in each country is made available to employees through training courses, the intranet and other mechanisms.

We guide employees and contractors to raise their concerns with their supervisors or other nominated positions in the first instance. In the US for example employees have an explicit duty to report any actual or suspected violations of the US anti-kickback statute or False Claims Act. They are encouraged to report to their supervisor, or where this is not feasible, to make contact with the Compliance Committee or the Compliance Department. All reports are investigated by the Compliance Department. There is a concomitant policy prohibiting retaliation against an employee who makes a report in good faith.

We also provide hotlines worldwide which are operated by independent third party service providers and allow reports to be made anonymously.



2 Researching new medicines



At CSL, we are dedicated to the development of protein-based medicines that prevent or treat serious human illnesses. This is critical to our continued growth and sustainability as a company, and to our ability to contribute to the human health challenges of the future.

2.1 Our approach

R&D at CSL is led by our Chief Scientific Officer (CSO) who reports to the CEO/ Managing Director and is a member of the Board's Innovation and Development Committee. The CSO is supported by the Heads of R&D within CSL's business units and the Global PharmaPlan Committee which meets regularly to review the R&D strategic direction and our global portfolio.

Our global R&D activities support CSL's core regulatory-licensed product businesses such as our plasma therapeutics and influenza vaccines, as well as new product development in the following three areas:

Replacement therapies to enhance our existing plasma products portfolio

Plasma replacement therapies are proteins purified from plasma which are used to treat patients who are deficient in some of their natural blood proteins. Our R&D programs are focussed on maximising the value from each litre of plasma that we collect. This includes expanding the geographic registrations and finding new important uses for these therapies. We are focussing on developing improved immunoglobulins as well as new recombinant coagulation products that offer patients more efficacious or convenient treatment options.

Therapeutic products based on recombinant proteins and antibodies

CSL is developing expertise and building facilities to support the production and testing of therapeutic proteins particularly monoclonal antibodies (mAbs). We are interested in the application of mAbs to treat cancer, inflammation and immunological disorders. We have developed a portfolio of early stage product candidates directed against important targets such as cytokines and cytokine receptors.

Vaccines that use our proprietary ISCOMATRIX adjuvant and/or our influenza vaccine capabilities

Our R&D activities support CSL's proprietary ISCOMATRIX adjuvant which has antigen delivery capabilities and can also modulate the immune system. These two properties together provide enhanced and accelerated immune responses. A range of vaccines prepared with ISCOMATRIX adjuvant have been evaluated in clinical trials and were found to be generally well tolerated and to increase the patients' immune responses to the vaccine. We have several commercial partners with candidate vaccines at various stages of development. We have established a new manufacturing plant at Kankakee to support large scale production of ISCOMATRIX adjuvant.

Recombinant proteins are proteins developed from DNA that have been altered in the laboratory by cutting it into fragments and recombining the fragments into new and different strands.

Monoclonal antibodies are antibodies that are identical because they are all produced by one type of immune cell. They are specific to one type of antigen and do not react with others.

Adjuvants are substances that are added to vaccines to enhance or accelerate the immune response of patients to the vaccine.

Supporting plasma product development

The R&D Group plays a critical role in the lifecycle management of CSL's licenced range of plasma therapies. Through our R&D programs, we are committed to ensuring continued world class standards of quality, product yields, patient convenience and manufacturing efficiency in our range of plasma-derived therapies. An example is the purification technology used in the manufacturing process (chromatography) of CSL Behring's latest intravenous immunoglobulin (IVIg) which has resulted in a high recovery of immunoglobulin (Ig) to ensure supply to patients is maximised via improved utilisation of plasma. Our R&D is also focused on further understanding and expanding clinical indications for Ig products.

Manufactured from the pooled plasma of donors, CSL Behring's latest IVIg is used as a replacement therapy to treat patients with conditions including primary immunodeficiency. The therapy is also used as an immunomodulatory therapy in the treatment of immune thrombocytopenic purpura (a condition of having a low platelet count of no known cause) and some immune-mediated disorders.

In 2009, the US Food and Drug Administration approved CSL's new IVIg manufacturing facility in Bern, Switzerland. Furthermore, we continue to increase access to IVIg by expanding registrations to global markets.

2.2 Collaboration

CSL's R&D Group comprises around 800 scientists with skills closely aligned to our manufacturing operations. We have Centres of Excellence in Melbourne, Marburg, Bern, King of Prussia and Kankakee.

Our research projects are undertaken on a global basis with research teams drawing together employees from different countries depending on their expertise. We have developed a global project management framework to facilitate collaboration across national and cultural boundaries.

We continue to build our in-house capability in early and later stage clinical and commercial development of biopharmaceutical products through hiring world class scientific and medical leaders for key projects.

We also draw on our established strategic partnerships with academic and other institutions in Australia, Asia, North America and Europe. These collaborative partnerships support a range of effective research programs including both basic and applied research in plasma therapeutics; vaccines; and recombinant products. They are important sources of new projects. Maintaining strong networks in the scientific, medical and commercial communities globally will remain an important component of our R&D portfolio's success.



Where our partnerships with third parties result in our obtaining intellectual property or material from our partners, we often enter into agreements to collaborate with them addressing issues such as research funding, payment of milestones and royalties. Where possible, we undertake research activities at our collaborators' laboratories to facilitate growth of expertise and cross-fertilisation of ideas across the organisations.

CSL holds advisory panels and conducts clinical trials in many countries and in most major regulatory jurisdictions. We have established relationships with a range of strategic advisers to provide additional scientific, medical and commercial insights into our product development strategies.

We ensure access to R&D manufacturing capacity through relationships with contract manufacturers and investment in our own facilities.

The importance of collaboration in advancing human health

GARDASIL* is a quadrivalent human papillomavirus recombinant vaccine designed to prevent the majority of human papillomavirus (HPV) related clinical diseases caused by HPV 6, 11, 16 and 18. HPV types 16 and 18 account for approximately 70 percent of cervical cancer cases. HPV 6 and 11 cause approximately 90 percent of genital wart cases. Cervical cancer is the second most prevalent cancer in women, typically affecting those aged 35 to 55, and causing an estimated 250,000 deaths globally each year.

This landmark medical breakthrough was the culmination of CSL's 15 year involvement in the development of the product beginning with a research collaboration with Professor Ian Frazer and the University of Queensland, Australia in the early 1990s. GARDASIL is based on technology which was developed as a result of this collaboration and licensed by CSL to Merck & Co. Inc. in 1995. GARDASIL was registered by Merck & Co. Inc. in the US, Europe and Australia in 2006 for vaccination of girls and women between the ages 9 and 26.

GARDASIL achieved a significant milestone in March 2009 when vaccine distribution reached five million doses in Australia where more than 70% of females aged 12 to 26 have now been vaccinated. To further expand access to this important vaccine, CSL has agreed to waive Merck's royalty payments from the sale of GARDASIL to developing countries. This effort will help lower the price of GARDASIL in countries where the burden of cervical cancer is high and access to screening and treatment is limited.

* CSL has the distribution rights for GARDASIL in Australia and New Zealand.



Developing a world-class biotechnology workforce

CSL's commitment to funding innovative Research & Development for unmet medical needs has enabled our R&D groups to build a strong capability platform in support of existing and new products. To progress and grow our portfolio of products we must continue to attract, retain and develop the finest scientists in key specialties internationally. We continue to see skill shortages in specialised areas of drug development particularly in some geographical locations. As a consequence it is critical that we continue to develop capability from within, that we support the development of young scientists, and work effectively through global cross-functional project teams.

Sourcing key skills – competing for talent

It is often difficult to find senior scientists with strategic clinical and regulatory expertise, with late stage process development skills and with experience in specialised areas of science. To address this issue, we have undertaken a number of key international recruitments to close capability gaps and we continue to develop our internal R&D capability.

Growing local capability

Growing our local capability is critical across all R&D sites. This is supported through formal and on-the-job learning and development opportunities, secondments, international assignments, and corporate leadership programs. A number of initiatives are in place across the company to help young scientists transition from university into the drug development environment, thereby ensuring a robust talent pipeline for the future. These include site visits and information exchange between CSL and targeted academic institutions,

internships, trainee programs and post-doctoral assignments offered to young scientists to create opportunities for both students and CSL.

Working together – enhancing the functioning of global cross-cultural teams

Our R&D projects require input and collaboration across many locations. Employees often work in cross-functional, cross-cultural teams with infrequent face-to-face contact. Our Global Project Management Systems and capabilities help ensure that project milestones are achieved in this complex environment. In the past year we conducted a collaborative project to find new ways to enhance the functioning of project teams. The project has three components – the creation of a global team toolkit; a prototype team launch process; and a web-based culture tool to boost cross-cultural awareness and competence.

Secondary school students visit CSL's R&D facilities, Parkville, Australia to learn about careers in science.

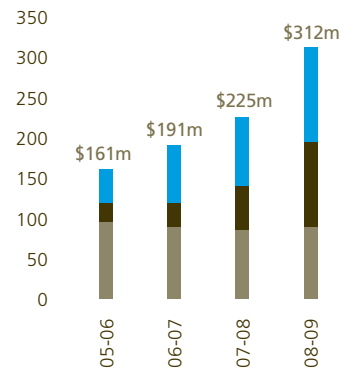
2.3 Investing in research and development

Investment in R&D is an important avenue to future growth for CSL. We have increased our investments significantly over recent years. In 2008/09 we invested A\$312 million in our R&D programs and in 2009/10 we plan to invest approximately A\$320 – \$340 million.

We endeavour to make balanced investment in life cycle management and market development of existing products resulting in short to mid term growth, as well as strategic investment in longer term, higher risk and high opportunity new product development activities.

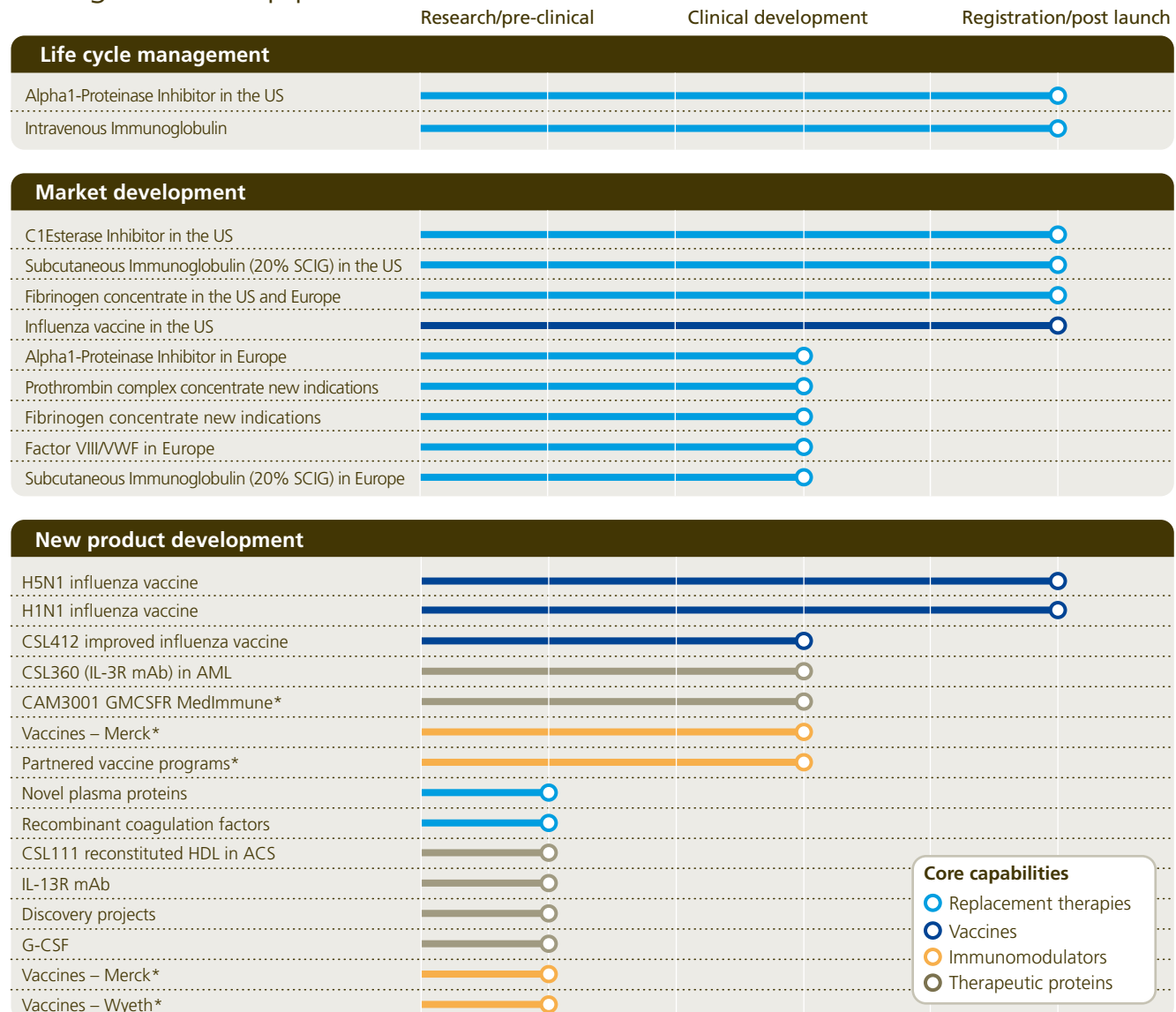
Currently, late stage clinical projects are dominated by life cycle management and market development projects in the replacement therapies area. Whilst we expect to maintain our investment in these areas, we anticipate a greater representation of new product development projects in late stage clinical trials as they progress through the product pipeline.

OUR RESEARCH & DEVELOPMENT INVESTMENT TREND



- New Product Development** activities focus on innovative new treatments for life-threatening diseases.
- Market Development** strategies seek to maximise market opportunities for existing products.
- Life Cycle Management** is a global program of continuous improvement to ensure existing products remain competitive.

CSL's global R&D pipeline



* Partnered projects.

At June 2009: For a brief description of the products listed in our pipeline, visit our website www.csl.com.au

Other examples of key therapies at various stages in CSL's pipeline:

Research

> Recombinant coagulation factor medicines

We are at the early stages of developing a family of recombinant coagulation factor medicines to treat haemophilia and other coagulation defects. We are developing recombinant forms of factors IX and VIIa utilising albumin fusion technology which in pre-clinical testing extends the half life of the molecules in circulation. This would result in a marked reduction in the frequency of administration and significantly increase convenience for patients. We now have proof of principle data in animals showing extended half life for recombinant FVIIa and FIX albumin fusion proteins. We will continue to develop these candidates through the pre-clinical phase in the next 12-18 months with the goal of commencing human trials with one prospect in 2011.

Pre-clinical

> High Density Lipoprotein

The development of reconstituted High Density Lipoprotein (HDL) for potential use in Acute Coronary Syndrome is a priority for our R&D program. It represents both a potential breakthrough in public health and a significant commercial opportunity for CSL. We have shown that a prototype formulation of reconstituted HDL could shrink atherosclerotic plaques in the walls of coronary arteries of patients who had suffered a heart attack. However this formulation had unacceptable hepatic effects in some patients and required a long (4 hours) infusion time. Consequently we have created a new formulation (CSL112) which in pre-clinical testing, retains the cholesterol mobilisation activity but has a reduction in hepatic effects and a decreased infusion time. We are now continuing studies on the biological activity and safety of CSL112 and expect to enter the clinic in 2010.

Registration

> Fibrinogen replacement therapy

Our human fibrinogen was approved by the FDA in January 2009 for the treatment of patients with a congenital deficiency of this coagulation protein. It is the first and only treatment for acute bleeding episodes in patients with congenital fibrinogen deficiency, an extremely rare and potentially life-threatening bleeding disorder.

Supporting influenza vaccine development

The R&D Group plays a critical role in CSL's supply of seasonal and pandemic influenza vaccines to global markets.

We operate one of the largest influenza vaccine manufacturing facilities in the world at our Parkville site and have more than 40 years experience in the research, development and production of influenza vaccines. Our global influenza strategy has been a key component of the Company's growth.

The World Health Organisation (WHO) Global Influenza Surveillance Network collects samples of influenza virus throughout the year and determines which new strains in the constantly changing viruses are becoming dominant.

Each year, CSL scientists take the candidate WHO viruses through a process known as reassortment to create viruses with good vaccine properties, and that will grow well in hen eggs. The seed lots obtained through this process are used to produce our influenza vaccines.

As one of only three laboratories in the world that produces Type A influenza virus seed lots for the WHO, CSL has a global role in developing pandemic and seasonal influenza vaccines. We make these viruses freely available to all companies, regulatory bodies and academic institutions without encumbrance.

During 2000 to 2009, one of the three strains for seasonal viruses used by manufacturers worldwide to produce influenza vaccine has been from seed virus developed by scientists at CSL.

Hen eggs

Embryonated hen eggs are used to grow the influenza virus and are used in the vaccine production process.

Seed Lots

Seed lots are derived from particular strains of virus. They are optimised for virus growth and utilised in the manufacture of vaccines.

Type A Influenza

Type A influenza viruses are the most common and most likely to cause serious disease in humans.

2.4 Responsible research practices

CSL is committed to conducting all of its R&D activities in a responsible manner. This means complying with government regulations in all countries in which we conduct research and applying industry codes and standards that are considered best practice.

This approach ensures the quality of our research and protects the rights, safety and well-being of our clinical trial participants. It also ensures the close monitoring of animal welfare during animal-based studies. In addition we recognise our responsibility to be transparent about the results of our clinical trials, and to provide public positions in relation to the bioethical concerns of our stakeholders.

2.4.1 Clinical trials

A clinical trial is a series of research studies in which people volunteer to receive a medical treatment and to be observed for its effects, both in terms of its safety and its effectiveness. Before a clinical trial can begin, the experimental product is first tested extensively in the laboratory and in animals. Clinical trials are carefully supervised, monitored, and documented. The applicable regulatory authority must grant approval to conduct testing in humans, and clinical trials are overseen by an independent review body.

CSL conducts clinical trials in accordance with the current *Guideline for Good Clinical Practice* (GCP) of the International Conference on Harmonisation (ICH). GCP is an international ethical and scientific quality standard for designing, conducting and reporting studies that involve the participation of human subjects. Compliance with this standard provides public assurance that the rights, safety and well-being of study subjects are protected and that the clinical trial data are credible. It also ensures that CSL conducts clinical trials consistent with the principles which originated in the Declaration of Helsinki.

Informed consent

Participation in clinical trials is voluntary, and people can not take part in a clinical trial without their knowledge and consent.

CSL conducts clinical research under strict procedures of informed consent. Informed consent is a process of information exchange that involves providing a participant with the key information about a study, and ensuring that the participant understands what the study is about. This information exchange occurs before a participant decides to enrol in a study, and the exchange continues for the duration of the study should the participant decide to take part. Information about the study is provided in language that is easy to understand and includes the aim of the study, what will happen during the study, what the researchers are hoping to accomplish, the treatments being tested and how they are thought to work, and any potential risks and benefits to the participant.

Informed consent protects participants from unauthorised research, and protects participants' rights and privacy. Participants can withdraw from a CSL clinical trial at any time.

Clinical trial transparency

CSL is committed to ensuring the transparency and public accessibility of information related to our global clinical research activities. We register our sponsored clinical trials on a public registry before trial initiation to help patients, their healthcare providers and caregivers identify clinical trials that might be appropriate for them. We disclose the results of these trials in a timely fashion, regardless of outcome, on a publically available results database to ensure that patients, healthcare providers, caregivers and patient advocacy groups have ready-access to trial results. The primary trial registry and results database used by CSL is ClinicalTrials.gov, which is administered by the United States National Library of Medicine. CSL may also register clinical trials and disclose results on other trial registries and databases, in compliance with local applicable regulatory and legal requirements. In general, we also seek to publish the results of our sponsored clinical trials in peer-reviewed journals.

2.4.2 The use of animals in research

Like all pharmaceutical companies, we are required by law to conduct animal research before testing new medicines in people, and to assure efficacy and quality of therapies in production. In this way animals play a vital role in saving lives and advancing human health.

We are committed to maintaining the highest standards of welfare for all animals involved in our research. Any laboratory test that involves the use of animals is licensed and closely regulated under local laws and international codes of practice.

Our Animal Ethics Committees (AECs) ensure that all applicable laws and standards are rigorously applied at CSL. Our AECs must review every CSL research proposal that involves animals and determine whether the use of animals is justified. They are also responsible for ensuring alternatives to animals have been considered and that the minimum number of animals is used. We will not commence any research involving animals unless an AEC has approved the scientific procedures, premises and technical qualifications of those involved in the research.

2.4.3 CSL and stem cell research

CSL does not use stem cells in its current research program. However we recognise that protein-based approaches are unlikely to address all serious diseases and that stem cell-based therapies may represent an effective and viable alternative in the future. For this reason CSL constantly monitors developments in this area.



Clinical trials and the development of a vaccine against the pandemic Type A H1N1 'swine' influenza virus.

CSL scientists made an immediate response to the advent of the global pandemic influenza threat in April 2009 by starting to develop a vaccine.

By 22 July, the first of a series of clinical trials of CSL's pandemic (H1N1) 2009 influenza vaccine had commenced.

The candidate vaccine tested in the clinical trials was produced using CSL's well established, large scale production technologies. The purpose of the clinical trials was to establish an optimum vaccine dose for protection

against this new strain of influenza. Both a standard dose (15 mcg) and a higher dose (30 mcg) were tested.

Two hundred and forty healthy adult volunteers aged 18 to 64 took part in the first trial at the Royal Adelaide Hospital in South Australia. Each volunteer received two doses of the candidate vaccine three weeks apart, with blood tests taken to measure the strength and appropriateness of the immune response. As with any of our clinical trials, the safety of the vaccine was also monitored.

In August, clinical trials in children commenced using the same dosing with 400 children aged six months to nine years taking part. Additional studies have also been carried out in the United States.

The data following the first dose of vaccine in adults, published as an original article in the *New England Journal of Medicine*, showed that over 95% of participants

receiving the single 15mcg dose of the vaccine achieved antibody levels that correlate with the prevention of influenza infection. The study also showed that the vaccine has a tolerability profile consistent with seasonal influenza vaccines, and that the immune response remained consistently strong irrespective of age.

Data from these clinical trials helped governments decide how best to deploy the H1N1 vaccine.

CSL scientists Tony Nguyen and Sonia Finotello inoculate eggs with an H1N1 virus isolate in our influenza vaccine seed preparation laboratory at Parkville, Australia.

3 Ensuring the safety and quality of our therapies



As a responsible biopharmaceutical company, we place the utmost importance on the safety and quality of our live-saving therapies. The health and well-being of those who use our therapies depends upon it.

3.1 Our approach

CSL is committed to maintaining the highest standards of safety and quality throughout all stages and aspects of the product life cycle.

When developing medicines for patient use, we conduct our clinical trials in accordance with the current Guideline for Good Clinical Practice of the International Conference on Harmonisation. Compliance with this standard provides public assurance that the rights, safety and well-being of clinical trial participants are protected and that the safety and efficacy data are credible. We conduct clinical trials in a range of countries to ensure the safety and efficacy of our medicines is evaluated in diverse populations and ethnicities. We disclose our clinical trial results in a timely fashion, regardless of outcome, on a publicly available results database, in addition to major medical and scientific journals.

Safety and quality continue to be our number one priority during the manufacture of our therapies and when we in-license medicines manufactured by other pharmaceutical companies. We strive to ensure that our products, processes and services meet all relevant specifications and are in compliance with applicable local laws and industry standards including, current Good Laboratory Practices (cGLP), current Good Manufacturing Practices (cGMP), current Good Distribution Practices (cGDP) and other similar standards applicable to the pharmaceutical industry.

We are frequently audited by regulatory agencies to ensure that our systems and therapies meet the requirements of applicable local laws and codes. In addition we routinely carry out self-inspection audits together with audits of our suppliers to identify, measure, control and react to potential issues that may affect the quality and safety of our products.

We provide appropriate and ongoing education and training of our employees involved in the manufacture, testing and distribution of our therapies to ensure they are equipped to perform their duties effectively and in compliance with methods and processes approved by regulatory agencies.

CSL is committed to providing accurate, balanced and useful information to healthcare professionals and governments to assist them in providing the best possible care to patients and to improving public health. This is a critical part of our role as a supplier of highly specialised biopharmaceuticals. All promotional and educational materials relating to our products are formally developed in conjunction with, and reviewed and approved by, our medical departments to ensure accuracy and compliance with all relevant legislation and voluntary codes in the markets in which we operate.

Our sales and marketing practices and interactions with healthcare professionals, consumers and other customers are also governed by laws and regulations including voluntary codes to ensure the appropriateness of these interactions. Adherence to these regulations and codes are achieved by high levels of training for all employees interacting with our customers and are enforced through our business practice.

CSL is committed to continuous evaluation of the benefits and risks of our medicines. We maintain a global pharmacovigilance system designed to capture, investigate and report any adverse event associated with, or thought to be associated with the use of our therapies. This system ensures CSL can rapidly evaluate safety reports and provide appropriate safety information to patients, healthcare providers and regulators and take prompt remedial action if necessary.

3.2 Quality and safety performance

We measure our product quality and safety performance against multiple indicators, including the number of audits undertaken at our sites by US, Australian and European regulators, the number of non-compliances received that affect our product marketing licences, the number of quality audits we undertake of our suppliers and the number of finished products we recall for any safety-related reason.

In 2008/09 we participated in 83 regulatory audits, received zero non-compliances affecting our product marketing licences and increased the number of quality audits of our suppliers by 25%. We issued two finished product recalls which were classified as non-serious by the FDA.

OUR QUALITY AND SAFETY PERFORMANCE

CSL Group	April 06 to March 07	April 07 to March 08	April 08 to March 09
Regulatory audits	98	80	83
Non-compliances affecting our product marketing licences [^]	0	0	0
Quality audits of suppliers	259	232	288
Safety related recalls of finished product	1 ^a	0	2 ^{b,c}

a A voluntary recall conducted on a batch of IVIg that had a potential risk of containing glass particles.

b A recall conducted on four batches of MONOCLATE-P lots, due to stability failures on two of the batches. The two additional batches were recalled as a precautionary measure.

c A field correction in response to a defective seal on a sterile component pack supplied with MONONINE. Replacement packs were provided to customers that had received the impacted lots.

[^] Non-compliances affecting our marketing licences is the highest category of non-compliance issued by our major regulatory bodies in the US, Australia and Europe.

CSL Behring Consent Decree lifted

In August 2008, the US District Court lifted the Consent Decree (a judicial recognition of an agreement to modify practices) that was imposed on the Kankakee manufacturing facility in January 1997, prior to CSL's acquisition, due to certain quality issues.

During the 11 years that the facility was under Consent Decree, it underwent a total of 20 inspections from the US Food and Drug Administration (FDA). Significant investments were made in the facility, which were supported by new quality systems and improved process controls. Programs were also introduced to embed a quality culture across all functions.

The removal of a Consent Decree is rare, and therefore represents a significant achievement for staff at our Kankakee facility. It also demonstrates our commitment to product quality and safety, and to the continuous improvement of our operations.

Voluntary standards for quality and safety

To further improve the quality and safety of plasma therapies, the Plasma Protein Therapeutics Association (PPTA) has adopted a series of Voluntary Standards relating to the collecting, testing and processing of source plasma. The Standards are intended to go above and beyond regulatory requirements.

The PPTA has developed two major certification programs to recognise adherence by industry members to these Voluntary Standards: the International Quality Plasma Program (IQPP) and the Quality Standards of Excellence, Assurance and Leadership (QSEAL) program.

IQPP certification recognises a plasma collection centre's adherence to the PPTA's Voluntary Standards for donor and centre management.

These Standards are aimed at providing manufacturers with the highest quality source material. All CSL Plasma collection centres in Germany and the US are all fully certified to IQPP.

In the US, CSL Plasma also participates in the National Donor Deferral Registry (NDDR). Developed by the PPTA, the NDDR registry is a nationwide database of plasma donors who have been permanently deferred from donating plasma.

QSEAL certification is a recognition that a manufacturer complies with the PPTA's Voluntary Standards for the quality management of plasma from receipt of collected plasma through to the finished product. CSL Behring has been QSEAL certified since 2001, achieving its most recent re-certification in 2009.

All PPTA certifications are subject to independent auditor's assessment and require regular inspections and reviews.

3.3 Supplier selection and management

CSL has over 6,000 suppliers worldwide. Many of them provide materials and services that are essential to the development, manufacture and marketing of our life-saving therapies. For this reason, we expect our suppliers to share our commitment to safety and quality.

CSL has an active program of supplier selection and management. In many cases, the selection of suppliers is primarily driven by stringent quality, regulatory or reliability constraints.

Economics is also a very important driver in supplier selection as we continually strive to improve our operational efficiency. This helps us maximise the supply of our life-saving therapies to patients and to meet our fiscal responsibilities to shareholders.

While geography is not part of our selection criteria, a significant portion of our inputs come from local suppliers. This helps avoid higher costs associated with using distant suppliers and enables CSL to contribute to local economic development. For example, our Parkville facility requires millions of eggs each year to manufacture influenza vaccine. These are sourced from several suppliers in nearby rural areas.

In most cases, major sourcing decisions follow a formal competitive bidding process. Vendor-agnostic technical specifications are produced and issued as part of a Request for Proposal. Three bidders are typically invited to submit proposals which are evaluated thoroughly against our criteria by a sourcing panel.

For key and critical suppliers, our management process includes ongoing dialogue, formal performance reviews and quality audits. In 2008/09 we conducted 288 quality audits, 56 or 25% more than the previous year. We also require our critical suppliers to develop risk management plans to ensure security of supply, which has proven especially important for influenza pandemic preparedness.

CSL makes every effort to ensure that all its suppliers operate to high ethical standards. We recently made our expectations explicit by distributing the CSL Code of Responsible Business Practice to all major suppliers. We are also introducing a new ethical behaviour clause into our supplier contracts.



3.4 Safety and the manufacture of plasma therapies

With any medicine, there is always some level of safety risk. The most important safety issue for plasma-derived therapies is the potential for contamination with pathogens originating from donated plasma. While the theoretical risk of pathogen transmission can never be zero, we use multiple and overlapping safety measures to reduce this risk to extraordinarily low levels. Since the introduction of dedicated virus reduction steps and thorough Quality Assurance measures in plasma fractionation, there has been no proven transmission of a pathogen via a plasma-derived product reported.

Counterfeit medicines

A counterfeit medicine is a medication or pharmaceutical product which is produced and sold with the intent to deceive patients, physicians and pharmacies as to the product's origin, authenticity or effectiveness. Counterfeit products can be found in different forms:

- > Products with the correct ingredients (but with incorrect quantities of active ingredients, or time-expired active ingredients, creating an increased risk of drug resistance. The product may also have been relabelled, which can lead to allergic reactions and harmful interactions with other drugs);
- > Products with the wrong ingredients (possibly toxic and therefore directly harmful to patients);
- > Products without active ingredients (leaving patients at risk as their disease is left without treatment)

Incidents of counterfeiting relating to CSL products have been very rare to date. However, as we continue to expand our business we are working to reduce the risk of counterfeiting by standardising and strengthening our handling practices for finished products.

The first step in minimising the risk of pathogen transmission is the application of strict donor exclusion criteria.

CSL Plasma's donors complete a pre-donation questionnaire and health check to identify those who may be at risk of carrying pathogens of concern and they are excluded from donating. Similar safety procedures are also followed by the blood services that collect and send plasma to CSL for fractionation.

At CSL Plasma each individual plasma donation undergoes serological testing to screen for infectious diseases. Nucleic acid amplification technology (NAT) is also used to detect any relevant blood-borne viruses that may be in the earlier stages of infection. We screen for a broad range of viruses including hepatitis B virus (HBV) and hepatitis C virus (HCV), human immunodeficiency virus type 1 and 2 (HIV 1 and 2), hepatitis A virus (HAV) and parvovirus B19 (B19V). Individual plasma donations are then pooled for fractionation and the pools are again tested using serology and NAT.

Our manufacturing processes all include process stages to further reduce the risk of pathogen transmission using different technologies to deal with different pathogen types. These process stages have been validated (assessed in rigorous studies and subject to regulatory review) to show their effectiveness. We also utilise validated cleaning methods for equipment and materials between production pools to avoid a potential batch-to-batch contamination.

The processes we use during the manufacture of our plasma products to ensure inactivation or removal of pathogens include pasteurisation, dry heat treatment, solvent/detergent treatment and low pH. Virus filtration is included in the manufacturing processes of many of our therapies to further increase the safety margin for viruses. Our manufacturing processes also limit the theoretical risk of prion transmission. We also keep a global watch on emerging and re-emerging infectious diseases. Pathogens are assessed on the risk they pose to the blood supply, especially to plasma for fractionation, and additional donor deferral is introduced as soon as required.

We maintain highly developed and equipped Quality Control Laboratories that monitor all starting materials prior to their use in the manufacturing process, including the testing of starting plasma to ensure it is compliant for viral markers. Our Quality Assurance departments are responsible for the review of all documentation associated with the manufacture of each batch of product, and for the release of each batch. Additionally they perform quality audits of suppliers, blood/plasma collection centres, and of CSL's manufacturing facilities.

To remain at the cutting edge of technology and international standards and processes, CSL's staff regularly participate in key forums including SoGAT (a WHO working group on the Standardisation of Genome Amplification Technology), ICH (International Committee of Harmonisation), IPFA (International Protein Fractionators Association), ISBT (International Society of Blood Transfusion), IAB (International Association for Biologicals), PDA (Parenteral Drug Association), PPTA (Plasma Protein Therapeutics Association) and ISPE (International Society of Pharmaceutical Engineering).

Our plasma therapies are continuously monitored for safety and efficacy through our extensive quality and safety systems, including pharmacovigilance (post-marketing monitoring) and traceability. These systems provide an additional level of oversight by tracking and monitoring any potential adverse events of manufactured therapies. Pharmacovigilance is an important tool to monitor the safety of a product and detect hitherto unknown adverse reactions. Our processes ensure that we can readily trace the supply of our manufactured product lots to our customers, as well as tracing back to all materials used in the manufacture of each lot of product. Any adverse event is investigated, evaluated and reported to appropriate regulatory bodies.

Valuing the important role of the plasma donor

Plasma-derived therapies are used in the treatment of many rare and serious conditions including bleeding disorders, immune deficiencies, pulmonary disorders, hereditary angioedema, shock and trauma. Plasma donors play a critical role in ensuring an ongoing supply of these life-saving therapies around the world.

CSL Plasma operates 73 collection centres in the United States and Germany and collects plasma from more than 400,000 donors each year. Our donors come from an array of different cultures, backgrounds and

walks of life. Many know someone personally – a friend, family member or neighbour – who depends on plasma products for their health. Others simply enjoy the act of giving, knowing that their regular plasma donations are making a difference in the world.

To maintain high health standards, a member of CSL Plasma's professional medical staff gives every potential donor a medical screening examination, and gathers medical history information. This is for the donors' safety as well as the quality and safety of our products, and we assure the utmost respect for donor privacy. Plasma donors must be 18 years old, weigh at least 50 kilograms (approximately 110 pounds), be in good health, and meet proper identification

and residency requirements. To be eligible to donate US donors cannot be listed on the National Donor Deferral Registry or in our Permanent Deferral Donor Base, and must live within a defined donor recruitment area surrounding a collection centre.

CSL also provides plasma fractionation services for several health authorities and blood services in other countries, including Australia. The health authorities and blood services that provide plasma to CSL follow similar donor screening and deferral, and donation testing using serology and NAT, as that undertaken by CSL Plasma.



Financial planner who gives back

Ben J. Prince,
Knoxville, United States

Six years ago, some firefighter friends of mine talked me into donating plasma. It took a lot to convince me, since I tell my doctor I am allergic to needles! However, I soon found out about all the good that comes from my plasma donation.

I received financial remuneration on my first visit and got to read the newspaper while donating. I like to read and realised, as a former financial planner, this was a great way to earn extra money and help other people. So I have been donating ever since!

My mother was a nurse, so I have always respected medical professionals like the folks here at the Knoxville Center. I also enjoy the family-type atmosphere and the fun we often have. I once won the best dressed University of Tennessee Volunteer fan contest.

3.5 Safety and the manufacture of vaccines

CSL operates the largest influenza vaccine manufacturing plant in the southern hemisphere at Parkville facility in Australia. It has the capacity to manufacture up to 80 million doses of influenza vaccine each year for Australia and other markets, including the United States and Europe. Our influenza vaccine is currently registered in 27 countries.

We manufacture our influenza vaccine in a dedicated production facility, which is maintained at the highest standard. Our facility is subject to regular inspections by regulatory authorities, including the Australian Therapeutic Goods Administration (TGA) and the US Food and Drug Administration (FDA).

Our influenza vaccine was first registered in Australia in 1968. Over the subsequent 40 years, we have developed extensive expertise in the manufacture of influenza vaccine. Our manufacturing process is very well defined. Our highly developed and well-equipped Quality Control Laboratories monitor all starting materials, intermediates and final product. This ensures each stage of the manufacturing process meets rigorous specifications.

Our Quality Assurance departments are responsible for the review of all documentation associated with the manufacture of each batch of product, and for the release of each batch. Additionally they perform quality audits of CSL's manufacturing processes and facilities and of our suppliers' facilities.

Each year, the World Health Organisation (WHO) Global Influenza Network provides CSL with influenza virus samples, which represent the influenza strains predominating in the southern and northern hemispheres. The WHO and local regional authorities then make recommendations for the composition of the vaccine for the southern and northern hemispheres respectively. This ensures that the influenza strains in the vaccine match as closely as possible to the viruses that are likely to circulate in the following southern and northern hemisphere winters.

CSL's influenza vaccine is an inactivated vaccine, which means that it does not contain live influenza virus. Our process

involves inactivation of the influenza virus with chemicals, using validated procedures. Testing for completeness of inactivation is then conducted by CSL Quality Control Laboratories to ensure that no live virus remains.

We have collected extensive data on the safety and effectiveness of our influenza vaccine from clinical studies conducted in healthy volunteers and from product safety

surveillance conducted in the community. We have data from clinical studies to show that the vaccine induces a protective immune response in children (over 6 months of age), adults and older adults (over 60 years of age) against the influenza virus strains that are contained in the vaccine. Likewise, the safety of CSL's vaccine has been well established, with a history of over 40 years of safe use.

The role of vaccines in protecting public health

Since Edward Jenner's discovery at the end of the 18th century, that deliberate infection with Cowpox could prevent the deadly human disease Smallpox, vaccination remains one of the greatest advances ever made in public health. Since that time, not only has smallpox been completely eliminated, but the impact of many life-threatening infectious diseases like poliomyelitis, diphtheria and pertussis has been dramatically reduced around the globe.

CSL has been involved in vaccine research and production since its creation in 1916. We make significant investment in research to improve our existing vaccines and to introduce new vaccines against serious transmissible diseases.

Our research and manufacturing programs include a focus on vaccine safety. It is well-recognised that for products to achieve regulatory approval in the US, Europe and Australia, the benefits of vaccination must outweigh the risks. However we recognise that as vaccines are administered to healthy people, usually children, the bar for safety standards is set much higher than for most other medicines. For this reason CSL devotes considerable resources to studying and monitoring vaccine safety.

Part of this role is to work with governments and experts in infectious disease and immunology to educate the public about the importance of immunisation, given the safety and effectiveness of modern vaccines.

As it has been several decades since death and disability from childhood epidemics was widespread, many families, unaware of the possible serious outcomes from vaccine-preventable diseases, have become complacent about immunisation and more accepting of misleading and scientifically flawed messages promoted by anti-vaccination activists.

CSL in Australia supports the Australian Science Media Centre which provides independent expert advice to journalists and the public through its websites and conferences, thus promoting evidence-based debate on public health issues like immunisation. CSL also devotes considerable resources to counter misleading information in the media about our vaccines, particularly when they are used in large-scale immunisation programs.

This has included media events where experts have addressed common myths about vaccination, in ways that can be understood by the general public. Some of the myths we have addressed in the public domain are: the perception that new vaccines like pandemic H1N1 and GARDASIL have not been properly tested; claims that preservatives like thiomersal (thimerosal) are linked to autism and other disorders, misinformation that vaccine adjuvants cause harm, and incorrect rumours that have circulated linking GARDASIL to serious illnesses and death. We believe it is important to hear concerns and address them with scientific information.

4 Operating responsibly in the marketplace



CSL's marketplace is diverse and complex, presenting many challenges and opportunities. We are committed to achieving our financial goals in a responsible manner and to sharing our success with our stakeholders and communities.

4.1 Our approach

We act lawfully, honestly and fairly when competing in the market, and strive to fulfil our responsibilities to shareholders while helping to support access to our therapies for patients. CSL does not tolerate corrupt practices in any market.

We participate in the development of public policy relating to health and healthcare both directly and in partnership with industry associations and patient advocacy organisations. We are open about our public policy initiatives in the interests of transparency.

4.2 Our economic contribution

CSL contributes to local, regional and national economies through the development, manufacture and marketing of vaccines and plasma therapies; the distribution of capital through payments to employees, donors, suppliers and shareholders; and payments to the community through government taxes. We make further contributions through donations, sponsorships and grants to non-profit organisations as described in Section 6; Supporting our communities around the world.

The economic value that CSL has generated and distributed over the past 3 years is detailed in the adjacent table. The major drivers of our economic performance over this period were:

- > The integration of operations generating efficiencies throughout our plasma business;
- > Expansion of markets for our core plasma therapies, and specialty products;
- > GARDASIL sales in Australasia and royalties received from Merck & Co. Inc. on global sales;
- > Development of new therapies such as intravenous immunoglobulin to service the growth in demand for plasma therapies;
- > Increased global sales of influenza vaccine;
- > A substantial increase in annual global R&D expenditure from A\$191m to A\$312m over the three years;
- > Major investments in plant expansions and efficiency improvements that have allowed us to deliver more therapies to world markets.

CSL'S ECONOMIC PERFORMANCE (A\$MILLION)

	06-07	07-08	08-09
Direct Economic Value Generated			
Revenue	\$3,317	\$3,794	\$5,039
Direct Economic Value Distributed			
Operating costs	\$1,807	\$2,061	\$2,653
Employee wages & benefits	\$764	\$816	\$1,048
Payments to providers of capital (shareholders)	\$200	\$277	\$381
Payments to government (tax)	\$189	\$263	\$238
Total	\$2,959	\$3,418	\$4,320
Economic Value Retained	\$357	\$376	\$719

CSL's economic contributions in Australia

As an Australian company with global operations, CSL makes a significant economic contribution to its home country. In 2008/09, CSL's operations in Australia comprised:

- > total sales of \$855 million, including \$77 million in export sales;
- > \$189 million paid in wages and salaries to Australian workers;
- > \$574 million in goods and services bought from other Australian businesses; and
- > 1,752 full-time equivalent jobs, of which 500 were employed in R&D activities.

This activity stimulated*:

- > \$1,669 million in additional output from other industries for a total contribution to national output of \$2,524 million;

- > \$189 million in household income contributions. The increase in consumption spending from this induced a further \$364 million in household income from employment in other industries for a total increase in household income of \$553 million; and
- > employment of 5,794 jobs in other industries in addition to 1,752 directly employed, resulting in a total employment contribution of 7,546 jobs.

CSL has substantial R&D activities in Australia which can be expected to generate large knowledge spillovers, which are not included in the foregoing figures. Nor are returns to CSL's Australian shareholders, including those from profits earned offshore.

CSL's contribution to the Australian economy has more than doubled since 2004/05.

* Analysis conducted by Synergies Economic Consulting. Estimates are based on ABS input/output tables.

CSL Plasma's contribution to local economies

CSL Plasma has a presence in many local communities in the US and Germany through its collection centre network. Not all communities are familiar with the operations of a plasma collection centre and we work hard to address any concerns through education and outreach. In addition to emphasising the critical role donors play in saving and improving lives, we endeavour to highlight the economic value that our collection centres bring to local communities.

In 2008 we undertook an analysis of the economic impacts of our plasma collection centres. We found that on average, each centre directly contributes a total of US\$5 million annually to its local community. Our contributions comprise employee wages, donor compensation and services.

In addition, we are introducing the use of debit cards for our donors, which are credited to compensate donors for their time and inconvenience. The cards are largely used in grocery and convenience stores, stimulating further local economic activity. With added benefits of security and fraud protection, the cards have been very well received by donors, merchants and the general community.

Our relationship with plasma donors underpins our ability to contribute to our local communities. In 2009 we launched *Our Promise To You*, which informs donors what they can expect from us and in turn what we expect from them. It focuses on customer service, facility conditions, donor behaviour and community relations.

4.3 Fair competition

CSL supports free competition and forbids practices that would in any way mislead consumers; contravene applicable trade practices or competition laws; or constitute other unfair practices.

CSL is subject to multiple trade practices and competition laws in the different countries in which we operate. As examples, in Europe the European Council Treaty and overarching European Union Directives form the basis for national legislation. The principal legislation in Australia is the Trade Practices Act, and in the US it is the Foreign Corrupt Practices Act and federal antitrust statutes. We also adhere to a range of industry codes that include provisions on fair competition.

We make all of our employees aware of the important rules pertaining to fair competition through mandatory induction programs and our Code of Responsible Business Practice training. We require all senior managers across the CSL Group as well as those working in commercial operations to undertake additional training on fair competition legislation and relevant codes in their respective jurisdictions. As a further measure, our legal departments review major contracts to ensure they do not contravene trade practices and fair trading legislation.

US Federal Trade Commission's opposition to CSL's proposed acquisition of Talecris

On 13 August 2008 CSL announced an agreement to acquire Talecris Biotherapeutics, Inc, a leading manufacturer and marketer of plasma-derived therapies, from the owners Cerberus Partners, L.P. and Ampersand Ventures. The Talecris acquisition was subject to regulatory approvals, including approval from US anti-trust authorities.

On 25 May 2009, the US Federal Trade Commission filed a complaint in the US Federal District Court challenging our proposed acquisition. We fundamentally disagreed with the FTC's opposition which had not recognised that the combination would be pro-competitive, provide significant efficiencies that would improve the supply of biotherapies and be beneficial to the patient community.

Notwithstanding this position, after careful consideration, CSL's Board of Directors did not believe that entering into a protracted litigation process with its inherent risks, substantial costs and lengthy distraction of CSL Management would be in the best interests of the Company's stakeholders. As a result, on 9 June 2009, both Talecris and CSL announced they had mutually agreed to terminate their merger.

Subsequently, CSL has been served with a number of lawsuits filed in the US courts alleging that we and a competitor, along with an industry association, have conspired to restrict output and artificially increase the price of plasma-derived therapies in the US. These actions were filed by individual private hospital groups but all seek status to proceed as class actions on behalf of all persons similarly situated. We believe these lawsuits are unsupported by fact and without merit. We are an aggressive but fair competitor in all markets and take great pride in our commitment to delivering life-saving therapies to patients. We will vigorously defend ourselves against these lawsuits.

4.4 Market presence in Australia

CSL is Australia's largest biotechnology and pharmaceutical company and produces a range of medicines that are critical to the health and wellbeing of Australians. These range from medicines that are unique to Australia and only produced by CSL – for example, antivenoms against Australia's unique and poisonous fauna – to medicines such as plasma therapies and influenza vaccines. Australian governments have judged that an ongoing capacity to manufacture these medicines in Australia is essential to Australia's health security.

CSL supports the Australian Government in this aim by maintaining local plasma fractionation facilities that are primarily directed at serving Australia's needs, by supporting the Australian Red Cross Blood Service in its efforts to collect a sufficient quantity of blood and plasma in Australia, through dedicated antivenom and Q-Fever facilities and through its contracts with Governments to supply influenza vaccine, including pandemic vaccine, such as was the case with pandemic H1N1 2009 influenza.

The bulk of these services are provided through commercial contracts negotiated with the Australian Government. In addition, CSL does receive support from the Australian Government related to some of these services, mostly in the form of capital grants. In 2008/09, we received A\$640,000 in Government grants.



CSL's role as Australia's plasma fractionator

CSL began its life known as the Commonwealth Serum Laboratories. Its aim was to ensure Australia would be self sufficient for key medical products during World War 1. The first Director of CSL was appointed on the first anniversary of ANZAC Day (national day of remembrance), 25 April 1916.

Under sequential long term agreements with the Commonwealth, and from 2005 via the National Blood Authority, CSL Bioplasma has been Australia's chosen plasma fractionator since 1952. Our unique purpose-built chromatographic plasma fractionation facility in Broadmeadows, is the result of investment of over A\$500 million, and is one of the most sophisticated plasma fractionation facilities in the world.

In 2006, the Australian Government commissioned an independent review of Australia's plasma fractionation

arrangements as part of its commitments under the Australia United States Free Trade Agreement. The Review recommended that the existing plasma fractionation arrangements should remain in place.

CSL Bioplasma continues to fractionate a near-complete range of plasma-derived therapeutics specifically designed to meet Australia's needs. CSL Bioplasma's world leading yield of IVIg, achieved through CSL's continual investment in the research, development and implementation of process improvements, maximizes the amount of therapy produced from each precious litre of plasma collected by the Australian Red Cross Blood Service.

CSL Bioplasma's buffer preparation and storage facilities utilised for the manufacture of plasma-derived therapies.



4.5 Pricing

CSL recognises that the pricing of medicines is an important issue in the pharmaceutical sector, especially for patients, governments and providers. Pricing is one of a number of factors that can affect patient access in both developed and developing markets. We seek to price our therapies fairly and competitively in all markets, and we work with governments, patient groups and other health care stakeholders to address access issues relevant to our therapy areas.

In many countries prices for our therapies are negotiated directly with governments or other major payers based on demonstration of cost effectiveness or through a competitive tender process.

In other countries, where our therapies are predominantly supplied via the private market, prices are established based on a number of factors including competitive market forces and applicable government controls.

It is important to recognise that the price a consumer pays for medicine in the private market is also affected by duties and tariffs imposed on imported medicines, as well as price mark-ups by intermediaries such as wholesalers and pharmacies and in some cases, an additional fee by the health care provider.

In all cases, we seek to ensure the prices of our medicines reflect their clinical value to patients, the community and government in terms of efficacy, safety and disease prevention, whilst balancing the high risks associated with R&D and the need for a fair return on investment.

4.6 Contributing to public policy

At CSL we believe we have an important contribution to make to the development of public policy on issues that directly impact our businesses and where we have particular expertise. Our public policy initiatives are focused largely in the US, Europe and Australia.

In Australia, CSL contributes to a range of public policy debates in which we have expertise. Our CEO and Managing Director recently chaired the Federal Government's Pharmaceutical Industry Strategy Group which developed economic strategies to ensure a sustainable research-based pharmaceutical sector for Australia in future. We work with Medicines Australia and the Public Health Association of Australia on strengthening Australia's National Immunisation Program. Our R&D division frequently contributes to Government policy initiatives through formal submissions and consultations. This year we contributed to Government enquiries on the appropriate framework for clinical trials, and a Senate Enquiry into gene patenting.

In the US our Public Affairs team regularly contributes to policy debates with government officials at the state and federal levels, especially in areas that affect access to plasma therapies. In addition, we routinely petition members of Congress and state legislators with regard to therapy access and reimbursement issues.

CSL Behring is a member company in the Plasma Protein Therapeutics Association (PPTA), which has worked successfully in the past to secure special recognition and appropriate government support for plasma therapies and patients. We are active in the Biotechnology Industry Organisation (BIO), in the US, and EuropaBIO in support of their efforts to promote a pro-research therapeutics policy agenda. We also partner with and support patient organisations to help empower their grass roots advocacy through our LEAD grants and Raise Your Voice program as described in section 6; Supporting our communities around the world.

In Europe CSL's public policy interests reflect the current work of the European Community wherever this includes topics of direct relevance to the plasma sector, for example, the Blood Directive Report on Voluntary Donations and the EU Commission Communication on Rare Diseases. We have contributed to raising the profile of plasma therapies among EU policy makers, both directly and through our membership in the PPTA.

Rare plasma related disorders are increasingly being recognised as a key category within Rare Diseases. Our policy activities focus on this to ensure that the unique nature of plasma therapies and the specificities of the conditions they treat are taken into account in upcoming EU legislation and actions.

In 2008/09, two policy events on rare plasma disorders were organised in the European Parliament in collaboration with stakeholders. As a result, Members of the European Parliament issued a Call for Action and proposed the creation of a *European Parliament Interest Group on Rare Plasma Related Disorders*.

In parallel to this, we have provided a three-year grant to the European Organisation for Rare Diseases (EURORDIS) to help develop a new European diseases policy project. This project is the first European initiative designed to collect patient opinions on rare disease policies and is intended to build consensus on preferred public health policy scenarios. We also joined the panel of funding partners of the European Patient's Forum (EPF) which is an umbrella organisation of pan-European patient organisations active in the field of European public health and health advocacy.

CSL collaborates with the Immune Deficiency Foundation on the *Medicare IVIg Patient Access Act*

Primary immunodeficiency (PI) diseases are disorders in which part of the body's immune system is missing or does not function properly. Advances in medical understanding and treatment of primary immunodeficiency diseases allow PI patients who in the past would not have survived childhood, to live normal lives. However these patients often require lifelong treatment with intravenous gamma immunoglobulin (IVIg) or subcutaneous Ig infusions to make up for the failures in their own immune systems. Left untreated they are vulnerable to potentially fatal infections and debilitating illnesses.

CSL has worked in collaboration with the Immune Deficiency Foundation (IDF) and others in a coalition to advance legislation to increase patient access to IVIg. We advocated for the *Medicare IVIG Patient Access Act* which was introduced into the United States Congress in the third quarter 2008/09 to address the serious access problems some patients were facing according to IDF studies and reports.

Stakeholders continue to work to progress outcomes on this legislation.

4.7 Political donations

It is policy at CSL that any donations made to support the work of party and political candidates or representatives shall be reasonably balanced among parties and candidates or representatives, and must be made in accordance with applicable local laws and regulations. Political donations can only be authorised by the head of a CSL business unit and must be reported to the CSL Board of Directors on an annual basis.

4.8 Anti-corruption

CSL's Code of Responsible Business Practice contains a clear policy statement that all our businesses and employees must not directly or indirectly offer, pay, solicit or accept payments or give or receive personal rewards or inducements in exchange for making business decisions, and that our employees and directors must not accept gifts or entertainment where to do so might influence, or be perceived to influence, objective business judgement.

Our training module for the Code of Responsible Business Practice, which is intended for all employees, contains tutorial and test questions that seek to confirm our employees' understanding of this policy. The principles are also covered extensively in training relating to the responsible marketing of prescription medicines, as described in 4.9. In addition, CSL Behring is preparing a new training program on the US Foreign Corrupt Practices Act, which will be provided to all employees who interact with foreign government officials.

When we seek to establish a presence in new markets, either directly or via a third party, we conduct a thorough analysis of the usual business practices in that market so as to assess the level of risk relating to corruption. We undertake thorough background checks on candidate employees and agencies and establish a code of acceptable practice from the outset. We include corruption penalty clauses in commercial agreements and specify requirements for detailed reporting on commercial, financial and marketing activities within the respective market. We also maintain regular communication with our offices and agents, conduct annual performance reviews and undertake site and customer visits to monitor the conduct of those representing CSL.

CSL's Audit and Risk Management Committee monitors the company's risks relating to corruption through risk reports from CSL business units and via the internal audit function. We assess our overall risk relating to corruption to be low, but remain diligent in enforcing relevant policies, mandatory training and the ongoing assessment of risk in this area.

Anti-corruption measures at CSL Behring Marburg

Each CSL business unit is responsible for ensuring compliance with the anti-corruption policy and for abiding by the relevant regulations and codes in its various jurisdictions.

For example, in Germany various national criminal acts as well as industry association codes set forth strict rules to prevent corruption behaviour or action. CSL Behring follows a very strict regime in its interaction with healthcare professionals, other public officials and business partners in the private industry.

It is a requirement that any form of cooperation for example, a scientific collaboration, speaker engagement, consultancy or donation, follows the four basic principles of:

1. Separation – cooperation must be separated from procurement;
2. Documentation – a written agreement is required;
3. Equivalency – compensation must be adequate for the services received; and
4. Transparency – particularly relating to healthcare professionals, the employing hospital must be informed and provide written consent to the cooperation.

All relevant contracts contain language addressing anti-corruption principles and requiring partners to warrant full compliance with these principles. Regular training and workshops are provided to all relevant functions, including, commercial operations, purchasing, clinical R&D and commercial development.

4.9 Responsible marketing of medicines

The responsible marketing of prescription medicines is vital to maintaining consumer trust in the pharmaceutical industry and to ensuring that patients receive the greatest benefits from pharmaceutical products and services. It is governed by strict government regulation and industry codes in all countries where we operate.

At CSL we recognise that our valued reputation and success as a trusted supplier of biopharmaceuticals relies on ensuring our therapies are trustworthy and honestly represented in our interactions with healthcare professionals, consumers and other customers.

We are committed to complying with all applicable local laws, regulations and accepted industry codes relating to the responsible marketing and promotion of prescription medicines. Policies, standard operating procedures and training programs are in place in all CSL business units to ensure regulatory compliance and good practice.

For countries in which we engage third parties to market our products, we include clauses in operational contracts which require our distributors to comply with all applicable laws, international best practice standards and the principles set out in CSL's Code of Responsible Business Practice.

Promotional review committees operate in all CSL business units. They comprise senior marketing, medical, regulatory and legal staff members who are responsible for ensuring that information to be disseminated about our medicines and therapy areas is balanced, supported by scientifically valid data and compliant with relevant laws and codes.

All CSL employees who interact with customers, regardless of where they are domiciled, must undertake regular and comprehensive training on responsible marketing practices. Mandatory training is conducted at least annually in the form of introductory modules (for new staff), refresher courses and continuing education.



CSL Sales & Marketing Teams recognised

CSL's Australian GP and Vaccine Sales team were recently awarded the *Sales Team of the Year* for the second year in a row at Australia's premier pharmaceutical sales and marketing awards. The Pharmaceutical Research Innovation and Marketing Excellence Awards (PRIME Awards) celebrates effective Sales and Marketing practices and highlights professional campaigns

and individuals that promote the Quality Use of Medicines to the Australian community.

The GARDASIL Marketing team also won the Product Launch of the Year award for their innovative strategy surrounding the national Immunisation program in Australia for the vaccine.

The awards are judged by an independent panel following a nomination process. The panel is selected to give an impartial, professional and wide-ranging level of expertise and is assembled exclusively from leading healthcare organisations and top business school academics.

These awards provide important recognition to our employees and enhance our reputation in the healthcare community.

Greg Whiteside, Senior Brand Manager, with the "Product Launch of the Year" Award.

5 Providing a positive working environment for our people



Each and every day, thousands of CSL employees around the world come to work to help save lives. They are guided by our shared values of integrity, collaboration, customer focus, innovation and superior performance.

5.1 Our approach

At CSL, we aim to provide a positive working environment for all our employees and contractors. We are committed to treating our people in a lawful and fair manner, and seek to engender a workplace culture of mutual trust and respect.

As an achieving organisation, we understand the importance of equipping our people with the right skills to do their job and of recognising their contributions to our business success. We promote safety, health and well-being in the workplace and appreciate the value of work life balance.

Managing our people responsibly ensures that we continue to attract, engage and retain high calibre employees and leaders in an increasingly competitive employment market. This is critical to the ongoing success of our business.

5.2 Human resource management

The CSL Code of Responsible Business Practice, which is set by the Board, guides our approach to human resource (HR) management.

The executive management team for each CSL business unit and at each CSL manufacturing site is accountable for implementing HR policies, practices and programs that fulfil our employment responsibilities and support the business strategy.

Each executive team includes a senior HR professional who provides leadership on HR strategy and is responsible for the delivery of employee-related support services for their respective business unit or site.

Executive HR matters are managed by the Senior Vice-President of Human Capital who reports to the CEO/Managing Director, is a member of the Executive Management Group and supports the work of the HR Committee of the CSL Board.

5.3 Workforce profile

CSL employs over 11,000 people around the world. To achieve our business goals we require a broad range of professional skills in research and development, regulatory and medical affairs, plasma collection, manufacturing operations, quality control and assurance, marketing and sales, supply and logistics as well as in support functions such as finance, human resources, legal, information technology and public affairs.

Our employees range from workforce entry level with school leaver qualifications to highly qualified individuals who are recognised leaders in their fields. Our total headcount has grown by more than 10% each year for the last 3 years in response to our increased investment in Research and Development and the global growth in demand for our plasma products and vaccines.

OUR TOTAL WORKFORCE NUMBERS

Division	06-07		07-08		08-09	
	Total headcount	Total FTE	Total headcount	Total FTE	Total headcount	Total FTE
CSL Behring	4,006	3,857.7	4,222	4,071.8	4,501	4,351.7
CSL Plasma	3,769	3,156.3	4,436	3,680.5	5,030	4,271.9
CSL Limited	1,629	1,547.7	1,746	1,652.8	1,879	1,777
Total	9,404	8,561.7	10,404	9,405.2	11,410	10,400.6

Data as of end of June for each reporting period.

1 Headcount is defined as staff on payroll and excludes: contractors, consultants and temporaries not on payroll.

2 Full Time Equivalent (FTE) is derived by the number of hours paid against a standard working week.

3 CSL Limited includes CSL Biotherapies, CSL Bioplasma, Corporate and R&D, which are headquartered in Australia.

4 R&D staff are distributed across CSL Limited and CSL Behring and as at June 2009 were 747 FTE in total (802 headcount).

5.4 CSL's global employee opinion survey

CSL undertakes a biennial confidential employee survey to obtain feedback on organisational strengths and weaknesses as part of our process of continuous improvement. The same core questions are asked of all employees enabling the results to be compared internally and benchmarked against industry peers. Managers and employees discuss the results and use them to develop action plans.

The most recent survey conducted in 2007 had an exceptional response rate of 88%. We found that over 80% of employees who responded across all businesses are proud to work for CSL; are driven to achieve their work goals; and believe CSL has a high standard of quality and compliance.

Other areas of strength according to employees (60-80% approval) are organisational learning and adaptability; immediate supervisory effectiveness; team work and cross functional team

work; strategic focus and direction; work-life balance; CSL values; employer brand; customer/client focus; staff engagement; communication effectiveness; transformation leadership and cost consciousness/operational efficiency.

Although still relatively strong against comparator companies, potential for improvement (employee approval was less than 60%) was recorded for the areas of organisational cohesion; career development; transparency and openness; and recognition of achievement. Specific actions to address these areas have been undertaken in all businesses.

For example at our Kankakee site we have encouraged face-to-face dialogue between different levels of the organisation through initiating lunches between visiting vice presidents, general managers and managers to discuss current issues and future directions. In Australia, we launched initiatives to create greater awareness and application of our employee Value-Add Awards. At CSL Behring headquarters, we introduced a new competency model to enhance career development planning.

Responding to the employee opinion survey – the CSL plasma experience

CSL Plasma (formerly ZLB Plasma) took a number of actions in response to their 2007 survey feedback. A new employee orientation program *Saving Lives Everyday* was introduced to better highlight the role that CSL Plasma plays within the CSL Group. To improve awareness of career development opportunities, CSL Plasma set up a career centre and published career ladders at each collection center. Learning and development course offerings were also expanded. Senior management visited more than 70% of CSL Plasma's 73 collection centres in 2008/09 and further recognised the performance of individual centres through the Procedure Club and Centre of the Year Awards. Finally, to help build a greater customer/client focus, an *Adopt-a-Patient* program was introduced to provide employees with first-hand accounts of the difference our products make.

EMPLOYEE OPINION SURVEY (EOS) RESULTS 2007

% Favourable*	Key Performance Indicators	Commentary
Result is 80% or greater, regarded as World's Best Practice	Quality/Compliance The Achieving Organisation Organisational Commitment (Engagement)	84% of those who responded to the EOS are proud to work for CSL (organisational commitment) and 86% strive to achieve their own work goals (the achieving organisation).
Result is between 80%-60%, generally regarded as an area of strength	Organisational Learning and Adaptability Immediate Supervisory Effectiveness Team Work & Cross Functional Team Work Strategic Focus and Direction Work-life Balance CSL Values Employer Brand Customer/Client Focus Staff Engagement Communication Effectiveness Transformation Leadership Cost Consciousness/Operational Efficiency	Between 2005 and 2007, our EOS results show an upward shift ² in scores for Transformational Leadership (by 4%) and in Organisational Commitment (by 5%) with no significant downward shift in scores for any performance indicators.
Result is less than 60%, potential area for improvement	Organisational Cohesion Career Development Transparency and Openness Recognition of Achievement	For the performance indicators in this category, Recognition of Achievement was the only indicator falling below the external benchmark ¹ , with key programs raised to address local needs.

* Categories and benchmarks have been provided by our EOS service provider.

1 An average of the % difference against external benchmark for CSL operations in Europe, United States and Australia was obtained.

2 A change of at least +/- 3% across 2005 and 2007 is required for a significant difference.

5.5 Employee relations

At CSL we respect the rights of employees to seek representation and to bargain collectively. We have a number of different consultation models, some based on direct relationships with employees and some involving representation by a union, a staff representation committee or a works council. Where there are employee representatives, we maintain constructive relationships and dialogue. In all circumstances we aim to communicate directly with our employees in an open, timely and collaborative way to ensure appropriate consultation on workplace employment matters.

5.6 Attracting new people

One of our key challenges is attracting and retaining talented employees who are highly trained in the breadth of areas which make up our biopharmaceuticals business. Our approach to resourcing combines internal training and promotion with external recruitment.

We provide a fair and transparent process for recruitment and for the promotion and transfer of current employees. We ensure that the recruitment process is documented, accessible, consistent and objective, that there is integrity in the management of the selection process and that it is free of unlawful or inappropriate bias.

In most cases job opportunities are openly advertised and current employees are encouraged to apply for new positions within the Group. Exceptions are made in circumstances such as overseas secondments or for executive succession planning.

5.7 Internship programs

In 2009 we introduced a new university internship program at Kankakee. This creates a new source of talented employees and also provides community benefits through offering opportunities for local training and employment, and valuable university/industry linkages.

Discussions between CSL and Governors State University (GSU) in Illinois led to the joint establishment of an information technology internship program. GSU is a participant in a National Science Foundation program to build collaborative partnerships between industry and higher education and to prepare students for the diverse technology and computing workplace. There was a clear synergy between this program and CSL's goals.

Our first intern under this program, Amy Stevens, started an internship with our Kankakee Information Technology Department in April 2009. Amy has a major in Computing Science and a minor in Biology. We are extending the internship program to include health safety and environment.

Our Kankakee facility has a long history of offering internships in areas such as R&D, production, engineering and administrative/support functions. In 2008/09, 27 interns joined us as laboratory technicians, pharmaceutical production technicians, information scientists, utilities mechanics, plant utilities electricians, process control systems operators, foreign language secretaries, industrial clerks, trained workers in dispatch, and inventory management specialists.

We have also introduced a new graduate trainee program at Marburg and in 2008/09 three new trainees started in R&D and engineering. Their one year programs will provide them with experience in different projects and different departments which are relevant to their areas of expertise. They will also undertake formal training courses in areas such as business acumen, project management and communication skills.



Internship profile:

Nena Dabrowski,
Engineering Trainee

As a process engineering student, I performed my master's thesis at CSL in Marburg. I learned things I'd never learned at university, such as communication skills, proactively approaching people, assertiveness as well as how an engineering department operates on a daily basis.

I am looking forward to returning to CSL as a trainee where I will spend 6 months in Plant Engineering and 6 months in Project Engineering. This will give me the opportunity to gain a deeper insight into these functions and help me choose which path to take after completing the program.

5.8 Learning and development

CSL provides learning and development opportunities for employees at all levels. We aim to continually improve the capabilities of our employees to fulfil their roles safely, effectively and consistently. This enhances our performance as a company and enables our employees to develop themselves as they pursue their career goals and ambitions.

Learning and development at CSL encompasses orientation and induction, technical and professional training and higher education. We employ learning and development staff at all sites to support the identification of training needs and to provide programs and tools. We deliver training directly and in partnership with

universities, business schools and technical agencies. Our employees are able to submit requests for study assistance and study leave for approved courses.

Learning management systems are in place covering most of our employees. A new development planning tool was introduced in 2009 and will be rolled out progressively across CSL in the coming year. It will help employees and managers with annual development planning and allow for more accurate measurement of the coverage and the quality of development plans in place.

5.9 Talent management

Talent management is essential to the sustainability of our business. It ensures that we have people in CSL who are developing the skills necessary for future promotion to senior positions, and enables us to retain knowledge and corporate culture.

Our talent management programs include:

- > Promotion of development planning for all professional staff at the mid-point of each year through structured discussion and identification of training or other development needs.
- > An annual global talent review process covering all sites which provides the opportunity for high potential employees to be highlighted in a global forum, and for further input on talent assessment from senior executives outside the employee's business unit.
- > Involvement of the Board through an annual succession planning report, presentation and discussion. Employees with potential to reach senior executive positions are highlighted to the Board annually as a part of the succession planning report.

During this process we identify high potential staff for invitation to one of our global leadership programs. These contribute to individual development, create networks which support business effectiveness and reinforce the organisational values as well as helping participants to understand where their work fits within a truly global business.



Peer mentoring program at Kankakee

When the Kankakee leadership team undertook a review of hiring and retiring trends at its facility, interesting statistics came to light. They found that 30% of their maintenance workforce was within five to seven years of retirement and 20% of the workforce was hired in the last year. Concerned about the potential loss of knowledge within the maintenance department, they introduced a peer mentoring program. A needs assessment was conducted followed by a series of workshops involving 35 mechanics and seven supervisors. The mechanics are now using the tools learned through the workshop to mentor less-experienced colleagues or to learn from more senior mechanics.

Kankakee maintenance staff at a mentoring workshop.

Who's involved?

- > New employees with less than one year on the job
- > Experienced employees who have singular knowledge and/or need to cross-train others in their speciality
- > Mid-career employees taking on new roles, who need to transition knowledge between positions

What are the benefits?

- > Reducing time of learning curve for new hires or when switching projects for existing employees
- > Reducing safety hazards for new employees
- > Reducing rework stemming from lack of skills
- > Reducing risk by methodically replicating skills of highly skilled mechanics
- > Improving morale through better communication and clear expectations

5.10 International assignments

International assignments are a key component of CSL's Talent Management Strategy. Assignments may be short term (2-12 months) or long term (over 12 months). During these assignments employees might accomplish a short-term project, provide additional or unique skills, or transfer technical skills to the host team. They gain the opportunity to develop cultural and business intelligence and to learn the business from a global perspective.

We manage international assignments very carefully, assisting employees and their families with language and cultural training, relocation, global medical insurance and other matters to ensure they can settle into their new environment as easily as possible.

In 2008/09 we placed 28 staff on international assignments in the US, Europe, Asia, Canada and Australia.



International assignment profile:

Dr Diane Black,
*Head, Quality Management,
CSL Behring Bern AG*

It's been very exciting for me moving back into quality management after 2 years developing my management skills. My new role in Bern has certainly given me the opportunity to learn new processes and work under a broader span of quality regulations and in other markets.

After 13 years at CSL, it was tough for me to leave my friends and colleagues in Australia. There have also been significant challenges in coping with living in a new country and adapting to a new work location. However, I feel very privileged to work for an organisation such as CSL that has such a focus on the development of its employees.

On a personal level, this relocation has been a fantastic opportunity for my 4 children to experience another country and culture, and for all of us to enhance our language skills.

5.11 Reward and recognition

CSL provides competitive remuneration to employees. The level of remuneration is directly related to the employee's role in the business. We are rolling out a consistent job evaluation methodology worldwide which has to date reached 80% of the Group.

Our Performance Management System is central to the establishment of performance objectives and the management of performance-related remuneration. Performance measures linking individual and business performance to reward are in place at all sites for professional, specialist, administrative and managerial staff. The level of performance-related remuneration increases with the level of responsibility.

The systems used vary between countries reflecting different market practices but all require objectives to be set at the start of the year with workplans agreed by employees and managers. A mid-year review between the employee and their manager tracks progress, and a final review of performance is completed at the year end. Between 2009 and 2011 we will roll out internationally an on-line performance management system which will allow better monitoring of completeness and quality of the process.

Manufacturing operators and tradespeople at some sites are remunerated under negotiated agreements which do not include differentiated performance-related pay.

Remuneration packages include a fixed remuneration component and may include performance-related rewards provided as both short term cash incentives, and long term incentives in the form of equity. We participate in market surveys, review multiple sources of market data and commission reviews by remuneration specialists before setting salary levels and market based adjustments. Our approach to executive remuneration is discussed in Section 1: Our Organisation.

We recognise employees outstanding contributions through a range of programs which are managed on a business unit level. We recognise employees' service at all sites through awards such as gifts or gift certificates which increase in value with increasing length of service.

In response to the Employee Opinion Survey, we continue to strengthen our reward and recognition programs across the Group and to find new ways to recognise outstanding employee contributions.

5.12 Health, safety and wellbeing

CSL is committed to maintaining high standards of health and safety as an integral part of our business activities.

The leaders of each CSL business unit and site are accountable for health and safety in the workplace. Dedicated Health, Safety & Environment (HS&E) managers and teams are employed at all our manufacturing sites. Health and safety performance is monitored by local executive management teams with consolidated performance reviews completed quarterly by CSL's Corporate Risk Management Committee.

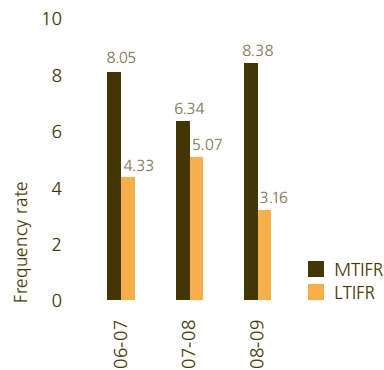
CSL operates an integrated Health, Safety and Environment Management System (HSEMS) across all operations. It complements local systems and statutory responsibilities, and is consistent with the requirements of AS/NZ 4360:2004 Risk Management whilst moving beyond compliance to provide the flexibility to develop a sustainable safety culture within CSL.

Our global HSEMS contains 25 mandatory standards one of which *Communication and Consultation* requires our businesses to communicate all relevant health, safety and environment information to our personnel, and to maintain effective mechanisms for consultation with employees, including HS&E Committees.

During 2008/09 we extended the number of key indicators used as standard tools to monitor HS&E performance across the Group. We maintained certifications to relevant external management systems; implemented critical hazard reduction plans; and deployed employee behavioural safety engagement programs.

At CSL Plasma, we developed a Safety Milestone Recognition Program to increase incident event awareness across the plasma collection fleet. The program rewards business units on a quarterly basis for being accident-free. Forty percent of the collection centers have worked more than 1500 days without a lost time incident, and some have worked more than 500 days without a medical treatment incident.

OUR HEALTH AND SAFETY PERFORMANCE



CSL data is calculated following AS1885: AS1885.1-1990 Measurement of occupational health and safety performance – Describing and reporting occupational injuries and disease with incidents reported per million hours worked.

LTIFR = lost time injury frequency rate

MTIFR = medically treated injury frequency rate

Across the Group we continue to record performance improvement in lost time incident data. With continued enhancements to early intervention injury management strategies, we aim to further improve the results of our recordable incidents.

CSL cares about the well-being of its employees and offers a diverse range of services and programs that vary across businesses according to local needs and interests. Programs include basic medical services, health screening and vaccination programs, employee assistance programs, sport and fitness activities, nutrition advice, community activities and health and well-being seminars and classes.

5.13 Work life balance

CSL recognises the value of work life balance and considers it in the development of all company policies. Practices vary between our operations in different countries and in many instances, such as maternity leave in Australia or childcare in Germany, they exceed the basic requirements of local regulations. The CSL Employee Assistance Program offers employees support in dealing with personal and professional challenges.

Across CSL we operate a range of flexible work practices. For example, in Australia employees are able to purchase up to four weeks additional leave each year. We also assist employees to make care arrangements for dependents. For example in Marburg a Day Care Centre which opened in 2008/09, provides care for employees' children aged between six months and three years while in Australia we sponsor access to Work/Life Links, a national telephone information and resource service which assists in making care arrangements.



Industry forum promotes work life balance

In February 2009, CSL Behring in Japan participated in an industry forum promoting diversity and female representation in the workplace. Although the number of female medical representatives in the industry is increasing in Japan, those who are married can face particular difficulties in managing their work-life balance.

Namiko Hirakawa, Logistics Manager for Sales Promotion in the National Sales Division, facilitated a panel discussion about issues faced by medical representatives with childcare responsibilities.

CSL Behring took part in this event as part of an ongoing commitment to ensuring that female employees receive work-life balance support when family circumstances change as a result of marriage or childbirth.

Namiko Hirakawa, Logistics Manager for Sales Promotion in the National Sales Division, facilitating a panel discussion at the diversity forum.

5.14 Diversity

CSL understands the advantages of a diverse workforce not only across the global business but also within individual businesses.

We have introduced CultureWizard, an innovative and interactive self-service tool, to assist CSL employees and their family members who have been relocated to another country. The aim of the tool is to increase awareness of the behaviour of different cultures; assisting with improved communication/team play, and supporting global mobility. The tool has been rolled out at facilities in Europe and the United States and is now being made available globally. The self paced e-learning provides content to assist diverse global teams, international business travelers and international assignees in areas such as culture, relocation, and communication.

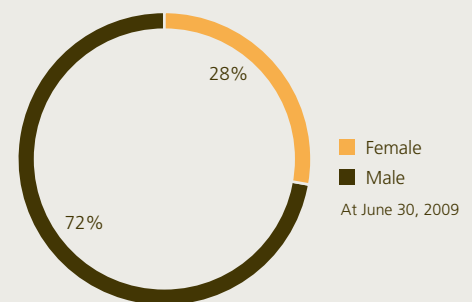
Gender information is reviewed by CSL's Management and Board when agreeing access to long term incentives and the identification of high potential employees.

Our recruitment, promotion, secondment, and training and development decisions are based on strict criteria which enshrine equal opportunity. Compulsory e-training includes modules on equal opportunity.

CSL's major sites in the United States have implemented Affirmative Action Plans covering all their facilities. In an effort to promote workplace diversity, for example, all non-management open positions are advertised at local unemployment offices to try to reach more diverse candidates for employment.

LEADERSHIP GROUP GENDER BALANCE

CSL has one female Board member and females currently represent 28% of leadership group employees worldwide.



Leadership Group is comprised of the Board, Executive Management and all direct reports of Business Unit Heads for CSL Biotherapies, CSL Bioplasma, CSL Behring and R&D.

Women in the workplace

Each year, CSL on behalf of its Australian businesses submits a report to the Equal Opportunity for Women in the Workplace Agency. In our 2008/09 submission we reported that:

- > The overall participation rate for women in our Australian workforce is 52.5%;
- > Women occupy 53% of Australian-based Senior Manager roles and 39% of Australian-based Executive roles;
- > The CSL Board has a female chairperson and 40% of the members of our Australian-based leadership teams are female;

- > 60% of those promoted in the Australian workforce during the reporting period were women;
- > 50% of employees on international assignment during the reporting period were women;
- > 53% of participants in our most recent Global Leadership Program were women.

We also reported on the establishment of a scoping exercise for an on-site childcare centre at Parkville, the tailoring of a women's health program and a number of continuous education initiatives for our equal opportunity contact officers.

6 Supporting our communities around the world



As a company dedicated to saving lives and improving the quality of life for people with rare and serious conditions, we believe that helping our patient communities and advancing knowledge in our therapy areas is part of our corporate responsibility.

We also recognise that we have a role to play in contributing to humanitarian programs and relief efforts around the world, and that closer to home, our responsibilities extend to supporting critical needs and sustainable development in our local communities.

6.1 Our approach

Our approach to supporting the community is encapsulated in CSL's Code of Responsible Business Practice, which is set by the Board. We endeavour to align our philanthropy with our business interests to help realise social and economic benefits for the community while enhancing our reputation, engaging our employees and building positive relationships with our stakeholders.

In seeking to achieve our community objectives, we look for opportunities that utilise our unique capabilities and involve our employees and other stakeholders. We provide monetary or product donations, sponsorships, research and education grants, scholarships as well as in-kind support to worthy and credible non-profit organisations. We enter into strategic partnerships with these organisations where this will enhance the overall effort. We also match and support certain contributions made by our employees to their local communities.

Each CSL business unit works within the community framework to optimise community support relative to its operations. Within our business units, marketing, public affairs and human resources are the key functions usually involved in strategy development and program implementation.

At a Corporate level, the Corporate Responsibility Director oversees the development, implementation and reporting of charitable giving and community investment, establishes Group policy and frameworks and acts as advisor to the business units.

CSL has a global community framework that articulates our focus areas and objectives:

Patient Communities	> Enhancing quality of life for patients who use our therapies > Improving access to our biological medicines
Biomedical Communities	> Advancing knowledge in medical and scientific communities > Fostering the next generation of medical researchers
Local Communities	> Supporting community efforts where we live and work > Supporting communities in times of emergency

6.2 Highlights

In 2008/09 we initiated new access programs to support our patient communities, increased our efforts to foster talent in our biomedical communities and responded to disaster relief and pandemic preparedness. We continued to support the important missions of patient advocacy organisations in our therapy areas and the critical efforts of charitable groups in our local communities. In addition, we commenced a project to standardise the way in which we account for community contributions across the organisation to enable us to monitor our performance and to enhance our future reporting capabilities.

6.3 Supporting our patient communities

6.3.1 Improving quality of life for patients

Many patients who use our plasma therapies have rare, life-threatening and lifelong conditions that present ongoing challenges for these individuals and their families.

Patient organisations play an invaluable role in advocating for the needs of patients in our therapy areas. We share with them a common desire to help patients enjoy a better quality of life, and we proudly support their important work.

We provide donations, sponsorships and grants directly to patient organisations to help fund initiatives in the areas of patient support and education, disease awareness and early diagnosis, medical research and grass-roots advocacy.

In 2008/09 we contributed almost US\$10 million to local, national and international organisations representing people with rare and serious diseases in our therapy areas, as well as umbrella organisations that advance care for rare disease conditions in general. We contribute a significant amount of our annual community support to patient organisations that are dedicated to helping people with bleeding disorders, primary immunodeficiency (PI) diseases and Alpha1-antitrypsin (Alpha-1) deficiency.

Haemophilia and von Willebrand Disease

Haemophilia and von Willebrand Disease (VWD) are rare and serious bleeding disorders that can lead to spontaneous internal bleeding as well as to bleeding following injuries or surgery. If these episodes are not treated properly and promptly, they can result in serious health consequences, including permanent joint damage.

Primary Immunodeficiency

Primary immunodeficiency (PI) refers to a group of genetic disorders in which antibodies are missing or do not function properly. PI is often marked by frequent infections that are difficult to treat and often become life-threatening.

Alpha1-antitrypsin deficiency

People with Alpha1-antitrypsin deficiency (Alpha-1) are unable to produce a protein that blocks the destructive effects of certain enzymes. It is a genetic disorder that can lead to the destruction of lung tissue and can cause chronic lung disease and liver disease. Because it is often confused with asthma or smoking-related chronic pulmonary disorders, diagnosis can take several years and permanent damage to the lungs can occur without medical intervention. Thus, early diagnosis and treatment are crucial to help those with Alpha-1 have the fullest life possible.

This year we continued to support campaigns of the National Hemophilia Foundation and the Hemophilia Federation of America to raise awareness of bleeding disorders. We also organised and sponsored activities for children and families living with bleeding disorders including game days, sporting events, and summer camps. These programs encourage people with bleeding disorders to live active, healthy lives and provide opportunities for patients and families to connect in a supportive environment.

Our commitment to supporting the PI community is demonstrated through our ongoing sponsorship of six Jeffrey Modell Foundation (JMF) Diagnostic Centers in the US, one in Mexico and one in Japan. We also partner with the Immune Deficiency Foundation, this year providing significant funding for retreats that bring patients, clinicians, insurers and other professionals together to discuss life management issues for those living with PI. In addition, we also support the International Patient Organisation for Primary Immunodeficiencies and other national groups who are advancing care for people with PI.

To help people with Alpha-1, our priority is to contribute to awareness, diagnosis and treatment of this rare condition through activities with the Alpha-1 Association, Alpha One Foundation and the COPD Foundation including educational events, testing initiatives and patient registries.

6.3.2 Improving access to therapies

Humanitarian Programs

Achieving equity of access to medicines and healthcare in developing countries remains a major global challenge. There are many hurdles to overcome in these countries, including inadequate healthcare infrastructure and resources, limited expertise in the clinical management of human medical conditions and varying levels of access to affordable therapies.

At CSL, we are committed to working with international health agencies, governments, industry and donors to help develop sustainable solutions to healthcare inequities in our therapy areas.

In 2008/09, we announced a new multi-year partnership with the World Federation of Hemophilia to help create sustainable national haemophilia care programs in developing countries. We also continued to support international efforts to improve access to snake antivenom in some of world's poorest countries. To aid Merck & Co.'s commitment to tackling the high burden of cervical cancer in the developing world, we agreed to waive royalties on all sales of GARDASIL for developing world programs. Finally, in response to the 2009 influenza pandemic, CSL pledged 3 million doses of pandemic H1N1 influenza vaccine to the World Health Organisation to help protect those most at risk in low-income countries.

Helping to raise awareness about women's bleeding disorders

When research conducted in 2000/01 by the US Centers for Disease Control and Prevention found that it took women with von Willebrand disease (VWD) an average of 16 years to get an accurate diagnosis from first recognition of symptoms, the National Hemophilia

Foundation (NHF) launched Project Red Flag; a campaign to educate women and healthcare providers about women's bleeding disorders, particularly VWD.

Project Red Flag's early achievements were the inclusion of questions about VWD in obstetrics/gynaecology qualifying exams and the development of the first official set of clinical guidelines for VWD. Local NHF chapters were then engaged to train women with bleeding disorders to teach the general public about the issues.

The next stage of the project will focus on education and training for school nurses and health educators to raise awareness amongst adolescent girls.

Project Red Flag has been credited with contributing to a two and half-fold increase over the past decade in the number of women and girls now being seen at federally funded haemophilia treatment centres. CSL Behring is a founding sponsor of Project Red Flag and an ongoing program supporter.



Improving access to haemophilia treatment and care

In 2009, CSL Behring entered into the first-ever long-term partnership with the World Federation of Hemophilia (WFH) to donate two million units of factor VIII concentrate annually for three years. Factor VIII is an essential blood clotting factor used to treat people suffering haemophilia. CSL Behring also renewed its multi-year pledge to provide annual financial support to the WFH, taking the full value of our contribution to almost US\$3million over the next 3 years.

The WFH is delivering the factor VIII to patients in developing countries through its Global Alliance for Progress (GAP) program. GAP aims to improve the diagnosis and treatment of bleeding disorders in developing countries, improve access to safe and affordable treatment, and help develop sustained programs for comprehensive care that countries can eventually maintain themselves. Fifteen countries have participated in the GAP program to date: Armenia, Azerbaijan, Belarus, Ecuador, Egypt, Georgia, Jordan, Lebanon, Mexico, Philippines, Russia, Syria, Thailand and Tunisia. New countries are identified each year, with China being the most recent country to join the Alliance.

Patient Assistance Program

At CSL we recognise that access to medicines is not just a developing world issue. That's why we operate a Patient Assistance Program.

The CSL Behring Patient Assistance Program provides medically necessary therapies to qualified patients in the United States who are uninsured, underinsured, or for those individuals who cannot afford their prescribed therapy. Patients may receive up to a three month's supply of a CSL product. At the end of 3 months, the patient's eligibility is re-evaluated for continued participation in the program if needed. We use an external service provider, AccessMed, to administer the program. In 2008/09, we contributed products and financial support to the value of US\$1.4 million.

We complement our Patient Assistance Program by supporting organisations such as Patient Services Inc. and the Caring Voice Coalition. These US-based organisations provide financial assistance to patients who are experiencing a loss of insurance or gaps in their insurance coverage. They also provide education and counselling to help patients get the most from their healthcare coverage and offer patient support programs that link patients and caregivers to needed services and resources.

LEAD Program

As part of our commitment to improving access to medicines, CSL Behring supports grassroots patient advocacy through the Local Empowerment for Advocacy Development (LEAD) program, which commenced in 2008. It includes two separate initiatives, LEAD Grants and "Raise Your Voice!"

LEAD Grants are community-based grants designed to help patient organisations achieve their grassroots and state advocacy initiatives to support continued access to healthcare and life-saving plasma therapies. Since the program's inception, CSL has funded more than 20 LEAD Grants totalling more than US\$340,000. We collaborate closely with recipient organisations to plan and implement projects so as to achieve the goals of the grant.

"Raise Your Voice!" is a youth-focused advocacy training program dedicated to empowering young people aged 16 to 23 years to become tomorrow's advocacy leaders for their particular health condition. The program is administered by CSL Behring's state government affairs team in concert with local patient advocacy organisations. We partner with advocacy organisations to develop training programs, offer legislative visits and provide political speakers.



Helping to reduce the burden of snakebite

Snakebite is a serious, yet much neglected, socio-economic problem affecting millions of lives, particularly in tropical developing countries.

CSL has unique expertise in antivenom production and snakebite management, and is actively contributing to regional and global efforts to address the serious burden of snake envenomation.

In 2007, the World Health Organisation (WHO) released a report highlighting a growing crisis in the production, accessibility and use of antivenom in regions where snakebites have their greatest public health impact. As part of a sustainable solution, we have worked with other manufacturers and the WHO to develop consensus guidelines for the production, control and regulation of antivenom.

We have also contributed to initiatives that seek to improve the clinical management of snakebite in developing countries. The University of Adelaide conducts a world-renowned intensive training course in clinical toxinology and CSL has helped doctors from Papua New Guinea, Thailand, Nepal, Bangladesh and Sri Lanka travel to Australia to participate in this course.

To help address high snakebite mortality rates in Papua New Guinea (PNG), we have supported the Australian Venom Research Unit's (AVRU) efforts to provide first aid education in rural villages. This year we commissioned the Nossal Institute of Global Health to review antivenom problems in PNG and recommend ways in which we can further assist.

In November 2008, we helped the University of Melbourne and AVRU bring together experts from all around the world to agree on a new approach to snakebite control. A Global Snakebite Initiative (GSI) was launched under the auspices of the International Society of Toxinology and an interdisciplinary working group has begun to formulate practicable solutions. The GSI was recently publicised in an editorial in the prestigious international medical journal, *The Lancet*.

Central Province (PNG) girl reading up on snakebite first aid from a CSL leaflet published in Pidgin and Motu (the two main languages of Papua New Guinea). Photo courtesy D J Williams (AVRU).



Supporting advocacy in Pennsylvania

In 2008 CSL Behring awarded The Delaware Valley Chapter of the National Hemophilia Foundation a LEAD Grant to help support their campaign for legislation to set a standard of care for all providers of blood clotting factor and related services in the Commonwealth of Pennsylvania. The grant assisted the Delaware Valley Chapter to publicise the legislation, including a press conference at the state capitol and a highly active grassroots campaign to obtain legislative co-sponsors.

Under the proposed legislation, therapies and services that meet the standard of care would be required for coverage by private medical insurance plans licensed within the commonwealth. The legislation would also require physicians to screen for von Willebrand Disease in cases of menorrhagia prior to prescribing an invasive procedure such as a hysterectomy. It would significantly improve the lives of those with bleeding disorders in Pennsylvania while also identifying previously undiagnosed cases of von Willebrand Disease.

In August 2009, the Pennsylvania House of Representatives passed the legislation unanimously and it is now referred to the Pennsylvania Senate. Pennsylvania has provided a model for patient action to secure standard of care legislation in nine other states in the US.

Ann Rogers, Executive Director of the Delaware Valley Chapter, receives cheque from Patrick Collins, Public Affairs Director.

6.4 Supporting our biomedical communities

CSL has a long heritage of developing innovative and life-saving therapies, underpinned by technology and the application of science. We recognise that our future success depends on talented people who excel in science, medical research and the commercial development of biopharmaceuticals. We also understand that society needs thriving biomedical research communities for economic sustainability and to tackle the serious global health challenges ahead. To this end, CSL is committed to fostering the next generation of medical researchers, promoting scientific excellence in our communities and supporting investigator-initiated research in our therapy areas.

6.4.1 Supporting future medical researchers

In 2008/09 we announced support for a range of new initiatives in Australia including the National Youth Science Forum, the Undergraduate Research Opportunities Program and the CSL Florey Medal. CSL Behring continued its support of the Professor Heimbürger Awards and commenced funding of mentored research scholarships in the area of haemostasis. We also provided significant seed funding to researchers in our therapy areas through CSL Behring's grants programs.

The National Youth Science Forum exposes Australian students about to enter their final year of secondary studies to a wide range of career opportunities in science, technology and engineering, enabling them to make informed choices about their higher education and career options.

The Undergraduate Research Opportunities Program (UROP) provides high achieving undergraduate students the opportunity to join biomedical research teams as casual employees and to experience research first hand.

Through our sponsorship of the prestigious CSL Florey Medal in Australia we further support medical researchers and provide role models for budding young scientists by recognising significant achievements in biomedical science.

CSL Behring launched the Professor Heimbürger coagulation research awards at the 2008 World Congress of the World Federation of Hemophilia. Five start-up grants of €20,000 each are awarded annually to young medical scientists for preclinical and/or clinical coagulation research. The Awards are named in memory of Professor Dr Norbert Heimbürger, a pioneer of modern coagulation therapy and a CSL Behring employee for more than three decades. The Awards aim to help the next generation of coagulation researchers establish themselves in this specialised therapeutic area, and ultimately improve treatment and outcomes for patients with bleeding disorders.

To further encourage future medical researchers in our therapy areas, CSL Behring has commenced a US\$300,000 grant to the Hemophilia & Thrombosis Research Society to support its Mentored Research Award Program. The program provides scholarships to young investigators to pursue basic, clinical and/or epidemiologic research in the areas of haemostasis and thrombosis. Scholars must work under the supervision of an established research mentor from a recognised institution.

2009 PROFESSOR HEIMBURGER COAGULATION RESEARCH AWARD RECIPIENTS

- > Francesco Dentali – Department of Clinical Medicine, Insubria University, University Hospital of Varese, Italy
Effects of use of very low doses of vitamin k on INR stability in patients on chronic oral anticoagulant therapy: a randomised double-blind controlled study
- > Luis Graca – Instituto de Medicina Molecular, Faculty of Medicine, University of Lisbon, Portugal
Tolerance induction to recombinant clotting factors
- > Albert T. A. Mairuhu – Slotervaart Hospital, Academic Medical Center, Amsterdam, Netherlands
Formation and circulation of cell-derived microparticles: Evaluating their potential as prohemostatic agents
- > Grazia Loredana Mendolicchio – Istituto Clinico Humanitas, Rozzano (Milano), Italy
Role of Platelet Glycoprotein Ib in Modulating-Thrombin Function
- > Rochelle Winikoff – Sainte Justine Hospital, Montreal, Canada
Non steroidal anti-inflammatory drugs and menorrhagia revisited

6.4.2 Supporting investigator – initiated research in our therapy areas

CSL also provides significant support to its biomedical communities by providing research grants to patient organisations, research institutes and hospitals.

In 2008/09 CSL Behring contributed almost US\$4 million in the form of research grants to investigator-initiated studies that explore the use of our therapies in the treatment of conditions such as myasthenia gravis, hereditary angioedema and alpha1-antitrypsin deficiency.

In 2008/09 CSL Behring also announced a US\$1.2 million grant to fund a world-first study of postpartum women with von Willebrand Disease (VWD). Investigators anticipate that the study results will produce a better understanding of the physiology of VWD in women following childbirth, whether treatment is needed and, if so, for how long. We also continued our exclusive support of the International VWD Prophylaxis Study which is investigating prophylactic measures in protecting against or preventing bleeding episodes in clinically severe VWD.

In addition, the CSL Behring Foundation Advisory Council has awarded more than US\$6 million in the past 5 years to support basic science and clinical research in the area of bleeding disorders. Among the studies were a look at osteoporosis in patients with haemophilia, its causes, management and prevention; and a comprehensive study of the immunologic mechanisms underlying the development of inhibitor antibodies, to replacement factor VIII, in patients with severe haemophilia.



UROP student profile:

Jacques Liu

Research student with CSL R&D Australia

Undergraduate Research Opportunities Program (UROP)

My University degree is focused on the pharmaceutical industry which is where I have always wanted to work. My placement with CSL has allowed me to gain a lot of experience and insight into the industry and how research is conducted, which has helped me decide

what I want to do in the future. There are aspects of industry work that aren't taught at University, but understanding these will be beneficial once I start a graduate role.

The best part of my placement is being able to work on a project that has real importance whilst I'm still an undergraduate, and being able to see how the things taught at University are actually applied. I also thought I would like to do research at some point in my career, and the UROP has cemented this goal.

Myasthenia gravis

Myasthenia gravis is an autoimmune disorder that leads to fluctuating muscle weakness and fatigability. Muscles that control eye and eyelid movement, facial expression, chewing, talking, and swallowing are especially susceptible. The muscles that control breathing and neck and limb movements can also be affected.

Hereditary angioedema

Hereditary angioedema is caused by low levels or improper function of a protein called C1 esterase inhibitor. This problem affects the blood vessels. People with hereditary angioedema can develop rapid swelling of the hands, feet, limbs, face, intestinal tract, voicebox, or windpipe.

6.5 Supporting our local communities

6.5.1 Supporting community efforts where we live and work

CSL has a significant presence in communities where our manufacturing sites and plasma collection centres are located. In addition to the contributions we make through employment and donor reimbursements, we recognise the importance of helping to address critical needs in our communities as well as supporting local social and economic development.

We assist our local communities in a range of different ways including employee volunteer work; supporting local charitable organisations and patients; sponsoring local sporting and other social events; providing vacation employment opportunities for students; and working with local leaders in government, academia and business.

At CSL Plasma, we actively support the local chapters and fundraising events of national patient organisations such as the Immune Deficiency Foundation's *Jeans for Genes* campaign, and have introduced an Adopt-a-Patient Program that highlights the difference that donors and employees make to the lives of those who depend on our therapies.

Each plasma collection centre has a community representative who liaises with local community leaders to determine how we can best work together for social good. Our CSL Plasma employees make significant donations to United Way, volunteer their time to build homes for the disadvantaged, and collect food and clothing for the needy in their local communities.

Our Kankakee facility supports established national agencies such as United Way as well as local patient organisations and charities that have a focus on children and wellness. Kankakee employees help with community development by serving on the Board of Directors for the Kankakee Regional Chamber of Commerce, the YMCA and Riverside Medical Centre.

We participate in Christmas in April, a program that helps elderly, low income or disabled people get assistance from volunteers to help maintain their homes. In December, our staff support the Salvation Army's Christmas food drive and purchase gifts for needy children. We also take part in the Kankakee Arthritis Foundation's Jingle Bell Run which involves running, walking or swimming while dressed up in a holiday costume.

CSL Behring in Bern is actively involved in the political and social network of the city maintaining a good relationship with Government, academics and business. As a result of our relationship with the University of Bern, we initiated a training course in Good Manufacturing Practice at our Bern facility for unemployed scientists.

We joined with other companies and government bodies to support the Ice Hockey World Championship held in Bern in 2009. We support the Bern Young Boys' soccer team and the Fit for the Future project of the Cleven-Becker Foundation. This provides sports equipment and playground toys to young children in public schools as a way of promoting health and well-being. We also support the Children's Hospital Coin Bear campaign.

In Australia, CSL is introducing a formal workplace giving program to further our employees' contribution to the community. Staff have nominated their favoured causes to assist a committee of employee representatives to select charity partners. Employee contributions will be made through payroll giving, volunteering and workplace fundraising events. CSL will match staff donations dollar-for-dollar so as to enable a combined annual contribution of at least A\$300,000.

At CSL Behring headquarters, we support the local community around Philadelphia in a number of ways. We have an active United Way campaign that is matched dollar-for-dollar by the Company and our employees run a food drive for Philabundance, a food bank for local families in need. At our annual holiday celebration, employees contribute to a raffle that has raised thousands of dollars for the Children's Hospital of Philadelphia and Philabundance. Some also give of themselves in the annual Day of Caring, when they volunteer with a charitable organisation chosen by staff.



Adopt-a-Patient

Jadon Pennington is the CSL Plasma Adopt-a-Patient for Tulsa donation center, Oklahoma. Jadon was diagnosed with Primary Immune Deficiency disorder at eighteen months old after developing pneumonia 3 times within a matter of weeks. With CSL's plasma-derived therapies she is able to be a regular kid.

The Adopt-a-Patient program focuses on creating relationships between patients, donors and employees. Each CSL Plasma location in the US sponsors a patient and their family, providing opportunities to educate and create awareness of plasma derived therapies and their manufacture, including the plasma donation process.

A united partnership

For many years CSL Behring employees have supported United Way, a national network of approximately 1,300 local organisations in the US, whose mission it is to improve lives by mobilising the caring power of communities.

Staff at Kankakee, King of Prussia and CSL Plasma are active supporters of their local United Way network and contribute to programs aiming to alleviate poverty, unemployment and social exclusion. In a recent campaign, fundraising activities involving a raffle, auction, Jeans Day, Bingo and 'Operation Coin War', together with a dollar-for-dollar match by CSL Behring, raised US\$104,683 for United Way

Kankakee. Staff were recognised for this contribution with United Way of Kankakee County's 'Pinnacle Award', for largest monetary donation to a local campaign.

In addition to coordinated fundraising activities, employees are able to make one-off contributions or donate through regular payroll deductions. In 2008/09, staff and CSL Behring together raised more than US\$300,000 for United Way.



Helping patients in our local communities

One of the most rewarding contributions made by our Kankakee workforce this year was being able to help Balei Chinski, a local 13-year-old girl with undefined severe combined immunodeficiency (SCID).

SCID represents a group of rare, sometimes fatal, congenital disorders characterised by little or no immune response. The defining feature of SCID, commonly known as

"boy in the bubble" disease, is a defect in the specialised white blood cells that defend us from infection by viruses, bacteria and fungi. Without a functional immune system, SCID patients are susceptible to recurrent infections such as pneumonia, meningitis and chicken pox, and can die before the first year of life.

CSL helped Balei through a donation of our immunoglobulin therapy. This provided a remarkable improvement in her health, allowing her to attend school and enjoy summer with her

friends. We also made a cash donation which was used to purchase special shoes and install railings and a motorised hospital bed in Balei's home.

The donation was made available as part of CSL's Patient Assistance Program.

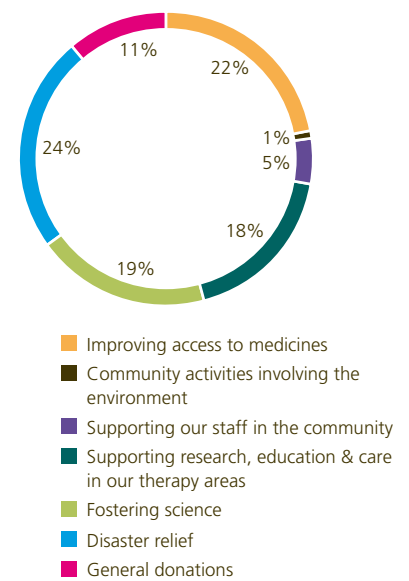
Kankakee Senior Leadership Team presents 13 year old local girl, Balei Chinski, and her mother, with a donation to help manage her severe immunodeficiency disorder and improve her quality of life.

6.5.2 Supporting communities in times of emergency

In February 2009, Australia experienced its worst natural disaster on record with uncontrolled bushfires resulting in the significant loss of lives and property. CSL responded immediately by pledging A\$250,000 towards the Bushfire Fund, which was established by the Victorian State Government of Australia, in partnership with the Australian Red Cross. Our staff also took swift action by organising fundraising events, having donations deducted from their pay and providing household goods to help relief efforts. The generosity of our people extended beyond Australian shores with CSL Behring staff contributing additional funds. In recognition of the community spirit shown by our staff, CSL matched all employee contributions and together we donated a total of A\$412,760.90.



CSL AUSTRALIA COMMUNITY INVESTMENT ALLOCATION 2008/09



Community investment in Australia

CSL is a member of the London Benchmarking Group (LBG) Australia & New Zealand. The LBG model provides a standardised way of determining and valuing the inputs, as well as measuring the outputs and outcomes of community investment.

During this reporting period, CSL Australia invested over A\$1.4 million in support of community programs.

Our Australian staff contributed over A\$110,000 in addition to this amount. CSL's investment was on par with the Australian benchmark.

Just under a quarter of the total investment (24%) went towards supporting individuals and communities affected by natural disasters, while 22% of our investment supported programs aimed at improving access to our medicines (helping to reduce the burden of snakebite).

Our priority is to continue our investment in our key focus areas and to improve tracking of the resulting impacts.

CSL Biotherapies Vaccines Marketing Team sorting through items of clothing donated to help families impacted by the 2009 Victorian Bushfires.

7 Minimising our environmental impacts



At CSL, we recognise the importance of conducting our operations in an environmentally responsible manner.

7.1 Our Approach

Energy, water and other natural resources are essential inputs to the production of our life-saving therapies. Our manufacturing processes, and the packaging and transport of our medicines, generate greenhouse gas emissions and waste. We are committed to minimising these environmental impacts without compromise to the safety, quality and affordability of our medicines.

We practice environmental responsibility to protect the community, reduce costs and risks, engage our employees and further our contribution to a sustainable future. In addition to maintaining our excellent record of compliance, our priorities are to integrate environmental considerations into our company systems and to minimise environmental impacts at our manufacturing sites through capital works, equipment upgrades and process changes.

7.2 Environmental management

CSL's commitment to the environment is set by the Board and articulated in our Code of Responsible Business Practice. Our Global Environment Policy provides further guidance to management and staff. These are critical elements of our enterprise-wide Health, Safety and Environment (HSE) Management System*.

The leaders of CSL's business units and their executive teams are responsible for ensuring all sites work within our global environmental frameworks. They are supported by HSE managers who collaborate across functions to manage and improve environmental performance relative to local impacts.

Our executive management teams and the Audit and Risk Management Committee of the CSL Board monitor environmental performance. Each CSL site provides data against standard indicators each quarter. They are subject to audits by our internal audit function and external agencies to ensure data integrity and compliance with regulations and voluntary standards.

7.3 Highlights

In 2008/09 we made significant progress incorporating environmental considerations into our decision-making processes. We reflected our commitment to the environment in our new Code of Responsible Business Practice, updated our global environment policy, developed a company position on climate change and introduced an environmental consideration clause to our supplier agreement template. In Australia, we began trialing the incorporation of environmental criteria into our capital approval process.

In 2008 we established an environmental database for CSL's five manufacturing sites, collected and harmonised data for the preceding four years and published our first global environment report. This year we expanded our database to include CSL Plasma and waste data from our Australian manufacturing sites. We also began collecting environmental data from CSL's non-manufacturing locations and scope 3 emissions data. We participated in the Carbon Disclosure Project for the second consecutive year and made changes to our Chart of Accounts to expand our environmental reporting capabilities. All of this work has positioned CSL well for new and emerging reporting regimes.

Capital works, equipment upgrades and process changes in 2008/09 have led to further improvements in the environmental performance of our manufacturing sites. We also maintained our excellent record of compliance, receiving no fines or sanctions for non-compliance with environmental laws and regulations. Our staff continued to make a difference through participation in CSL environmental leadership groups, green office programs and community events such as Earth Hour and ride to work days.



Supporting the environment through eTree

CSL is a participating member of eTree and proud to support this environmental scheme encouraging shareholders to register to access all their communications electronically. Our partnership with eTree is an ongoing commitment to drive sustainable initiatives that help security holders contribute to a greener future.

For every email address registered at www.eTree.com.au/csl, a donation of up to \$1 is made to Landcare Australia towards reforestation projects to help restore degraded plant, animal and water resources. With the support of our shareholders, CSL has registered over 14,200 email addresses which in turn has facilitated planting of more than 45,800 trees.

* The elements of CSL's HSE Management System are consistent with the requirements of ISO14001:2004 Environmental Management Systems and AS/NZ 4360:2004 Risk Management.

7.4 Environmental performance of our manufacturing sites

Production levels at all CSL's manufacturing sites rose considerably in 2008/09 as demand for our plasma fractionation services, plasma therapies and influenza vaccines continued to grow. Despite this we were able to contain our energy consumption and greenhouse gas emissions through a range of energy conservation and efficiency improvement projects.

Most significantly, our water savings and water use efficiency initiatives at all manufacturing sites resulted in net savings of 6%. With increases in production, total waste at CSL Behring manufacturing sites rose by 12%, reflecting the challenges of reducing waste in the biopharmaceutical sector. However through targeted waste management initiatives, we increased our reuse/recycling/incineration rate to 88%.

When our environmental performance is considered relative to our increased production, improvements were again achieved across the board.

We now have five year trend data showing significant improvements in environmental intensities at our plasma and vaccine manufacturing sites. For example, we have reduced the amount of greenhouse gases emitted for every unit of plasma production by 36%, and the volume of water consumed for every unit of vaccine production by 71%.

Our environmental impact and intensity trends are detailed opposite. The following sections provide further context about our natural resource use, greenhouse gas emissions and waste. They also showcase various environmental initiatives that underpin our results for the period.

CSL and climate change

As part of our ongoing efforts to combat climate change, we have continued to improve our measurement, understanding and reporting of our greenhouse gas emissions and the risks they pose to the Company. We participated in the voluntary Carbon Disclosure Project (CDP) in 2008 and 2009 and on both occasions were included in the Australian Climate Disclosure Leaders Index. Our full reports to CDP are available on the web (<http://www.cdproject.net>).

The Australian Government has introduced a National Greenhouse and Energy Reporting System commencing from 1 July 2009. For the first reporting year, the legislation applies to CSL's manufacturing facilities at Broadmeadows and Parkville, each of which exceeds the 25 kilotonnes CO₂-e per year reporting threshold. Both of these facilities have also prepared Environment and Resource Efficiency Plans for the Victorian Environment Protection Authority (EPA) which includes energy consumption and energy efficiency measures and reports annually to the EPA on progress against these plans.

A new mandatory Greenhouse Gas Reporting Rule in the United States requires facilities that emit 25 kilotonnes or more of greenhouse emissions per year to submit annual reports to the US EPA starting calendar year 2010. Our Kankakee facility has established

an energy and greenhouse gas inventory and is prepared to participate in this initiative.

We are tracking proposals to introduce emissions trading schemes in Australia and the United States and do not anticipate that these schemes would pose a material risk to CSL.

Based on our climate change risk assessment work to date, we recognise that predicted climate change related hazards potentially present some physical risks to our manufacturing facilities as well as our supply chains and distribution networks. However we consider our overall exposure to the physical risks of climate change to be low. Risks associated with adverse weather events are considered within CSL's risk management framework and are part of due diligence undertaken for any major capital investments. Each of CSL's business units has an action plan in place for returning to pre-loss business activity in the event of a major incident, including weather-related events. The distribution of plasma collection centres across the US and Germany mitigates the risks to plasma supply.

The International Panel on Climate Change has predicted that climate change will impact on the spread of human infectious diseases.

We are monitoring research on climate-related alterations to disease patterns to identify opportunities to leverage our core capabilities for new product development. As a major supplier

of seasonal and pandemic influenza vaccines we are particularly interested in the potential for climate change to alter the prevalence and severity of influenza across the globe.

We also consider the risks of changing disease patterns for our plasma donors and our employees. CSL Plasma has testing technology and mitigation systems in place to minimise the risks associated with diseases that are seen to be prevalent in our plasma donor communities. We also track WHO and Centre for Communicable Diseases communications and regularly review any risks to the business.



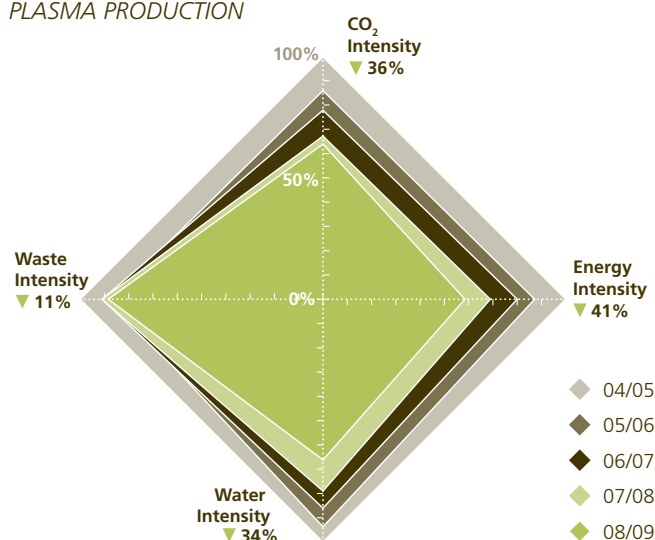
A CSL Australia team pedal to generate power for the 2009 Earth Hour Concert. CSL facilities in Germany, Switzerland and the United States also participated in Earth Hour in 2009 to reduce greenhouse gas emissions and identify opportunities for ongoing energy savings.

ENVIRONMENTAL PERFORMANCE SUMMARY¹

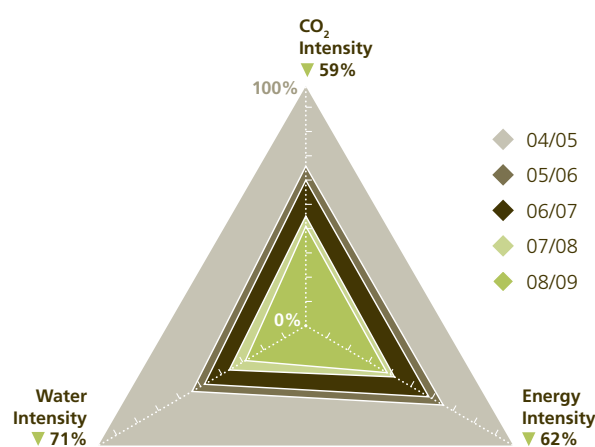
Environmental intensity indicators measure our environmental performance as production levels change. They are ratios that express our environmental impact per unit of production. For our plasma manufacturing facilities the unit of production is expressed in terms of the volume of plasma processed. For our vaccine manufacturing facility it is the number of eggs used in vaccine production. A fall in intensity indicates an improvement in how efficiently we use natural resources and reduce by-products per unit of production.

OUR ENVIRONMENTAL INTENSITY TRENDS

PLASMA PRODUCTION



VACCINE PRODUCTION*



* Historical waste intensity data not available.

OUR ENVIRONMENTAL IMPACT TRENDS

Indicator	Unit	Baseline Year					% change	
		04/05	05/06	06/07	07/08	08/09	07/08 to 08/09	
Energy Consumption	Petajoules (PJ)	1.69	1.70	1.69	1.75	1.74	-1	
Greenhouse Gas Emissions ^{2,3,4}	Kilotonnes (KT)	141	142	142	160	160	0	
Water Consumption ⁵	Gigalitres (GL)	1.70	1.74	1.70	2.00	1.87	-6	
Waste ⁶	Kilotonnes (KT)	8.63	8.79	9.83	11.72	13.09	12	
Waste Recycling Rate ⁷	%	76	81	78	78	88	NA	

- 1 Data reported are from CSL manufacturing sites located in Bern (Switzerland), Marburg (Germany), Kankakee (US), Parkville (Australia) and Broadmeadows (Australia).
- 2 Data comprise Scope 1 and 2 greenhouse gas emissions.
- 3 Each CSL manufacturing facility applies greenhouse gas emission factors as per country legislation or local standard. The major greenhouse gas emitted from CSL's operations is carbon dioxide.
- 4 In 2008/09, energy suppliers to Kankakee made a material change to greenhouse gas emission factors for 2007/08. We have restated our greenhouse gas emission data for 2007/08.
- 5 In 2007/08, a second water supply and new water purification system was installed in Bern. 2007/08 water data has been restated to incorporate an additional 0.05GL of consumption.
- 6 Data is from CSL Behring manufacturing sites (Bern, Marburg and Kankakee) only. Waste data for CSL's two manufacturing sites in Australia were collected for 2008/09 but have not been included in this table as no historical data were available.
- 7 Rates apply to CSL Behring manufacturing sites (Kankakee, Bern and Switzerland) only. Rates represent the percentage of waste that is recycled, reused or incinerated, thereby avoiding waste to landfill.

7.4.1 Energy consumption

CSL's major energy sources are imported electricity and natural gas. Major uses of electricity in our manufacturing processes are for cooling in large chillers and air conditioning. Most natural gas is used in boilers to produce steam for sterilisation, distillation of water for injection and other purposes. Our Marburg facility imports all its energy including steam from Pharmaserv GmbH, the operator of the industrial site where it is located.

CSL does not buy any renewable resources directly however approximately 30% of the electricity purchased by our Bern facility is based on renewable sources, mainly hydropower. Electricity purchased by our Kankakee facility is approximately 60% sourced from nuclear power, a low greenhouse gas energy source. In addition to electricity and natural gas, CSL also uses small amounts of other energy sources such as petrol and diesel for motor vehicles, forklift trucks and back-up generators.

In 2008/09 we were able to reduce our energy intensity for plasma and vaccine production by 14% and 13% respectively. The total energy consumption of our five manufacturing facilities remained relatively steady at 1.74 PJ.

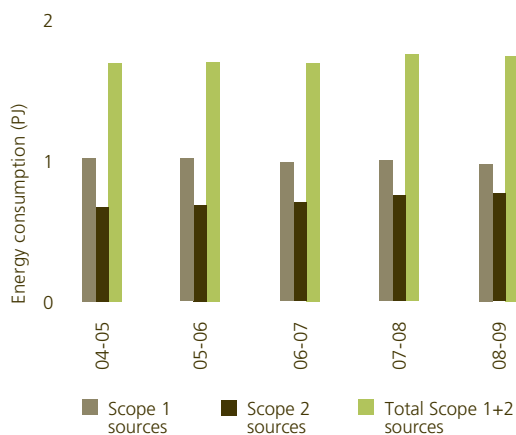
7.4.2 Greenhouse gas emissions

CSL generates scope 1 greenhouse gas emissions largely through the on-site combustion of natural gas. We are also responsible for scope 2 emissions associated with electricity consumption and to a relatively small extent, the use of imported steam at Marburg. We also include small amounts of greenhouse gases associated with the off-site production of compressed air and liquid nitrogen delivered to our Marburg site as scope 2 emissions.

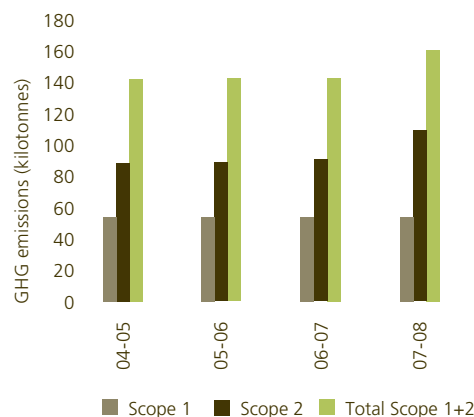
Total scope 1 and scope 2 greenhouse gas emissions for CSL's manufacturing facilities at 160 kilotonnes CO₂ in 2008/09 were the same as the previous year. Our greenhouse gas intensity indicators fell by 5% for plasma production and 8% for vaccine production.

Hydrofluorocarbons used in refrigeration and air conditioning are particularly powerful greenhouse gases and CSL follows relevant government regulations in monitoring their use and replacement. In Australia, for example, refrigerant use is monitored and maintained in accordance with the requirements of the Australian Refrigeration Council.

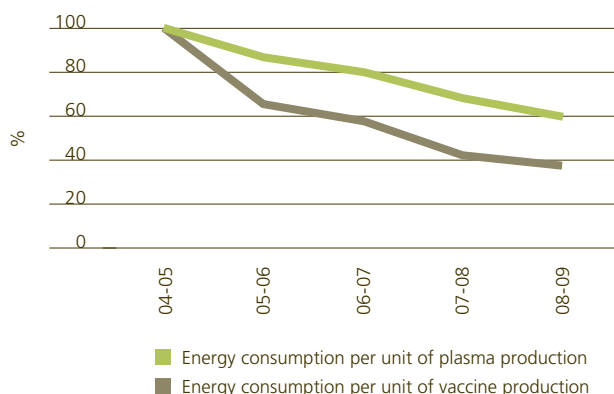
ENERGY CONSUMPTION TRENDS¹



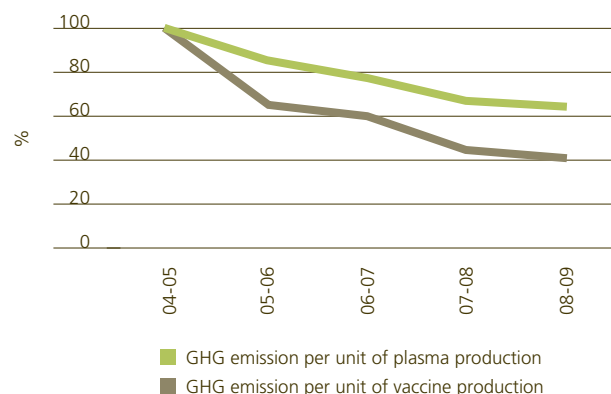
GREENHOUSE GAS EMISSIONS TRENDS¹



ENERGY INTENSITY TRENDS¹



GREENHOUSE GAS INTENSITY TRENDS¹



¹ Trends for CSL manufacturing sites located in Bern (Switzerland), Marburg (Germany), Kankakee (US), Parkville (Australia) and Broadmeadows (Australia).

Greenhouse gas accounting

The *Greenhouse Gas Protocol* of the World Resource Institute and the World Business Council for Sustainable Development refers to three scopes of greenhouse gas accounting:

Scope 1 emissions occur from sources that are owned or controlled by the company, for example, emissions from combustion in boilers, furnaces or vehicles; or hydrofluorocarbon emissions from the use of refrigeration or air conditioning equipment.

Scope 2 emissions do not physically occur from within an organisation's boundary, but are caused by the generation of electricity, heat or steam purchased by the company and brought within its boundary where it is consumed.

Scope 3 emissions are those that occur outside the organisation's boundary as a result of the organisation's activities, from sources that are not owned or controlled by the organisation, and that are not scope 2 emissions. They include, for example, emissions arising from the transportation of goods, business travel, or the production of goods the organisation has purchased or services it has used.

7.4.3 Energy savings and efficiency programs

CSL conducts energy saving and energy efficiency programs at all manufacturing sites. In 2008/09 our Kankakee facility installed a new high efficiency chiller which will save 3.6 PJ electricity and 1.5 kilotonnes of greenhouse gas emissions each year. Savings at our other manufacturing sites are being achieved through upgrading and optimising chillers, boilers and other capital assets. Our Broadmeadows facility, for example, reduced greenhouse gas emissions by 12% by optimising operation of the air conditioning system and some plant and equipment. CSL Plasma reduced electricity consumption by 10% by improving freezer maintenance, installing better lighting and raising awareness about energy conservation.

7.4.4 Scope 3 greenhouse gas emissions

Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. Reporting scope 3 emissions is not mandated in greenhouse gas reporting schemes such as those operating in Australia and the United States. However scope 3 emissions can constitute a significant part of a company's carbon footprint. This year we identified employee travel and transport of our plasma products and vaccines, particularly by air freight, as material sources of greenhouse gases for CSL and we are developing systems to measure them consistently across our operations.



Reducing carbon emissions in Kankakee

The Kankakee facility, located south of Chicago, experiences high temperatures and high humidity during the summer months. The existing central chiller plant was inefficient and did not have the capacity to meet production demands during the high temperature months. The Critical Systems Group developed a plan to increase the amount of cooling to the facility while emphasising the "go green" philosophy by using Thermal Energy Storage.

The project consisted of installing a 250 ton high efficiency chiller and six ice storage tanks (capable of 1500 Ton-Hrs of ice cooling). At night or during off-peak hours, the chiller is used to charge

the ice tanks. During high temperature days, the system runs with the ice storage in tandem with the chiller to produce the required cooling and in turn reduce the amount of power consumed during the peak day time hours.

The installation of a more efficient chiller and ice storage has reduced our overall electricity consumption, increased our refrigeration capacity and enabled a desirable shift from peak to off peak electricity usage. Implementing the Thermal Energy Storage will reduce annual facility power consumption by 3.6 PJ of electricity and reduce greenhouse gas emissions by 1.5 kilotonnes per year.

The new high efficiency chiller and ice storage tanks installed at our Kankakee facility.



Bern's low carbon operations

Located near the beautiful Swiss Alps, our Bern facility has long been addressing the environmental impacts of its operations. Of all CSL's manufacturing facilities, Bern uses the lowest amount of energy per equivalent unit of plasma production and has the smallest carbon footprint.

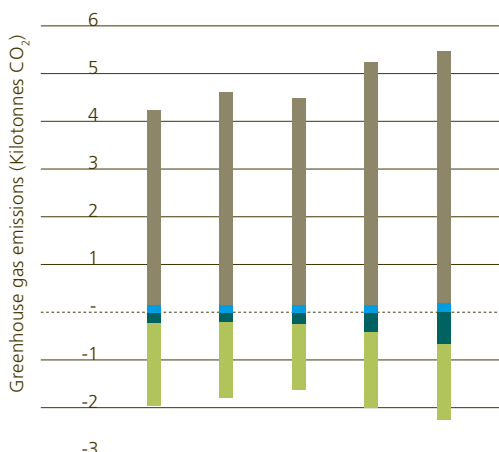
The installation of energy efficient plants and equipment has been routine for many years, and the supply of electricity from renewable sources helps to keep Bern's total greenhouse gas emissions to less than 6,000 tonnes annually. Almost 40% of these emissions are offset due to a range of innovations.

Bern pipes a hot water insulated supply loop to a local school to provide recycled

heat and supplies excess heat to the national soccer stadium next door via an underground heating register. Some of the site's ethanol waste is used as a carbon source for the Town's bus fleet while the incineration of non-recyclable waste produces electric power and energy for district heating.

Bern continues to look for sustainable ways to minimise energy consumption and greenhouse gas emissions, not only in the plant but also in the community. In 2009, the site participated in Bike to Work where employees pedalled over 18,000 kms in four weeks. Many staff have continued to ride their bikes to work and to use them more frequently during leisure time.

Walter Laederach, Head of Engineering & Systems, and Ulrich Schuerch, HSE Manager, at CSL in Bern inspect a heat pump that supplies energy to a nearby school.



GREENHOUSE GAS EMISSIONS AND OFFSETS IN BERN

- Emissions offset through energy production from waste incineration
- Emissions offset through school and stadium heating and ethanol recycling
- Emissions from gas, heating oil and fuel
- Emissions from electricity

7.4.5 Saving water across CSL

We have continued to develop new ways to use less water at our manufacturing facilities including recycling water for use in different on-site process steps. The focus on reducing water consumption has been particularly strong at our Australian operations where the state of Victoria has continued to experience severe drought conditions.

Overall CSL achieved a 6% net reduction in water consumption in 2008/09 compared to the previous year, bringing total consumption to 1.87 GL. We achieved reduction in water intensity of 18% for plasma production and 20% for vaccine production.

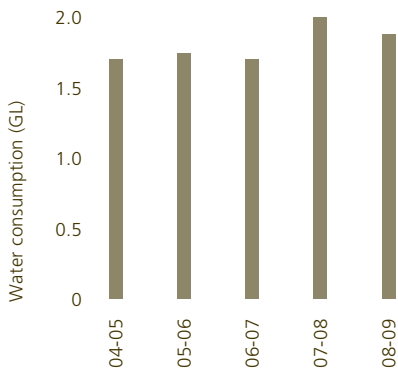
Water is supplied to CSL's manufacturing facilities by nearby metropolitan water utilities with the exception of Marburg where water is supplied by the operator of the industrial park where they are located.

CSL's biopharmaceutical manufacturing processes require large volumes of water. For example, cleaning equipment between each production batch using a Clean in Place (CIP) system is critical to most pharmaceutical processes and requires significant amounts of clean water. Influenza vaccine production and purification of proteins from plasma requires large volumes of water for making purified Water for Injection (WFI). Clean water is also needed for making pure steam for sanitisation/sterilisation of production plants and equipment.

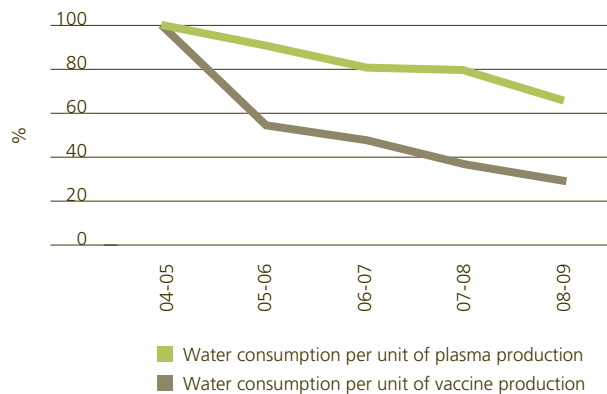
Historically CSL has required large amounts of clean water for operating cooling towers. This is an area where water savings continue to be made by recycling water from the waste streams of the water purification process. In other initiatives water from the final rinse cycle of the CIP process is being recycled into earlier CIP steps, and reject water from the water treatment process is being re-used as boiler water feed.

CSL's Parkville facility has undertaken work to better understand their water map including installation of multiple water meters to measure water usage by the cooling towers and buildings. Rainwater tanks for garden watering also have been installed at Parkville.

WATER CONSUMPTION TRENDS¹



WATER INTENSITY TRENDS¹



¹ Trends for CSL manufacturing sites located in Bern (Switzerland), Marburg (Germany), Kankakee (US), Parkville (Australia) and Broadmeadows (Australia).



Saving water at Broadmeadows

Water conservation is a priority at our manufacturing sites in Australia due to unprecedented drought conditions. In 2004, our Broadmeadows facility formed a specialist water team to investigate water saving opportunities and put in place a water management plan. Since then, the site has achieved a 16% net reduction in annual water use.

The reuse of process wastewater has been a key water saving project. To ensure optimal product quality and safety, the majority of the water used in the processing of plasma has to be highly purified. Potable (drinking) water is purified through 3 processes (micro-filtration, reverse osmosis and distillation) which generates large volumes of wastewater.

The Broadmeadows water team has systematically introduced process changes to reuse the wastewater generated from each of these purification steps in other parts of the plant. For example, water rejected from the micro-filtration process is now being passed through a screen filter, stored in a rainwater tank and later supplied as cooling tower make-up water.

Net annual water savings from this multi-staged initiative equates to almost 1.5 Olympic size swimming pools and all phases of the project have acceptable pay-back periods of less than 5 years due to less water being used and disposed of as wastewater.

Water tanks at the Broadmeadows facility storing reclaimed water which is supplied to cooling towers.



Marburg recognised for environmental performance

In August 2008 our Marburg facility successfully requalified to the European Union's Eco-Management Audit Scheme (EMAS), with independent auditors certifying the site as one of the ten best in Germany. EMAS is a voluntary program through which companies in the European Union evaluate, improve and report their environmental performance.

Another significant achievement for the site in 2008/09 was the regulatory approval of a new production process that eliminates the use of an environmentally hazardous chemical. A systematic review of the steps involved in manufacturing our antithrombin therapy identified an opportunity to eliminate EDTA (ethylenediaminetetraacetic acid) which can be harmful to organisms in surface waters.

Following the completion of a feasibility study, a validation process was developed and a licence change strategy devised. Conformance lots were produced using the improved processes and put on stability. Validated reports were produced and change applications were submitted to national regulatory agencies. The project took five years and involved collaboration across many functions.

As a result, 3,000 kilograms of EDTA are no longer purchased, processed and disposed of annually, demonstrating that reducing environmental impacts can also bring about significant cost savings.

The project team responsible for the elimination of EDTA in Marburg.

7.4.6 Managing wastewater

CSL regards responsible wastewater management as an important part of its overall commitment to environmental stewardship. Our manufacturing facilities collect on-site wastewater, adjust the pH and temperature where possible and discharge it to sewer for treatment and final disposal by municipal water authorities.

The extent to which much of our wastewater can be recycled is limited as it can contain cleaning and other reagents used in the plasma production processes.

The quality of the wastewater from our Parkville site varies with the manufacturing processes and production runs. The eggs used in vaccine production in particular can result in wastewater containing high levels of organic material. To address this issue, CSL has undertaken detailed analysis of waste streams at Parkville and is investigating alternative treatment options.

The Bern facility uses large volumes of ethanol in the fractionation of plasma and after use the ethanol enters the wastewater stream. Wastewater fractions containing more than approximately 20% ethanol are collected and distilled to recover and reuse the ethanol on-site.

CSL Behring in Marburg has now eliminated EDTA (ethylenediaminetetraacetic acid) as a contaminant in its wastewater. EDTA is widely used in industry to remove metals from solutions however it has recently stimulated environmental concerns because of its ability to resist biodegradation in waterways. Marburg also recovers ethanol from its wastewater stream for reuse by other companies off-site.

7.4.7 Waste management

The amount of waste produced and how it is handled vary between CSL's different facilities according to their production processes and available disposal options. Regulations affect the types and sizes of materials that can be used in production, thereby limiting opportunities to reduce waste. Nonetheless, we have continued our efforts to reduce, reuse and recycle waste as far as possible, and to dispose of residual waste responsibly.

CSL Behring facilities

Overall the total amount of waste produced by our Bern, Kankakee and Marburg facilities in 2008/09 was 12% greater than the previous year reflecting increased production of plasma products. The waste intensity fell by 2.6%.

This metric was adversely affected by our new IVIg plant at Bern which was undergoing validation and therefore not producing commercial volumes.

Ethanol used in plasma fractionation forms the most important waste product from CSL Behring's manufacturing facilities. We have continued to recover this material for on-site and off-site reuse. In Bern most alcohol waste is recovered for on-site reuse by CSL. The residual from distillation is sent to the municipal wastewater treatment plant where it is used as an energy source for the town's bus fleet. At Kankakee and Marburg ethanol waste is sold to other industries for reuse.

Other waste at CSL's manufacturing sites includes cardboard, paper, glass, metals, wooden pallets, batteries, used oil and electronic devices. At Bern and Marburg these are disposed of through a range of government and community recycling programs or are incinerated to produce heat for use by households. At Kankakee these solid wastes are sent to landfill or recycled.

In 2008/09, the CSL Behring group of facilities increased the amount of waste reused, recycled and incinerated from 78% to 88% of total waste. This was mainly the result of increased incineration and recycling of waste at our Marburg site.

CSL in Marburg continues to support end user recycling of its products through the Green Dot Program. The company pays a fee to Duales System Deutschland GmbH, Germany's recycling management program, to use the Green Dot on its packaging. Product packaging can then be collected for recycling and processed without any charge to the consumer.

CSL Australia facilities

Our Parkville and Broadmeadows facilities have worked with service providers to collect data on waste generation, which has enabled us to include Australian waste data in this Report. In 2008/09 our Broadmeadows site generated 0.8 kilotonnes of waste while Parkville generated 1.2 kilotonnes. We also continued to report various aspects of waste management to other schemes such as the National Packaging Covenant (NPC). This voluntary program aims to reduce the environmental impacts of consumer packaging and we submit annual reports on packaging waste and our progress on improvement initiatives.

At our Australian facilities, 49% of our waste is classified as non-hazardous and approximately one third of this waste is recycled off-site. Materials recycled include cardboard, paper, plastic, grease and oil, metal and timber pallets. The remaining 51% percent of waste is classified as hazardous as it consists mostly of medical/biological waste. Initiatives to reduce this type of waste are tightly regulated by Australian legislation. Waste reduction and recycling opportunities are limited, for example, glass from syringes and vials is not suitable for recycling. The majority of hazardous waste is disposed of at special landfill sites or by incineration

Some packaging materials required for product safety are non-recyclable or reusable which impacts the extent to which we can limit their disposal to landfill. Whilst limitations exist, we continue to work with third party service providers to increase the amount of waste that is available for recycling. For example, in 2008/09 laboratory plastic waste streams were reviewed with service providers to identify additional recycling opportunities.

Achieving green in Australia

In 2008 CSL's Parkville and Broadmeadows sites formed a green office team to help minimise environmental impacts associated with office operations through measurable reduction initiatives and employee involvement. The team focussed on projects that would help staff use less paper and power and increase recycling rates.

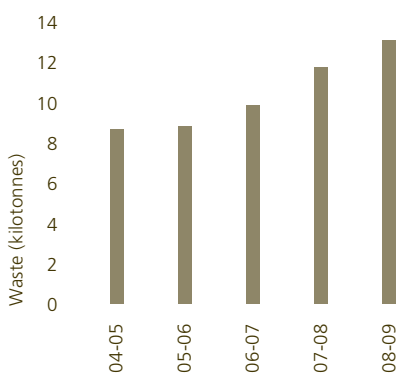
To enable paper use to be monitored, the team established baseline data and set up a reporting system with our paper provider. A paper reduction target of 10% was subsequently set for 2009/10 and communicated with tips for saving paper. Recycled paper has also been introduced as standard order stock.

A lighting audit was undertaken and a project raised to enable 278 lights in one of our process areas to be automatically turned off after-hours. Screen savers were removed from our computer fleet and motion sensor lighting piloted in one of our refurbished buildings.

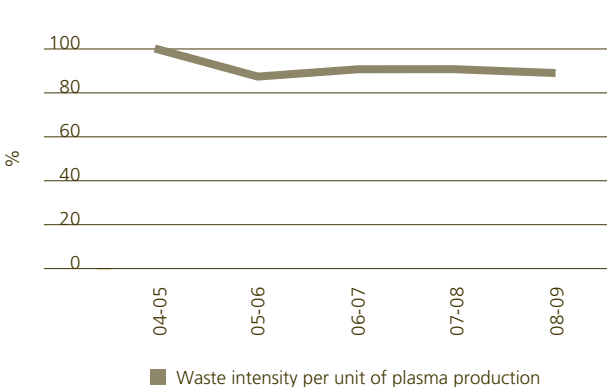
To encourage recycling, the green office team distributed paper collection boxes to all work stations and arranged for more recycling bins to be positioned around both sites and in kitchens. Stickers were placed on recycling bins to educate staff about waste streams and the team in working with service providers to establish relevant metrics.



WASTE TRENDS¹



WASTE INTENSITY TRENDS¹



¹ Trends are for CSL Behring's manufacturing sites (Kankakee, Marburg and Bern).

7.5 CSL Plasma environmental footprint

In 2008 we established the environmental footprint of our plasma collection business, CSL Plasma. Included are facilities over which we have operational control, comprising 73 plasma collection centres, two plasma testing laboratories and two logistics centres in the US and in Germany. Energy consumption, greenhouse gas emissions and waste associated with CSL Plasma's operations are very low in comparison to our manufacturing operations. Water use is for domestic purposes only and is therefore negligible.

During 2008/09 CSL Plasma used 0.13 PJ energy, the majority of which was sourced from electricity. Electricity is primarily used for the continuous operation of freezers which are critical to product safety. It is supplied from both renewable and non-renewable sources. The total energy consumed by our plasma collection operations in 2008/09 generated 22 kilotonnes of greenhouse gas emissions.

To reduce greenhouse gas emissions associated with the collection of plasma, we have introduced freezer preventive maintenance programs and installed timers to reduce the night temperature in outer rooms around freezers. In addition, we have installed energy efficient lighting in many collection centres and worked to increase awareness about energy conservation amongst our staff.

Waste generated by CSL Plasma in 2008/09 totalled 2.4 kilotonnes, split between solid waste (60%) and biohazardous waste (40%).

Solid waste is transported to landfill sites by local carriers and biohazardous waste removed separately for treatment and disposal by specialist private operators according to local regulations. We have introduced tracking mechanisms to identify opportunities to reduce the amount of biohazardous waste produced per litre of plasma collected. Programs have also recently been implemented to recycle paper, aluminium cans, and plastic bottles across the business. Many locations are currently recycling cardboard and the plasma logistics centres recycle wooden pallets and corrugated material. CSL Plasma has also initiated a program in conjunction with office supplies vendors to recycle fax and toner cartridges.

7.6 Environmental reporting and other CSL sites

In addition to our five major manufacturing sites and plasma collection business, we operate the CSL Behring headquarters in King of Prussia, as well as an extensive network of regional sales offices, storage warehouses and distribution centres in various countries. We assess the energy and water consumption, greenhouse gas emissions and waste production of these sites to be small compared to our manufacturing facilities. However, we are committed to expanding the boundaries of our environmental reporting and have commenced the collection of data for most of these sites for future reporting.



CSL Plasma eco challenge

With a significant presence in many communities, CSL Plasma has a strong sense of responsibility when it comes to local social and environmental issues. An eco challenge was piloted in 2008/09 to encourage collection centres to get involved in local sustainability initiatives.

The challenge enabled centres to earn green points for establishing recycling programs and for supporting local environment agencies. Over a 45-day period, our collection centres together recycled 10,000lbs (4.5 tonnes) of material and contributed over 400 volunteer hours to community eco projects.

Our Evansville centre (Indiana) earned the highest number of green points per employee and was rewarded with organic t-shirts, recycling totes and \$500 to donate to an environment cause of their choice. Eco Challenge was such a success that more programs are planned, including Keen on Green which will reward individual employees for their eco efforts in the community.

Boca Raton (Florida) employees, their families and friends volunteer to clean up the Gumbo Limbo Nature Centre.

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