

Statement on Climate Change

1. The Issue

The Intergovernmental Panel on Climate Change's Fourth Assessment Report in 2007 concluded that most of the increase in global average temperatures observed since the mid-20th century is very likely due to human activities, particularly the combustion of fossil fuels that release carbon dioxide, nitrous oxide, methane and other greenhouse gases into the atmosphere. It predicted that global warming will be associated with rising sea levels, increased extreme weather events; droughts and heat waves; and severe ecosystem damage, especially to glaciers, the Arctic and Antarctic, coral reefs and savannah. Since 2007, the scientific evidence that the world is warming and human produced greenhouse gases are the primary cause, has strengthened.

The United Nations Framework Convention on Climate Change (UNFCCC) sets an overall framework for intergovernmental efforts to stabilise greenhouse gas emissions and minimise their effect on the earth's climate. The Kyoto Protocol attached to the UNFCCC sets binding targets for industrialised countries and the European community in reducing greenhouse gas emissions. The first commitment period for the Kyoto Protocol comes to an end in 2012, and international negotiations are continuing on the path forward. Parties to the Protocol agreed at the UN Climate Change Conference in Cancun in 2011 to continue to work to ensure that there is no gap between the first and second commitment periods of the Agreement.

Climate change is a global problem, and CSL believes it has a responsibility to contribute to international efforts by minimising greenhouse emissions from its manufacturing and related activities. CSL is also committed to complying with federal and/or state-based greenhouse and energy regulatory regimes in all the countries where its manufacturing operations are located (Australia, Germany, Switzerland and the USA).

2. CSL's Approach to Addressing Climate Change

CSL develops, manufactures and markets biopharmaceutical products that prevent and treat serious human disease. The processes we undertake in the development and manufacture of vaccines, plasma -derived therapeutics and other products consume energy from non-renewable sources resulting in the release of greenhouse gases into the atmosphere.

CSL's approach to contributing to global and local efforts to address the threat of climate change is based on:

- 2.1 Measuring and understanding our carbon footprint;
- 2.2 Active participation in government climate change programs, meeting or exceeding our statutory requirements, and keeping abreast of evolving mechanisms, including carbon trading markets;
- 2.3 Identifying and managing carbon risks and opportunities;
- 2.4 Minimising the consumption of non-renewable energy and minimising greenhouse gas emissions;
- 2.5 Engaging with employees and external stakeholders, including through employee awareness and education programs, and public reporting; and

2.6 Communicating and reviewing our Statement on Climate Change.

3. Measuring and understanding our carbon footprint

CSL has established a central environmental database that includes an inventory of energy consumption and greenhouse gas emissions at its five manufacturing facilities, and plasma collection and processing centres. We follow internationally accepted greenhouse gas accounting principles and are implementing processes to ensure that data are accurate, reliable and auditable.

The greater part of CSL's greenhouse gas emissions profile is attributable to the combustion of natural gas (scope 1 emissions) and the consumption of imported electricity (scope 2 emissions), at our manufacturing facilities and plasma collection and processing centres. Natural gas and electricity primarily provide energy for heating and cooling in CSL's manufacturing processes. Data on these scope 1 and scope 2 emissions are included in our database.

CSL will continue to maintain the environmental database and to expand the boundaries of our greenhouse inventory to include scope 3 emissions associated with transport, business travel and off-site waste disposal where they are material.

4. Active participation in government climate change programs

CSL has a history of joining voluntary government and non-government climate change programs. CSL Biotherapies in Australia, for example, participated in the Federal Government's Greenhouse Challenge Plus program; CSL Behring in Bern is a member of the climate platform local agenda LA21 reduction program; and CSL globally takes part in the Carbon Disclosure Project.

Mandatory greenhouse reporting schemes are in place in a number of jurisdictions such as *the National Energy and Greenhouse Reporting Scheme* in Australia and the *Mandatory Reporting of Greenhouse Gases Rule (74 FR 5620)* issued by the US EPA. CSL has submitted two annual reports in Australia and is well prepared to meet the deadline for the first report to the US EPA. In Switzerland we report energy consumption and greenhouse gas emissions to the Federal Office of Energy.

A number of emissions trading schemes have been introduced or are proposed around the world. CSL is not covered by the European Union's emissions trading scheme (ETS) and it appears that we would not be covered by the Australian carbon pricing scheme as passed by the Senate in November 2011 due to our low emissions. In Switzerland, CSL has elected to pay an emissions tax on imported fuels used for heating and other purposes as the alternative to joining the Swiss ETS. CSL is continuing to monitor legislative developments concerning emissions trading schemes, and other emerging climate change regulations, and will act accordingly.

CSL supports the use of appropriate market mechanisms to address climate change where they are consistent with international approaches, and are designed to encourage investment and innovation in greenhouse gas mitigating technologies, while limiting adverse impacts on national economies.

CSL's policy is to meet or exceed all applicable statutory environmental regulations and this policy will extend to regulations concerning energy consumption and greenhouse gases.

5. Identifying and managing carbon risks and opportunities

For many industry sectors climate change presents physical, regulatory and general risks and opportunities. CSL recognises the importance of understanding and, if necessary, managing its contribution and exposure to climate change. We have conducted climate change risk assessment workshops and incorporated climate change into CSL's enterprise-wide risk management framework to ensure continued monitoring and review as part of CSL's risk management processes.

CSL does not consider that climate change presents any significant risks to our operations over the next 25 years. CSL's facilities have limited exposure to physical risks from adverse weather events that may be exacerbated by climate change. To the extent that there are risks, they are considered in the site-based risk management plans and due diligence assessments for major capital investments.

Energy and water costs represent a small share of CSL's total operating costs. As a result, CSL does not expect utility price increases associated with climate change to have a significant impact on our businesses. We will continue to track international carbon prices and assess any risks or opportunities that may arise from market mechanisms used to manage greenhouse emissions.

CSL is maintaining a watching brief on scientific research on how climate change is likely to affect human health, particularly the possibility of increased incidence of infectious diseases. This may provide opportunities for CSL to leverage our core capabilities as a leading biopharmaceutical company with an established research and development program, and potentially take an increased role in humanitarian efforts to combat any spread of disease.

6. Reducing consumption of non-renewable energy and minimising greenhouse gas emissions

CSL is committed to continuously improving the energy and carbon intensity of our operations, particularly through manufacturing process changes and whenever there are new capital works or major equipment upgrades. Setting realistic targets for reducing greenhouse gas emissions is an important part of carbon management and CSL is developing carbon intensity targets appropriate to its business strategy. These express reductions in greenhouse gas emissions relative to units of production rather than in absolute terms. CSL is starting from a good base and our performance against key performance indicators can be viewed on our website <http://www.csl.com.au/about/corporate-responsibility.htm>

In addition to improving energy use efficiency, CSL will seek to substitute with sources of renewable energy, where this is viable.

7. Engaging with employees and external stakeholders

CSL's stakeholders, particularly government regulators and the investment community, are increasingly interested in CSL's response to climate change and our performance in reducing our carbon footprint. We will seek to communicate accurate, relevant and timely information to stakeholders through our Corporate Responsibility Report, the Carbon Disclosure Project and other appropriate avenues.

The GHG Protocol and ISO 14064-1 are widely used. National reporting schemes generally prescribe how information must be collected and reported. However, there is no one universally accepted global standard for greenhouse gas reporting. The GHG Protocol and ISO 14064-1 are widely used and CSL will adopt these as the basis for calculating emissions for our global public reporting. We will report to government agencies to meet their specific requirements and undertake an external audit of our energy and greenhouse data management.

Our employees are essential participants in CSL's carbon reduction efforts. We will encourage and support employees directly involved in our environmental programs with the relevant training and resources.

8. Communicating and reviewing our Statement on Climate Change

CSL Statement on Climate Change will be communicated to the public and our employees through the CSL website, Corporate Responsibility Report and via other communication methods.

CSL recognises that government climate change programs and leading practice in corporate carbon management are continuing to evolve. Consequently this Climate Change Statement will be reviewed regularly by CSL's Corporate Responsibility Steering Committee.