

## TAX TRANSPARENCY

To improve the transparency of business tax affairs, the Board of Taxation has designed a Tax Transparency Code (TTC) that outlines a set of principles and minimum standards to guide the disclosure of tax information. In the interests of transparency and informed public discussion, Ansell Limited provides the following additional information satisfying the Board of Tax's Tax Transparency Code.

The information in this tax transparency statement and existing publicly available information (Ansell's Annual Report and ATO's 2018- 2019 Corporate Report of Tax Information), provide valuable tax related information specific to Ansell.

### Ansell Ltd

## Corporate Governance

Ansell strives for excellence in corporate environmental, governance and social practices. The 2020 Ansell corporate governance statement can be downloaded at:

<https://www.ansell.com/au/en/about-us/sustainability/governance>

One of Ansell's core objectives is to maximise shareholder value by focusing on sustaining organic growth, profitability, cash flow and effective deployment of capital. A contributing factor in achieving this objective is to manage the group's tax affairs in an efficient and compliant manner.

## Approach to Taxation

Ansell's tax risk management practises are directly linked to Management's approach to Corporate Social Responsibility (CSR). At Ansell, CSR means conducting business ethically and transparently and in ways that produce social, environmental and economic benefits for communities around the world. Ansell's risk management framework is outlined in the 2020 Annual report. Ansell

operates under a tax risk management policy that is aligned to the overall risk management framework.

Ansell's approach to tax risk management is documented and has been shared with the Australian Taxation Office. The Audit & Compliance Committee reviews this policy periodically.

## Reconciliation of Accounting Profit to Income Tax Paid

Ansell Ltd is a company that is tax resident in Australia. The company (and its subsidiaries) is a global leader in protection solutions. The Financial Statements are prepared in accordance with the Australian Accounting Standards and the International Financial Reporting Standards and Interpretations published by the International Accounting Standards Board. Although Ansell Ltd is an Australian tax resident, the company reports its consolidated earnings in USD\$.

A full reconciliation of Ansell's accounting net profit to income tax expense is included in the income tax note (current and deferred taxes) Note 4 of the Financial Statements. As net profit is based on accounting rules and concepts, the group profit is a consolidation of all Ansell Ltd and all its subsidiaries.

Ansell entities are subject to the applicable local tax rules in each country in which it operates. Consequently, the group tax rate is sensitive to the region and geographic mix of profits as tax at varying tax rates will be due in each country where profit is earned. Some of these countries have statutory tax rates higher or lower than the Australian statutory rate of 30%.

Corporate income tax paid is also different to the annual tax charge in the financial statements principally due to the following factors:

- Cash tax payments related to an income year are partly paid during one financial year and the following year;
- In many jurisdictions, tax payments are based on the prior year taxable profits or an estimate of the current year's profit.

- Variations between a group's income tax expense as recorded in the Financial Statements and tax payable as recorded in the tax return(s) can arise for a number of reasons, including
  - Tax losses can be offset against taxable income of later years;
  - Receipt of foreign dividend income is often exempt from Australian income tax but included in total income;
  - Timing in the depreciation of capital assets will cause differences in the accounting and tax position of the entity;
  - Differences in treatment of provision movements.

| Year ended 30 June 2020                                       | Ansell Consolidated group \$USD |
|---|---------------------------------|
| Income tax expense  |                                 |
| Prima facie income tax calculated at 30% on profit before tax | 60.7                            |
| Reduced taxation arising from:                                |                                 |
| Investment and export incentive allowances                    | (7.7)                           |
| Net lower overseas tax rates                                  | (10.9)                          |
| Other permanent differences                                   | 0.1                             |
| <b>Income tax expense attributable to profit before tax</b>   | <b>42.2</b>                     |
| Timing differences recognised in deferred tax                 | (3.4)                           |
| FX & Other  | (4.6)                           |
| <b>Cash taxes paid per cash flow statement</b>                | <b>34.2</b>                     |

## Effective Tax Rate

Ansell calculates its effective tax rate as income tax expense (current and deferred) divided by accounting profit.

|  | 2019    | 2020   |
|--|---------|--------|
| Global Ansell Consolidated Group         | 21.30%* | 20.86% |
| Australian Ansell Consolidated Tax Group | 5.13%   | 1.94%  |

\*excludes discontinued operations

## ATO Reporting of Tax Information

### Year ended 30 June 2019

For Australian income tax purposes, Ansell Ltd and its 100% owned Australian tax resident subsidiaries are a part of the Ansell Australian income tax consolidated group. This results in all members of the Australian tax resident entities of that consolidated group being treated as a single corporate taxpayer and all intra-group transaction are eliminated in order to determine the Australian tax resident group's consolidated taxable income.

Ansell notes the recent publication of "large company" tax data by the Australian Taxation Office (ATO) in December 2020 (Report of Entity Information published on [data.gov.au](http://data.gov.au)).

The ATO Australian data below and the additional information above reflect Ansell Limited's position as the Australian listed parent company of a global group that is subject to tax in more than 30 countries and earns approximately 92% of its sales revenue outside Australia. Under the applicable laws, those sales are generally taxable in the countries where they are earned rather than in Australia and are reported to the relevant foreign tax authorities.

In the interests of transparency and informed public discussion, Ansell provides the following additional information that further explains the Australian tax data published by the ATO:

| Company    | ABN            | Total Income<br>AUD\$ | Taxable<br>Income<br>AUD\$ | Tax<br>Payable<br>AUD\$ |
|------------|----------------|-----------------------|----------------------------|-------------------------|
| Ansell Ltd | 89 004 085 330 | \$302,078,035         | \$5,747,577                | 1,724,273               |

Total income includes Australian sales revenue (before operating expenses), taxable foreign income and foreign income that is tax exempt under Australian law.

Taxable income is based on accounting rules and concepts, then adjusted for allowable tax timing and tax permanent differences, including recoupment of prior year losses and foreign income that is tax exempt as provided for in the Australian tax law.

Australian tax payable is then calculated at the corporate income tax rate (30%) of taxable income.

Ansell's corporate governance framework supports the increased focus on tax transparency globally and our commitment to comply with all relevant tax laws in the jurisdictions in which we operate.

The ATO has also released an explanation of the differences between accounting profit and taxable income and is available at the ATO's tax transparency webpage.