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# **Tax Transparency 2022**

## Introduction

To improve the transparency of business tax affairs, the Australian 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 strives for excellence in corporate environmental, governance and social practices. The 2022 Ansell corporate governance statement can be downloaded at:

[Ansell and governance: fairness, transparency and integrity](#)

Ansell announced during FY22 its renewed commitment embarking upon a broad range of new priorities to maximise sustainable shareholder value by focusing on strategies for Long-Term growth and differentiation, operational effectiveness and positioning for shorter term market trend. 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 Sustainability and Risk. Ansell recognises that effective risk management and internal controls are an integral part of sound management practice and overall good corporate governance. Ansell has established controls and procedures that are designed to safeguard the Group's assets and the integrity of its reporting. The Group's internal controls cover accounting, financial reporting, safety, sustainability, fraud, delegation of authority and other control.

Ansell's risk management framework is outlined in the Corporate Governance Statement 2022. 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 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 2022 Income tax expense	Ansell Consolidated group \$USD
Prima facie income tax calculated at 30% on profit before tax	62.5
<b>Reduced taxation arising from:</b>	
Investment and export incentive allowances	(10.4)
Share of profits of equity accounted investment	2.0
Net lower overseas tax rates	(11.6)
Tax Losses generated but not recognised	11.7
Other permanent differences	(0.1)
Prior year over provision	(5.5)
<b>Income tax expense attributable to profit before tax</b>	<b>48.6</b>
Timing differences recognised in deferred tax	(16.3)
FX & Other	17.6
<b>Cash taxes paid per cash flow statement</b>	<b>49.9</b>

## Effective Tax Rate

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

	2022	2021
Global Ansell Consolidated Group	23.31%	21.93%
Ansell Australian Consolidated Tax Group	0.43%	1.15%

## ATO Reporting of Tax Information

### Year ended 30 June 2021

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 November 2022 (Report of Entity Information published on [data.gov.au](https://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 96% 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 AUD\$	Taxable Income AUD\$	Tax Payable AUD\$
Ansell Ltd	89 004 085 330	\$242,533,697	-	-

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 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.