aspen HOLDINGS

Integrated Report 2021

Contents

Navigation

Throughout our report, we use the following icons to show the connectivity between our strategic objectives, our capitals and the value we create for our key stakeholders.

Our strategic objectives

Our strategic objectives provide the foundation to deliver our strategy of creating long-term value for our stakeholders.

- To deliver a differentiated portfolio of high quality, affordable medicines
- To optimise the strategic advantage of our integrated value chain
- To develop and retain a talented, agile and diverse workforce inspired to achieve operational excellence
- To be a good corporate citizen by conducting our business in a responsible, inclusive and sustainable way
- To create sustainable economic value for our stakeholders

Our capitals

Value creation, preservation and erosion are the consequences of how we apply and leverage our unique value drivers within our six capitals to effectively execute our strategy and implement our business activities.

- Financial
- Human
- Intellectual
- Manufactured
- Natural
- Social and relationship

Our key stakeholders

Our ongoing engagement with our key stakeholders enhances our relationship with them and improves our understanding of their needs, concerns and expectations.

- Communities in which we operate
- Employees and organised labour organisations
- Governments, competition authorities and pharmaceutical regulatory bodies
- Investors and funders
- Material contract manufacturing customers
- Patients, healthcare professionals and customers
- Suppliers, service providers, consultants and business partners

Other navigation icons

- This icon indicates that further information is available online
- This icon directs you to further information in this report

The Integrated Report and Supplementary Documents are available online.

www.aspenpharma.com

01

Who we are

Covered in this section

We are a global specialty and branded pharmaceutical company committed to improving the health and quality of life of patients

Introducing our Integrated Report

Aspen Pharmacare Holdings Limited (the Company or Aspen and, when referred to with inclusion of all its subsidiaries, the Group) is a South African headquartered global specialty and branded pharmaceutical company listed on the Johannesburg Stock Exchange ("JSE").

We are pleased to present our 2021 Integrated Report. This is our primary report to our stakeholders in which we aim to provide a balanced and accurate reflection of our strategy and business model, risks and opportunities, our performance for the financial year ended 30 June 2021 as well as our future outlook.

Delivering value through our purpose

Our purpose

To improve the health and quality of life of patients.

Our commitment to sustainability

Delivered through our four sustainability pillars, our commitment is to create value for our stakeholders in a manner that is responsible, transparent and respects the rights of all.

We believe that everyone should have access to the medicines they need to live a healthy and fulfilled life.

In the midst of the COVID-19 pandemic, this sense of purpose drives our actions to find innovative solutions to support the global efforts aimed at ensuring that patients everywhere get the medicines they need.

We have adapted our production schedules and supply chains to be responsive to the changing demand for medicines used in the treatment of critically ill patients.

We have prioritised the health and safety of our employees and contributed to the health response in the communities in which we operate.

We are particularly proud of being selected by Janssen Pharmaceuticals Inc. and Janssen Pharmaceuticals NV, two of the Janssen Pharmaceutical Companies of Johnson & Johnson to manufacture their COVID-19 vaccine (the "Johnson & Johnson COVID-19 vaccine") at our flagship Gqeberha-based manufacturing site in South Africa. This is a positive step forward in developing our technological know-how and capacity to contribute to meeting the needs of patients in Africa and around the world.

In everything we do, we have one common goal – to deliver high quality, affordable medicines to the patients who need them.

Through these actions we have been true to our credo of ***Healthcare. We Care.***

Our vision

To deliver value to our stakeholders as a responsible corporate citizen that provides high quality, affordable medicines globally.

Our values

Defining the foundation on which Aspen has been built. These are the values we share as we work together toward achieving the vision of the Group.

Our approach to reporting

Report boundary and scope

This report covers the activities of Aspen and its operating subsidiaries. Financial and non-financial data from our subsidiaries are fully consolidated. In assessing the issues that materially impact value creation, we have looked beyond the financial reporting boundary to provide for the material interests of relevant stakeholders, and to address the significant risks, opportunities and impacts associated with our activities over the short term (less than 12 months), medium term (one to three years) and long term (beyond three years).

Reporting frameworks

Our reporting process has been guided by the principles and requirements contained in the International Financial Reporting Standards, the International Integrated Reporting <IR> Council's ("IIRC") Framework, the King Code on Corporate Governance 2016™ ("King IV"), the JSE Listing Requirements, the South African Companies Act, No. 71 of 2008 (as amended) ("the Companies Act") and the Global Reporting Initiatives ("GRIs") Sustainability Reporting Standards.

Supplementary documents

Accompanying this Integrated Report are, among others, the following supplementary documents:

- the Annual Financial Statements, which are the Group's and the Company's audited statutory accounts (released on 4 October 2021);
- the reports of the Audit & Risk Committee and Social & Ethics Committee; and
- the Sustainability and Environmental, Social and Corporate Governance ("ESG") Data Supplement which provides additional data aligned to sustainability objectives.

The Integrated Report and Supplementary documents are available online.

www.aspenpharma.com

Materiality

This report provides information on all those matters that we believe could have a significant influence on our ability to create and sustain value over the short, medium and long term. The process of identifying and prioritising the material matters for inclusion in this report involved reviewing:

1. The needs of our stakeholders through constructive engagement with them page 19
2. Our external operating context page 16
3. Key business risks and opportunities page 23
4. The value exchange and/or opportunity costs of applying our available capitals and responsible management of these pages 62 to 89
5. The outcome of the sustainability topic materiality assessment page 14

Our overarching consideration is our responsibility to provide relevant and transparent reporting.

Identifying our material matters is a Group-wide responsibility and all business units provide an assessment of key risks and opportunities in the environment in which we operate as well as feedback on the key issues arising from their interactions with our various stakeholders. Our approach to managing these material matters is reflected in our value creation process, is commented on in our business strategy and is appropriately aligned with our approach to managing risks. In determining disclosure, we have applied our judgement to ensure that we do not disclose information that could place us at a disadvantage.

Reporting notes

The following aspects are highlighted with regards to financial information included in the Integrated Report:

- The Group disposed of the assets of its European Thrombosis business and divested other products during the year. Accordingly, the financial results (and prior year comparative values) separately disclose discontinued operations. All values relate to continuing operations unless otherwise stated; and
- Due to the impact of relative movements in the exchange rate, the Group reports at constant exchange rates ("CER"), where appropriate.

Refer to the basis of accounting set out in the Annual Financial Statements for further reporting notes relating to financial information included in this report.

Our approach to reporting continued

Integrated risk management and combined assurance

We believe that an effective risk governance model contains checks and balances to support appropriate consideration of risk and opportunity management throughout the Group. We consider integrated risk management practices, supplemented by the combined assurance model, to be an optimal approach that facilitates coordinated risk management and governance efforts. This model provides assurance that there are clearly defined risk ownership responsibilities with functionally independent levels of oversight and independent assurance (refer to page 23). It further provides assurance over the integrity of both internal and external information. The Audit & Risk Committee provides oversight on the combined assurance model and outcome of assurance activities. No significant areas of overlap or assurance gaps have been identified and the levels of assurance were considered to be appropriate. The following assurance has been provided on specific disclosures in the Integrated Report and supplementary documents:

Assurance provider	Assurance provided
Ernst & Young Inc ("EY")	• Unmodified opinion on the Group and Company Annual Financial Statements (refer to page 8 of the Annual Financial Statements) • Agreed-upon procedures on selected financial Key Performance Indicators ("KPIs") (page 13) • Reporting Accountant's Report on Illustrative CER
Group Internal Audit function ("Internal Audit") assisted by external expert service providers, where appropriate	Assurance provided over: • Risk governance • Ethics governance • Information Technology ("IT") governance • Material business systems of internal control • Material financial systems of internal control • Selected KPIs (page 13)
IBIS Environmental Social Governance Consulting Africa Proprietary Limited ("IBIS")	• Assurance provided in accordance with AccountAbility's AA1000 Assurance Standard v3 (2020) (AA1000AS) – Type II moderate level requirements on whether Aspen adheres, in all material respects, to the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact • Selected KPIs (page 13)
Empowerdex	• Broad-based Black Economic Empowerment ("BBBEE") scorecard

Forward looking statements

This report contains certain forward-looking statements with respect to our future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of emerging risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance. Forward looking information is not audited. Refer to our disclaimer on page 115.

Feedback and contact

We value feedback from our stakeholders and use it to ensure that we are reporting appropriately on the issues that are most relevant to them. Please use the online contact form or email the Company Secretary & Group Executive: Governance & Communications at rverster@aspenpharma.com

Board approval

The Board acknowledges its responsibility in ensuring the integrity of this Integrated Report. It has applied its collective mind to the preparation and presentation of this report and is of the opinion that the report is in accordance with the <IR> Framework. It has critically assessed the assurance obtained from Aspen's combined assurance model. It is satisfied that the model enables an effective internal control environment, which supports the integrity of the information used for internal decision-making by management, the Board and its Committees, as well as the integrity of the Integrated Report. The Board has also considered materiality for the purposes of the Integrated Report and the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the Integrated Report, or by a stakeholder. Our overall objective with this Integrated Report is to provide information that could materially impact Aspen's ability to create value over the short, medium and long term. The Board is of the view that, to the best of its knowledge and belief, our Integrated Report addresses matters material to our stakeholders' decision-making by explaining the impact of Aspen's value creation process over time. It also takes into consideration the Group's impact on its stakeholders and the environment in which it operates.

This report was approved by the Board of Directors on 28 October 2021.

Gus Attridge
Deputy Group Chief Executive

Linda de Beer
Independent non-executive

Kuseni Dlamini
Independent non-executive, Chairman

Ben Kruger
Lead independent non-executive

Themba Mkhwanazi
Independent non-executive

Chris Mortimer
Non-executive

Babalwa Ngonyama
Independent non-executive

David Redfern
Non-executive

Stephen Saad
Group Chief Executive

Sindi Zilwa
Independent non-executive

https://www.aspenpharma.com/board-of-directors/

About Aspen

We are a global specialty and branded pharmaceutical company, improving the health of patients across the world through our high quality, affordable medicines. Active at every stage of the value chain, we are uniquely diversified by geography, product and manufacturing capability.

Our people

Our greatest strength is our diverse and talented team who work together every day, united in our purpose to improve the health and quality of life of patients.

Approximately 9 100 employees in 69 offices in over 50 countries and territories

52% Men

48% Women

Our business segments

We focus on marketing and manufacturing a broad range of post-patent, branded medicines and domestic brands covering both hospital and consumer channels through our key business segments.

Commercial Pharmaceuticals

46% of total revenue

Regional Brands – a widely diverse range of trusted medicines with a strong domestic or regional presence.

28% of total revenue

Sterile Focus Brands – comprising our branded products in anaesthetics and thrombosis therapy areas.

Manufacturing

26% of total revenue

Internal and third party supply of chemical and biochemical APIs and finished dose form ("FDF") pharmaceuticals.

Total revenue **R37,8 billion** from continuing operations

Our global presence

Headquartered in South Africa, we have a strong presence in both emerging and developed markets.

65% of Commercial Pharmaceuticals revenue from emerging markets

https://www.aspenpharma.com/global-presence/

Our manufacturing capabilities

Our manufacturing capabilities span a wide variety of product types including steriles, oral solid dose, liquids, semi-solids, biologicals and active pharmaceutical ingredients ("APIs"). Our manufacturing sites hold international approvals from some of the most stringent global regulatory agencies.

7 Active pharmaceutical ingredient facilities

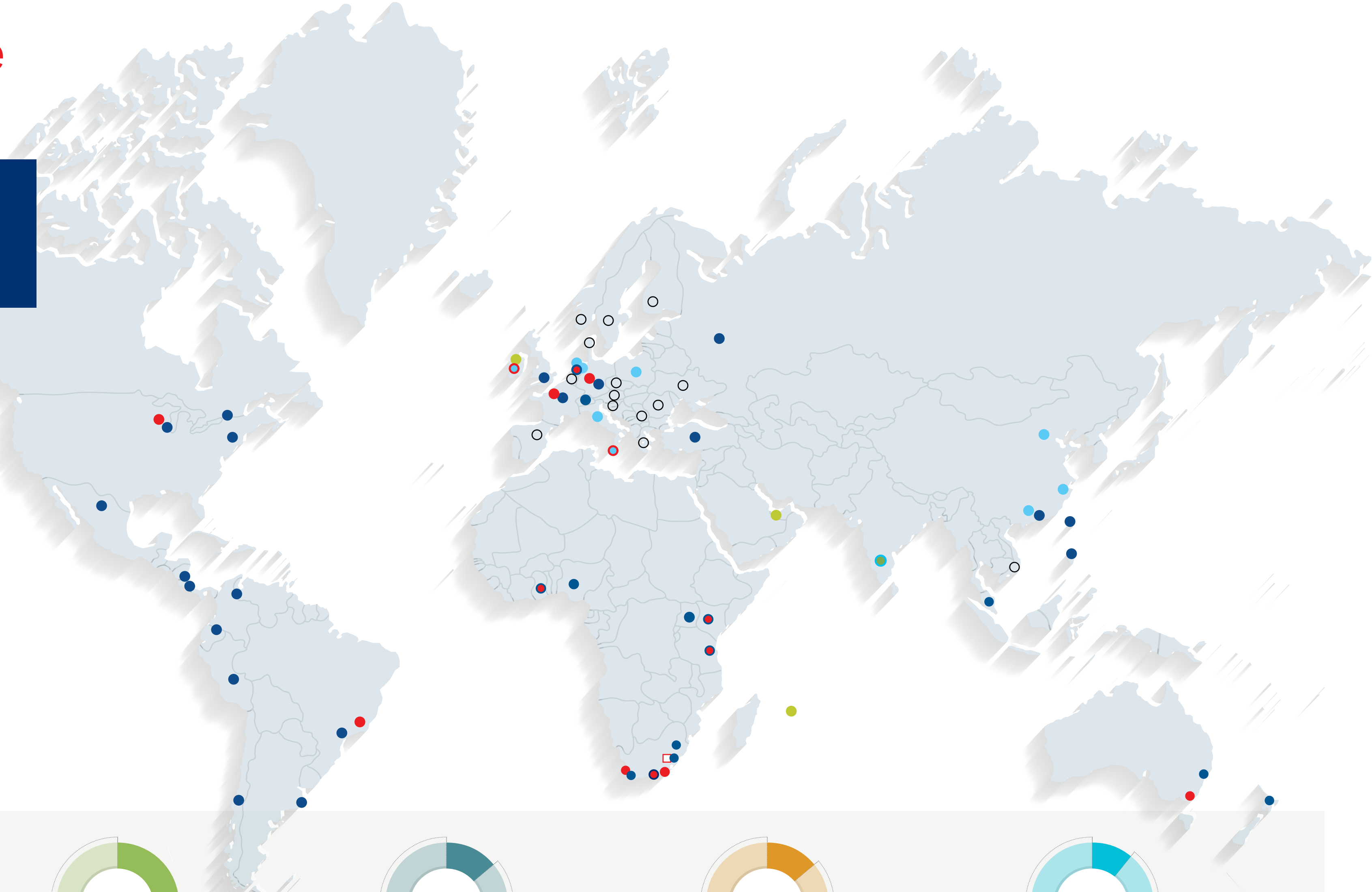
16 Finished dose form facilities

23 Facilities

https://www.aspenpharma.com/manufacturing-capabilities/

Our global presence

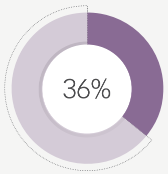
We supply medicines to more than 150 countries through 69 established offices in more than 50 countries and territories



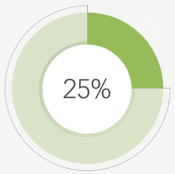
Key:

- Group headquarters
- Combined sales, marketing, distribution and manufacturing centres
- Sales, marketing and distribution centres
- Marketing centres
- Branch representative offices
- Manufacturing sites
- Sales, marketing, distribution and support centres
- Support centre
- New product development and manufacturing site

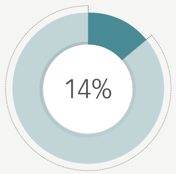
Contribution to Revenue



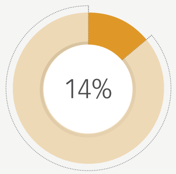
Europe CIS
R13 622 million
(2020 (CER): R12 091 million)
2 195 Permanent employees*



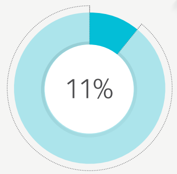
Africa Middle East
R9 523 million
(2020 (CER): R8 999 million)
3 866 Permanent employees*



Australasia
R5 421 million
(2020 (CER): R5 053 million)
538 Permanent employees*



Asia
R5 194 million
(2020 (CER): R4 570 million)
1 214 Permanent employees*



Americas
R4 006 million
(2020 (CER): R3 682 million)
768 Permanent employees*

** Permanent employees excludes temporary employees (525).*

Specific location details are provided www.aspenpharma.com/global-presence/

Our performance at a glance

Intellectual capital

- **Further reduced** instances of product recalls achieving a five-year low
- **Investment of over R444 million** in modernising our digital capabilities with a further R749 million budgeted for FY2022
- **57** products launched in 17 countries and territories

Social and relationship capital

- Supported **200 social economic development ("SED") projects** in 27 countries
- **Advanced level of ethical culture** as assessed by The Ethics Institute
- Aspen's 2020 Integrated Report was **ranked as "excellent"** by the EY Excellence in Integrated Reporting Awards

Manufactured capital

- **R2 045 million** invested in capital replacement and expansion projects
- **Continued** the production of life-saving medicines throughout the period of COVID-19 disruption
- **Fast-tracked** technical transfer and successfully commenced manufacture of the Johnson & Johnson COVID-19 vaccine

Financial capital

- **Strong** operating cash flow conversion rate of 134%
- **Strengthened** our balance sheet, achieving a leverage ratio of 1,7 times
- **R6 351 million** of wealth created reinvested in the Group

Natural capital

- **"C Awareness"** performance rating for 2020 Carbon Disclosure Project for Climate Change ("CDP-CC") and **"B- Management"** for Water Security ("CDP-WS")
- **82%** of waste generated recycled
- **9%** reduction in water withdrawn

Human capital

- **R43,2 million** invested in training our employees
- **Zero** occupational fatalities
- **26%** women in top management roles in the Group

Revenue from continuing operations increased by

12% (10% CER)

to R37 766 million

Normalised EBITDA* from continuing operations increased by

3% (1% CER)

to R9 945 million

Normalised headline earnings per share ("NHEPS") from continuing operations increased by

10% (7% CER)

to 1 309,7 cents

Net borrowings reduced to

R16 326 million

from R35 228 million

Resumption of dividends to shareholders of

262 cents per ordinary share

(2020: no dividend declared)

** Normalised EBITDA comprises operating profit before depreciation and amortisation adjusted for specific non-trading items defined in accounting policies of the Group's Annual Financial Statements.*

Our investment case

Our vision inspires our actions

To deliver value to our stakeholders as a responsible corporate citizen that provides high quality, affordable medicines globally.

Global footprint with weighting towards emerging markets

Commercial and sales employees:

2 088
in emerging countries

304
in developed countries

Medicines supplied to more than **130** emerging and over **25** developed countries

Diverse product portfolio with strong brand equity

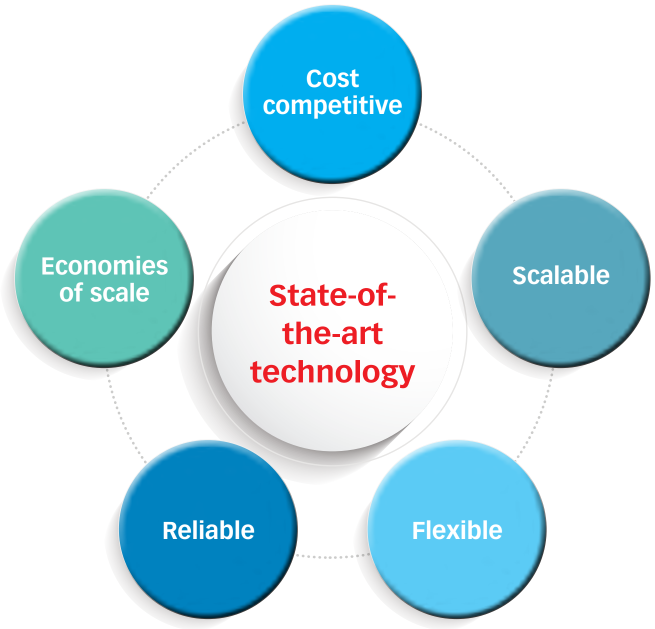
176
medicines on the Essential Medicines List[1]

547
prescription branded and over-the-counter ("OTC") medicines

Our wide product portfolio of trusted brands spanning most therapeutic areas creates meaningful diversification

[1] *World Health Organization Essential Medicines List*

Strategically relevant manufacturing capital



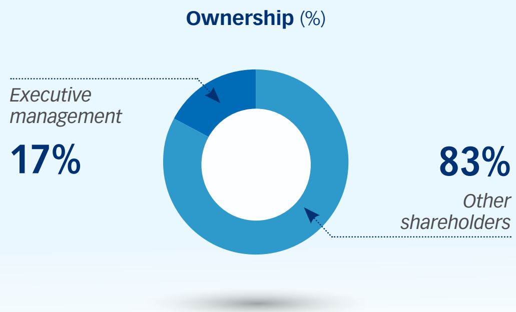
Widely accredited and compliant API and FDF manufacturing sites with an increasing focus on complex sterile capacities

Responsible corporate citizen and trusted partner

Consistent inclusion in the **FTSE/JSE Responsible Investment Index** since 2016

Constituent member of the **FTSE4Good Index**

Committed management team, strongly aligned with shareholders' interests



Entrepreneurial, decentralised management teams with local expertise

02

Creating sustainable value

Covered in this section

As we adapt to our constantly evolving environment, our strategy is focused on delivering on our purpose and creating long-term value for our shareholders and the society in which we operate

Our value creation process

Our value creation process, which is driven by our purpose and vision, is an integral part of our business strategy. We leverage and apply our stock of capitals to deliver on our strategic objectives and optimise value for our stakeholders.

How we create value

Governance

Our governance framework supports our value creation process, ensuring we make choices aligned with our purpose, vision, values and strategic objectives, while being transparent and accountable for our actions.

External operating context

page 16

The environment in which we operate impacts our ability to create sustainable value

Stakeholder relationships, needs and expectations

page 19

We have a broad range of stakeholders, often with competing interests and expectations, that participate in our shared value creation through a range of engagements and relationships

Risks and opportunities

page 23

An uncertain future presents risks and opportunities that impact the delivery of value to our stakeholders

Identify · **Assess** · **Prioritise** · **Monitor**

The material issues we encounter create opportunity or restrict ability to create value

Risk and opportunity management

Business strategy

Our business strategy outlines our plan of action to achieve short-, medium-, and long-term goals

page 13

Performance management

Business model

Our differentiated business model and globally integrated value chain allows us to respond to the changing business context

page 11

Resource allocation and trade-offs

Sustainability pillars

Our sustainability pillars are the foundation on which our strategy is built and demonstrate our commitment to operate in a responsible way

page 15

Review and adapt

An ethical culture | **Sustainable value creation** | **Effective control and accountability** | **Trust and legitimacy**

The value we create

Patients, healthcare professionals and customers
- Improved health and quality of life for patients who use our medicines
- Provision of high quality, affordable treatment options and medicines to patients, healthcare professionals ("HCPs") and healthcare systems

Employees and organised labour organisations
- Provision of employment and opportunities for growth and development in the geographic regions in which we operate
- Diverse and inclusive working environment, free of discrimination and harassment

Communities in which we operate
- Contribution to society through engagement with civil society and investment in SED
- Responsible management of our impact on the environment

Our investors and funders
- Sustainable returns to shareholders
- Servicing and repayment of debt

Our suppliers, service providers, consultants and business partners
- Economic stimulus through procurement of goods and services
- Collaboration and partnering opportunities

Material contract manufacturing customers
- Reliable supply of products manufactured to required quality and regulatory standards
- Responsible and ethical business practices

Governments, competition authorities and pharmaceutical regulatory bodies
- Contribution to governments through taxes
- Contribute to effective healthcare systems through supply of essential medicines and by pharmaceutical regulatory compliance in the countries in which we operate

Our business model

We deliver on our purpose through our differentiated business model and globally integrated value chain in which we seek to preserve and create value for our stakeholders in a responsible and sustainable way.

We rely on our unique value drivers within our six capitals to effectively implement our strategy and business activities

Intellectual
- Trusted Aspen brand
- Targeted and efficient product portfolio renewal
- Strong presence in emerging markets
- Digital platform enabling strategy execution

Manufactured
- Complex manufacturing expertise
- Vertical integration advantages
- Globally competitive, scalable and widely accredited manufacturing facilities

Human
- Strong leadership team
- High performance and innovative culture
- Empowered local management
- Industry-specific specialist skills

Social and relationship
- Strong stakeholder relationships and corporate reputation
- Robust corporate governance framework
- Support of local communities

Natural
- Focus on environmental protection
- Initiatives to reduce consumption of scarce natural resources

Financial
- Planned prioritisation of capital allocation
- Diverse and enduring support from funders
- Strong operating cash flow generation

Value chain activities

Product portfolio management
Patient/consumer needs

Product development, acquisition and registration

Investment in a product portfolio of niche, specialty medicines that present opportunities for sustainable revenue growth achieved through:
- Targeted acquisitions that present value-enhancement opportunities
- Internal development of products that leverage our intellectual and manufacturing advantage
- Line extensions of existing intellectual property ("IP") into new geographies

Manufacturing and supply chain operations
Procurement

Manufacturing:
- API
- FDF

Distribution

Efficiencies achieved through end-to-end global supply chain management performed by a highly experienced team

Capitalise on our own significant manufacturing capability of both APIs and FDFs as well as our external supply network focusing on:
- Reliable supply of high quality products
- Optimisation of operational costs
- Maximisation of vertical integration synergies

Commercialisation
Marketing and sales

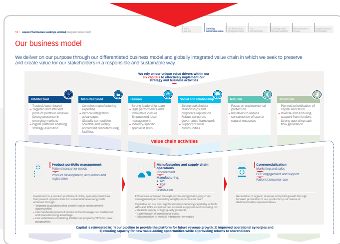
HCP engagement and support

Patient/consumer use

Generation of organic revenue and profit growth through focused promotion of our products by our teams of dedicated sales representatives

Capital is reinvested in: 1) our pipeline to provide the platform for future revenue growth; 2) improved operational synergies and 3) creating capacity for new value-adding opportunities while 4) providing returns to shareholders

Our business model continued



Outputs

We provide high quality, affordable medicines focusing on niche therapeutic areas

Commercial Pharmaceuticals

Regional Brands – A widely diverse range of trusted medicines with strong domestic or regional presence.

Sterile Focus Brands – Comprising our branded products in anaesthetics and thrombosis therapy areas.

Manufacturing

Internal and third party supply of chemical and biochemical APIs and FDF pharmaceuticals.

Emissions and waste

An inevitable consequence of production and distribution are carbon emissions and the generation of waste.

Outcomes

Achieving outcomes that create long-term value for our stakeholders

See page 62

Improved health and quality of life for the patients and consumers who use our medicines

See page 67

Reliable manufacture and supply of safe, effective, high quality products that patients trust

See page 71

Employment opportunities and skills development provided to our employees

See page 78

Uplifting lives in the communities in which Aspen works around the world

See page 83

Initiatives to reduce the impact of our operations on the natural environment

See page 87

Sustainable earnings growth to fund future growth and provide a return for shareholders

Trade-offs

Optimising value inevitably involves trade-offs in how and when value is shared between different stakeholder groups, and in how that value is created, transformed or depleted across the capitals

Building a world-class sterile manufacturing platform

Building a world-class sterile manufacturing platform is a cornerstone of our organic growth strategy. Investing in building production capacity for the future has required us to make material investments in multi-year capital build and expansion projects. These material capital investments negatively impact financial returns during the period of construction and validation, but creates opportunity for improved financial performance once the manufacturing capacity is fully commercialised.

Undertaking organisational design to achieve a fit-for-purpose business

A series of organisational restructuring projects are ongoing throughout the Group. While organisational redesign projects result in increased effectiveness, improved operational efficiency and an enhanced culture of ownership and accountability, they inevitably bring anxiety and uncertainty for all of those engaged in the process and for some employees, a termination of employment or an adjustment in grading. While organisational change is complex, it is necessary to build a modern, efficient and agile organisation positioned to deliver on strategic objectives and goals.

Achieving digital transformation

The rapid shifts in digital technology and increased cyber threats require us to make significant investments in transforming our digital landscape to be a strategic enabler to support the Group's business strategy. Our transition to digital also requires investment in the reskilling of employees and change management to enable them to work in an increasingly digital world. The significant shift to a more digital landscape requires financial capital in the shorter term, but increases operational efficiency and effectiveness, benefits our human capital and enhances our interactions with our stakeholders.

Balancing financial security with returns to our shareholders

In the 2019 and 2020 financial years, our focus on deleveraging the balance sheet while maintaining our committed plans for significant investments in capital projects, together with the added levels of uncertainty created by the COVID-19 pandemic, resulted in the Board deciding not to declare dividends. This decision impacted our shareholders' short-term returns but was considered prudent to assure our long-term sustainability. Following the significant deleveraging of our balance sheet and the positive outlook for the Group, the Board has resumed distribution of retained income to shareholders.

Our business strategy

Our business strategy is to build a resilient product portfolio promoted in growth territories, strategically aligned to our enhanced manufacturing capacities and capabilities, to achieve organic growth and create long-term value. Our strategy is underpinned by our overriding commitment to deliver social value for our stakeholders.

Strategic positioning

Our strategic positioning supports delivery of our vision.

We seek to achieve this through building a differentiated portfolio of relevant IP, creating value through our complex manufacturing capabilities and enabling access through our globally integrated supply chain.

Our market positioning is focused on leveraging opportunities presented by emerging markets, balanced with presence in more established, stable developed markets.

Through our dynamic portfolio management model, we build, optimise and reshape our basket of products to achieve a global product portfolio of niche, specialty products complemented by leading regional brands, aligned to our manufacturing capability.

Our five strategic objectives

provide the foundation to deliver our strategy of creating long-term value for our stakeholders. Our focus areas outline our plan of action over the short to medium term.

Strategy implementation and performance measurement

We implement our strategy by applying the resources we have available in execution of our business model to achieve sustainable growth and value creation (page 11).

We have identified KPIs designed to provide a defined measure of performance against our strategic objectives. We track our performance by reporting against these KPIs to the Board on a quarterly basis. In this way, the performance of executive directors, executives and senior management is aligned to our sustainable business strategy.

Reporting on our performance against our strategic objectives is included in Our strategic business performance (page 51 to 56).

To deliver a differentiated portfolio of high quality, affordable medicines

Our focus areas
- Build and strengthen pipeline and accelerate product launches
- Focus on expanding our emerging country portfolios by establishing a meaningful presence in countries with high growth potential
- Implement initiatives to achieve security of supply
- Explore opportunities to reshape, optimise and revitalise product portfolio
- Explore opportunities to play a greater role in vaccine supply to Africa.

KPI^
- Number of product recalls ▲

To optimise the strategic advantage of our integrated value chain

Our focus areas
- Optimise operations, drive efficiencies and reduce cost of goods
- Achieve the transfer of the manufacture of complex, sterile products to Aspen sites
- Focus on supply performance and optimise carrying levels of inventory
- Partner with multinationals to leverage excess manufacturing capacity in niche specialty sterile manufacturing, including vaccines
- Advance digital transformation across our value chain

KPI^
- Gross profit ●

To develop and retain a talented, agile and diverse workforce inspired to achieve operational excellence

Our focus areas
- Build a culture of operational excellence and cross-functional collaboration
- Strengthen leadership capacity across the Group
- Harness the benefits of equity, diversity and inclusion
- Focus on the development and retention of required skills
- Maintain a strong health and safety culture across our operations
- Align organisational design to position the Group for success

KPIs^
- Average staff turnover ▲
- Average training spend per employee ▲
- Percentage of females in top management roles in the Group ▲
- Percentage of black employees in top management roles in South Africa ▲
- Total recordable incident frequency rate ("TRIFR") ◆$

To be a good corporate citizen by conducting our business in a responsible, inclusive and sustainable way

Our focus areas
- Maintain high governance and ethical standards
- Enhance relationships and reputation with our various stakeholders
- Recalibrate sustainability strategy and align ESG priorities
- Explore resource efficiency projects to secure security of supply and minimise impact on the environment
- Develop a climate change strategy

KPIs^
- BBBEE accreditation in South Africa ■
- FTSE/JSE Responsible Investment Index score
- Carbon emissions ◆
- Waste recycled ◆
- Water withdrawn ◆
- Electricity used ◆

To create sustainable economic value for our stakeholders

Our focus areas
- Drive organic growth through the realisation of the potential of existing portfolio and territories
- Increase operating margins and generate strong free cash flows
- Remain alert to acquisition, disposal and collaboration opportunities which present strategic value
- Optimise the allocation of available capital
- Deliver economic benefits to suppliers, employees, governments, communities and shareholders

KPIs^
- Revenue growth ●
- NHEPS growth ●
- Normalised EBITDA growth ●
- Normalised EBITDA margin percentage ●
- Operating cash flow per share ●
- Return on invested capital ("ROIC")#
- Free cash flow#
- Leverage ratio ●

Assurance on our KPIs

We obtain assurance on these reported KPIs through a combined assurance approach:

- IBIS ◆
- Empowerdex ■
- EY ●
- Internal Audit ▲

Further discussion on combined assurance is included on page 23

^ KPI definitions are included in the Sustainability and ESG Data Supplement available online.

$ To align with best practice, we have transitioned to TRIFR as our KPI for Health and Safety, replacing lost workday frequency rate ("LWDFR"), refer to page 76 | # Measured, not reported

Our approach to sustainability

We are committed to creating value for all of our stakeholders in a manner that is responsible, transparent, and that respects the rights of all. We recognise that to achieve long-term success, we need to deliver our business strategy in a way that creates value not only to Aspen and our shareholders, but also to society and the planet.

Our sustainability commitments

We believe that doing business in a sustainable and responsible manner is integral to our purpose, our values and our philosophy "*Healthcare. We Care*". Our sustainability commitments are integrated into the Group's strategic objectives and underpin the way we do business. Our sustainability commitments are determined with consideration to the following key aspects:

United Nations Global Compact

We are a signatory to the United Nations Global Compact ("UN Global Compact") and have aligned our sustainability commitments with the principles outlined in the UN Global Compact, which cover human rights, labour, environment and anti-corruption. Our Communication on Progress Report, available online, sets out our approach to the application of these principles.

SDGs

Launched in September 2015, the United Nations 2030 Agenda for Sustainable Development is a global action plan for people, planet and prosperity. The 17 SDGs aim to tackle the world's most pressing challenges through the promotion of sustainable development. As a multinational pharmaceutical company, we play an important role in contributing to the delivery of the SDGs. While all of the SDGs are essential, we have identified eight goals where we believe we are able to have the greatest impact and we have linked these to our sustainability themes and material sustainability topics.

Our commitment to transparency in reporting

We are continuously developing our sustainability and ESG reporting to enhance our ability to respond to the increasing disclosure expectations of our stakeholders, including our investors. In addition to our current reporting commitments to the UN Global Compact and CDP, we are taking further steps to strengthen our reporting in line with global best practice. We have commenced aligning our reporting with leading standards and frameworks. This year we have included GRI, Sustainability Accounting Standards Board ("SASB") and Task Force on Climate-related Financial Disclosures ("TCFD") disclosure indices in our Sustainability and ESG Data Supplement, available online. We have retained our listing in the Top 30 FTSE/JSE Responsible Investment Index Series and we are a constituent of the FTSE4Good Index.

Material sustainability topics

We performed a sustainability-related materiality assessment to identify the sustainability issues that are most critical to our business and our stakeholders. This process assists us in identifying sustainability focus areas and informs our strategy and the content of our reporting. We align our identification of material sustainability topics with the GRI standards, UN Global Compact, the FTSE/JSE Responsible Investor Index assessment criteria as well as considering information relating to the pharmaceutical sector, our regulatory requirements and matters raised during engagements with our people and our external stakeholders. More information on our sustainability materiality assessment process and outcomes can be found in our Sustainability and ESG Data Supplement available online.

Our approach to sustainability continued

Patients

Strategic objective **Capitals**

We are committed to enhancing access to medicines and providing reliable supply of high quality products, improving the health and quality of life of patients and enhancing access across the geographies of our operations.

Material topics

Access to medicines (page 62)
Patient safety (page 65)
Reliable supply of high quality products (page 69)
Responsible marketing (page 64)
Responsible product portfolio (page 63)

Society

Strategic objectives **Capitals**

We strive to operate an ethical and responsible business underpinned by our shared values and governance structures. We uphold the dignity, fundamental freedoms and human rights of our employees, contractors and the communities in which we live and work, and others affected by our activities.

Material topics

Human rights (page 80)
Compliance (pages 80 and 89)
Ethical business culture (page 79)
Corporate governance (page 78)
Transformation and economic inclusion (BBBEE in South Africa) (page 81)
SED and investment in communities (page 81)
Economic value generated and distributed (page 88)
Fair taxation (page 88)
Responsible supply chain management (page 65)
Data privacy and information security (page 66)

Employees

Strategic objective **Capital**

We are committed to creating a healthy and safe work environment, where everyone is treated fairly and with respect and has the opportunity to develop to their full potential.

Material topics

Employee health and safety (page 75)
Employee well-being (page 75)
Labour rights (page 73)
Diversity, equity and inclusion (page 74)
Workforce development (page 72)
Fair compensation (page 74)

Environment

Strategic objective **Capital**

We are committed to practising responsible environmental stewardship, seeking to minimise any negative impact our operations have on the environment and to comply with applicable laws, regulations and other environmental management requirements.

Material topics

Climate change and greenhouse gas emissions (page 84)
Energy efficiency (page 86)
Water and effluent (page 85)
Waste (page 85)

Our external operating context

We operate in a highly regulated industry across multiple geographies. This complex and dynamic environment presents us with opportunities to increase our value contributed through an innovative and agile strategic approach, coupled with effective risk management.

Key factors

- Medium- to long-term impacts of the COVID-19 pandemic
- Unequal recovery from significant economic contraction
- Continued volatility in exchange rates
- Demographic shifts influencing global healthcare needs
- Ongoing pressure on medicine pricing
- Climate change impacts on business sustainability and human health
- Accelerated digitisation influencing business models
- Future of work impacting workforce management
- Despite uncertainty, pharmaceutical industry outlook remains positive

6,4%

Forecast annual compound growth rate of global prescription drug sales to 2026

Source: Evaluate Pharma, June 2021

The COVID-19 pandemic has underlined the centrality of health to the security, stability and prosperity of nations

When the World Health Organization ("WHO") declared COVID-19 a worldwide pandemic in March 2020, its significant human toll and extraordinary impact on all spheres of life – political, economic and social – could not have been anticipated. The pandemic placed the healthcare industry centre stage, globally, as efforts to discover, develop and supply essential medicines, vaccines and consumer healthcare products became imperatives. Following the initial surge of optimism that accompanied the development of vaccines, challenges around vaccine equity, their efficacy against new variants and misinformation driving anti-vaccine sentiment emerged as new global challenges. More than a year later, the pandemic continues to create a complex operating context. It is expected that the influence of COVID-19 will extend well into the next few years, accelerating many global trends that would have taken longer to develop. The nature and extent of the medium- and longer-term influence of COVID-19 is difficult to predict, but it could present significant opportunities to companies that successfully navigate the uncertainty and adapt their business models to what has widely become known as the "new normal".

IQVIA Inc, formerly Quintiles and IMS Health, Inc ("IQVIA") expects the total cumulative spending on COVID-19 vaccines through 2025 to reach USD157 billion, driven primarily by the initial wave of vaccinations expected to be completed by 2022.

Source: IQVIA Institute, April 2021

Trend	Near-term impacts	Medium-term impacts
Changing patient needs	Fewer HCP visits, postponed elective surgeries and delays in starting new treatments	Continued increased demand for healthcare, placing further pressure on strained healthcare systems
Impact on product demand	Erratic and temporary shifts in demand patterns across product portfolios	Permanent changes in disease profiles influenced by changing consumer behaviour and long-term effects of COVID-19
Healthcare focus	Refocus of global research and development efforts to COVID-19 treatments and vaccines	Shift in focus in public healthcare spending to address weaknesses exposed by the pandemic
Digitalisation of healthcare	Increase in tele-medicine and digital medical and tracking solutions	Accelerated adoption of digital health technologies and remote virtual care
Increasing access to healthcare	Emergency budget allocations and procurement practices by governments to support public health response and vaccination programmes	Increasing number of collaborations between public and private entities to jointly tackle global health risks and equitable access to medicines and vaccines
Supply chain considerations	Disruption to air and sea freight services, impacting global supply chain efficiency and costs	A reconfiguration of global supply chains and increased emphasis on local sourcing

An unequal recovery from a severe economic contraction

The COVID-19 pandemic continues to be a major factor influencing the rate of economic recovery and unequal access to vaccines is driving divergent outcomes. While many economies have started to reopen and are growing again, the extent and speed of recovery remain difficult to predict. Setbacks have been experienced in countries which have had renewed waves of infection, including those countries which have had high vaccination rates, with fears of further outbreaks and new disease variants continuing to create concern as long as the virus is not contained in other areas of the world.

The Global Dashboard on COVID-19 Vaccine Equity finds low-income countries would add USD38 billion to their GDP forecast for 2021 if they had the same vaccination rate as high-income countries. Global economic recovery is at risk if vaccines are not equitably manufactured, scaled up and distributed.

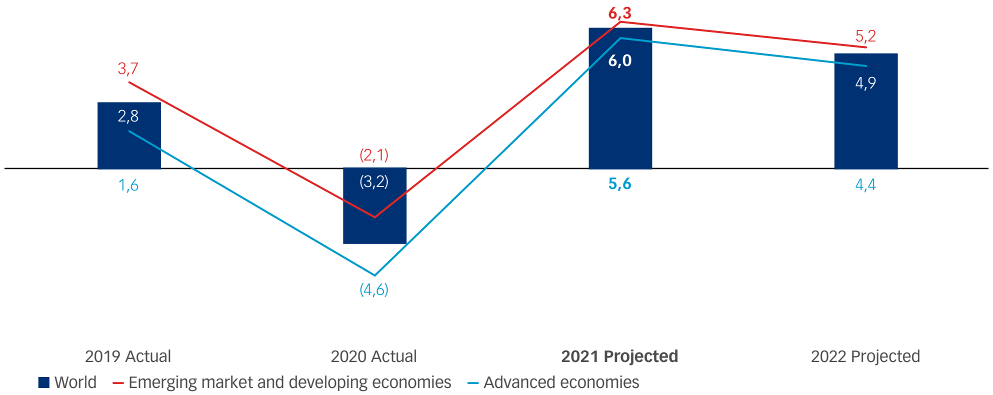
Income inequalities, deepened during the COVID-19 crisis, remain a factor contributing to the acceleration of social unrest incidents being experienced worldwide, predominantly in developing countries. The presence of large marginalised groups and socio-economic concerns significantly increase the risk of seemingly innocuous events, sparking large-scale unrest and protests that could have significant economic impact and political fallout.

While the speed of recovery differs between countries, the International Monetary Fund ("IMF") has projected that the global economy will grow by 6,0% in 2021, recovering from a contraction of 3,2% in 2020.

The pharmaceutical industry is less sensitive to country economic growth than many other sectors; however, economies still in recovery from the severe economic impacts of the pandemic will continue to face constraints in the funding available for healthcare, with elevated unemployment increasing the number of citizens without access to private healthcare and related insurance cover.

Our external operating context continued

World economic outlook growth projections (growth rate)

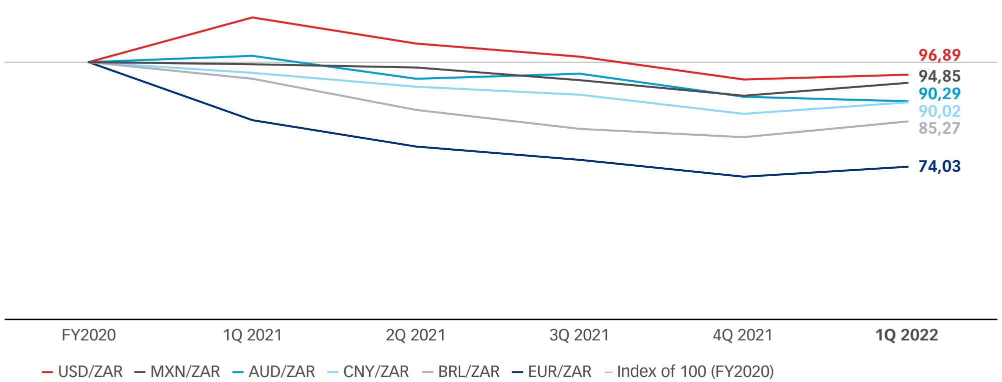


Source: IMF World Economic Outlook Update, July 2021.

Exchange rate volatility

Our financial reporting is in South African Rand and fluctuations in this currency have had a resultant impact on the Group's reported financial results. For the 2021 financial year, the EUR/ZAR exchange rate averaged R18,362 (2020: R17,327) and the USD/ZAR exchange rate averaged R15,408 (2020: R15,677). In the months following year-end, the Rand has continued to experience some volatility, slightly weakening against major developed market currencies.

Average exchange rates for top six currencies by revenue contribution indexed to 100 (FY2020 = 100)



Demographic shifts influencing global healthcare needs

Key demographic trends are changing the world we live in:

- The world's population is projected to increase to 8,5 billion people by 2030 and reach almost 10 billion by 2050. The current population of sub-Saharan Africa is projected to double by 2050;
- Global ageing is expected to accelerate in the coming decades as a result of significant gains in life expectancy in recent years coupled with declining fertility rates;
- The potential support ratio, which compares numbers of working-age people aged 25 to 64 to those over age 65, is declining; and
- Increasing urbanisation and improved economic activity result in better informed patients, actively involved in sustaining their health with increasing expectations for access to medicines and surgical procedures. In turn, this creates greater socio-economic awareness and political pressure to ensure broader and affordable access to healthcare solutions.

The improvement in life expectancy, increased population growth, predominantly in the developing world, and the resultant increase in demand for access to healthcare creates a number of opportunities, but it also results in significant challenges. These demographic shifts result in larger populations requiring healthcare for longer periods. The prevalence and diagnosis of non-communicable diseases and so-called lifestyle diseases and chronic conditions, such as cancer as well as cardiovascular, metabolic and respiratory diseases, are increasing, particularly in developing countries as their populations grow. This increasing demand for healthcare is placing a significant strain on already burdened healthcare systems and limited healthcare budgets.

Ongoing pressure on medicine pricing

The increasing demand for healthcare, partly driven by demographic and socio-economic factors, continues to place strain on public healthcare systems. The COVID-19 pandemic has significantly increased this pressure as these systems deal with recurring waves of infection, surges in demand for treatments that were delayed during the pandemic, the expected longer-term health complications in COVID-19 recovered patients as well as the challenge of rolling out national vaccination programmes. The debate on access to affordable healthcare, pricing and reimbursement has gained momentum in policy discussions across the world as countries seek to achieve better value in healthcare spending. A number of countries have introduced rigorous measures to address this pressure through various controls on pricing and reimbursement. China has, for example, expanded its volume-based procurement programme started in 2018, resulting in significant competition and material price cuts in respect of certain products. Healthcare companies are being increasingly challenged to demonstrate the clinical and economic value of their products in new ways. Achieving the appropriate balance between providing a sustainable return on investment for pharmaceutical companies, while ensuring that treatments remain affordable to patients who need them, is a persistent challenge for healthcare systems globally. The need for this balance emphasises the importance of older, off-patent medicines, which have proven therapeutic outcomes and offer more affordable treatment for many disease types.

Climate change impacts business sustainability and human health

Climate change affects every aspect of human existence, from access to water and food, to severe weather events and pollution. Climate events threaten supply and distribution chains, creating uncertainty regarding the continued availability of resources required to sustain current operating models. It also affects the social and environmental influences on human health, such as clean air, safe drinking water, sufficient food, secure shelter and the prevalence of vector-borne diseases. The most recent Intergovernmental Panel on Climate Change report highlights that climate change is widespread, rapid and intensifying. There is an increasing call for companies to take strong and enduring action to respond to these environmental risks and adapt their strategies to address sustainability issues in the broader societal context.

Our external operating context continued

Accelerated digitalisation

Innovation in technology continues to evolve rapidly, reshaping the way we live, work and interact with each other. In the healthcare industry, advances in artificial intelligence as well as digital technology and data analytics are enabling researchers to explore and interpret increasing volumes of data more efficiently. Further innovations in the enhancement of digital connectivity, remote monitoring and care technology, as well as developments in wearable technology, are revolutionising diagnosis, treatment planning, patient monitoring and long-term care. Intelligent technologies are optimising manufacturing and enhancing communication with customers and patients. With the increase in access to data and the "Internet of Things", concerns around data security, privacy and business interruption are top of the agenda, especially as the number of data breaches, ransomware attacks and malware attacks is trending upwards. The increased dissemination of false information or "fake news" and its impact on society and patient decisions about treatment options is also an area receiving enhanced regulatory scrutiny.

The future of work

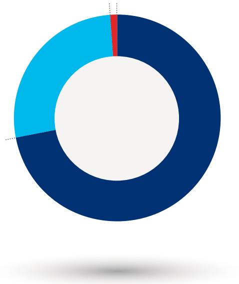
The pace of change is affecting not only how people live, but also how they work. While these shifts began prior to COVID-19, the global crisis brought about by this pandemic has greatly accelerated this change. Workplaces are becoming less hierarchical, more automated and more digital. As new roles and ways of working emerge, organisations are re-assessing the skill sets needed to respond to evolving business priorities, while employees are demanding more flexibility and increasingly seeking out fair, inclusive and purposeful employers to work for. In an environment where competition for the right talent remains fierce, companies offering more flexible approaches to employment and which foster a supportive and inclusive workplace culture will be better positioned to attract and retain the best people.

Outlook for the pharmaceutical industry remains positive

Despite the near-term challenges caused by the COVID-19 pandemic, the broader outlook for the pharmaceutical industry remains positive. Evaluate Pharma's World Preview 2021, Outlook to 2026 (June 2021) finds that prescription drug sales are forecast to reach USD1,4 trillion in 2026, a compound annual growth rate ("CAGR") of 6,4% from 2021 to 2026 (compared to the annual compound rate of 2,7% achieved over the period 2012 to 2019). The anticipated launch of novel therapies addressing key unmet needs, as well as the growing demand from emerging economies are expected to be the major growth drivers. Tempering this growth outlook are factors such as increased scrutiny by those who pay for healthcare solutions as well as revenue losses due to genericisation and biosimilar competition.

The IQVIA Institute's Global Medicine Spending and Usage Trends report (April 2021) predicts spending on medicines in pharmerging markets* to grow between 7% to 10% CAGR to 2025, driven primarily by increasing per capita use, while some markets are seeing an uptake of new medicines as the ability of patients to afford their share of costs improves with economic growth. This compares to a predicted CAGR of 2% to 5% for developed countries.

Predicted market share by 2025 (%)



Major developed markets	72
Pharmerging markets*	27
Rest of world	1

* *IQVIA defines pharmerging markets as those with per capita income below USD30 000 and a five-year aggregate pharmaceutical growth over USD 1 billion.*

Source: Global Medicine Spending and Usage Trends, Outlook to 2025, IQVIA Institute, April 2021

Our response to the external environment

We identify our emerging threats and opportunities based on an ongoing assessment of those global trends likely to have a material bearing on the Group's operating environment and business model. Early identification of these trends enables us to leverage opportunities or to proactively mitigate the possible resultant negative impacts.

Access to healthcare is one of the biggest challenges facing modern society. Our contribution, as a manufacturer and distributor of pharmaceuticals, is to ensure the supply of high quality, affordable medicines which provide value through meeting the medical needs of patients. We continue to carefully shape our product portfolio to achieve a diverse product range in targeted therapeutic areas focusing on specialty products and unique, trusted brands in specific regional territories, underpinned by our expertise in complex manufacturing and supply chain management.

We have made significant investments in upgrading our older medicines to meet modern regulatory requirements, providing value-for-money alternatives to new and more expensive innovative drugs. Our product portfolios have strong brand equity, supporting the promotion of both our global Sterile Focus and Regional Brands therapeutic segments. Our Regional Brands comprise a diverse range of products, including OTC and generic products, achieving further diversification in our product portfolio. Our off-patent branded portfolio of complex Sterile Focus Brands, while not invulnerable to pricing pressure, is competitively priced and has demonstrated clinical value.

We have a distribution network supplying medicines to more than 150 countries and territories, with a strong presence in both developed and emerging markets, reducing our exposure to market risks in any one country or risk to one currency. This is enabled by an effective supply chain model, supported by in-country distribution aimed at maximising the reliable supply to many geographies and making our medicines available to a significant population of patients. This provides us with the opportunity to leverage the increasing demand for medicines driven by demographic trends, supported by global capabilities with a commercial approach tailored for each country.

We have continued to invest in our manufacturing capacity and have expanded our capability in manufacturing niche products with a high degree of complexity, including APIs and sterile FDF manufacturing. This includes adapting and enhancing our existing sterile manufacturing facilities to facilitate vaccine production. Increased manufacturing volumes, optimisation of our operating model and a focus on manufacturing efficiencies provide for enhanced synergies, thereby unlocking value creation in the restrictive price environment.

We have initiated several organisational projects designed to position the Group to meet the dynamic environment. These include reviews of our operating models, structures and human resource management to design an organisation fit for purpose. Greater emphasis has been placed on our investment in digital resources and platforms to provide agile, world-class operating environments across our businesses.

We understand that high ethical standards, strong corporate governance and a stakeholder-inclusive approach are essential to maintaining our reputation and successfully navigating the complex, dynamic and uncertain global environment in which we operate. A key issue for the pharmaceutical industry is to retain the trust of its stakeholders, including governments, regulators, patients and society at large. Responsible corporate citizenship and sustainability objectives underpin our strategy. We are in the process of performing a strategic review of our Sustainability and ESG strategy and are re-evaluating our response to climate change risk.

Engaging with our stakeholders

Fostering and maintaining mutually beneficial relationships with our key stakeholders through transparent, sincere and effective engagements is an integral part of our value creation process. While we were able to establish partnerships that made it possible for us to contribute to the world's efforts to reduce the impact of COVID-19, at times the pandemic and the related lockdowns have made engaging with our stakeholders challenging. We remain intent on continually seeking ways to improve on the credibility and rapport we have already established with our stakeholders.

We define our stakeholders as the people, groups or organisations directly impacted by our activities, as well as those who could be impacted by our activities. We have a structured system of engagement in place to ensure that we provide timeous, accurate and relevant information to our stakeholder groups, and that our interaction and communication with our stakeholders is consistent.

During the year a wide range of regular, structured and *ad hoc* engagements took place at various levels within the organisation. To make this possible during remote working and lockdowns we frequently relied on virtual and digital means of engagement.

Our Executive management team submits quarterly stakeholder engagement reports to the Board, which detail notable engagements with the Group's key stakeholders. Any material topics or matters of concern that may arise are considered by the Board at their quarterly meetings. Management responds to material issues raised by stakeholders, as appropriate, in the ordinary course of business.

After a thorough consideration of the Group's various stakeholders we have categorised our key stakeholders as:

- Patients, HCPs and customers
- Governments, competition authorities and pharmaceutical regulatory bodies
- Employees and collective labour organisations
- Suppliers, service providers, consultants and business partners
- Communities in which we operate
- Contract manufacturing customers

We have also considered and self-assessed the quality of the relationships we have with these stakeholders and used the following scale as an indication of the quality of the relationship:

⦿	No existing or poor relationship
⦿⦿	Relationship established, but work to be done to improve the quality of the relationship
⦿⦿⦿	Good quality, mutually beneficial relationship, with some room for improvement
⦿⦿⦿⦿	Strong relationship of mutual benefit

Patients, HCPs and customers

Aspen considerations

Our products are used, prescribed or distributed by these stakeholders, and therefore, it is imperative that they are fully aware of the indications, benefits and side effects of our products. Aspen needs to have a thorough understanding of their perceptions and expectations of us and our products.

Stakeholder interests	Material matters engaged on since the previous report	Reference to value created for stakeholder
– High quality, affordable medicines – Patient safety and pharmacovigilance – Consistent, reliable and on-time supply of products – Continued manufacturing capacity and ability to supply critical medicines – Impact of product recalls and/or any quality and/or efficacy concerns which may arise	– Ensuring continued supply of critical and COVID-19-related medicines, considering lockdown measures and resultant sourcing and distribution challenges – Ongoing engagement capacity considering COVID-19 challenges – use of virtual engagement tools – Product recalls and pharmacovigilance engagements – Supply shortages in respect of a small number of products – Explaining the benefits of products in the Aspen portfolio – Detailing of patient benefits from new product launches	– *See page 62* – *See page 67* – *See page 78* – *See page 83*

How we engage

- Pharmaceutical representatives calling on HCPs and key opinion leaders to explain medicinal qualities, differentiators and patient benefits
- Attendance at healthcare conferences – both virtual and in-person
- Dedicated pharmacovigilance and medical information communication channels, allowing patients and HCPs to enquire about product features and related safety concerns
- Communication measures to announce product concerns or product recalls to HCPs and patients
- Open communication with customers through commercial and technical discussions and one-on-one meetings

Link to our strategic objectives and capitals

Relationship Indicator

⦿⦿⦿⦿

Engaging with our stakeholders continued

Governments, competition authorities and pharmaceutical regulatory bodies

Aspen considerations

Our ability to produce, market and distribute pharmaceutical products depends on the manufacturing licences, marketing authorisations and a range of other regulatory matters under the auspices of these authorities.

Stakeholder interests

- Legal and regulatory compliance
- Support for public health initiatives
- Affordable public health outcomes
- Social and environmental impact of operations
- Tax revenues and local investment

Material matters engaged on since the previous report

- Collaboration with government officials in a number of countries to support and assist with various initiatives aimed at improving the health of patients suffering from COVID-19
- With both the Europe and the UK pricing matters being settled, ongoing engagements with the relevant competition authorities continue in relation to the implementation of the agreed Commitments made by Aspen when concluding these matters
- Product recalls
- Our tax commitments
- SED spend, contribution to healthcare enhancement and equitable access to medicines

Reference to value created for stakeholder

- See page 62
- See page 67
- See page 78
- See page 83
- See page 87

How we engage

- Audits of manufacturing sites by regulatory authorities to ensure Good Manufacturing Practice ("GMP") and regulatory compliance
- Registration of products and maintenance of marketing authorisations through submissions and direct engagements with regulatory authorities
- Participation in industry bodies
- Reports and interactions aimed at confirming legislative and regulatory compliance policies and processes
- Involvement in government programmes aimed at creating jobs and uplifting disadvantaged communities

Link to our strategic objectives and capitals

Relationship Indicator

Employees and organised labour organisations

Aspen considerations

Employees play a critical role in ensuring we achieve our strategic objectives, tactical plans and operational excellence. Prospective employees are also included in this stakeholder category. We need to understand their needs, challenges and aspirations.

Stakeholder interests

- Job security, skills development and career planning
- Equitable remuneration packages, performance incentives and benefit structures
- Gender equality, diversity and inclusivity
- Equitable policies, practices and procedures
- Clearly articulated employee value proposition
- Performance management, skills development and career planning
- Reputation as an ethical employer
- Employee health, safety and wellness
- Employee bargaining and organisational rights
- Aspen's constructive engagement with employees through organised labour organisations and forums such as works councils, bargaining units and formalised workplace engagement committees

Material matters engaged on since the previous report

- Measures to ensure employees and especially employees within our manufacturing operations – remain safe and protected from contracting COVID-19, while retaining production and distribution capacity to ensure ongoing supply of critical medicines
- Engagement of office-based staff working from home using virtual engagement tools for most of the year
- Employee transfers to Mylan Ireland Limited ("Mylan") as a result of the disposal of the assets of the European Thrombosis business
- Organisational design and restructuring implemented at some businesses to ensure operational efficiencies and sustainability, resulting in job losses but impacting positively on our efficiencies and realigned structures and roles. The negative impacts of these losses were offset by proactive social plans and outplacement offerings to assist impacted employees and communities

Reference to value created for stakeholder

- See page 71
- See page 78
- See page 83
- See page 87

How we engage

- Direct engagements by supervisors and business management
- Internal communication measures such as the Group intranet, announcements and digital posts
- Conferences
- Digital townhall meetings for businesses and the Group
- Onboarding and internal training
- Employee surveys
- Meetings and other interactions with work councils, trade unions and trade union representatives
- Employee wellness campaigns
- Exit and stay interviews
- Active encouragement of employees to participate in Nelson Mandela International Day ("Mandela Day")
- Tip-offs Anonymous Whistleblowing hotline

Link to our strategic objectives and capitals

Relationship Indicator

Engaging with our stakeholders continued

Suppliers, service providers, consultants and business partners

Aspen considerations

These stakeholders play an important role in enabling us to meet our commitments to patients, HCPs, customers and other stakeholders

Stakeholder interests	Material matters engaged on since the previous report	Reference to value created for stakeholder
– Fair engagement terms and timely settlement – Ongoing communication about our expectations and service levels provided – Fair tender and selection processes	– Supply chain constraints mainly due to COVID-19 complications – Suppliers' ability to ensure continuity of supply and impact on Aspen's own ability to ensure continued supply – Negotiation of contract terms and extensions	– See page 78 – See page 83 – See page 87

How we engage

- Tender, procurement and "expression of interest" processes
- One-on-one meetings to discuss service levels or other commercial aspects
- Interactions regarding safety, health, environmental and ethical compliance
- Visits to manufacturing sites, both virtually and physically

Link to our strategic objectives and capitals

Relationship Indicator

Investors and funders

Aspen considerations

As providers of capital, these stakeholders need to be kept informed of material developments impacting the Group and our future prospects

Stakeholder interests	Material matters engaged on since the previous report	Reference to value created for stakeholder
– Strategy and business model – Growth in revenue, EBITDA and return on invested capital – Appropriate management of capital expenditure, working capital and expenses – Capital allocation – Gearing, solvency and liquidity – Dividends/returns to shareholders – Security over assets, ethical stewardship of investments and good corporate governance – Implementation of business continuity measures to mitigate impact of COVID-19 – Fair executive remuneration and incentivisation – Aspen's standing in terms of ESG, including progress on reducing carbon emissions and related disclosures	– Strategy and medium-term prospects – Sterile manufacturing capacity and how this positions Aspen to manufacture sterile products, Johnson & Johnson COVID-19 vaccines and other vaccines – Impact of COVID-19 on commercial performance, profitability, manufacturing operations and organic growth prospects – Mitigation of funding and gearing risks – Material business disposals, including the announcement of the disposal of the European Thrombosis assets and a cautionary announcement to shareholders regarding the structured process undertaken to facilitate offers for Aspen's API business – Fair remuneration outcomes, with a focus on the fixed and variable incentives of executives and performance measurement in respect of these incentives – Engagements on ESG aspects, including carbon emissions and related disclosures – Resolution of pricing investigations in Europe and the United Kingdom, with both matters being settled – Product pipeline and development – Material capital investment in Aspen's manufacturing capacity to ensure cost reduction and supply consistency – Group senior executive succession planning – Negotiation and conclusion of International Finance Corporation ("IFC") loan of EUR600 million	– See page 78 – See page 83 – See page 87

How we engage

- Dedicated face-to-face and virtual funder, investor and analyst presentations, roadshows and one-on-one meetings, including engagements regarding financial performance, ESG matters and the Group's remuneration policy and implementation report
- Stock exchange announcements, media releases and published results
- Annual general meeting
- Investor relations section of the Aspen website
- Engagements with the financial media

Link to our strategic objectives and capitals

Relationship Indicator

Engaging with our stakeholders continued

Communities in which we operate

Aspen considerations

These stakeholders are directly impacted by our business activities, specifically from an environmental, socio-economic and employment perspective and are key to ensuring that Aspen continues to build on our Social and relationship capital, reputation and social licence to operate. By focused efforts, this engagement can contribute to our decision-making, legitimacy and competitiveness – by tapping into local knowledge.

Stakeholder interests

- Employment, education and skills-development opportunities
- Socio-economic upliftment
- Environmental impact in respect of carbon emissions, solid waste disposal, as well as water and effluent management
- Ethical business conduct
- Aspen's contribution to local and community healthcare systems

Material matters engaged on since the previous report

- COVID-19 specific assistance in response to community requests
- Assistance to communities following natural disasters
- Funding of over 50 tertiary students in South Africa, to allow them to complete studies in chosen fields like engineering, pharmacy and commerce.
- Procurement from local suppliers and service providers
- Social unrest in the Gauteng and KwaZulu-Natal provinces in South Africa during the first part of July 2021 resulting in the destruction of many retail outlets, including community pharmacies. Aspen provided assistance to community pharmacies and other initiatives to assist affected communities in these provinces
- Systematic reduction of the environmental risk posed by our manufacturing operations
- Supporting education/training for HCPs in local communities
- Initiatives to assist in building healthcare infrastructure

Reference to value created for stakeholder

- *See page 78*
- *See page 83*
- *See page 87*
- *See page 71*

How we engage

- Initiatives aimed at creating jobs and uplifting disadvantaged communities
- Responsible environmental management practices
- Working with communities to assist in building healthcare capabilities and capacities
- Rigorous ethics and compliance management programmes
- Participation in local, regional and international industry bodies

Link to our strategic objectives and capitals

Relationship Indicator

Material contract manufacturing customers

Aspen considerations

As Aspen positions itself as a strategic partner of choice in terms of contract manufacturer in the pharmaceutical industry, it is crucial that we understand the needs and expectations of these customers.

Stakeholder interests

- Aspen's ability to ensure continuity of supply of the products we have been contracted to produce
- Aspen's application of quality management systems and GMP, including aspects such as sourcing, employment, environmental and safety practices
- Aspen's practices and reputation as a good corporate citizen
- Maintenance of regulatory approvals in respect of manufacturing sites used for third party manufacturing

Material matters engaged on since the previous report

- Ensuring continuity of contracted manufacturing supply and the resolution of supply constraints, many of which were brought about due to the impact of COVID-19
- Partnership with Johnson & Johnson to manufacture COVID-19 vaccine at Aspen's Gqeberha site
- Negotiations on new contracts and extension to existing contracts

Reference to value created for stakeholder

- *See page 67*
- *See page 78*
- *See page 83*

How we engage

- Extensive due diligence processes prior to selection and contract finalisation
- Regular meetings with these customers
- Periodic site inspections and audits

Link to our strategic objectives and capitals

Relationship Indicator

Our risks and opportunities

Risks are inherent to our business. Our operating environment is complex, dynamic, highly regulated and uncertain. Identifying, analysing and responding appropriately to these business risks is vital to attaining our strategic objectives, protecting the interests of stakeholders and meeting legal requirements. Our success depends not only on our ability to minimise downside impacts, but also on our ability to capitalise on the potential opportunities for value creation presented in an uncertain future.

An integrated approach to risk management

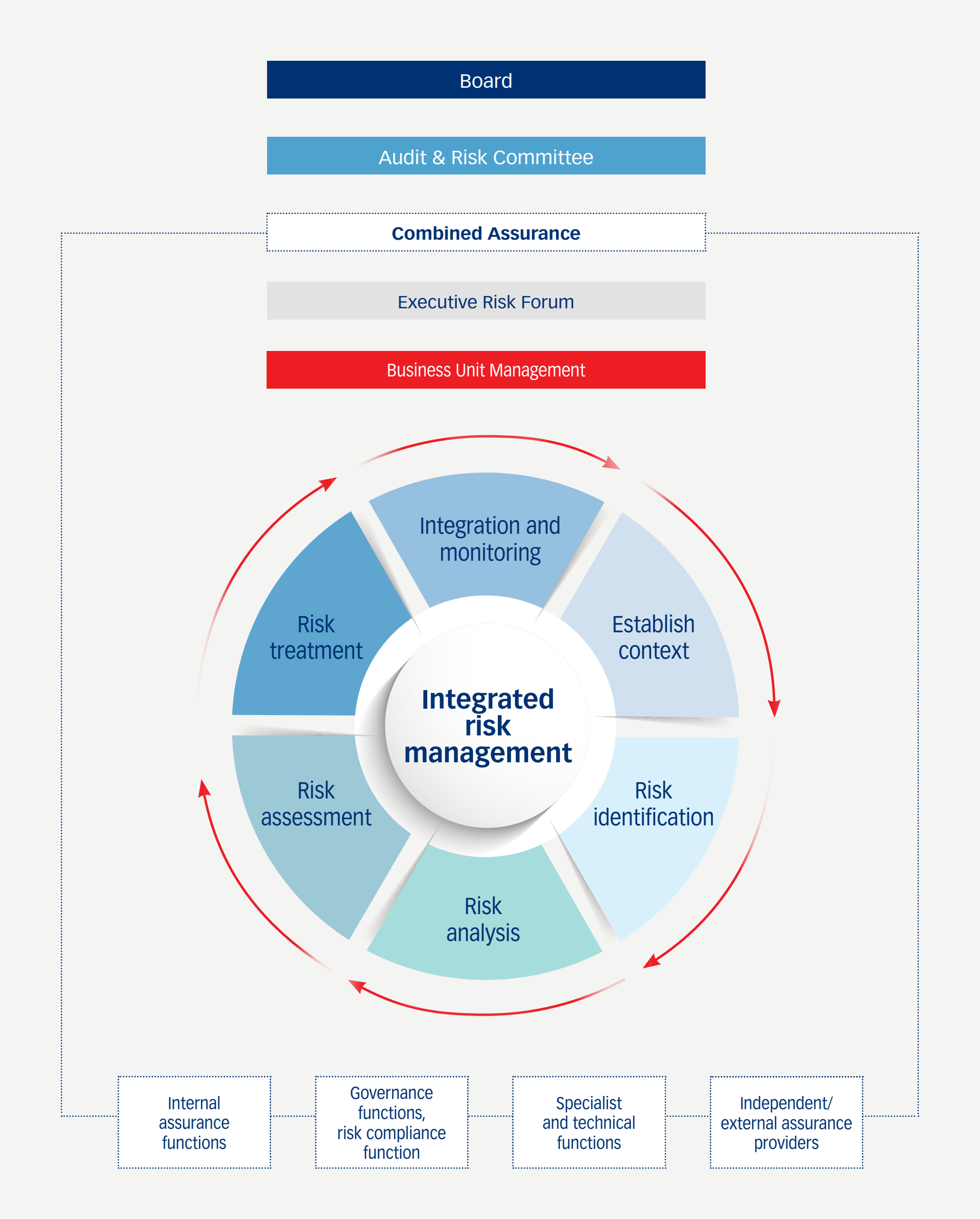
The identification and management of risks is central to achieving our strategic objectives. it protects us against potential negative impacts, enables us to take risk for strategic reward and improves our resilience against emerging risks. To this end, we have an integrated approach to risk management, giving due consideration to economic, environmental and social factors which impact Aspen and our stakeholders. Both the opportunities and threats underlying each identified risk are considered to ensure a balanced outcome between risk and reward for the sustainability of the Group as a whole.

Risk management activities occur at all levels in the organisation. We strive to embed sound risk management in our strategy, planning, budgeting and performance management processes. Senior executives are accountable for performing risk effective risk management within their areas of responsibility and for promoting a culture of risk awareness throughout the organisation. The Group Risk Management Policy and the Risk Management Framework provides structure for these activities to be embedded into our key decision-making processes and day-to-day activities and achieves alignment with the Group's risk appetite and tolerance levels. On a quarterly basis, the Group Risk function coordinates the completion and consolidation of risk assessments across the Group and undertakes activities to identify new and emerging risks. The Group risk profiles are discussed and reviewed regularly by the Executive Risk Forum (comprising senior Group Executives) and are assimilated into a Group Risk Report for consideration by the Audit & Risk Committee and the Board.

Risk governance

The Board is ultimately responsible for the Group's approach to risk management and internal controls. It defines the Group's risk appetite, enabling the Group to judge the level of risk it is prepared to take in achieving the Group's strategic objectives. It has delegated oversight of the implementation of risk management to the Audit & Risk Committee. The Audit & Risk Committee reviews the material risks facing the Group and obtains assurance of the effectiveness of the risk management process and risk responses through the implementation of a combined assurance approach.

The key risks and opportunities that have a material impact on our ability to achieve our strategic objectives and create value are outlined in the table overleaf. In FY2021, we included a new standalone risk – Environmental sustainability – reflecting the increased expectation of stakeholders that companies understand and reduce environmental impacts across their supply chains. In the pages that follow, we provide further context, the opportunities presented for value creation and our high-level strategies to respond to these.



Our risks and opportunities continued

Summary of key risks and opportunities

(presented in alphabetical order)

- Attraction, development and retention of skills
- Continuity of supply
- Delivery of pipeline and new products
- Digital transformation and information security
- Environmental sustainability, including climate action
- Ethical conduct and stakeholder relationships
- Execution of our commercial strategies
- External macro factors
- Legislation, regulation and compliance
- Patient safety and product quality
- Pricing of medicines
- Protection of the health and safety of our employees and the environment
- Realising expected benefits from acquisitions and divestments

Uncertainty created by COVID-19

The COVID-19 pandemic has resulted in great uncertainty and many challenges for people and companies across the globe. Despite this, our business model has proved to be resilient. Our carefully tailored product portfolio, effective business continuity plans and the safety measures we took to protect our employees have enabled us to remain in full operation throughout this period. As was the case in the prior year, COVID-19 presented Aspen with opportunities to extend our contribution to the global health response by supplying critical medicines used in the treatment of patients infected by this disease. In addition to this, in 2021 we initiated the manufacture of the Johnson & Johnson COVID-19 vaccines. The broader impact of the pandemic (also refer to "Our external operating context" on page 16), however, also contributed to elevated levels of uncertainty across all aspects of the Group's operations. Under the close direction of the Board, executives continue to monitor the situation, adapting our responses to minimise impacts on patients, customers and employees.

Attraction, development and retention of skills

Risk context

We need a diverse and engaged pool of talented employees to execute the Group's strategy in an increasingly complex and uncertain environment. There is fierce competition for the best talent, especially in certain technical and/or specialist fields and in certain of our operating regions. Accelerated by COVID-19, increased flexibility and new ways of working are emerging as key value drivers in attracting key talent. Employee engagement and retention can be impacted by organisational change and the resultant uncertainty.

Opportunity for value creation

A motivated and productive workforce enables a high performance culture, innovation and alignment to strategic goals. Through the development of a compelling employee value proposition, the Group seeks to position itself as an employer of choice in the competitive landscape.

Our response

Talent management is a key focus area in our human resources strategy and initiatives are being introduced to better define and understand our talent supply and demand requirements. Targeted programmes are being implemented to increase diversity and gender representation, accelerate development of high potential employees and increase employee readiness for future positions through focused skills development and enhanced behavioural awareness programmes. Change management initiatives are implemented in business units impacted by organisational changes.

Strategic objectives

Capital

Risk trend

Our risks and opportunities continued

Continuity of supply

Risk context

Our end-to-end value chains may be impacted by unplanned external interruptions, including non-availability of essential raw materials, utilities and services or closure of our manufacturing sites as a result of natural disasters, civil unrest, regulatory interventions, fire, extreme weather and pandemics. The technical and regulated nature of the manufacturing and supply of pharmaceuticals leads to a heightened inherent risk of quality failures which may result in batch rejection or product recalls (refer to Patient safety and product quality risk page 29). We have a key reliance on certain specialised raw materials and third party manufacturers, and we rely on these parties to supply products within specification and required timeframes. We continue to be engaged in multiple projects to transfer the manufacture of certain products to new lines within our own facilities or to alternative production sites. These technical transfers offer access to Aspen's more cost-effective and/or reliable manufacturing, but can pose execution risk.

Opportunity for value creation

We strive to maintain a reliable supply of medicines to our customers and to the patients that depend on them. Our ability to effectively manage the risks within our complex supply chain and to effectively respond when disruptions do occur is a key value driver which underpins our reputation as a responsible and reliable pharmaceutical company. Consistent availability of supply also allows us to take advantage of supply disruptions experienced in respect of competing products.

Our response

We build strong long-term relationships with API suppliers and third party manufacturers to ensure continuity and security of supply. Where appropriate, we manufacture our own API. Our strategy to invest in our sterile manufacturing capability in order to in-source the manufacturing of anaesthetics further increases our control over the supply chain. Skilled and experienced teams are involved in technical transfer projects and there is oversight by the Group operations division to ensure required milestones are achieved. Safety stock of raw materials and finished product is generally held to provide a buffer in the event of supply disruption. We are continually strengthening our systems and processes, as well as our business continuity plans, to allow for a coordinated response to supply disruptions. Appropriate insurance coverage is held for high-impact events.

Strategic objectives

Capital

Risk trend

Delivery of pipeline and new products

Risk context

The identification, development and commercialisation of new products is both time-consuming and costly, involving a high degree of business risk. A project may fail or be delayed at any stage of the process due to a number of factors. As a result of the lengthy timeframes associated with new product development projects, the assumptions made at the initiation of these projects could change, impacting the planned return on investment. New products may not be accepted by the health regulator, may not perform as expected or may face greater-than-anticipated competition. Timing of new product launches is dependent on the speed of processing of the necessary registrations by the regulatory authorities in each country.

Opportunity for value creation

Products that are successfully launched from the pipeline represent opportunities to expand access to treatment options for healthcare providers and patients. A healthy pipeline is a key driver in our sustainable growth strategy, representing opportunities to leverage our investment in IP and manufacturing capability.

Our response

Our product portfolio management strategy focuses on the identification of opportunities that align with our business strategy, that leverage our intellectual and manufacturing advantage, and that align with the local market conditions in a broad geographic footprint. Through the implementation of product development lifecycle management, our regional business and Group product portfolio development teams continuously review and refine our pipeline, increasing the focus on molecules with confirmed commercial feasibility and enhanced value creation potential.

Strategic objectives

Capitals

Risk trend

Our risks and opportunities continued

Digital transformation and information security

Risk context

Digital technologies continue to revolutionise the way companies conduct business. Keeping pace with the speed of digital transformation is imperative to remaining competitive and relevant, and it requires the adoption of an agile digital strategy, enabled by an investment in IT infrastructure, systems and capabilities. Large-scale IT projects are exposed to implementation risk. With the increasing incidence of cyber-attacks, there is an increasing need to ensure secure and reliable IT systems and infrastructure as well as the careful management of the information that is in our possession to ensure data privacy. Failure to adequately protect critical and sensitive systems and information may affect our ongoing business operations, resulting in the loss of commercial or strategic advantage or in a breach of data privacy regulations.

Opportunity for value creation

Digital technologies are an enabler in driving our strategic objectives forward and supporting sustainable operations. Increased digitisation provides opportunities for efficiency gains for improved collaboration internally and with our key partners, as well as for information-driven decision-making.

Our response

Our digital transformation has received increased focus, with an emphasis being placed on foundational areas that will position us for growth and optimisation, including governance, cyber security and risk management. We have continued to make a considerable investment in modernising our enterprise resource planning ("ERP"), regulatory and compliance systems and manufacturing execution systems, while digital platforms are being increasingly used to enhance communication and collaboration with our various stakeholders. Our data privacy policies ensure that we collect, transfer and store electronic and hard copy personal data appropriately. The Audit & Risk Committee provides oversight of Information & Technology ("I&T").

Strategic objectives

Capital

Risk trend

Environmental sustainability, including climate action

Risk context

There is an increasing global focus from regulators, investors, healthcare providers, customers and the broader society for companies to implement measures needed to transition to a low-carbon economy. These transitional risks could include changes in the regulations in which we operate, including mechanisms implemented by governments to accelerate climate action, such as carbon taxes. Our customers and business partners may place an increasing weight on our environmental sustainability performance, and that of our value chain, in their purchasing decisions. Physical impacts from climate change could pose business continuity threats to our own operations and across the entire value chain.

Opportunity for value creation

Addressing the risks relating to environmental sustainability creates opportunity for reducing our carbon footprint while achieving increased efficiency in using scarce natural resources. It also builds resilience against physical impacts. Contributing to the broader issue of environmental stewardship creates the opportunity to build social capital and contribute towards healthier communities.

Our response

We have embarked on a process to better understand the potential impact of climate change on our business and we are committed to developing a climate action plan with related targets. We are equally committed to reducing our waste and water consumption. This will build on the environmental and resource efficiency initiatives we have already implemented to reduce our reliance on scarce resources and our impact on the environment. We support the Taskforce on Climate-related Disclosures and aim to develop our disclosures in line with its recommendations (refer to page 84).

Strategic objective

Capitals

Risk trend

Our risks and opportunities continued

Ethical conduct and stakeholder relationships

Risk context

We understand that to be successful, we must conduct our operations ethically and in a way that meets the expectations of our wide range of stakeholders. Poor ethical behaviour or a failure to subscribe to our values or our Code of Conduct could potentially result in the loss of trust by stakeholders and reputational damage.

Opportunity for value creation

Maintaining a corporate culture which is underpinned by ethical decision-making and conduct is fundamental to building trust with our various stakeholders and enhances our corporate reputation.

Our response

We have a zero-tolerance approach to unethical behaviour. Our Code of Conduct is a values-based code aimed at governing the conduct of our employees. A formalised ethics management programme has been implemented and the effectiveness of this programme is overseen by the Social & Ethics Committee. Our approach to stakeholder relationship management entails identifying and engaging transparently on issues that may impact our commitment to practising good corporate citizenship.

Strategic objectives

Capital

Risk trend

Execution of our commercial strategies

Risk context

There are a number of risks that could impact the development and execution of our commercial strategies. Increased competition, the introduction of new treatment regimes, fluctuations in demand due to pandemics, changes in health policies, the introduction of new pricing policies, volatile market environments, commercial team performance and availability of supply are just some of the factors that could impact the achievement of expected performance. If commercial performance does not succeed as anticipated, increased pressure is placed on financial sustainability. Sustained deterioration in the commercial performance of specific products may result in an impairment in IP.

Opportunity for value creation

The ability to achieve our commercial performance expectations underpins the strategy of the Group to create sustainable long-term value for all of our stakeholders.

Our response

We continue to reshape our product portfolio to achieve an appropriately balanced and diversified basket of Sterile Focus and Regional Brands, with a focus on niche specialty brands where we perceive opportunities to be better. We continually invest in our commercial team structures, processes and skills as well as seeking mutually beneficial collaboration arrangements.

Strategic objectives

Capitals

Risk trend

Our risks and opportunities continued

External macro factors

Risk context

We are a multinational Group and therefore exposed to various geopolitical, social and economic risks that may potentially impact our operations. These risks are complex and constantly evolving, creating an uncertain environment in which to do business. While many territories present opportunities, these macro factors can create impediments to potential growth such as policy uncertainty, restrictions on access to funds, currency volatility, rising interest rates, social unrest and increased inflationary effects. Also refer to Our external operating context on page 16.

Opportunity for value creation

The ability to effectively navigate the dynamic and uncertain market environments creates opportunity to achieve growth, enhanced returns and further diversification.

Our response

Our diverse geographical footprint provides some mitigation to localised macro factors. We continuously monitor socio-economic trends and geopolitical events in countries where we operate and response strategies are implemented where required.

Strategic objectives

Capitals

Risk trend

Legislation, regulation and compliance

Risk context

The pharmaceutical industry is subject to extensive, complex, costly and evolving regulations governing the approval, manufacturing, labelling, marketing and sale of pharmaceutical products. These regulations vary by region and country and are rigorously monitored and enforced. All other aspects of our business are subject to extensive legislation and regulation, which increases in complexity due to the multinational nature of our business operations. Changes in these laws and regulations can significantly impact our operations or increase the risk of non-compliance.

Opportunity for value creation

Maintaining compliance with relevant laws, regulations and standards forms an essential part of our licence to operate and is fundamental to our commitment to being a responsible corporate citizen.

Our response

Our business behaviour is underpinned by a strong ethical drive to always do what is right and ensure that the necessary ethics and legislative compliance management processes are in place, having developed a robust regulatory and compliance management framework across the Group's operations. Legislative and regulatory developments are monitored on an ongoing basis. Internal communication and training on the ethics standards expected from each employee is performed while the key regulatory and compliance requirements are assessed on a regular basis. Legal and regulatory compliance is monitored by Group executives and the Board.

Strategic objectives

Capitals

Risk trend

Our risks and opportunities continued

Patient safety and product quality

Risk context

Our products, most of which are prescription medicines, are used by a multitude of patients in a vast number of countries. We have the responsibility to implement appropriate pharmacovigilance procedures and systems to identify, investigate and resolve any potential safety concern relating to these products.

The quality requirements for pharmaceuticals are rigorous across the entire supply chain and include standards that are applicable to suppliers, manufacturing and distribution.

The highly complex technical manufacturing processes associated with our products increases the inherent risk of quality deviations and batch rejection.

Opportunity for value creation

Our overriding responsibility is to the patients who use our products, the HCPs who prescribe them and the regulators who protect public health. Our ability to provide a reliable supply of safe and effective medicines, and effectively respond to safety or quality incidents as and when they occur, underpins the trust these stakeholders have in the Aspen brand.

Our response

Our Group Pharmacovigilance function, supported by local business units globally, is responsible for monitoring and managing the safety of all our products throughout the product lifecycle using robust systems and processes to monitor manufacturing quality standards, compliance with current GMP and other regulatory requirements. Our Quality Assurance department conduct audits to support the achievement of our high quality standards. Our responsibility to our patients and consumers is monitored by the Social & Ethics Committee. The Group holds the appropriate product liability insurance.

Strategic objectives

Capitals

Risk trend

Pricing of medicines

Risk context

There is a heightened focus on rising healthcare costs and scrutiny by the healthcare payers in respect of the pricing of pharmaceuticals across the world. Many governments have implemented programmes to control the pricing of pharmaceuticals which may include setting the price for pharmaceuticals, legislating price cuts and introducing programmes to increase the use of generics. The governments of the countries in which we operate may, in future, implement further regulations that impose additional pressure on the price of pharmaceutical products. In emerging markets, governments are increasingly controlling pricing and introducing price referencing. Such changes impose increased pressure on margins and impact our financial performance. Also refer to Our external operating context on page 17.

Opportunity for value creation

Access to affordable healthcare is a global challenge. Through active engagement with healthcare providers, payers and regulators, we aim to implement responsible pricing strategies that achieve the appropriate balance between making our products affordable, while achieving reasonable returns on investments made.

Our response

To manage pricing pressure, we engage actively with regulatory authorities and other key stakeholders on regulatory/pricing issues that affect the industry. The pricing mechanisms in each country are monitored and adjustments are made to the business model and/or product portfolio as necessary to maintain overall profitability in an ethical, responsible and compliant manner. By continuing to invest in our own manufacturing capacity and capabilities, and by implementing process improvement initiatives, efficiencies and synergies are also unlocked to protect profit margins in this restrictive and regulated pricing environment.

Strategic objectives

Capitals

Risk trend

Our risks and opportunities continued

Protection of the health and safety of our employees and the environment

Risk context

The pharmaceutical and chemical manufacturing industries present inherent health and safety risks to our employees and contractors who perform work on our sites. Our manufacturing processes involve the use of chemicals and include hazardous or toxic materials, increasing the risk of environmental contamination.

Our operations are reliant on the consumption of scarce natural resources and result in negative impacts on the environment such as carbon emissions and waste. As the provider of essential medicines, our manufacturing sites remain operational during communicable disease outbreaks, increasing risk to our employees. Continuous focus is required to achieve compliance with the environmental, health and safety laws, as well as with regulatory enforcement in the various territories in which we operate.

Opportunity for value creation

Maintaining a safe and healthy working environment for our people and minimising the impact that our activities have on the environment in which we operate are strategic imperatives which underpin our commitment to being a responsible corporate citizen.

Our response

We have implemented the Group's safety, health and environment ("SHE") programme, aligning our health and safety management systems to global standards, with all of our fully commercialised primary manufacturing sites and API sites holding the ISO 45001 standard certification.

Our SHE performance is monitored by the Social & Ethics Committee.

Strategic objectives

Capitals

Risk trend

Realising expected benefits from acquisitions and divestments

Risk context

An integral component of our strategy is achieved through acquisition, licensing, collaboration and divestment transactions.

The risk in respect of acquisitions is that the Group may fail to identify suitable acquisition opportunities or realise the expected benefits of the acquisitions, or may incur unexpected risks and obligations because of the transaction.

The success of the Group's acquisition strategy is dependent, among other things, on the successful integration of the technologies, products and businesses it acquires, and their subsequent growth. The Group may decide to dispose of assets that are no longer deemed core. When disposing of assets, the Group may not be able to complete the disposal on terms deemed acceptable, may be required to give guarantees and warranties, or may expose itself to claims from purchasers, as well as creditors of the transferred business.

Opportunity for value creation

Through successful portfolio management, we are able to meet the medical needs of patients, build focused therapeutic portfolios, achieve a desired geographical footprint and leverage our manufacturing and supply chain capabilities.

Transactions are key to our Portfolio Management Model, to provide the opportunity to accelerate strategy and to achieve accretive growth in the overall economic value of the Group.

Our response

We perform extensive due diligence to strategically identify, value and execute transactions. External specialists are involved where required. Transactions are negotiated by experienced and highly skilled professionals. We have an established approvals framework and proposed transactions are critically reviewed by executive management, and where required, approved by the Board. We have dedicated integration teams to execute defined transition agreements to ensure a successful transfer of processes and product distribution. Post-acquisition performance is monitored closely to ensure integration and delivery on business plans.

Strategic objective

Capitals

Risk trend

03

Our leadership and governance

Covered in this section

Our Board provides strategic direction while ensuring our actions are underpinned by good governance, ethical business practices and effective control and accountability

Chairman's review

Kuseni Dlamini
Chairman

Aspen's long-term sustainability and success will be measured by the value we deliver to society. As a manufacturer and distributor of essential medicines, Aspen is uniquely placed to make a meaningful contribution to the global goals of increasing access to high quality, affordable medicines and reducing patient inequality.

A purpose-driven strategy

The COVID-19 pandemic continues to have a profound impact around the world. The global response to this pandemic has been unprecedented but it has also exposed deep inequality between developed and developing nations in their economic and health system responses. The emergence of "medicine and vaccine nationalism" has seen many of the world's most vulnerable people not receiving access to essential medicines needed to treat patients or COVID-19 vaccines to protect them.

Since the commencement of the pandemic, the Board has remained focused on ensuring the continued supply of essential medicines to patients. The agreement reached with Johnson & Johnson to manufacture its COVID-19 vaccine aligns with Aspen's purpose and, as Africa's largest pharmaceutical company, it was a very proud moment seeing the first batches of these vaccines rolling off the production line at our Gqeberha manufacturing site in South Africa.

Aspen is committed to providing impetus to the common global understanding that "we are not safe until we are all safe". In times like these, it is critical for international dialogue and for the business community, non-governmental organisations and government to work together to find sustainable solutions. We support the discussions underway to address the complex issues such as the waiver of IP rights and technology transfers that could fast track the provision of COVID-19 (and other) vaccines to the populations that need them and provide developing nations with security of supply going forward. Aspen continues to play a meaningful role in these engagements and we stand ready to play an even greater role going forward as we look to expand our manufacture and supply of vaccines.

Group performance and shareholder returns

The Aspen business model has proved resilient during these exceptional and challenging times, delivering good revenue growth and improved earnings. The Board is pleased to see the continued progress made against our stated strategic vision and objectives, with substantial headway being made in consolidating our strategic position as a global specialty-focused pharmaceutical company.

Following a number of strategic initiatives over the past few years, and with the divestment of the assets of the European Thrombosis business completed, we have focused our commercial efforts on territories where we have demonstrated capabilities and a strong performance record. This establishes a sound base for the Commercial Pharmaceutical business to respond to dynamic market conditions and deliver organic growth into the future. The significant capital investment in our sterile manufacturing capability across three significant sites in South Africa and in Europe, positions the Group to pursue opportunities created by the increase in demand for sterile and vaccine manufacturing capacity. These strategic investments have cemented our manufacturing capability as a strategic differentiator, poised to deliver improved security of supply and margin benefits as the increased capacity is filled with our own anaesthetics products and other contract manufacturing volumes. The Group continues to deliver on various organisational transformation and efficiency projects designed to increase organisational effectiveness and reduce operating costs.

Aspen remains highly cash generative and this, together with divestment proceeds, has resulted in a further reduction in the level of borrowings. Acknowledging the strong financial performance of the Group, the strengthened balance sheet as well as our proven resilience to COVID-19, the Board was pleased to declare a dividend of 262 cents to shareholders registered as at 23 September 2021, resulting in R1,2 billion of retained income flowing to shareholders.

Chairman's review continued

Our ESG performance

The Group's sustainability commitments remain a cornerstone of our business strategy. As a signatory to the UN Global Compact we seek to align our efforts with the United Nations' SDGs. By delivering on our purpose, Aspen makes a meaningful contribution to the global goal of "ensuring healthy lives and promoting well-being for all at all ages". This year, we have indicated our commitment to equity, diversity and inclusion through our signature of the United Nations Women Empowerment Principles. Work is progressing in the development of a Group climate strategy and, acknowledging there is still much to be done, the first climate-related financial disclosures aligned to the TCFD framework have been provided. Aspen has continued to respond to the needs of the communities in which we operate, with efforts focused on responding to public health challenges in the face of the pandemic. Aspen's Mandela Day activities, which are implemented annually across the Group, provide an opportunity for employees to volunteer in initiatives within their communities. We have engaged with key stakeholders on a number of material ESG-related topics and continue to work towards achieving improved transparency in our engagement and disclosures. The Remuneration & Nomination Committee held a number of engagements with investors to better understand expectations with regards to remuneration at Aspen and are progressing initiatives to meet these. We continued to retain our position in the Top 30 of the FTSE/JSE Responsible Investment Index and we are a constituent of the FTSE4Good Index.

A focus on the health, safety and well-being of our employees

The health and safety of our employees remains the highest priority. Vigilance in ensuring that the workplace measures that have been put in place across the Group's operations to minimise the risk to employees of contracting COVID-19 while at work have been maintained, while initiatives to facilitate employee vaccination have been implemented. Interventions to address the mental and social aspects impacting employee well-being during these very challenging times have also received increased focus.

In June 2021, a significant fire was experienced at our site in Hyderabad, India and, thankfully, no injuries were sustained. No occupational fatalities have been recorded for the Group for eight consecutive years and health and safety incident rates continue to trend downward. Any safety incident is, however, viewed in a very serious light and initiatives to further embed a health and safety culture in all operations continue to receive focus. We congratulate the Nairobi manufacturing site on achieving its ISO 45001 and ISO 14001 accreditations this year, joining 10 sites which have previously achieved and continue to maintain these accreditations.

While every effort has been made to protect employees at work, the nature of the pandemic has meant that we have experienced the loss of a number of employees and the loved ones of employees to COVID-19. We are saddened to hear of each and every loss and on behalf of the Board, the executive and the entire Aspen staff, I wish to convey our heartfelt condolences to the families and friends of our colleagues who have succumbed to this virus as well as to other causes. To those still battling the infection, or its effects, we wish you a full and speedy recovery.

Executive leadership changes

The Board, supported by the Remuneration & Nomination Committee, has continued to focus on establishing a senior executive team positioned to drive the performance of the Group, ensuring succession planning for key executive roles. During the year, an organisational redesign was performed at the Group level and this included the review of the senior executive structure and related portfolios. In addition, a formalised Group Executive Committee was established (refer to page 36). Further senior executive appointments are under consideration. In February 2021, Gus Attridge announced his intention to retire as Deputy Group Chief Executive, Financial Director and member of the Board effective 31 December 2021. Following a structured selection process, the Board is pleased to have appointed Sean Capazorio as an executive director and the Group Chief Financial Officer with effect from 1 January 2022. The Board is confident in Sean's financial skills, technical expertise and deep corporate knowledge of the Group and wish him well in this future leadership role.

Ethical leadership and governance

Aspen is committed to ethical conduct and good governance. Over the past year, the Board and its committees focused on steering the Group's strategic direction and corporate performance during this challenging period. Our Board is diverse in its skills, thinking and composition, which assists in balanced decision-making combined with the ability to add value to the strategic direction of the Group. I was especially pleased with the outcome of The Ethics Institute's assessment of Aspen's ethical culture, which was confirmed to be at "Advanced" level. The results of the assessment will be used to focus interventions on specific areas required to further enhance our approach to ethics.

Sindi Zilwa has confirmed her intention to retire as a non-executive director and will not make herself available for re-election at the forthcoming annual general meeting and, as a result, she will retire as a director with effect from 9 December 2021. The Board wishes to express our sincere appreciation to Sindi for her dedicated service to Aspen as an independent non-executive director since her appointment to this role in 2006. During this time, she has also served the Group diligently and with distinction as the Chair of the Social & Ethics Committee since its inception in 2012, and as a member of the Audit & Risk Committee, from which she stepped down in October 2020. The Board is pleased to confirm that Ben Kruger, a current independent non-executive director of Aspen, will succeed Sindi as Chair of the Social & Ethics Committee, with effect from 9 December 2021. The Remuneration & Nomination Committee has initiated a formal process to find a replacement Board member that will further strengthen the collective skills and experience of the Board.

By virtue of his retirement as Deputy Group Chief Executive, Gus Attridge will also step down from the Board with effect from 1 January 2022. On behalf of the Board and all Aspen employees (past and present), I would like to express our deep gratitude to Gus for his exceptional leadership and service to Aspen over the past 22 years. There are no words to capture the immense contribution that Gus has made in the growth and success of Aspen and the positive impact he has had on so many people. As a co-founder of the business he has also been a wise and pragmatic member of the Board from Aspen's inception. We thank him for his exemplary conduct over his term. We are pleased that Gus will remain available to the Group in a new role which will, among other duties, include supporting and mentoring the leadership team.

Poised for performance

The strategy of the Group is delivering results and the measures implemented to achieve sharpened focus have created a strong foundation for Aspen to build on. Following the decisive steps taken to reshape the business, the Board is confident that Aspen is well positioned to achieve growth and sustain long-term value for our stakeholders. The business model has proven robust through the COVID-19 crisis and the reduced gearing of the balance sheet provides capacity for value-adding investments when suitable opportunities are identified.

The Board has confidence in Stephen Saad and the senior executive team to lead Aspen in what promises to be an exciting phase for the Group, as it positions itself to further increase the positive and sustainable impact it makes through the delivery on its purpose: to enhance the quality of life of all people by manufacturing and supplying high quality, affordable medicines. We acknowledge the outstanding effort of Aspen employees, our business partners and stakeholders in achieving these outcomes.

I wish to thank my fellow directors for their wise counsel and support and acknowledge the substantial additional time and effort they have spent attending to key issues during these challenging times. I also extend my thanks to our shareholders and other stakeholders for their ongoing engagement and support.

Kuseni Dlamini
Chairman

Board of Directors

Executive directors

Stephen Saad (57)
Group Chief Executive

Qualifications:
CA(SA), PhD (Commerce) *Honoris Causa*

Appointed: January 1999

Classification:
Executive director

Stephen is a founding shareholder of the Aspen Group and his responsibilities include strategic positioning and global transactions, geographic expansion and product diversification of Aspen in developed and emerging markets as a leading multinational pharmaceutical company.

Gus Attridge (60)
Deputy Group Chief Executive (Finance Director)

Qualification:
CA(SA)

Appointed: January 1999

Classification:
Executive director

Gus is a founding shareholder of Aspen and is responsible for the strategic and financial well-being of the Group while also identifying and pursuing appropriate corporate opportunities and global transactions that will further benefit Aspen and its stakeholders.

Non-executive directors

Kuseni Dlamini (53) ●

Qualifications:
MPhil (Oxon), BSocSci (Hons) (Natal), Global Leadership for the 21st Century Programme (Harvard), Foundations for Leadership in the 21st Century (Yale)

Appointed: April 2012

Classification:
Independent non-executive, Chairman

Kuseni is the Chairman of Massmart Holdings Limited. He was previously Chairman of Times Media Group Limited and Chief Executive Officer of Old Mutual South Africa and Emerging Markets. He brings a wealth of economic and business skills to the Board, having previously held positions as the head of Anglo American South Africa and Executive Chairman of Richards Bay Coal Terminal Company.

Kuseni is the former Chairman of the South African National Parks and a former member of the Global Agenda Council on Economic Growth and Poverty Alleviation formed by the World Economic Forum. He is active in academic and professional bodies, which include the Council of the University of Pretoria, the South African Institute of International Affairs, and the advisory boards of the Gordon Institute of Business Science and Common Purpose.

Kuseni is a member of the Remuneration & Nomination Committee.

Linda de Beer (52) ●●

Qualifications:
CA(SA), MCom (Tax), CD(SA)

Appointed: July 2018

Classification:
Independent non-executive

Linda serves as an independent non-executive director on a number of JSE listed boards, namely Momentum Metropolitan Holdings Limited, Tongaat Hulett Limited and Shoprite Holdings Limited. She chairs or serves on the audit committees of these boards and also serves on a number of their other board committees. She was previously a member of numerous South African and international standard setting, oversight and corporate governance structures. In addition, chairs the board of trustees of the International Public Interest Oversight Board (PIOB), a non-profit foundation in Spain, and serves as a trustee of the International Valuations Standards Council (based in London).

Linda serves as the Chair of the Remuneration & Nomination Committee and is a member of the Audit & Risk Committee.

Ben Kruger (62) ●●

Qualifications:
BCom (Hons), CA(SA), Advanced Programme in Management (Harvard Business School)

Appointed: April 2019

Classification:
Lead independent non-executive

Ben joined Standard Merchant Bank in 1985 and, after having fulfilled various leadership roles in corporate and investment banking, was appointed as Chief Executive of Standard Bank Corporate and Investment Banking in 2001. In March 2013, Ben was appointed as Co-Chief Executive Officer of the Standard Bank Group Limited, and he retired from The Standard Bank Group on 31 December 2018. He currently serves as a non-executive director on the board of Stanbic IBTC Holdings Plc and Stanbic IBTC Bank Plc and as a non-executive director on the board of the JSE Limited. He is a member of the Institute of Directors of Southern Africa and served on the board of the International Institute of Finance. Ben is also a member, and serves as Deputy Chair, of the Council of the University of Pretoria.

Ben is a member of the Audit & Risk Committee and Social & Ethics Committee.

COMMITTEE DIAGRAM KEY:
- ● Audit & Risk Committee
- ● Remuneration & Nomination Committee
- ● Social & Ethics Committee

Board of Directors continued

Non-executive directors

Themba Mkhwanazi (51)

Qualification:
B.Eng (Hons)

Appointed: April 2019

Classification:
Independent non-executive

Themba was appointed as the Chief Executive Officer of Kumba Iron Ore Limited, a member of the Anglo American Plc Group, in September 2016. Prior to this appointment, he held several senior executive positions at various companies, including Anglo American Coal South Africa, Rio Tinto Technology and Innovation, Rio Tinto Australia and Huntsman Tioxide Southern Africa.

Themba is a member of the Remuneration & Nomination Committee.

Chris Mortimer (60)

Qualification:
BA, LLB

Appointed: January 1999

Classification:
Non-executive

Chris has been a full-time practising attorney since 1988 and has substantial legal and commercial expertise. His intimate knowledge of the Group, its business operations and governance processes have been of immense benefit to Aspen over the years and he continues to serve the Board as a trusted adviser. As Chris's firm is intermittently called upon to provide legal advice to the Group, he is classified as a non-independent non-executive director.

Riaan Verster (45)

Qualifications: BProc, LLB, LLM (Labour Law), ACG

Appointed: December 2011

Classification: Company Secretary & Group Executive: Governance & Communications

COMMITTEE DIAGRAM KEY:
- ● Audit & Risk Committee
- ● Remuneration & Nomination Committee
- ● Social & Ethics Committee

Babalwa Ngonyama (47) ●

Qualifications:
CA(SA), MBA, Higher Diploma in Banking Law (RAU)

Appointed: April 2016

Classification:
Independent non-executive

Babalwa is the CEO of Sinayo Securities (Pty) Limited, a women-owned and managed securities firm, and the Chairperson of University of Cape Town Council. Prior to this, she held positions as the Group Chief Internal Auditor of Nedbank Limited, Chief Financial Officer of Safika Holdings (Pty) Limited, partner at Deloitte (Financial Institutions Services Team and Chairperson of the Transformation Advisory Board). She is, among others, a non-executive director and chairperson of the audit committees of Vukile Property Fund Limited, and formerly of Barloworld Limited non-executive director and Implats Limited lead independent director, and therefore brings considerable financial and commercial experience to the Board. Babalwa is also a lead independent director and chairperson of the risk and IT committee of Hollard Life Assurance Limited and The Hollard Insurance Company Limited. In August 2008, she received an award as a BBQ business woman visionary. Babalwa was a member of the Education and Academic Review Committees of the South African Institute of Chartered Accountants ("SAICA"), she was the founding Chairman of the African Women Chartered Accountants ("AWCA"), and currently a member of its Advisory Board.

Babalwa is the Chair of the Audit & Risk Committee.

David Redfern (55)*

Qualifications:
BSc (Hons), CA

Appointed: February 2015

Classification:
Non-executive * *British*

David was appointed Chief Strategy Officer of GlaxoSmithKline Plc ("GSK") in May 2008 and is responsible for corporate development and strategic planning. He has, in this role, assisted GSK in numerous bolt-on acquisitions, disposals and joint ventures, including the creation of the world-leading Consumer Healthcare company through the combination of GSK, consumer healthcare business firstly with Novartis's business and subsequently in 2019 with Pfizer's business. He is a member of GSK's Corporate Executive Team and reports to the CEO. Prior to holding this position, he was responsible for the leadership of GSK's business in Northern Europe from 2005 to 2008 and Central and Eastern Europe from 2002 to 2005. He joined Glaxo in 1994 in finance and progressed through a series of finance roles before becoming Finance Director of the European business in 1999.

In addition to his current role, David is Chairman of ViiV Healthcare Limited. ViiV is a joint venture between GSK, Pfizer and Shionogi and focuses specifically on the research and development and global commercialisation of medicines to treat HIV.

Sindi Zilwa (54) ●

Qualifications:
CA(SA), CD(SA), Advanced Taxation Certificate (UNISA), Advanced Diploma in Financial Planning (UOFS) and Advanced Diploma in Banking (RAU)

Appointed: September 2006

Classification:
Independent non-executive

Sindi is the co-founder and retired Chief Executive Officer of Nkonki Incorporated, having held the position from 1998 until her retirement through a management buyout in 2016. A Chartered Accountant by profession, Sindi is an expert in the areas of accounting, auditing and business management. Sindi is also a Chartered Director (SA) and has vast experience as a director in the public and private sectors, currently serving as a non-executive director of Discovery Holdings Limited, Metrofile Limited and Mercedes-Benz SA (debt listed). Her unlisted company boards include Tourvest Group and Gijima Limited. She is an author of "The ACE Model-Winning Formula for Audit Committees" and the author of "Creating Board and Committee Effectiveness". She is a member of the South African Institute of Chartered Accountants and the Institute of Directors and is a guest lecturer at the GIBS Corporate Governance and Leadership Elective Course. Sindi was previously non-executive Chairman of Airports Company South Africa and a non-executive director of Woolworths Limited, Primedia Limited, Wiphold Limited, Ethos Private Equity, Institute of Directors, Alexkor Limited, Rebosis Limited, ATNS SOC Limited and previously chaired the BUSA Standing Committee on Transformation.

Sindi serves as Chair of the Social & Ethics Committee.

Group Executive Committee

Stephen Saad (57)
Group Chief Executive

Qualifications:
CA(SA), PhD (Commerce) *Honoris Causa*

Appointed:
January 1999

Responsibilities:
Stephen is a founding shareholder of Aspen. His responsibilities include the strategic positioning of Aspen as a leading multinational pharmaceutical company, global transactions, geographic expansion and product diversification of Aspen in emerging and developed markets.

Gus Attridge (60)
Deputy Group Chief Executive (Finance Director)

Qualification:
CA(SA)

Appointed:
January 1999

Responsibilities:
Gus is a founding shareholder of Aspen and is responsible for the strategic and financial well-being of the Group while also identifying and pursuing appropriate corporate opportunities and global transactions that will further benefit Aspen and its stakeholders.

Sean Capazorio (56)
Group Chief Financial Officer designate

Qualification:
CA(SA)

Appointed:
January 1999

Responsibilities:
Sean is responsible for all of the Group's finance functions across Aspen's 60 businesses. He also assesses business performance and identifies business improvement opportunities.

Richelle Crots (58)
Regional Chief Executive Officer, SA Commercial

Qualification:
BCom (Human Resources)

Appointed:
August 2017

Responsibilities:
Richelle is responsible for the overall operations of Aspen's South African Commercial Pharmaceutical business, including SADC countries. She provides executive leadership across this organisation, including overall strategic direction, and leads new business development and opportunities.

Reginald Haman (47)
Group Chief Corporate Services Officer

Qualifications:
MBA, PGDBA, Graduate Diploma in Company Direction

Appointed:
May 2020

Responsibilities:
Reginald is responsible for managing Aspen's cluster of Group Corporate Services functions. He also ensures the provision of efficient and effective services to the Group in accordance with business and legislative requirements. Reginald was appointed as a member of the Social & Ethics Committee on 1 September 2020.

Lorraine Hill (58)
Group Chief Operations Officer and Responsible Pharmacist

Qualification:
BPharm

Appointed:
January 1999

Responsibilities:
Lorraine is responsible for multiple operational areas of the business, including strategic manufacturing, pharmaceutical affairs, new product development and strategic procurement. In addition, she plays an integral role in negotiation and implementation of new business initiatives for the Manufacturing business, which she also represents in global transactions.

Samer Kassem (46)
Chief Executive Officer, Aspen Global Inc

Qualifications:
CMA, CFM, CBM, MBA

Appointed:
May 2008

Responsibilities:
Samer joined the Group with the responsibility of establishing the company to lead and direct its international operations. He has been integrally involved in the negotiation, completion and integration of strategic acquisitions, the setting up of the Group's global businesses as well as the trading and supply structures to support these.

Zizipho Mmango (36)
Group Chief Strategic Development Officer

Qualifications:
CA(SA), CFA

Appointed:
May 2020

Responsibilities:
Zizipho is responsible for focusing on assessing and implementing strategic development activities for the Group such as acquisitions, disposals and collaborations. She also plays an active role in advancing business performance and value enhancement opportunities.

Stavros Nicolaou (56)
Senior Executive Strategic Trade

Qualifications:
B.Pharm, FPS (SA), PhD (Medicine) *Honoris Causa*

Appointed:
January 1999

Responsibilities:
Stavros plays a pivotal role in the initiation of business development opportunities and is also key to the building and maintenance of strategic relations within industry and with all of Aspen's stakeholders.

Trevor Ziman (50)
Regional Chief Executive Officer, Asia Pacific

Qualification:
CA(SA)

Appointed:
May 2001

Responsibilities:
Trevor is responsible for the implementation of strategy and the performance delivery of Aspen's Commercial Pharmaceutical businesses in Australasia, the Philippines, Taiwan, Malaysia and Hong Kong as well as trade into the rest of the Asia Pacific region. He plays a leading role in all transactional activity in the region.

Our approach to governance

Governance in the Group extends beyond mere legislative and regulatory compliance. The Board and management strive to entrench an enterprise-wide culture of good governance aimed at ensuring that decisions are taken in a fair and transparent manner, within an ethical framework that promotes the responsible consideration of all stakeholders, while also holding decision-makers appropriately accountable.

The Board is the highest decision-making body for those matters that are of significance to the Group as a whole, due to their strategic, financial or reputational implications or consequences. It operates in terms of an approved Board charter which regulates the parameters within which the Board operates and ensures the application of the principles of good corporate governance in all its dealings. This charter also sets out the roles and responsibilities of the Board and individual directors, including the composition and relevant procedures of the Board. The charter is aligned with the provisions of all relevant statutory and regulatory requirements, including, among others, the Companies Act, the JSE Listings Requirements, King IV and the Company's Memorandum of Incorporation.

To support it in its broader oversight and governance role, the Board has three standing committees, each with their own terms of reference, which supports the Board's decision making processes and through which it executes some of its duties, namely: the Audit & Risk Committee, the Social & Ethics Committee and the Remuneration & Nominations Committee.

The Board is of the opinion that the outcomes in respect of each of the 16 principles outlined in King IV have been achieved. We focus on maturing and improving our practices in this regard, with specific emphasis on integrity, sustainability, remuneration, governance, combined assurance and stakeholder relationships.

Decisions by the Board, its committees and other governance structures throughout the Group are made in good faith to promote the success of the Group for the benefit of our stakeholders. In doing so, the Board considers, among other matters:

1. Medium- and long-term consequences of any decision;
2. The need to foster the Group's relationships with stakeholders like employees, regulators, suppliers, customers, governments, and other stakeholders;
3. The impact of the Group's operations on communities and the environment; and
4. Maintaining the Group's reputation for high standards of business conduct and ethical behaviour and the need to act fairly in respect of shareholders and other stakeholders.

In line with the philosophy that good corporate governance is an evolving discipline, governance structures, practices and processes are actively monitored and revised from time to time to reflect best practice.

The following were key focus areas and outcomes resulting from the Board's deliberations since our previous integrated report:

- Aspen's coordinated response to the COVID-19 pandemic, with specific reference to employee health and safety practices and ensuring business continuity, including the supply of critical and COVID-19 related medicines despite lockdown measures creating sourcing and distribution challenges;
- Progressing the Group's achievement of its five strategic objectives which provide the foundation for us to deliver on our overall strategy of creating long-term value for our stakeholders;
- Material business disposals, including the announcement of the disposal of the European Thrombosis assets and a cautionary announcement to shareholders regarding the structured process undertaken to facilitate offers for our API business;
- The resolution of the pricing investigations in Europe and the UK, with both matters being settled during the year;
- The partnership with Johnson & Johnson to manufacture this company's vaccine at our Gqeberha site;
- Aspen's response to stakeholder concerns around ESG aspects, including our progress towards reducing carbon emissions and providing the related disclosures;
- Mitigation of the Group's funding and gearing risks, allowing for the Group to resume dividend payments to shareholders;
- Conclusion of the IFC's EUR600 million loan to Aspen;
- Establishment of a formalised Group Executive Committee and the appointment of Sean Capazorio as an executive director and Group Chief Financial Officer with effect from 1 January 2022 as a result of concerted succession planning activities;
- Material capital investment in Aspen's manufacturing capacity;
- Enhancements in the Group's cybersecurity resilience; and
- Competence, qualifications and experience of the company secretary confirmed.

Further reading

- Aspen governance overview, including an explanation of the Board's mandate, its composition and other material governance practices, as well as a detailed King IV application register as posted online
- Pages 39 to 41 of this report where we report on the key governance focus areas and outcomes for each of the Board's committees during the year under review

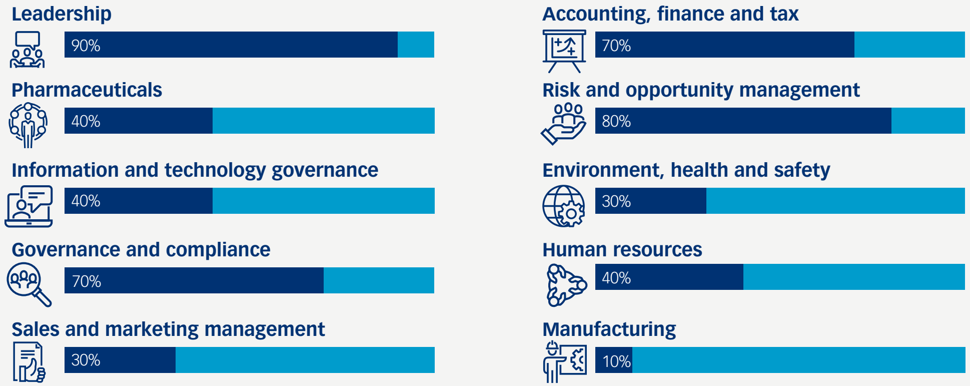
Our approach to governance continued

Board composition

Diversity of expertise

Policy: To create an experienced Board with the appropriate balance of knowledge and skills in areas relevant to the Group.

The following areas of expertise are relevant to Aspen:

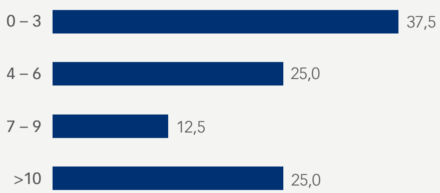


Succession and diversity of tenure

Policy: Periodic, staggered rotation of members so as to ensure the introduction of members with new expertise and perspectives, while retaining valuable industry knowledge, skills and experience and maintaining continuity.

Succession planning makes provision for the identification, mentorship and development of future members.

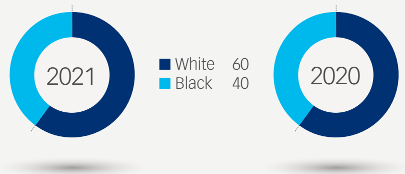
Succession and diversity of tenure (%)



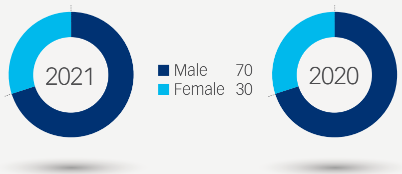
Gender and racial diversity

Policy: The company's Gender Diversity Policy promotes a voluntary target of 40% female representation on the Board over a three-year period, while the Racial Diversity Policy promotes a voluntary target of 50% black representation on the Board over the same period.

Race (%)



Gender (%)



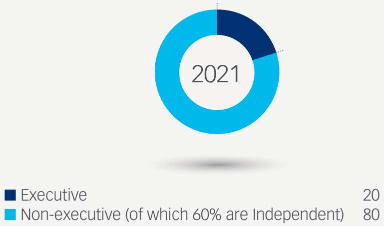
Board size

Policy: To target a Board size that promotes accountability and encourages healthy, constructive debate and decision-making, while meeting regulatory and Memorandum of Incorporation requirements. The appropriateness of the Board size is evaluated annually by the Remuneration & Nomination Committee.

Independence

Policy: To comprise a majority of non-executive directors, the majority of whom should be independent.

Independence (%)



Diversity of age

Policy: Executive directors retire from their positions and from the Board at the age of 65. The company's retirement policy does, however, make provision to extend the relationship beyond the normal retirement age. Non-executive directors, who are 70 years and older, retire at each annual general meeting and are proposed for re-election if recommended by the Board.

Average age **54 years**

Average Board meeting attendance **98,6%**

Board meeting attendance

Board	31 July 2020	3 September 2020	9 September 2020	8 December 2020	9 December 2020	10 March 2021	25 June 2021
Kuseni Dlamini●	✓	✓	✓	✓	✓	✓	✓
Gus Attridge	✓	✓	✓	✓	✓	✓	✓
Linda de Beer●●	✓	✓	✓	✓	✓	✓	✓
Ben Kruger●●	✓	✓	✓	✓	✓	✓	✓
Themba Mkhwanazi●	✓	✓	Apology	✓	✓	✓	✓
Chris Mortimer	✓	✓	✓	✓	✓	✓	✓
Babalwa Ngonyama●	✓	✓	✓	✓	✓	✓	✓
David Redfern	✓	✓	✓	✓	✓	✓	✓
Stephen Saad	✓	✓	✓	✓	✓	✓	✓
Sindi Zilwa●	✓	✓	✓	✓	✓	✓	✓

● *Membership of the Audit & Risk Committee.*
● *Membership of the Remuneration & Nomination Committee.*
● *Membership of the Social & Ethics Committee.*

Governance supporting our strategy

Audit & Risk Committee

Members

Babalwa Ngonyama (Chair)
Linda de Beer
Ben Kruger

Focus areas and outcomes for the year

- EY recommended for reappointment as auditor, and Derek Engelbrecht as the designated auditor, having satisfied itself of the capacity and independence of this firm and the designated auditor;
- Matters concerning the Company and the Group's accounting policies, financial controls, records and reporting recommended to the Board;
- No material breakdowns in the functioning of the internal financial controls detected during the year under review;
- Effectiveness, competency, capacity and independence of the Internal Audit function, as well as the expertise and experience of the Chief Audit Executive confirmed;
- Application of comprehensive combined assurance model applied to the Group's key risks so as to provide a coordinated approach to all assurance activities and in order to confirm that there were no significant areas of overlap or assurance gaps and the levels of assurance were considered appropriate;
- Strengthened the status of financial, IT and cybersecurity measures and internal controls;
- Status and effectiveness of risk governance in the Group and the adequacy of mitigation plans for material risks was confirmed, recommending this as such to the Board;
- Reviewed the Group's Integrated Report and the sustainability information as disclosed therein to evaluate the integrity of reported information and for consistency with the Annual Financial Statements;
- Satisfied itself of the expertise and experience of the:
  - Deputy Group Chief Executive, who performs the duties of the Company's Financial Director; and
  - Group's finance function and the senior members of management responsible for the Group's finance function, including the Group Finance Officer;
- Confirmed its satisfaction with the appointment of Sean Capazorio (the current Group Finance Officer) as Group Chief Financial Officer, who will perform the duties of the Company's Finance Director, with effect from 1 January 2022;
- Progress was made on the Group's maturity in respect of I&T governance, with the committee considering reports from the Group Digital Technology function and assurance as provided by the Internal Audit function in accordance with the approved Internal Audit plan;
- Mitigation of infrastructure technology security risks and oversight of the mitigation plans introduced to address the risk of material operational and disruptive incidents.

	26 August 2020 (1)	26 August 2020 (2)	28 August 2020	8 September 2020	21 October 2020 (1)	21 October 2020 (2)	23 November 2020	23 February 2021	26 February 2021	8 March 2021	21 June 2021
Linda de Beer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ben Kruger	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Babalwa Ngonyama (Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sindi Zilwa*	✓	✓	✓	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A

** Ms Zilwa stepped down as a member of the Committee with effect from 15 October 2020.*

The overall average attendance for the Audit & Risk Committee meetings held during the year was 100%.

Relevant stakeholders considered

Capitals

Further reading

- Committee mandate, role and responsibilities
- Audit & Risk Committee Report

Available online

Governance supporting our strategy continued

Remuneration & Nomination Committee

Members

Linda de Beer (Chair)
Kuseni Dlamini
Themba Mkhwanazi

Focus areas and outcomes for the year

- Ben Kruger elected as Chair of the Social & Ethics Committee, following Sindi Zilwa's announced retirement at the December 2021 annual general meeting;
- Sean Capazorio appointed as an executive director, the Group Chief Financial Officer and the finance director for purposes of the JSE's Listings Requirements, with effect from 1 January 2022, following recruitment, screening and selection process. This follows the announcement made in February 2021 that Gus Attridge would retire as executive director, the Group Deputy Chief Executive and the finance director for purposes of the JSE's Listings Requirements with effect from this date;
- Tenure of Kuseni Dlamini (who reached his nine year tenure in April 2021) extended to 12 years, in terms of the director tenure policy provisions of the Company, subject to annual independence reviews by the Board and his re-election at every annual general meeting for this extended period;
- Establishment of a Group Executive Committee, and confirmation of senior Group executives to be considered as prescribed officers;
- Succession and capacity in the senior team, which included embedding the roles of the three new executives;
- Alignment of our remuneration practices with shareholder expectations and market best practice following engagements with various institutional shareholders regarding concerns raised in respect of the design, implementation and disclosure of aspects of the Group's remuneration policy and incentive schemes;
- Evolution of the Group's remuneration philosophy, policies, practices in order to set fair remuneration levels and pay-for-performance outcomes across the Group, with specific reference to achieving the following material outcomes in the current year:
  - ensuring that the performance targets, award conditions and vesting criteria for short- and long-term incentives in respect of both executive directors and the rest of the Group executives was aligned with Group's remuneration philosophy and best practice; and
  - approving the proposed annual salary increase ranges at an Aspen business level, after considering salary increase benchmarks and CPI levels in the respective countries.
  - considering the disclosure of our remuneration philosophy, polices, practices and a review of how these were implemented in the year under review in the Integrated Report both for accuracy, completeness and transparency, and to openly address the requests and needs raised by shareholders.
- Annual review of the performance of the Group senior executives (including that of the executive directors) against the set Group KPI performance targets and personal KPAs (both financial and non- financial) for the year under review;
- Financial and non-financial performance KPI targets for the Group and personal KPAs of the executive directors set for the forthcoming financial year;
- Benchmarked non-executive directors' fees have been recommended to shareholders for approval;
- An internal board assessment of the performance of the Board, its committees, individual directors and the Company Secretary & Group Executive: Governance & Communications was conducted. The Board confirmed its satisfaction with the composition and performance of the Board, its committees, the Chairman of the Board, individual directors and the Company Secretary. Areas for improvement that were raised as part of the board assessment process mostly related to the need for more formalised strategy setting processes, a focus on the digitalisation of the Group and ongoing efforts to ensure appropriate executive succession planning. Progress in addressing these issues is being monitored by the Committee and the Board.

	10 July 2020	9 September 2020	19 October 2020	10 March 2021	24 March 2021
Linda de Beer (Chair)	✓	✓	✓	✓	✓
Kuseni Dlamini	✓	✓	✓	✓	✓
Themba Mkhwanazi	✓	Apology	Apology	✓	✓

The overall average attendance for the Remuneration & Nomination Committee meetings held during the year was 86.7%.

Relevant stakeholders considered

Capitals

Further reading

- Committee mandate, role and responsibilities available online
- Remuneration review as published on pages 91 to 103 of this report

Governance supporting our strategy continued

Social & Ethics Committee

Members
Sindi Zilwa (Chair)
Reginald Haman
Ben Kruger

Focus areas and outcomes for the year

- Evaluated, guided and monitored Aspen's response to the COVID-19 pandemic, specifically in relation to ensuring the health, safety and wellbeing of employees who:
  - were required to work at the Group's manufacturing sites to ensure that the supply of critical and essential medication was not interrupted;
  - had to engage HCPs and other stakeholders as essential service workers in the field; and
  - were enabled to work-from-home using digital means of communication and collaboration;
- Considered the Group's response to this pandemic from an SED perspective, ensuring that support was directed to initiatives launched to provide assistance in combatting the disease in its impacts, such as:
  - provision of personal protective equipment, primarily to frontline HCPs;
  - assistance to medical students to ensure continued uninterrupted online learning; and
  - emergency assistance to vulnerable communities.
- Reviewed aspects relating to ESG, sustainability and corporate citizenship to ensure that the matters falling within the Committee's area of responsibility were appropriately and accurately reported upon and that the appropriate internal or external assurance over these matters was obtained where necessary;
- Monitored the development and application of policies, guidelines and practices in line with our social and ethics policies, King IV, employment equity legislation and related regulations, the Carbon Disclosure Project and the FTSE/JSE Responsible Investment Index;
- Initiated an independent ethical culture risk assessment through The Ethics Institute to establish the current ethical culture risk profile for the Group, the results of which indicated an "Advanced" overall ethical culture for the Group;
- Reviewed and approved reporting on our capitals within the ambit of the Committee;
- Reviewed and approved the policies, strategies and structures to manage our social and ethics issues, including the application of our Code of Conduct;
- Considered regulatory developments as well as practice in the fields of social and ethics management;
- Reviewed reports on tip-offs received during the year and how these had been dealt with;
- Monitored whether management had allocated adequate resources to comply with social and ethics policies, codes of best practice and regulatory requirements;
- Monitored health and safety of Aspen products globally;
- Recommended such measures and/or activities which, in the Committee's opinion, may serve to enhance our overall social and ethics objectives, such as an increased focus on diversity, equity and inclusion, and addressing gender-based violence;
- Evaluated and monitored our performance in respect of SED and how we operate in the communities we do business in;
- Reviewed the processes in consulting and communicating with internal and external stakeholders with respect to social and ethical issues;
- Monitored progress against BBBEE targets, the employment equity and skills development plans for our South African businesses, and considered the external verification of our empowerment activities;
- Considered reports and trends in relation to our responsibilities to consumers;
- Reviewed our performance in respect of ESG and sustainability considerations and assessed our performance in respect of social and ethical issues;
- Internal assurance obtained in respect of the Group's ethics management programme.

	18 August 2020	16 November 2020	18 February 2021	10 June 2021
Gus Attridge*	Apology	N/A	N/A	N/A
Kuseni Dlamini	✓	✓	✓	✓
Reginald Haman**	N/A	✓	✓	✓
Ben Kruger	✓	✓	✓	✓
Sindi Zilwa (Chair)	✓	✓	✓	✓

** Mr Attridge stepped down as a member of the Committee with effect from 1 September 2020.*
*** Mr Haman was appointed as a member of the Committee with effect from 1 September 2020.*

The overall average attendance for the Social & Ethics Committee meetings held during the year was 93.8%.

Relevant stakeholders considered

Capitals

Further reading

- Committee mandate, role and responsibilities
- Social & Ethics Committee Report

Available online

04

Our performance

Covered in this section

In executing our strategy, we remain focused on improving the health and quality of life of patients, working together to deliver resilient performance against our strategic objectives

Group Chief Executive's review

In spite of the significant challenges faced, this has been a defining year for Aspen. We have delivered both a strong organic performance and also a reshaped Group in line with our stated strategic intent. However, it has also been a year which has vindicated our single-minded focus on building a sterile platform and the related relevance of the Aspen portfolio and manufacturing capabilities to patients in need globally.

Aspen continues to contribute meaningfully to humanity. Building on our historic pandemic contributions, including anti-retrovirals ("ARVs") and multi-drug resistant TB products for Africa, we were able to supply dexamethasone and lifesaving anaesthetics globally. Our current contribution is the role we now play in the production of the Johnson & Johnson COVID-19 vaccine.

Organisationally, this fills us with immense pride. Our real debt of gratitude goes to our employees, particularly those in our manufacturing facilities. These were demanding circumstances, but our teams never yielded showing both courage and determination and selflessly putting our patients before themselves. These people were responsible for delivering the lifesaving medicines the world needed and are our Aspen heroes.

Stephen Saad
Group Chief Executive

Equitable vaccine access for Africa

The commencement of the production of the COVID-19 vaccine for Johnson & Johnson at our manufacturing site in Gqeberha, South Africa towards the end of the third quarter of the financial year, was a landmark event in our endeavours to assist in increasing access to medicines, particularly on our home continent of Africa. This milestone underscores our globally relevant sterile production capacity. We are grateful to Johnson & Johnson for placing their trust in us and providing us with the opportunity to work with them on such a groundbreaking project and I salute the Aspen team that has demonstrated our capability to meet the highest performance standards.

The global distribution of COVID-19 vaccines brought focus to the stark realities the world faced in respect of inequitable access to these vaccines. Effectively those countries/continents with manufacturing capabilities served their own countries first. This left developing countries, and Africa in particular, at the back of the queue. In order to never face this situation again, Africa needs to have its own capacity.

Within Aspen, our ambition is to scale up our African production to provide one dose per one African. We are intently pursuing further collaboration opportunities with Johnson & Johnson that could achieve further acceleration of access to vaccines for the African continent. This includes the evaluation of securing a license for Aspen to manufacture, market and sell our own branded COVID-19 vaccine. At our Gqeberha site, we are currently converting our existing vial manufacturing capacity to include vaccine capabilities. This will increase our capacity from 300 million doses[1] to about 450 million doses by February 2022, and to over 700 million doses by 2023.

[1] *Measured in 1 dose = 1ml vial*

Group Chief Executive's review continued

The capacitation of Africa, in terms of both technical infrastructure and know-how is an imperative to meeting the healthcare requirements of this continent, not just now in the COVID-19 crisis, but as part of a long-term sustainable solution. We are committed to working with various stakeholders to play a meaningful role in addressing the challenge of achieving improved vaccine and medicine security for Africa. With further capital investment, we have the ability to leverage our world class sterile manufacturing platform to achieve increased capacity, but the feasibility of doing so is reliant on securing commercially sustainable volumes.

Delivering a strong financial performance

Our diverse product portfolio has held us in good stead as we encountered variability in demand in certain therapy areas due to the influence of COVID-19. The Group has delivered a strong financial performance, as detailed in the Deputy Group Executive's financial review on page 43 and further expanded in the Business Segment reviews on pages 57 to 60. Salient features include:

- Double-digit revenue growth from continuing operations of 12% (+10% CER) to R37,8 billion;
- Solid performance from Commercial Pharmaceuticals with a 6% (+4% CER) increase in revenue;
- Strong performance from Manufacturing, which posted a 36% increase (+29% CER) in revenue, boosted by transaction related supply contracts to Mylan and Sandoz and by the initiation of the COVID-19 vaccine revenue stream;
- Normalised EBITDA 3% higher (+1% CER) as a lower gross profit percentage and reduced other operating income were partially offset by well controlled operating expenses;
- Normalised headline earning per share increased 10% (+7% CER) benefiting from reduced finance costs; and
- Robust balance sheet and significant headroom to our borrowings covenants as a result of strong operating cash flows.

FY2024 targets

Organic CAGR in CER revenue of between
3% and 7%
for the four years ending 30 June 2024

Greater than
R1,5 billion
EBITDA contribution from phase 1 capacity utilisation

R800 million
reduction in cost of goods from bringing anaesthetics manufacture in-house

R2 billion
reduction in inventory at CER from FY2021 levels

Leverage ratio no greater than
3,0 times

Progress on strategy

Since 2018, we have been pursuing a strategy of driving focus though leveraging our strengths. In this financial year, we continued to take deliberate steps towards achieving both our strategic vision and our short-term targets while laying a solid foundation for future growth.

Commercial focus on delivering organic growth

Building on the actions taken in the past three years, we continued to reshape our Commercial Pharmaceuticals business, focusing on optimizing our portfolio of products and building effective commercial platforms. During this year, we completed our strategic review of the European CIS Commercial business, divesting the assets related to the European Thrombosis business. Our Commercial Pharmaceuticals business now has a greater concentration of revenue in territories where we have demonstrated capabilities and a strong performance record. As we work to accelerate the Group's organic growth, our strategy remains to leverage our portfolio of relevant, trusted and affordable medicines. An essential element of our strategy in this regard is to review and refresh our portfolio through our own new product developments, bolt-on acquisitions and, where appropriate, divestments.

Manufacturing capability as a strategic advantage

We have progressed the multi-year capital projects at our Gqeberha, Notre Dame De Bondeville and Bad Oldesloe sites. The completion of these strategic projects over the next few years will cement our manufacturing capability as another cornerstone of our growth strategy. We anticipate margin benefit, increased competitiveness and improved security of supply as we bring the production of a large proportion of our anaesthetic volumes into our own facilities over the coming years. Additional capacity will allow us to pursue further opportunities as provided by the increasing global demand for quality sterile manufacture, driven by shortage of capacity due to high establishment costs, significant regulatory requirements and additional volumes from vaccine and biotech innovation. In addition to the vaccine opportunities at our Gqeberha site, we are far advanced in securing additional contract manufacturing volumes for the prefilled syringe capacity that will become available at our Notre Dame de Bondeville site.

Achieving improved earnings

While growing revenue demonstrates an expanding business, we are intently focused on driving an accelerating earnings per share performance as well. In addition to harnessing the benefit of increased capacity utilisation at our production sites, we are progressing a number of internal initiatives aimed at achieving improved production efficiencies as well as containment of our operating costs. We also anticipate that the costs associated with operating under COVID-19 conditions will begin to reduce. The combination of these measures should result in improving bottom line returns.

Strong cash generation to support future growth

Our business model continues to generate the strong operating cash flows which are critical to providing us with the capacity for future investments to support initiatives aimed at building on our business strategies, including adding to our branded product portfolios in areas of existing focus and proven capabilities.

API business

In September 2021, we announced that we had received unsolicited offers for our API business, comprising our Chemical API site in Cape Town Fine Chemicals Corporation ("FCC"), and our Chemical and Biochem API manufacturing facilities situated in Oss, the Netherlands and Sioux City, USA. Given the materiality of the offers received, the Board concluded that we have a duty to evaluate the value proposition that may be realised through the disposal of all or part of this business. Accordingly, we have embarked on a structured process to facilitate offers for all or part of our API business, from those parties that submitted unsolicited offers as well as other selected interested parties.

Our API business, which is managed and operated independently from the other business segments of the Group, is a high performer, contributing good earnings and cash flows to the Group. The extent of vertical integration synergies offered by this business has diminished following the disposal of the assets of the European Thrombosis business with the greatest part of the production activity being devoted to the supply of a third-party customer base. Should any proposed transaction proceed, our existing supply reliance on the API business would be secured by long-term supply agreements.

The process we have initiated will enable us to make a full and informed assessment so that we are able to act in the bests interest of Aspen, the management and employees of the impacted business and other shareholders.

Group Chief Executive's review continued

Preparing for the future

As we reshape our business, we have embarked on several internal initiatives focusing on driving operational excellence, creating an organisational design and operating model that enables effective execution of our strategy, streamlining business processes and leveraging technology. These initiatives are aimed at maintaining our high-performance, entrepreneurial culture supported by clear lines of responsibility and accountability, while reducing inefficiencies and controlling operating costs. We have further progressed the implementation of our global human capital strategy and have taken steps to emphasize our global equity, diversity, and inclusion framework. I am proud to have signed the United Nations Women Empowerment Principles signifying my commitment to this important issue.

A commitment to operating responsibly

At Aspen, we have strongly committed to operating responsibly in our endeavours to build trust-based relationships with our various stakeholders. Guided by our shared sense of destiny, purpose and values, this is embedded in the way in which we conduct our business. We are increasingly engaging with our investors, funders, customers and other stakeholders on ESG issues. To this end, we are in the process of revisiting the Group's approach to sustainability and are working to focus our efforts on where we can have the most impact.

An inspiring team

The Aspen team is inspirational. Their relentless perseverance, even in the face of exceptional challenges is my personal motivation. The combined skills, talent and energy of our diverse team across our 71 established offices underpins the success of the Group. I wish to express my sincere gratitude to all our employees for their commitment to the ongoing success of Aspen despite the unusually testing circumstances we have faced since March 2020.

Well positioned

The outlook for FY2022 is positive and we anticipate that we will achieve the targets we have set. Our strategy to invest in sterile manufacturing facilities has positioned us to play an increasing role in the provision of the COVID-19 vaccine with the potential to make a meaningful contributions to addressing the inequality in access to medicines in the territories in which we operate. We are hopeful that our discussions with Johnson & Johnson on further collaboration activities, including a possible licence for Africa, will prove successful.

Our reshaped Commercial Pharmaceutical business has delivered solid organic revenue growth, which we are targeting to build on in the year ahead. We continue to refine our product portfolios to ensure that Aspen's offering remains relevant to dynamic market conditions. The Manufacturing business has made a number of important advances over the past year and is poised to play a material role in driving top and bottom line growth. Many new opportunities are under assessment.

Gearing of the balance sheet has been substantially reduced and we now have significant capacity in terms of our capital allocation model for value adding investments when suitable opportunities are identified.

We are well positioned to achieve our medium-term targets as communicated in our investor presentation in December 2020 (refer to page 44) and to make further good progress towards the strategic goals of the Group.

I thank the Board for its strategic leadership, my executive team for their steadfast commitment and our employees who have remained dedicated to the sustained success of the Group. I also thank the non-executive directors for their valuable contributions and wisdom. It is with the continued support of our shareholders, our employees and our many partners, that we can achieve our purpose of improving the health and quality of life of patients.

A tribute to Gus Attridge on his retirement

Gus has pioneered the efforts to build Aspen, grounded on ethical standards, good corporate governance and shared values. His sound acumen and attention to detail have been invaluable attributes during the Aspen journey. Gus has meticulously managed the financial affairs of the Group, giving Aspen the solid foundation needed to support our growth strategies and ambitions. As is his nature, Gus has established and ensured that we have a comprehensive succession plan, with talented and skilled executives to follow in his footsteps.

Gus has been an inspirational leader, a mentor and a friend to so many who have had the honour and privilege to work with him. On a personal note, I am pleased that we will retain Gus's counsel within Aspen, albeit no longer as my deputy or on the Board.

We founded Aspen from a humble house in Durban over 24 years ago. We had no factories and counted our own stock. Gus and I worked side-by-side, with passion, energy and a shared vision. Over time, we transformed Aspen into the only pharmaceutical multinational headquartered in Africa. A company that has not only made valuable contributions economically and to society generally, but also to humanity.

Equipped with a black belt in budgetary control, Gus is someone I have relied upon and trusted blindly for over two decades. His integrity, wisdom, unflinching support, absolute reliability and intelligence are the reason that Aspen exists in its current form.

Gus and I have faced many challenging and testing periods together over the last 24 years, but not one that ever tested our partnership, our commitment to Aspen or our friendship. In fact, each challenge that we have faced together has made us more resolute and bonded us even closer. It has been a personal privilege to have been part of such a journey and one I feel extremely blessed to have ridden with Gus. Thank you Gus for the proud legacy you have left behind for us.

Stephen Saad
Group Chief Executive

Deputy Group Chief Executive's financial review

The Group has delivered double-digit organic revenue growth and sustained strong operating cash flows demonstrating agility and resilience during a period of difficult trading conditions. As we deliver on our strategic plan, our strong balance sheet provides optionality to invest in future growth opportunities.

Key features of 2021

Double-digit organic revenue growth

Group revenue increased 12% to R37,8 billion for the year ended 30 June 2021, supported by growth from Commercial Pharmaceuticals (+6%) and a pleasing performance from Manufacturing (+36%).

Solid earnings growth

Normalised headline earnings per share increased 10% to 1 309,7 cents, benefitting from significantly lower net financing costs.

Sharp reduction in borrowings

Net borrowings declined materially to R16,3 billion as at 30 June 2021, a reduction of 54% over the level of 30 June 2020, creating significant headroom in the covenant leverage ratio.

Dividend reinstated as guided

Taking into account the earning and cash flow performance for the year, existing debt service commitments and future proposed investments and funding options, dividends of 262,0 cents (gross) per ordinary share declared.

Gus Attridge
Deputy Group Chief Executive

A year marked by delivery on our purpose and vision

Despite the ongoing challenges imposed by COVID-19, thanks to the untiring efforts of our employees, we have been successful in maintaining the reliable supply of our high quality medicines and products to patients globally. Our product portfolio has proven relevant in assisting to combat the effects of the virus on many patients in need and we have supplemented this contribution with the commencement of the production of Johnson & Johnson COVID-19 vaccines at our Gqeberha manufacturing site in South Africa.

Financial performance highlights

Revenue increased by 12% to R37,8 billion and normalised EBITDA increased 3% to R9,9 billion. The increase in revenue was supported by growth from Commercial Pharmaceuticals of 6% to R27,9 billion, despite the difficult trading conditions. A pleasing performance from Manufacturing was reflected in growth of 36%, boosted by the inclusion of transaction-related supply contracts. NHEPS increased by 10% to 1 309,7 cents, favourably impacted by lower financing costs.

Strong cash flows in the second half, supported by a positive cash inflow from the unwind of working capital, resulted in a cash conversion rate of 134%. Net borrowings declined R18,9 billion to R16,3 billion. The leverage ratio calculated in terms of the Facilities Agreement of 1,74 times was well below the covenant threshold of 3,5 times.

Our results separately disclose discontinued operations. These include the results of the discontinued European business, which comprised the European thrombosis assets divested to Mylan until the date of disposal (being 27 November 2020), the costs relating to its disposal, related thrombosis product discontinuations and other product divestments.

Our reported results are impacted by the rate of exchange prevailing during the period. The table which follows compares performance in the prior comparable period at previously reported exchange rates and then at CER. The CER results

Deputy Group Chief Executive's financial review continued

for the 12 months ended 30 June 2020 restate the performance for that period using the average exchange rates for the 12 months ended 30 June 2021. While fluctuations in exchange rates have been experienced over the reporting period, the overall weakening of the ZAR against the majority of the currencies in which Aspen trades has had a favourable impact on our reported results.

	2021 R'million	Restated 2020 R'million	Change %	2020 (CER) R'million	Change (CER) %
Revenue	**37 766**	33 659	12	34 395	10
Normalised EBITDA	**9 945**	9 612	3	9 872	1
NHEPS (cents)	**1 309,7**	1 194,8	10	1 222,4	7

Business segment performance

Resilient performance in Regional Brands and strong delivery from Manufacturing contributes to increase in revenue despite COVID-19 challenges

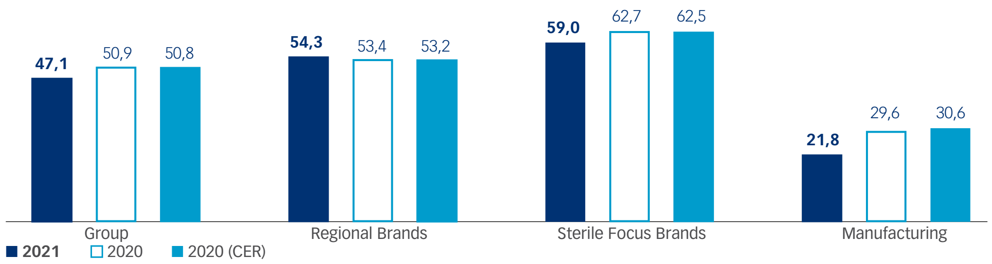
Revenue increased by 12% (+10% CER) to R37,8 billion. The Commercial Pharmaceuticals business, comprising Regional Brands and Sterile Focused Brands, increased revenue by 6% (+4% CER) to R27,9 billion. Regional Brands delivered a sound performance, increasing revenue by 3% (+2% CER) to R17,2 billion, notwithstanding the negative impact from the pricing adjustment to the European oncology products and the lower COVID-19-related demand for certain therapies within this portfolio. The performance of the Sterile Focused Brands segment was buoyed by the increase in demand for brands used in the clinical management of COVID-19 in certain territories, but this positive performance was offset by the impact of the postponement of elective surgeries in others. An overall increase of 11% (+9% CER) in revenue to R10,7 billion was delivered by this segment. Manufacturing delivered a strong performance, increasing revenue by 36% (+29% CER) to R9,9 billion, supported mainly by the supply of products to the counterparties of recent transactions and the commencement of production of the Johnson & Johnson COVID-19 vaccine at the end of the third quarter of the financial year. Excluding the transaction-related sales, Manufacturing revenue was up 12% (+7% CER).

	2021 R'million	Restated 2020 R'million	Change %	2020 (CER) R'million	Change (CER) %
Commercial Pharmaceuticals	**27 874**	26 366	6	26 734	4
Regional Brands	**17 183**	16 751	3	16 919	2
Sterile Focused Brands	**10 691**	9 615	11	9 815	9
Manufacturing	**9 892**	7 293	36	7 661	29
API (Chemicals)	**5 154**	4 799	7	5 032	2
API (Biochemicals)	**1 243**	1 116	11	1 183	5
FDF	**3 495**	1 378	>100	1 446	>100
Group revenue	**37 766**	33 659	12	34 395	10

Changes in sales mix to Manufacturing and increased production costs under COVID-19 weighed on gross profit percentage

Our gross profit percentage showed a decline from 50,9% (50,8% CER) to 47,1%. Manufacturing gross profits were diluted by the inclusion of transaction-related supply at low to no margin, while the increased costs of operating under COVID-19 conditions also weighed on performance. Regional Brands profit margin was negatively impacted by the European Union oncology price cuts, but nevertheless was able to show some improvement through the realisation of cost savings. Gross profit percentages in Sterile Focus Brands trended lower due to changes in product mix. Overall, the increased proportion of Manufacturing revenue of total Group revenue has resulted in a lower Group gross profit percentage.

Gross profit by business segment (%)



Normalised EBITDA margin percentage diluted by lower GP% and reduced operating income

Normalised EBITDA increased marginally to R9,9 billion, with well-controlled operating expenses offsetting the decline in gross profit percentage and a reduction in other operating income. Other operating income dropped largely due to the non-recurrence of a milestone received in the prior year related to the performance arrangements with a distributor of our products in the USA.

	2021 R'million	% of revenue	Restated 2020 R'million	% of revenue	Change %	2020 (CER) R'million	% of revenue	Change (CER) %
Gross profit*	**17 789**	47,1	17 135	50,9	4	17 475	50,8	2
Operating expenses	**(9 124)**	(24,2)	(8 891)	(26,4)	3	(9 017)	(26,2)	1
Net other operating income	**237**	0,6	428	1,3	(45)	449	1,3	(47)
Depreciation	**1 043**	2,8	940	2,8	11	965	2,8	8
Normalised EBITDA	**9 945**	26,3	9 612	28,6	3	9 872	28,7	1

** Gross profit is after the deduction of depreciation*

Deputy Group Chief Executive's financial review continued

Earnings growth positively impacted by reduction in net funding costs

Normalised headline earnings, which adjusts for specific non-trade items as set out in our accounting policies, is the primary measure management uses to assess our underlying financial performance. Normalised headline earnings of R6,0 billion was 10% (+7% CER) higher than the R5,5 billion achieved in the prior year, positively impacted by the slightly increased EBITDA and a significant reduction in normalised net funding costs.

With no change in the issued share capital, NHEPS also increased by 10% (+7% CER) to 1 309,7 cents per share.

Set out below is a reconciliation of earnings per share at the basic, headline and normalised headline levels.

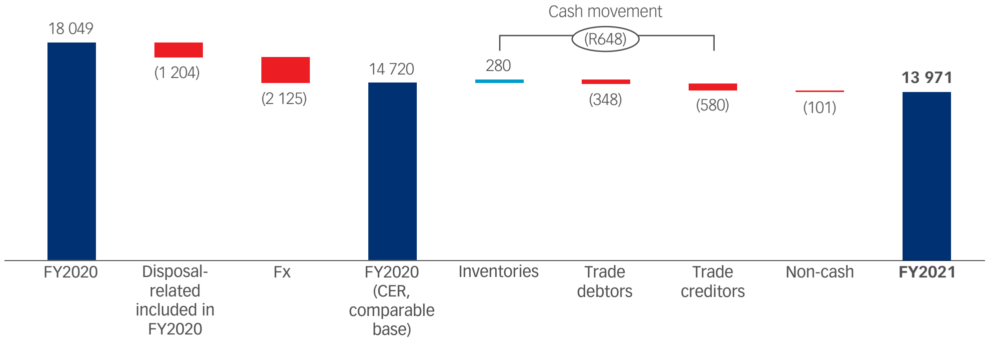
	2021 Cents	Restated 2020 Cents	Change %	2020 (CER) Cents	Change (CER) %
Basic earnings per share	**1 051,1**	740,5	42	749,6	40
Impairment of property, plant and equipment	**29,1**	1,8		1,8	
Impairment of intangible assets	**274,8**	280,6		296,1	
Impairment of financial assets	**–**	2,0		2,0	
Impairment of goodwill	**27,8**	21,1		22,4	
Reversal of impairment of IP	**(90,2)**	–		–	
Reversal of impairment of PPE	**(59,5)**	(0,3)		(0,4)	
Profit on sale of assets classified as held-for-sale	**–**	(3,1)		(3,3)	
Profit on sale of intangible assets	**(28,8)**	(44,5)		(47,4)	
Headline earnings per share ("HEPS")	**1 204,3**	998,1	21	1 020,8	18
Restructuring costs	**63,7**	67,4		67,8	
Transactions costs	**49,2**	88,1		89,8	
Product litigation costs	**9,1**	44,9		47,7	
Foreign exchange gain relating to transactions	**(16,6)**	(3,7)		(3,7)	–
Normalised HEPS	**1 309,7**	1 194,8	10	1 222,4	7

Working capital and cash flow

Continued focus on optimising investment in net working capital

Our efforts to reduce our investment in net working capital, while maintaining appropriate levels of inventory to ensure continuity of supply, have continued to deliver positive outcomes. After taking into account the foreign exchange effect and the reduction associated with the divestments during the period, net working capital levels decreased by 5% (CER) over the prior year, reducing the investment in working capital to 37% of revenue from 43% (CER) reported in the prior year, the lowest point achieved since our transition to a global multinational. Our working capital levels are influenced by the long working capital cycle associated with our Oss API business, and excluding this business, working capital reduces to 31% of revenue.

Net working capital bridge (R'million)



Strong operating cash flow maintained

Strong operating cash flows were enhanced by a reduction in working capital for the second consecutive year and lower net finance costs. Cash generated from operating activities of R6,8 billion represents operating cash flow per share of 1 463,2 cents and a 134% conversion of headline earnings to cash.

Non-current asset optimisation

While some strategic projects came online, high levels of investment in our manufacturing capabilities continues

The extensive capital expenditure programmes at our Gqeberha, Notre Dame de Bondeville and Bad Oldesloe sites have continued, with the restrictions imposed by COVID-19 resulting in some unavoidable delays. Commercial manufacture for certain products at our Gqeberha and Bad Oldesloe sites has commenced and will continue to ramp up over the next two years. Commercial production at Notre Dame de Bondeville is expected to commence in FY2023.

Based on our approved capital expenditure projects, expenditure on property, plant and equipment ("PPE") is expected to amount to approximately R2,0 billion in FY2022, reducing to R1,6 billion in the next year. As we progress our vaccine manufacturing strategy, further investments in expanding our capacity will be considered.

Divestment of European thrombosis assets key to strategic reshaping of the Group

In line with our strategic intent to achieve focus on our core pharmaceutical business in territories where we have sufficient scale, we have divested the assets related to the commercialisation of our thrombosis products in Europe to Mylan. The total purchase consideration (inclusive of inventory) was EUR680 million (R12 491 million) and was used to further reduce our borrowings.

Impairment to intangible assets and goodwill

We classify certain of our intangible assets as being of indefinite life. Each year the carrying values of the intangible assets and goodwill are rigorously tested for impairment and carrying values are written down where there has been a reduction in value. Intangible assets which are no longer assessed as indefinite life are reclassified as definite life assets. This year, net impairments of intangible assets and goodwill were R1,0 billion on a total combined net book value of R59,5 billion at financial year-end.

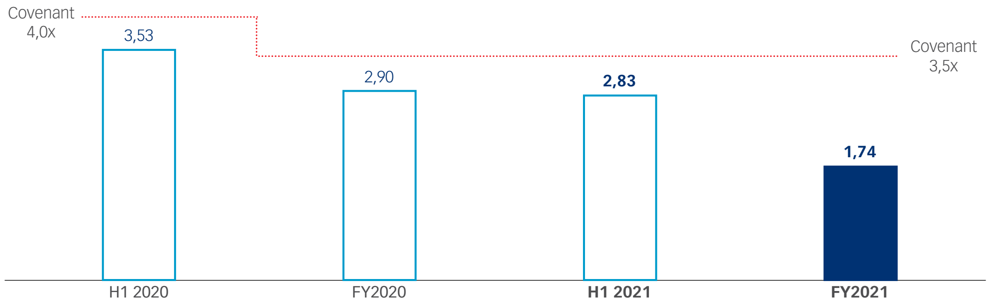
Deputy Group Chief Executive's financial review continued

Funding and debt profile

Significant headroom on covenant leverage ratio

The positive cash flows achieved together with the proceeds from the disposals have been utilised over the year to reduce the level of net borrowings by R18,9 billion to R16,3 billion. The leverage ratio of 1,74 times is well within the covenant level of 3,5 times and below our internal target of 3,0 times.

Leverage ratio (times)

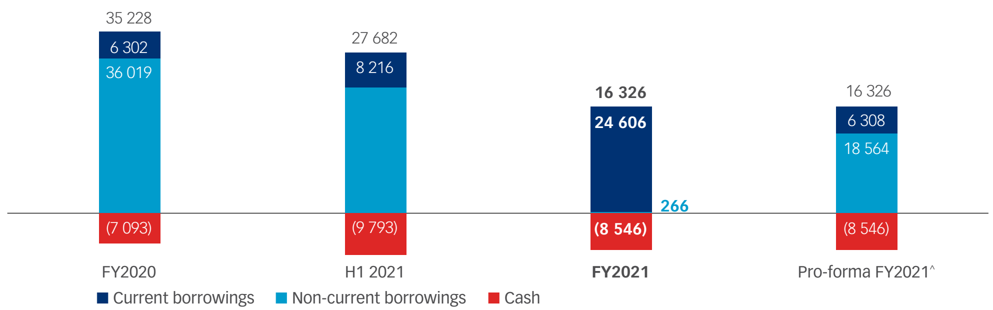


Restructuring of debt maturity profile

Our existing EUR, ZAR and AUD syndicated term debt facilities were, as of 30 June 2021, scheduled to mature on 1 July 2022. Subsequent to year end, we have secured an extension of maturity dates to 30 June 2023.

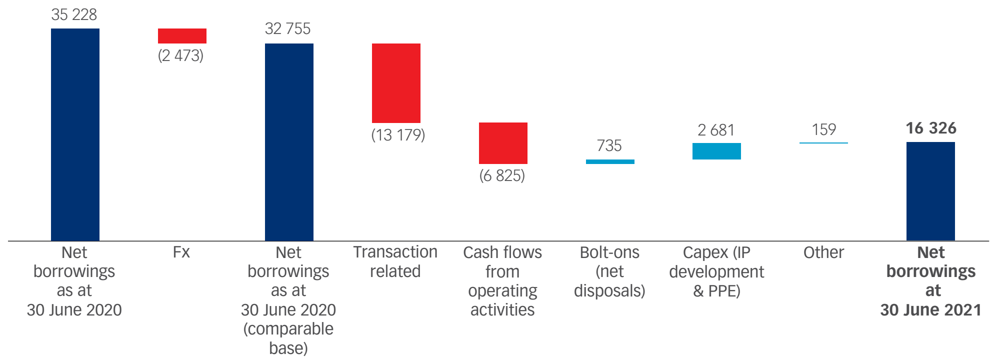
We were also successful in securing a joint refinancing package from the IFC and a consortium of development finance institutions related to the IFC. The debt financing package is for an aggregate of EUR 600 million and is structured as an amortising loan, with a two-year grace period and with the final loan instalment being due up to seven years after its effective date. The further funding terms are substantially similar to our existing EUR-denominated syndicated debt facilities agreement. The proceeds from this funding will be used to refinance a portion of our existing EUR-denominated syndicated debt facilities, thereby increasing our loan tenor and further diversifying our debt funder base.

Net borrowings (R'million)



^ *Pro-forma maturity profile post extension and IFC refinancing package (seven-year amortising term)*

Net borrowings bridge (R'million)



Net funding costs (continuing operations)

The lower net borrowings have contributed to a 29% reduction in net financing costs.

	2021 R'million	2020 R'million	Change %
Net interest paid	**(854)**	(1 314)	
Foreign exchange (losses)/gains	**(49)**	(8)	
Notional interest on financial instruments	**(211)**	(182)	
Normalised net funding costs	**(1 114)**	(1 504)	(26)
Debt raising fees on acquisitions	**(47)**	(45)	
Foreign exchange gains on acquisitions	**78**	17	
Reported net financing costs	**(1 083)**	(1 532)	(29)

Continued improvement in financial reporting systems and internal financial control assessments

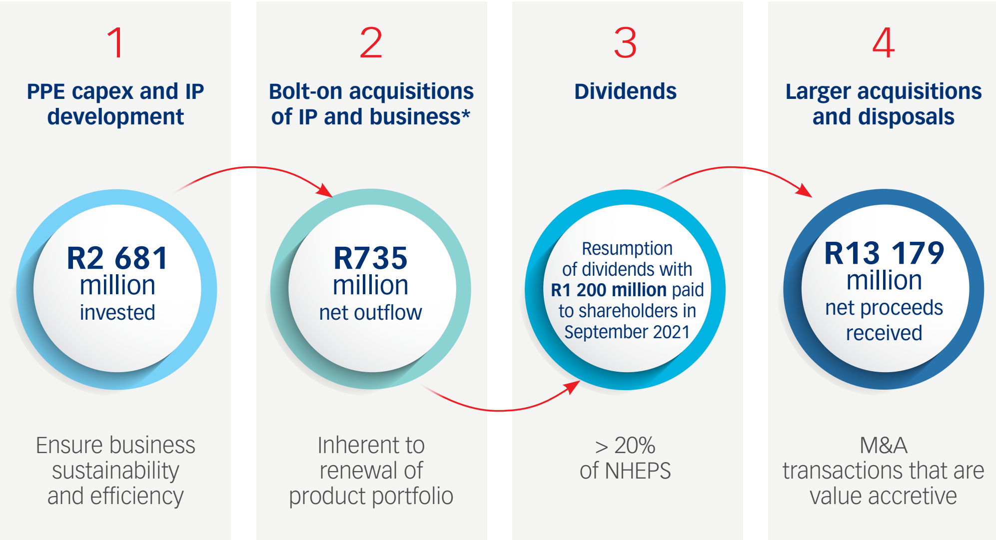
During the year, we have progressed our digitalisation strategy and have invested heavily in new ERP systems and advanced technology. These projects remain integral to our objective of achieving significant improvement in the quality, timeliness and depth of financial and tax reporting available to the Group. We also strengthened our management assurance processes over internal financial controls through rigorous control self-assessment declarations provided by the financial head of each subsidiary, while the Group Internal Audit function provided additional assurance on the design and operating effectiveness of all key internal financial controls. Our robust processes provide support for our assertion that there were no material breakdowns of internal financial controls underpinning the financial results.

Capital allocation according to prioritisation model

In order to ensure an effective allocation of available capital, the Board has approved a prioritisation model that defines the balance between ensuring business sustainability and efficiency, catering for transactional activity inherent in product portfolio renewal, providing guidance to our shareholders on dividends as well as supporting larger acquisitions and disposals that are value accretive – all subject to the pre-condition that

Deputy Group Chief Executive's financial review continued

our net borrowings remain within the threshold leverage cap of no more than 3,0 times. Taking into account the earnings and cash flow performance for FY2021, the existing debt levels as well as amounts already invested and committed, the Board has resumed the payment of dividends with a declaration of a gross dividend of 262 cents per ordinary share which was paid to shareholders registered in the share register as at 23 September 2021.



** Limited to a net transaction value of R1 billion per annum from bolt-on acquisitions and disposals*

Rotation of external auditors

The Audit & Risk Committee embarked on a comprehensive process to affect the controlled rotation of the Group's external auditors and this culminated in the appointment of EY as the Group's auditors for FY2021. The rotation of external auditors is not without significant effort and I wish to thank the financial teams across the Group as well as the incoming EY team for achieving a successful transition notwithstanding the restrictions to on-site engagement imposed during the pandemic. I would also like to acknowledge the contribution of PwC to the Group over the years it diligently served as our external auditor.

Appointment of Group Chief Financial Officer

After 22 years in the role, I have announced my retirement as Deputy Group Chief Executive (and Financial Director) effective 31 December 2021. Following a thorough selection process, the Board has appointed Sean Capazorio as the Group Chief Financial Officer, effective 1 January 2022. Sean joined Aspen in 1999 as a consequence of our acquisition of South African Druggists and I have worked alongside him through the phenomenal transformation of the Group to a multinational corporation. Sean has proven himself over many years to be highly skilled and extremely capable, also bringing with him deep institutional knowledge and very relevant experience. I am sure the whole of the Aspen Group joins me in wishing him every success in his new leadership role.

Looking ahead

While the evolving impact of COVID-19 continues to create uncertainty, our focus remains firmly on positioning the business for sustainable growth through implementation of our strategic plan. The cornerstones of this plan are achieving organic growth in Commercial Pharmaceuticals, growing the contribution from the Manufacturing business by introducing new customers to utilise the additional sterile manufacturing capacity we have created, and improving the EBITDA margin percentage by increasing efficiencies, tight expense control and in-housing of the production of a material portion of our anaesthetics products. These pillars are supported by a proven track record of strong operating cash flows and a solid balance sheet with significant capacity to fund investment opportunities that support the strategy.

In FY2022, we will benefit from the continued production of the COVID-19 vaccine with the exciting possibility of securing a licence from Johnson & Johnson to manufacture, market and sell an Aspen-branded COVID-19 vaccine for Africa. The targeted reshaping of our Commercial business over the past few years, together with our continued focus on developing and evolving our product portfolio, is expected to yield benefits reflected in a continuation of the solid organic growth delivered in FY2021. NHEPS will be positively impacted by further anticipated reductions in finance costs. We will continue to focus on generating positive free cash flows and we anticipate again achieving our operating cash conversion target of at least 100%. Should our assessment of the offers made for our API business translate into a completed disposal of this business, we will have the luxury of even greater flexibility in the options we have to allocate capital. The performance of the Rand against the basket of Aspen's trading currencies may impact our reported results.

Closing remarks

It has been a most gratifying experience to have been able to serve as a director of Aspen from inception of the business. In this time we have achieved more than we ever dreamed of at the outset, and I believe, Aspen stands as a great example of what can be achieved by committed pursuit of a vision, by believing in the art of the possible and by not being deflected by naysayers. To have been able to improve the lives of so many patients across the globe and to have been able to contribute to the economic growth of South Africa have been personal highlights. It has been my pleasure to work with so many exceptionally talented people over these years, united in our common values and objectives. I have benefitted from outstanding support, not only from my colleagues at Aspen, but also from our investors, funders, business partners and service providers, for which I am most grateful. To the many who have guided me and helped me to grow as a person, my appreciation. It has been my honour and privilege to serve alongside Stephen for the entire journey; we have shared many highs and some lows, and throughout he has been an inspiration and a trusted ally; my deep thanks to him for the amazing experiences.

Aspen is in great shape and with Stephen's visionary leadership, the wise counsel of our Board, the direction of our highly skilled executive team and the implementation of our dedicated employees, an exciting future lies ahead. I am looking forward to playing a part in realising this potential in my new role, mentoring and supporting the leadership team.

Gus Attridge
Deputy Group Chief Executive

Our strategic business performance

A high-level overview of our performance over the past year and the outlook for each of our strategic objectives are set out in the pages that follow.

Strategic objective

To deliver a differentiated portfolio of high quality and affordable medicines

Performance highlights

Contributed to the global response to the COVID-19 pandemic through the supply of life-saving medicines and treatments.

Successfully commenced production of the Johnson & Johnson COVID-19 vaccine, contributing to the global response in ensuring vaccine accessibility.

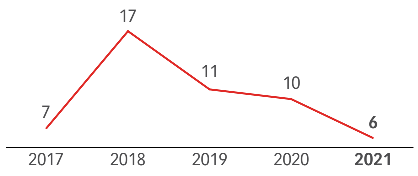
Completed the strategic review of our Europe CIS Commercial business with the divestment of the assets of the European Thrombosis business, creating a commercial platform with a strong weighting towards growth territories.

Continued the targeted approach to product development and licensing initiatives creating a product pipeline aligned with the Group's future growth plans, successfully launching a total of 57 products in 17 countries and territories, broadening access to high quality, affordable medicines and products.

Maintained a strong quality culture achieving positive results from inspections undertaken by regulators and audits conducted by customers.

Reduced further the already low level of product recalls.

KPI: Number of product recalls (number)



The number of product recalls has reached a five-year low following the marked increase experienced in FY2018, where we transitioned the anaesthetic supply chain. Four of the six recalls related to packaging and labelling issues, while all were limited to batch-specific issues requiring recall of the affected batches only.

Challenges experienced

- COVID-19 negatively impacted the demand for some of our products as elective surgeries have been postponed, social distancing lowered the spread of certain communicable diseases and in general, people reduced visits to doctors and pharmacies.
- Instances of supply delays and disruptions, together with spikes in demand as a result of COVID-19, required careful stock allocation and prioritisation to minimise the impact of supply shortages.
- The timing of new product launches is dependent on meeting regulatory requirements and the speed of processing of the necessary registrations by the regulatory authorities in each country. These processes were impacted by the pandemic as regulatory bodies reprioritised their restricted resources to COVID-19-related matters.
- Increasing complexity of regulatory requirements and product regulations, requiring additional resources to maintain and upgrade our IP.

Near- to medium-term outlook

- A successful outcome in our discussions with Johnson & Johnson to obtain a COVID-19 vaccine licence for Africa would make a meaningful contribution to our endeavours to increase access to medicines, particularly on our home continent of Africa.
- Further delivery against Commercial Pharmaceuticals growth objectives.
- The initiative of South African Health Products Regulatory Authority ("SAHPRA") to expedite the backlog of registrations is expected to accelerate the unlocking of further value from our pipeline.
- Development and refinement of the product pipeline in line with the Group's targeted therapeutic categories for each region is being pursued in order to build on the areas of expertise which we have developed and reduce exposure to pricing risks.
- Sales structures will be assessed on an ongoing basis to ensure that we are delivering the appropriate services to meet the demands of healthcare providers.
- Ongoing consideration of collaboration and partnering opportunities to achieve enhanced distribution capability in territories where we lack sufficient critical mass.
- The gearing capacity that has been created provides headroom to pursue any new strategic investment opportunities which are identified as value-enhancing for the Group.

Key risks and opportunities

- Relevant product portfolio able to support COVID-19 treatment initiatives.
- Continuity of supply.
- Delivery of pipeline and new products.
- Digital transformation and information security.
- Execution of our commercial strategies.
- External macro factors.
- Legislation, regulation and compliance.
- Patient safety and product quality.
- Pricing of medicines.

(pages 23 to 30)

Our strategic business performance continued

Strategic objective

To optimise the strategic advantage of our integrated value chain

Performance highlights

For the full 12 months, maintained a consistent and reliable supply of medicines and products globally despite the ongoing disruption caused by COVID-19.

Fast-tracked technical transfer and commenced the production of COVID-19 vaccines for Johnson & Johnson at our Gqeberha manufacturing site in South Africa.

Progressed the significant capital projects at the Gqeberha site in South Africa, the Notre Dame de Bondeville site in France and the Bad Oldesloe site in Germany aimed at increasing capacity and capability for the transition of the manufacture of a significant portion of our anaesthetics portfolio to our own facilities over the next three years. Commercial production of certain anaesthetics products commenced.

Continued to implement changes required to meet serialisation regulations at our manufacturing sites.

Progressed with the mitigation of electricity and water availability risks at our South African manufacturing sites.

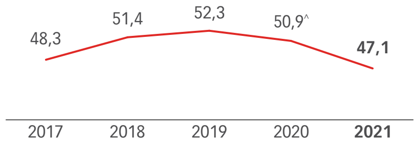
Progressed the strategic project to optimise our end-to-end value chain through an integrated business planning process.

Continued investment in ERP systems and processes to enhance the integration of manufacturing and finance processes and systems, achieving increased efficiency and the ability to manage risks across the complex supply chain more effectively.

Transformational organisational design and process improvement initiatives, initiated at certain API and FDF production sites identified opportunities for increased efficiency and cost reduction.

Currency volatility impacts the cost of goods across the supply network, and since many of our APIs are purchased in USD, the weakening of the USD against a number of the currencies in which we trade resulted in some upside over this period.

KPI: Gross profit percentage (%)



^ *Restated for discontinued operations.*

The lower gross profit percentage is driven predominantly by the higher proportion of Manufacturing sales to total Group sales at a lower gross profit percentage strongly influenced by the FDF form transaction-related supply and the higher costs of production under COVID-19 conditions.

Challenges experienced

- COVID-19 continued to create a challenging operating environment, increasing health and safety protocols at sites, as well as employee absenteeism. Outbreaks of the virus also created instances of delays in the supply of API, changes to production schedules required to meet fluctuations in demand and also constrained shipping channels. These are all factors that impacted costs and productivity levels.
- The pharmaceutical supply chain is complex, and matching supply with demand in multiple territories remains a focus area for the Group.
- Lockdown measures and travel restrictions resulted in delays in the capital expansion projects.
- Increases in the price of heparin resulted in a higher cost of goods sold for thrombosis brands.
- The supply agreements linked to the recent disposal transactions at a low to no margin negatively impacted margin contribution and increased the mix contribution of the Manufacturing segment.

Near- to medium-term outlook

- The consolidation of anaesthetics manufacturing into Aspen sites will further increase our control over the supply chain, enhancing security of supply and thereby allowing better access to these essential medicines. It will also lead to lower cost of goods, allowing access to more competitively priced commercial opportunities.
- The ongoing production of the COVID-19 vaccines at our Gqeberha site in South Africa, with potential for increased production volumes on a contract or licensed basis, will contribute positively to utilisation of sterile manufacturing capacity and improved contribution from Manufacturing.
- Conversion of existing vial capacity to include vaccine capabilities provides further opportunities for supporting vaccine demand.
- The strategy to source sustainable third party volumes to utilise surplus capacity within our manufacturing facilities is expected to have incremental commercial benefits with the additional potential to unlock further partnership opportunities with multinationals.
- The process improvement initiatives underway at some of our key sites are expected to yield considerable efficiency gains.
- Our integrated supply chain and niche manufacturing capabilities, matched with our global distribution capabilities, places us in a position to enter into value-creating partnerships.
- The significant investment in digital transformation initiatives is expected to increase overall value chain efficiency.

Key risks and opportunities

- Continuity of supply.
- Digital transformation and information security.
- External macro factors.
- Legislation, regulation and compliance.
- Patient safety and product quality.

(pages 23 to 30)

Our strategic business performance continued

Strategic objective

To develop and retain a talented, agile and diverse workforce inspired to achieve operational excellence

Performance highlights

Prioritised the health, safety and wellness of our employees while remaining productive and engaged throughout the COVID-19 disruption.

Further progressed the implementation of our global human resources strategy, with the global equity, diversity and inclusion framework receiving heightened strategic focus during the year.

Demonstrated commitment to gender equity through becoming a signatory to the United Nations Women Empowerment Principles.

Completed a number of organisational redesign projects.

Extended the implementation of the Global Learning Management System to further businesses.

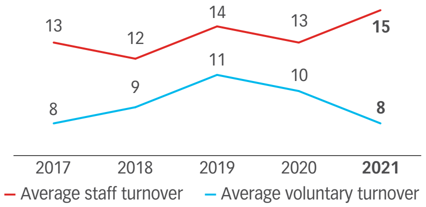
In South Africa, provided a total of 148 learners/apprentices with funding during the year, and provided 51 bursaries to employees to further their formal education.

Continued efforts aimed at the targeted restructuring of the workforce in selected operations to achieve required operational efficiency.

Implemented a Group universal incentive scheme aimed at achieving alignment between the Group, business units and individuals in setting, measuring and achieving performance objectives.

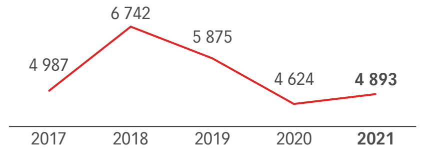
Maintained our historically high safety standards with zero incidents of occupational fatalities and a significantly lower TRIFR.

KPI: Average staff turnover (%)



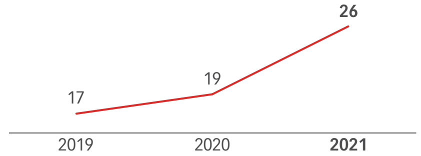
Overall staff turnover has trended upwards reflecting the impact of targeted restructuring activities undertaken within the Group. Voluntary turnover has declined indicating a more stable work environment in a number of the Group's business units.

KPI: Average training spend per employee (Rand per employee)



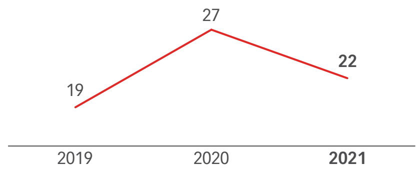
Training spend has gained some momentum in FY2021, but remains negatively impacted by restrictions in travel and face-to-face gatherings imposed during COVID-19.

KPI: Percentage of female employees in top management roles in the Group (%)*



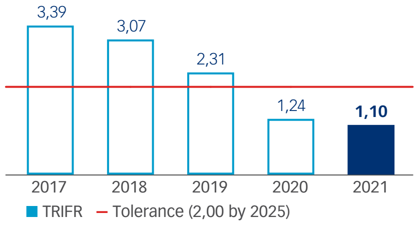
The representation of women in the senior positions in the Group has increased to 26% as efforts continue to advance women within the organisational structure.

KPI: Percentage of black employees in top management roles in South Africa (%)*



The percentage of black employees in the top management roles in South Africa has been impacted by restructuring activities and has declined to 22%.

KPI: Total recordable incident frequency rate (ratio)



The TRIFR has reduced to below the tolerance level indicating an improved health and safety culture. No occupational fatalities were recorded. Despite the improvement, the investigation, analysis and remediation of all incidents remains a focal point in order to prevent recurrence.

** These KPIs were only measured from 2019 and therefore no prior comparatives are available.*

Challenges experienced

- The ability to attract, retain and develop the diverse talent and specialist technical skills required to support the increasing complexity of the Group remains a focus area.
- The implementation of certain training and development interventions was negatively impacted by COVID-19.
- Maintaining the health, safety and general well-being of our employees during the COVID-19 pandemic while rapidly deploying new ways of working.
- The inherent health and safety risks relating to the pharmaceutical and chemical industry require an unwavering focus on maintaining a strong safety culture across all of our operations.

Near- to medium-term outlook

- The continued implementation of the global human resources strategy will further progress our objective to create an engaging, enabling and inclusive environment for all of our employees.
- Organisational redesign projects are underway to position the Group for increased effectiveness.
- The drive to improve the representation of women and, in South Africa specifically, racial diversity in key management levels remains a focus in the medium term.
- Initiatives to further enhance the safety culture across our operations continue to receive attention.

Key risks and opportunities

- Attraction, development and retention of skills.
- Digital transformation and information security.
- Ethical conduct and stakeholder relationships.
- Legislation, regulation and compliance.
- Protection of the health and safety of our employees and the environment.

(pages 23 to 30)

Our strategic business performance continued

Strategic objective

To be a good corporate citizen by conducting our business in a responsible, inclusive and sustainable way

Performance highlights

Actively supported efforts to respond to the COVID-19 pandemic.

Retained our inclusion in the Top 30 FTSE/JSE Responsible Investment Index and FTSE4Good Index Series.

Maintained our support of the UN Global Compact, the CDP-CC and CDP-WS initiatives.

Aspen's ethics culture in 17 major businesses across the Group was independently assessed by The Ethics Institute as advanced (85th percentile).

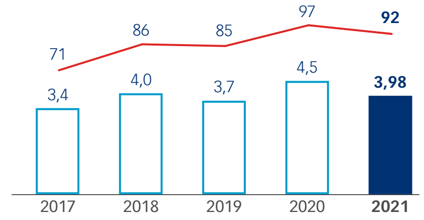
Continued to focus on targeted transformation initiatives in the South African business and the achievement of BBBEE objectives.

Continued our support of SED projects contributing to the well-being of the communities in which we do business.

Reached agreement with the European Commission, successfully closing its investigations into certain pricing matters.

Reduced total carbon emissions, waste generated, water withdrawn and electricity used.

KPI: FTSE/JSE responsible investment index score



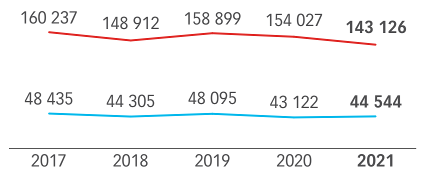
Our score on the FTSE/JSE Responsible Investment Index reduced to 3,9 reflecting the introduction of specific criteria relating to climate action and targets within the scoring methodology. Despite this reduction, we remain above the 90th percentile in the Health Care peer sector group and we have retained our inclusion in the top 30 FTSE/JSE Responsible Investment Index and FTSE4Good Index.

KPI: BBBEE accreditation in South Africa

	2017	2018	2019	2020	2021
Contributor level	4	4	4	4	**4**

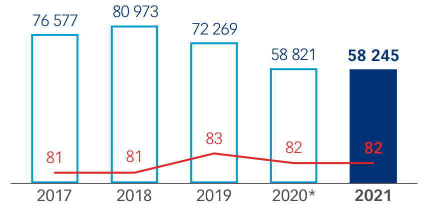
Through executing a focused BBBEE strategy, we have retained our contributor level at Level 4.

KPI: Carbon emissions (tCo_2e)



Total carbon emissions have decreased with increases in Scope 1 emissions, driven by increased production at Gqeberha, being offset by lower energy consumption arising from continuous improvement projects.

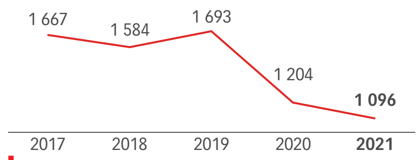
KPI: Waste recycled



* Restated.

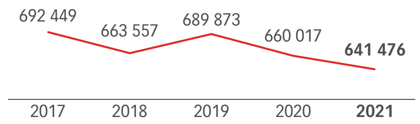
Total waste generated and the percentage of waste recycled remained flat year-on-year. Approximately 1% of waste generated is diverted to landfill.

KPI: Water withdrawn (megalitres)



There has been a further 9% reduction in the volume of water withdrawn as water conservation projects continue to yield favourable results.

KPI: Electricity used (gigajoules)



Electricity consumption decreased by a further 2,8% in FY2021 as energy improvement projects continue to be implemented at sites.

Challenges experienced

- Stakeholder expectations, reporting and disclosure requirements in respect of our corporate citizenship and sustainability commitments continue to increase and require ongoing attention to ensure we continue meeting these in a balanced and responsible manner.
- Our operations span multiple territories, with complex regulatory frameworks requiring ongoing vigilance to reduce the risk of non-compliance.

Near- to medium-term outlook

- Ongoing emphasis will be placed on ensuring an ethical and values-driven culture throughout the Group.
- Continued investment in appropriate skills development and enterprise development initiatives as well as a focus on preferential procurement to further improve our BBBEE performance.
- In line with a revised Group SED policy, projects aligned to specific objectives will be continued in the countries in which we do business.
- Areas for improvement flagged in the ethics culture assessment performed by The Ethics Institute will be incorporated into the Group's ethics and compliance programmes and processes.
- A climate change strategy is being developed for the Group aimed at addressing climate change risks.
- The recalibration of our sustainability strategy and alignment of our ESG priorities is underway to meet increasing expectations of our various stakeholders.

Key risks and opportunities

- Environmental sustainability, including climate action.
- Ethical conduct and stakeholder relationships.
- Legislation, regulation and compliance.
- Protection of the health and safety of our employees and the environment.

(pages 23 to 30)

Our strategic business performance continued

Strategic objective

To create sustainable economic value for our stakeholders

Performance highlights

Created R16 492 million in value, with R7 538 million being paid to employees, the generation of R1 380 million in revenue for governments, R22 481 million in payments to providers of goods and services and R19 million to support various SED initiatives.

Achieved double-digit organic revenue growth, with Commercial Pharmaceuticals revenue up 6% (+4% CER) and Manufacturing advancing 36% (+29% CER).

Tight controls implemented over operating expenses contributed positively to EBITDA margins.

Completed the divestment of the assets of the European Thrombosis business in line with our stated strategy to bring greater focus to the Commercial Pharmaceutical business. This transaction realised net cash inflow in FY2021 of R12 351 million (before tax) and contributed notably to the deleveraging of the Group.

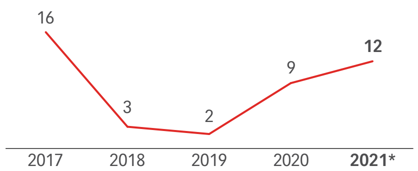
Achieved strong operating cash flows, realising a cash flow conversion ratio of 134%.

Strong operating cash flows and net proceeds on divestments was used to accelerate deleveraging of the balance sheet, achieving a leverage ratio of 1,74 times at financial year end, with substantial headroom on covenant level of 3,5 times.

Dividend reinstated and declared at 262 cents per share.

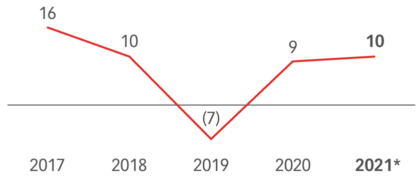
Secured a joint financing package of EUR600 million from a consortium of development finance institutions to be used to refinance a portion of existing EUR-denominated syndicated debt facilities.

KPI: Revenue growth (%)



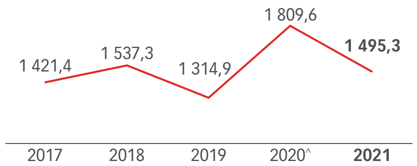
Reported revenue growth of 12,0% was underpinned by solid organic growth in the Commercial Pharmaceuticals segment (+6%) and Manufacturing segment (+36%) boosted by COVID-19 vaccine supply as well as FDF transaction-related revenue.

KPI: NHEPS growth (%)



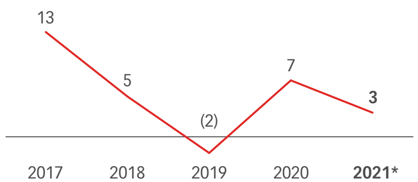
Reported NHEPS growth of 10% has benefitted from the reduction in net finance costs of 29% in the current year.

KPI: Operating cash flow per share (cents)



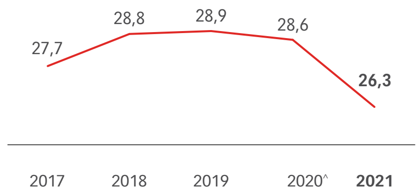
The discontinued businesses have impacted the absolute cash flow values, but operating cash flow conversion rate remains extremely strong at 134%, well above the internal target of 100%.

KPI: Normalised EBITDA growth (%)



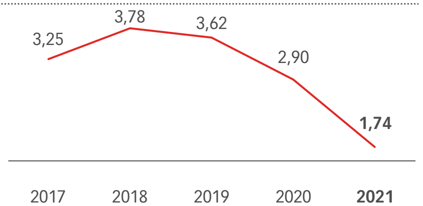
The reported growth in normalised EBITDA of 3% has been affected by the lower gross margin percentage of the Manufacturing segment, which also increased its percentage contribution to revenue and reduced other operating income.

KPI: Normalised EBITDA margin (%)



The reduction in the normalised EBITDA margin percentage is due to the dilutive effect of the increased mix of lower margin Manufacturing revenue partially offset by well-controlled operating expenses.

KPI: Leverage ratio (%)



Positive cash flows and proceeds on the disposal of the assets of the European Thrombosis business have enabled the reduction of net borrowings, reducing the leverage ratio to comfortably within the covenant level of 3,5 times.

** Growth calculated on 2020 restated figure for discontinued operations.*
^ Restated for discontinued operations.

Our strategic business performance continued

Strategic objective continued

To create sustainable economic value for our stakeholders

Challenges experienced

- Sales in certain product segments negatively impacted by COVID-19.
- Oncology price reductions have had an unfavourable impact on Commercial Pharmaceuticals revenue and gross profit in the Europe CIS region.
- Ongoing downward pressure on selling prices.
- Increasing costs of doing business under COVID-19.
- Evolving pharmaceutical regulations and application of increasingly stringent quality standards has led to raised costs of compliance across all territories. The high cost of doing business in this complex regulatory environment places pressure on achieving satisfactory returns on investment.

Near- to medium-term outlook

- The completion of the strategic review of the European CIS business is expected to deliver improved results.
- Product launches from our focused product pipeline provides further potential for growth.
- Continued focus on initiatives aimed at reducing operating costs and driving production efficiency.
- The transition of anaesthetics production to our own facilities expected to generate reductions in costs of goods.
- Vaccine roll-out will gather momentum as FY2021 only included four months of sales.
- Further revenue generation potential through additional Sterile Manufacturing capacity that will come on line.
- Continued downward pressure on selling prices is expected.
- Our favourable relationships with many multinational pharmaceutical companies positions us to engage with them regarding collaborations and mutually beneficial transactions.
- Overall, the business is well positioned to continue positive FY2021 momentum, with further upside potential from the end of COVID-19-specific costs.

Key risks and opportunities

- Capital structure and debt obligations.
- Delivery of pipeline and new products.
- Digital transformation and information security.
- Execution of our commercial strategies.
- External macro factors.
- Legislation, regulation and compliance.
- Pricing of medicines.
- Realising the expected benefits from acquisitions and divestments.

(pages 23 to 30)

Business segment overview*

* *All commentary in the Business segment overview reflects CER performance*

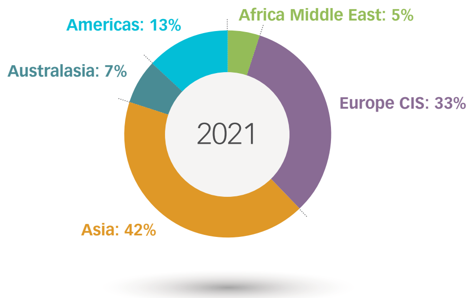
Sterile Focus Brands

Aspen's Sterile Focus Brands include a diverse range of sterile pharmaceutical preparations of high quality, niche medicines across both anaesthetics and thrombosis therapies. These established brands are predominantly used in an acute hospital setting

28% of Group revenue

36% of Group gross profit

Sterile Focus Brands revenue



	2021 R'million	2020 (CER) R'million	Change %
Revenue	**10 691**	9 815	9
Gross profit percentage	**59,0%**	62,5%	

Key brands

Brand	Description
Diprivan	General anaesthetic
Emla	Local anaesthetic
Fraxiparine	Low molecular weight heparin
Marcaine	Regional anaesthetic
Xylocaine	Regional anaesthetic

Performance

The Sterile Focus Brands portfolio increased revenue by 9% to R10 691 million for the 12 months ended June 2021 as compared to the prior year. The demand volatility seen in the prior year as a result of COVID-19, re-emerged in the current financial year but to a lesser extent. Increased demand was seen across certain of our medicines used in the treatment protocols established for patients who tested positive for COVID-19. A few territories experienced early signs of recovery in elective surgeries with the lifting of restrictions, supporting the sound underlying performance of this segment.

In Asia, annual revenue grew 17% to R4 491 million, driven by a full year of trade in China compared to the prior year when a hard lockdown resulted in significant lost sales. Europe CIS revenue posted a modest 2% increase in revenue, negatively affected by the absence of a repeat of the unusually high COVID-19-related demand in the prior year. This was partially offset by high thrombosis demand in Russia, where Fraxiparine was used extensively in treating medically ill pandemic patients. As Fraxiparine in Russia is a lower margin product within the Sterile Focus Brands portfolio, this caused gross profit dilution.

Prospects

Sterile Focus Brands are expected to deliver more modest growth in the coming financial year. Aspen's guidance is informed by the expectation of a moderation in COVID-19-related demand, as countries progress with their vaccination programmes, and the impact of volume-based procurement on our Asia business. Chinese healthcare reform policies have, since 2018, focused on reducing the cost of off-patent pharmaceuticals and this is expected to have some impact on Aspen's revenue from this country in the 2022 financial year. Aspen was unsuccessful in the volume-based procurement tender for an anaesthetic product, Naropin, in China, resulting in a material decrease in the revenue outlook for this product. As a result of this outcome, an impairment charge of R630 million was made against Naropin. The losses to Naropin in China are expected to be offset by positive gains from the other Sterile Focus Brands in this country, allowing for modest overall revenue growth to be targeted. We view the 2022 financial year as a transitional year, as countries emerge from different levels of COVID-19 restrictions to the new normal, which will rebase the Sterile Focus Brands business.

Over the next few years, we will transfer a large proportion of our anaesthetics medicines from FDF third-party contractor sites to Aspen-owned manufacturing facilities in South Africa, France and Germany. As a consequence of this transfer process, we expect steady increases in the gross profits earned from Sterile Focus Brands over the medium term. While the previously communicated timelines suggested that all transfers would be finalised by the end of the 2024 financial year, a six-month delay in transferring our anaesthetics brands caused by a COVID-19-related supplier backlog is expected to impact the blow-fill seal manufacturing line in France. The in-house manufacture of the anaesthetics medicines has broader benefits of filling sterile FDF capacity and improving security of supply. The updating of product dossiers, required for in-housing processes, provides an opportunity to facilitate new registrations in countries where the anaesthetic product portfolio could be more broadly represented.

Business segment overview continued

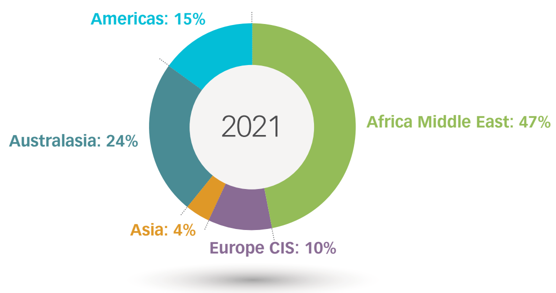
Regional Brands

Regional Brands comprise a portfolio of global and domestically recognised brands across OTC, consumer, branded and generic prescription products. Across our key territories, experienced in-country marketing and sales teams promote and support the organic growth of these brands

46%
of Group revenue

52%
of Group gross profit

Regional Brands revenue

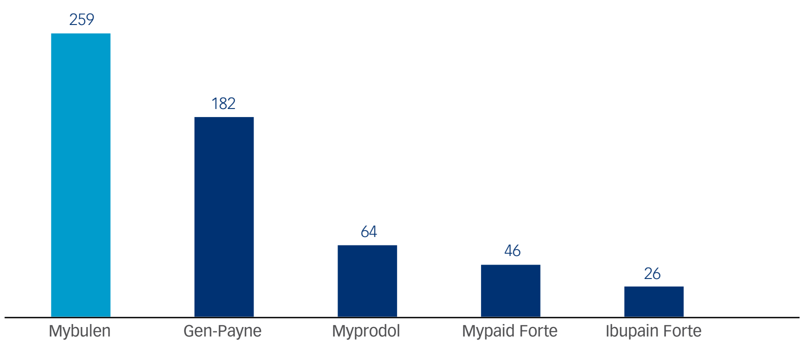


	2021 R'million	2020 (CER) R'million	Change %
Revenue	**17 183**	16 919	2
Gross profit percentage	**54,3%**	53,2%	

Key brands

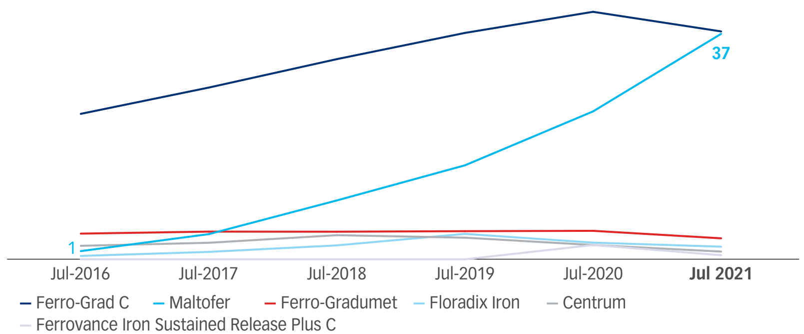
Brand	Therapeutic category
Circadin	Sleeping aid
Foxair	Respiratory
Maltofer	Iron supplement
Mybulen	Analgesic
Zyloric	Uric acid production inhibitor

South Africa: Mybulen versus competitors (MAT values, R'million)



Source: IQVIA – July 2021.

Australia: OTC iron deficiency market, Maltofer versus competitors (MAT values, AUD'million)



Source: IQVIA – July 2021.

Business segment overview continued

Performance

The Regional Brands segment displayed respectable revenue growth of 2% to R17 183 million in the current financial year, showing resilience in the face of depressed demand, impacted by a COVID-19-induced reduction in demand for medicines treating certain infectious diseases, especially in respect of the South African and Australian portfolios. Further sales pressure was caused by the mandated price cuts in the European oncology portfolio in the second half of the year. Excluding the impact of the mandated European oncology pricing cuts, Regional Brands grew 4%.

Regional revenue growth was led by the Americas (+9%) and Australasia (+6%), with Asia (+4%) and Africa Middle East (+2%) delivering decent growth. A strong performance in Latin America, despite an extremely challenging environment brought about by COVID-19 factors, supported the gains across the Americas. Stronger second-half performances in South Africa and Australia were supported by excellent advances from OTC brands.

Savings gains made across the segment outweighed the negative impact of the mandated oncology price cuts in the second half of the financial year and the segment delivered a gross profit percentage of 54,3% as compared to 53,2% in the prior year.

Prospects

During the second half of the financial year, the performance across the Regional Brands portfolio broadly improved across the Group's key regions, supported by specific efforts from the in-country teams who adapted to the social distancing practices, school closures and work-from-home measures instituted in most countries. In the coming financial year, we expect the recovery in growth momentum in the segment to continue, alongside improved performances in South Africa and Australia, with a reduced impact from mandated oncology pricing cuts in Europe. Additionally, we expect the Americas to continue to contribute to the overall positive growth momentum.

We will continue to refine our products to ensure that our portfolio remains relevant to dynamic market conditions and patient needs. We will evaluate bolt-on opportunities in line with capital allocation and portfolio management models, which could benefit this segment. South Africa, specifically, continues to actively refine its portfolio with two recent disposals and further anticipated transactions.

This is demonstrated by the announcement on 22 October 2021 of the disposal of six products to Acino Pharma AG for a consideration of approximately R1,8 billion, plus the cost of related inventory. This transaction, which is conditional upon the fulfilment of customary conditions precedent, is anticipated to complete by 31 December 2021.

The impact of mandated European oncology price cuts have adversely impacted the portfolio in the second half of the 2021 financial year. We expect some remaining adverse impact to follow into the next financial year.

Business segment overview continued

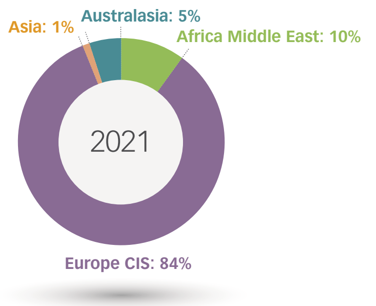
Manufacturing

Aspen has widely accredited manufacturing facilities and global economies of scale positioning us to produce high quality, affordable medicines for a diverse customer base. We manufacture a wide variety of product types including steriles, oral solid dose, liquids, semi-solids, biologicals and APIs. Our strong track record and experience in manufacturing as well as increasing investments in sterile capacities and capabilities presents Aspen as a globally relevant player in the sterile manufacturing industry

26% of Group revenue

12% of Group gross profit

Manufacturing revenue



** Based on source of manufacture.*

	2021 R'million	2020 (CER) R'million	Change %
Revenue			
API	**5 154**	5 032	2
FDF	**3 495**	1 446	>100%
Total	**9 892**	7 661	29
Gross profit percentage	**21,8%**	30,6%	

Performance

The Manufacturing segment grew 29% to R9 892 million, contributing 26% to Group revenue as compared to 22% in the prior year. This growth was driven predominantly by revenue from FDF supply agreements, arising from recent disposals to Mylan/Viatris and Sandoz and the initiation of the COVID-19 vaccine revenue stream in the last quarter of the financial year. Excluding these supply agreements, the Manufacturing segment revenue was up 7%.

Aspen's manufacturing sites continued operations throughout the pandemic, ensuring continuity of supply of medicines to patients and customers around the world. Operating under COVID-19 conditions gave rise to additional operating and logistic costs, which negatively impacted gross profits. In addition, the revenue contribution from supply agreements arising from recent disposals to Mylan/Viatris and Sandoz, which are at low or no margin, also weighed on the gross profit. Gross profit percentage contracted to 21,8% for the year, as compared to 30,6% in the prior year.

Active pharmaceutical ingredients

API-related revenue contributed 65% to the Manufacturing segment revenue. The API Chemical business grew 2% to R5 154 million, having been negatively impacted by inefficiencies associated with keeping sites operational and ensuring COVID-19 protocol protected the safety of our employees. API Biochem revenue grew 5%.

Finished dose form

FDF contribution to the Manufacturing segment increased materially to 35% as compared to 19% in the prior year, and delivered the greatest contribution to revenue growth for the segment of 142%. The strong growth delivered was due to transaction-related supply to Mylan/Viatris and Sandoz and the circa R400 million contribution from revenue from the production of the Johnson & Johnson COVID-19 vaccine at the Gqeberha production site in South Africa.

Prospects

In the current financial year, Aspen achieved a key milestone, having initiated the manufacture of Johnson & Johnson COVID-19 vaccines at the state-of-the-art, sterile manufacturing facility in Gqeberha, South Africa. The production of vaccines in South Africa marks a significant step towards Aspen's goal of improving access to medicines for patients. In the next financial year, Aspen expects the Manufacturing business to again record the largest gains in revenue growth percentages, supported by the inclusion of vaccine-related revenues for a full 12 months.

Further development is underway at the Gqeberha site, where existing vial capacity is being converted to include vaccine capabilities. This will increase capacity per annum from 300 million doses[2] to approximately 450 million doses by February 2022, increasing to over 700 million doses by January 2023. This increased vaccine footprint is expected to be utilised for COVID-19 vaccines and other opportunities.

The Manufacturing business has made a number of important advances over the past year and is poised to play a material role in driving top-and-bottom line growth. Progress has been made in achieving our sterile capacity fill targets, with volume commitments having been signed and advanced talks underway with three potential customers for 80 million doses of prefilled syringes at Notre Dame de Bondeville in France. We anticipate commercialisation of these opportunities in calendar years 2022 and 2023.

[2] *measured in 1 dose = 1 ml vial*

05

Creating value through our capitals

Covered in this section

In our pursuit of long-term value creation, we leverage our six capitals and unique value drivers to provide high quality, affordable medicines in a responsible and sustainable way

Intellectual capital

Our intellectual capital supports our commitment to increasing the number of lives that benefit from our focused therapeutic basket of high quality, affordable medicines

Inputs

- Intellectual property rights, marketing authorisations, licences, trademarks and software
- Goodwill
- Pipeline of products
- Information & Technology systems and processes
- Business acquisition and integration know-how
- Global sales, marketing and distribution centres

Key initiatives

- Development of a carefully selected product pipeline that is tailored to each territory in which we operate and is aligned with the Group's therapeutic focus areas
- Product development projects performed by our own scientists in product development laboratories
- Identification and assessment of acquisition and collaboration opportunities to accelerate growth and facilitate expansion into targeted growth territories
- Integration of acquired businesses into our value chain while ensuring synergistic efficiencies and economies of scale
- Assessment and rationalisation of existing product portfolio to reduce complexity, retaining focus on products providing adequate returns and relevance to the market it serves
- Group oversight of pricing decision to ensure appropriate balance between responsible pricing and business sustainability
- Development and maintenance of efficient and compliant regulatory, pharmacovigilance, procurement and supply chain systems
- Maintenance and protection of IP rights
- Responsible and ethical marketing and promotion of our products
- Digital transformation through investment in systems and processes and enhancement of digital capability
- Focus on advancing digitisation and I&T governance maturity as well as information security initiatives

Outcomes

- Increased number of patients benefiting from our products
- Broad range of post-patent, branded medicines and domestic brands covering hospital, prescription and consumer sectors
- Product portfolios aligned with targeted therapeutic categories for each region
- Consistent, compliant and efficient regulatory, pharmacovigilance, procurement and supply chain systems which provide competitive advantages for the Group
- No significant product recalls
- Successful launch of 57 products from the pipeline during the past year
- High quality, affordable medicines and products that improve quality of health
- Technology-enabled business processes
- Protection of company and private information

Value created for stakeholders

- Improved health and quality of life for the patients who use our medicines
- Provision of quality and affordable treatment options and medicines to patients, HCPs and healthcare systems
- Contribute to effective healthcare systems through supply of essential medicines and pharmaceutical regulatory compliance in the countries in which we operate

Material sustainability topics covered in this section:

- Access to medicines
- Responsible product portfolio
- Patient safety
- Responsible marketing
- Data privacy and information security

3 GOOD HEALTH AND WELL-BEING

Access to high quality, affordable medicines

Access to affordable healthcare is a global priority. The medicines we manufacture and distribute improve health, enhance the quality of life of patients globally and contribute to creating economic benefit through healthier, more productive populations. We continue to focus on developing a product portfolio that leverages our intellectual and manufacturing advantage, including investment in effective older specialty medicines that provide viable treatment options compared to expensive new innovative drugs. Effective treatments contribute to lower healthcare costs and prevent more costly treatment requirements. Through our extensive global presence, and a strong presence in developing regions, we extend the availability of our medicines and products to new patient populations.

Our response to COVID-19

In the face of the COVID-19 pandemic, the reliable supply of life-saving medicines used to treat this disease in patients, many of whom receive this treatment in intensive care units, has been of paramount importance. Certain of our Anaesthetic products are used in the tracheal intubation of patients, while anticoagulants are used to counter the increased risk of thrombotic complications in patients who have suffered from COVID-19. Aspen's dexamethasone, in particular, has also been widely used as a treatment option for hospitalised COVID-19 patients. In response to the global demand for these and other essential medicines, we established a supply chain task force to coordinate our efforts in ensuring the continued supply of products where they were needed most.

COVID-19 vaccine

As the global response to the pandemic moved to the race to develop and manufacture vaccines, we are proud to have been selected by Johnson & Johnson to manufacture its COVID-19 vaccine at our Gqeberha manufacturing site. Our ability to produce these vaccines on behalf of Johnson & Johnson builds on our commitment to sustaining life and health through supporting access to high quality, affordable medicines. We are intently committed to making our sterile manufacturing capacity available to ensure equitable access to vaccines for less developed countries, with a particular emphasis on African countries.

We are excited at the potential to accelerate access to COVID-19 vaccines, which could include obtaining a licence to manufacture, market and sell an Aspen-branded vaccine for Africa (page 43).

Intellectual capital continued

Essential medicines

Our diverse product portfolio in targeted therapeutic areas and unique trusted brands provides effective treatment options for patients. 176 of our products are included in the WHO Essential Medicines List (as at 13 August 2021).

Product reach

Our medicines are accessible to patients in over 150 countries and regions, including patients in emerging economies. In FY2021, we supplied medicines to 53 of the 106 countries identified in the Access to Medicines Index as countries where better access to medicines is needed most.

Affordability and pricing

Our product portfolio is comprised mainly of established, post-patent medicines and generics. Our product portfolio is not protected by patent exclusivity and is therefore subject to market and regulatory mechanisms aimed at achieving affordable access to medicines. All pricing decisions are overseen by the Group's Pricing Committee, established to ensure an appropriate balance of responsible pricing and business sustainability.

Product portfolio

Our medicines fall into the following business segments:

Regional Brands (page 58)	Our diverse regional portfolios provide patients and consumers with a broad range of treatments across a number of therapeutic categories in the hospital, prescription and OTC areas. This segment includes our high potency and cytotoxic medicines which are often used in life-saving medical interventions and due to their potency and toxicity, are manufactured under specialist conditions. Included in the high potency and cytotoxics range are products designed to treat underactive thyroid conditions, immunosuppressants, oncological products, female hormonal replacement therapies, anabolic steroids, glucocorticoids and oestrogens.
Sterile Focus Brands (page 57)	Our Sterile Focus Brands segment comprises our specialty brands in two therapeutic-focused portfolios, anaesthetics and thrombosis.
Anaesthetics portfolio	Patients require anaesthesia during major surgery, local surgical procedures, and for more minor pain control situations. Our portfolio offers the most comprehensive range of anaesthetic treatments available from any one company. It includes products indicated for the induction and maintenance of general anaesthesia; opioids used during induction, maintenance and recovery; as well as neuro-muscular blocking agents used to facilitate intubation and to relax the muscles for surgical procedures. Our regional and local anaesthetic products, include injectables and topical agents such as ointments, gels, sprays, creams and patches.
Thrombosis portfolio	Thrombosis occurs as a result of the body's haemostatic pathway being activated inappropriately, leading to the formation of blood clots. This condition is life-threatening and, if not appropriately treated, may lead to a stroke, myocardial infarction, ischemia and other complications. Our basket of thrombosis products fits into the injectable anticoagulant category, aimed at the prevention and treatment of thrombotic diseases, including deep vein thrombosis, pulmonary embolism and acute coronary syndrome. Our focus in this portfolio is the low molecular weight heparin, Xa inhibitors and heparin derivatives.

Portfolio management model

Drivers of portfolio strategy

- Patients' needs
- Market conditions
- Group capability
- Return on investment expectations

Build portfolio

Acquire	Develop	Collaborate
Proactively seek value enhancement opportunities Complimentary to existing operations	Leverage intellectual and manufacturing advantage Product development lifecycle management	Strategic relationships with multinational companies

Maximise portfolio returns

Sales and Marketing | Manufacturing | Supply Chain

- Leverage sales and distribution network
- Achieve manufacturing synergies
- Optimise supply chain
- Integrate acquisitions into existing business

Reshape portfolio

Revitalise	Collaborate	Divest
Evaluate opportunity to extract further value e.g. line extensions, new regional launches	Seek partnerships that will unlock further value	Check alignment to Portfolio strategy and divest non-core assets

Available capital

Generate sustainable cash flows
Realisation of proceeds from sale of assets

Aspen portfolio

- Balance between focus and diversification across regions and therapies
- Leading specialty and regional brands
- Off-patent, niche specialty brands
- Prescription, OTC and consumer health products

Intellectual capital continued

Product pipeline

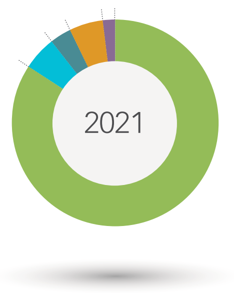
Intellectual property, in the form of developed, licensed and acquired product molecule dossiers, is the key driver for organic growth in the pharmaceutical industry. Our product pipeline largely represents opportunities related to acquired and internally developed product dossiers, planned product line extensions to leverage existing brands within and across territories and targeted branded product acquisitions. Our internal product development takes place under the direction of our highly skilled scientists, both in our own laboratories as well as in collaboration with other global pharmaceutical companies and research facilities. Products in the pipeline are aimed at therapeutic categories relevant to disease profiles in each territory. The pipeline continually undergoes technical and commercial feasibility testing for the territories they are aimed to be launched in. Acquisitive growth, in the form of corporate acquisitions and product distribution arrangements, largely entered into with leading multinational pharmaceutical companies, supplements our organic growth strategy and strengthens our ability to respond to identified healthcare needs.

During the year, we continued to launch new products and grow our pipeline, with 57 products launched in 17 countries and territories. The Africa Middle East business has been consistent with the introduction of new products supporting primary healthcare across the region, with the South African pipeline delivering 24 product launches during the year.

We continue to refine our pipeline to ensure that molecules with confirmed commercial feasibility are included, with a stronger focus on fewer products, but with an improved value offering. Some of the key opportunities included in our pipeline are the following:

- We are pursuing opportunities on a broader pipeline roll out in China, with a focus on brands that are less vulnerable to volume-based pricing mechanisms. Short-term opportunities include Ovestin and Emla, which are planned for launch in FY2022, while a number of additional products have been identified for future registration. These pipeline opportunities will broaden our basket of products in this important growth territory and assist in leveraging our existing promotional base and the related cost structures of our Chinese business;
- To increase our presence in the United States with further launches into the Women's Healthcare therapeutic area. Following feedback from the US FDA, we anticipate commencing bioequivalence studies of synthetic conjugated estrogen early in the 2022 calendar year;
- While progress on the clinical studies for Orgaran have been impeded by COVID-19, we have continued to look for a suitable strategic partner to reinitiate these studies as we continue to assess the associated commercial rationale;
- As SAHPRA continues to expedite the backlog of registrations in South Africa, we expect to successfully unlock further opportunities in our pipeline of new chemical entities ("NCEs"), niche developed and licensed products in this territory; and
- Our consistent focus across the Latin America, Europe and Middle East North Africa regions is aimed at expanding the presence of our specialty brands as well as introducing new products in our focus therapeutic categories.

Number of launches per region (57 in total)



Africa Middle East	48
Americas	3
Australasia	2
Asia	3
Europe CIS	1

Divestment

The Group has, as part of its efforts to align its portfolio offering and regional presence with its core strengths and strategies, undertaken a range of divestments over the past few years. The most material divestment undertaken during the year under review was the divestment of the commercialisation rights and related IP relating to Aspen's Thrombosis business in Europe to Mylan. The thrombosis products included in the transaction are sold under the brand names, and variations of the brand names, Arixtra, Fraxiparine, Mono-Embolex and Orgaran in Europe. This divestment supported the Group strategy of reshaping our product portfolio towards a greater concentration of revenue in emerging markets and achieving a more streamlined business in Europe. Mylan was considered the ideal partner to acquire these assets, given the company's strength in Europe, commitment to the injectables and biosimilars space and comparable employee-first culture and values. Under the terms of the agreement, Aspen continues to manufacture and supply the products, contributing its significant expertise in the production of sterile injectables.

Product portfolio management

Through our dynamic portfolio management model (illustrated on page 63), we build, maximise and reshape our basket of products to achieve a global product portfolio of niche, specialty products complemented by leading Regional Brands, aligned with our manufacturing capability. We have made significant investments in upgrading our older medicines to meet modern regulatory requirements, providing value-for-money alternatives to new and more expensive innovative drugs. The integration of global and regional acquisitions and pipeline launches into our product portfolio while divesting of non-core products, positions us to provide affordable critical medicines with proven efficacy and safety to patients in a sustainable way.

Responsible marketing and promotion of products

We are committed to providing accurate and balanced information about our products by ensuring that we promote them responsibly across our commercial operations. The Group's position on responsible marketing and promotion of our products is described in the recently adopted Group Policy on Product Promotion and Scientific Engagement, which is aligned with the International Federation of Pharmaceutical Manufacturers & Associations' Code of Practice. Compliance with this policy will form part of the Group's overall ethics and compliance processes, and certification training on this new Group policy is currently underway. An amended version of the existing Group Code of Marketing Practice is now an annexure to the policy and is aimed at ensuring that any promotional activities and interactions with HCPs, other healthcare staff, government officials, regulatory officials, patient groups, media and the general public are carried out in a responsible, ethical, professional and legal manner. We are also committed to complying with other relevant regulations and legislation in respect of matters relating to consumer relationships, including advertising standards and consumer engagement protection laws. Compliance is monitored through our Group Ethics and Compliance Framework (refer to page 79). There were no instances of non-compliance with regulations related to marketing and promotion during the year.

We have implemented programmes provided globally from the Aspen Learning Academy, which provides training to our qualified medical representatives, ensuring that they have specialist product knowledge to support and guide those HCPs they interact with. This includes competency training for all trainers within the organisation responsible for disease and product knowledge training. We have further initiated continuous improvement projects for the standardisation of learning materials for brands shared across our learning management systems to support certification.

Intellectual capital continued

We conduct product awareness training for employees and for customers, as appropriate. Since we do not deliver products directly to the end-customer or consumer, we ensure that only accredited third party distributors are used to provide logistics services and in certain countries, wholesaling services. Our suppliers and service providers are bound by the Aspen Supplier and Service Provider Code of Conduct and are required to uphold prescribed ethical and human rights standards across the supply chain.

Patient safety

The Group Pharmacovigilance team, supported by the local business units globally, is responsible for monitoring and managing the safety of all our products. Pharmacovigilance covers the activities relating to the detection, assessment, understanding and prevention of adverse effects or any other drug-related problems, and is core to our patient responsibility.

As part of our product lifecycle management process, we continuously assess the risk/benefit relationship of our products. In collaboration with health regulatory authorities, we endeavour to provide all HCPs and patients with comprehensive up-to-date safety information, which allows for the safe use of our products. In line with best practice, we have continued to invest in digital tools to enhance our surveillance of product safety information from multiple global sources and ensure the effective consolidation and review of this data. We use this information to enhance our product safety information, which is made available through the required channels. The Social & Ethics Committee provides oversight on consumer relationships as this relates to product quality and adverse drug reaction incidents reported globally.

Clinical trials

We have limited involvement in clinical trials. Clinical studies are conducted to fulfil regulatory authority obligations or are limited to post-marketing studies. Clinical activities are therefore limited to well-known and established medicines, involve a small number of patients and do not pose a risk to patient safety. Market research studies that are conducted involve gathering marketing-related information by means of a patient or HCP questionnaire, or they involve a retrospective data review, which means these are non-interventional studies, with no risk to the patient. We have recently concluded a small Phase III study to support a new fixed dose formulation that contains two well-known chemical entities. We are currently planning one other, of similar design. These studies are limited to a small number of patients (less than 200) and are intended to show that two well-established products are used safely when combined in one dosage form.

Before and while conducting a clinical trial (be it a clinical study, a post-marketing study or a bioequivalence study), it is mandatory to secure the required regulatory and ethics approvals. We have several policies that govern the standards and processes utilised during the process of conducting of a clinical trial. These policies describe the role of the sponsor and mandate that the sponsor oversight should always be evident. Detailed project plans with milestones are in place for each trial, with performance measures to ensure completion of studies.

Product safety and quality

Since patient safety is of primary importance, we have a zero-defect approach to managing product quality. We recognise that we are accountable for the responsible manufacture and supply of products in accordance with applicable pharmaceutical regulations, legislation and guidelines. This underpins the trust in the Aspen brand. Stringent compliance procedures are in place across the supply chain to maintain and grow customer confidence. Regulated in-process and supply chain quality management controls are in place and adhered to. Raw materials and packaging materials are purchased from accredited and authorised suppliers who meet the necessary quality, regulatory and Aspen-specified requirements.

Products are manufactured at our own manufacturing sites or sourced from reputable third party suppliers. Manufacturing sites are required to comply with GMP, which governs the manufacture of products in the pharmaceutical industry, and to uphold the status of pharmaceutical regulatory approvals applicable to the supplied territories. The Quality Assurance Department as well as various regulatory agencies conduct audits of potential and existing suppliers to support the high quality objectives and compliance to GMP across the supply chain. All inspection findings are closely managed through to close-out, with critical findings receiving executive management oversight. Only products that meet the prescribed quality and regulatory standards are released for sale and regulated quality compliance controls are in place. The quality and efficacy of supplied products are monitored throughout the product lifecycle using systems approved and monitored by regulatory authorities. As the owner and/or holder of the marketing authorisation, we are responsible for the quality of our own products across all territories.

During the year, our sites were subject to various regulatory inspections. No warnings or notices were issued pursuant to these inspections.

Six product recalls were initiated during the year, reducing from 10 in the prior year. These product recalls were mostly as a result of packaging/labelling issues requiring recall of the affected batches only.

Measures to combat counterfeit medicines

In line with global trends to combat counterfeit medicinal products, we are committed to compliance with all medicine serialisation requirements implemented globally. These measures require a comprehensive system to track-and-trace medicines through the entire supply chain to the end user, the patient. This allows us to identify every product by a unique serial number in addition to the origin, shelf life and batch number for that product. We have implemented serialisation for most of our stock keeping units in Europe and continue to implement projects in our own sites and ensure that third party manufacturers meet the serialisation requirements in respect of Russia, China, Japan, Brazil, and Middle Eastern markets.

Digital transformation to enhance processes across the Group

Digital technologies are a key enabler in driving our strategic objectives forward and supporting sustainable operations. Our digital transformation activities are aimed at developing digital solutions to improve our ways of working, reduce inefficiencies, facilitate collaboration and enhance our interactions with our many stakeholders. Key elements of this programme include significant investments in building our digital capabilities and modernising our ERPs, regulatory and compliance systems, manufacturing execution systems and collaboration tools.

The first phase of our transformational focus is aimed at enhancing processes across the Group to optimise current technology investments. With continued investments being made, equal focus is placed on reconfiguring, extending, or reducing technology areas to ensure better leverage of Aspen's scale without compromising business responsiveness to changing market conditions. The Group has made good progress in identifying the opportunities and has converted a number of these opportunities into operational cost savings, reducing risk and simplifying complex systems and technology environments. With a number of our employees working from home during the pandemic, employee productivity received priority focus and automation technologies such as robotic processing agents made a more prominent appearance in Aspen during the past year. Internal user experiences were enhanced by deploying more user-friendly transactional systems and collaboration platforms to perform work more easily.

We continue to explore opportunities to build our digital capabilities and to further drive efficiencies across the business, from supply chain management and manufacturing to our commercial operations.

Intellectual capital continued

Maturing Information and Technology governance

As digital technologies increase in strategic importance, the importance of effectively governing both I&T systems increases. Following the critical evaluation of our information and technology governance framework performed in the prior financial year, we have continued to implement in accordance with the roadmap developed for refining and expanding this framework to better evaluate, direct and monitor our I&T assets as well as to align IT services with our current and future business needs. We have implemented an enterprise-wide, fit-for-purpose I&T governance model and continue to deploy improved governance and management practices through a number of Centres of Excellence aligned to business capabilities. A number of actions have been taken as we continue to work on the following priority areas:

- Enhancement of enterprise digital architecture to manage alignment with business strategy;
- Implementation of a Group-wide cybersecurity strategy, including a risk-weighted roadmap to improve cyber maturity; and
- Strengthening existing demand and portfolio management processes & ongoing total cost of ownership analysis and benchmarking.

The Audit & Risk Committee provides oversight on the Group's I&T strategies and policies as well as the related risk and control environment.

Information security

The threat landscape in respect of information security is rapidly evolving and growing. Protecting our information and confidential data against security breaches and ensuring continuity of business operations are critical elements of focus in our broader I&T governance project. Following the performance of an independent assessment, we have developed a project plan to enhance the information security maturity of the Group. In this regard, we have established a Cybersecurity Centre of Excellence, and drafted an Information Security Management System ("ISMS"). The ISMS contains a number of policies, standards and guidelines that will direct our future cybersecurity investments and assurance activities. The ISMS is currently undergoing internal review, prior to release and implementation. Regional Security Officers have been appointed at all our business units, and they will participate in the review and implementation of the ISMS. An essential element of our response to the threat of security breaches and incidents are cyber security awareness training initiatives and masterclasses, which have aided in raising the awareness levels of our employees, executives and non-executive directors. In order to further improve our training initiatives, a vendor has been selected to deliver a Group-wide cybersecurity awareness training programme. Planning for roll-out of this training is underway.

Data privacy

We are committed to protecting the personal information in our custody and to comply with the regulations relating to data privacy in the various countries and regions in which we operate. Our data privacy policies ensure that we collect, transfer and store electronic and hard copy personal data appropriately and establish measures to protect the information. We have established procedures to deal with any breach, including when and how to communicate with relevant stakeholders and regulators. The implementation of measures to ensure compliance with the Protection of Personal Information Act, which required compliance by 30 June 2021, received specific focus in our South African operations this year.

Accolades

Aspen Australia was awarded the Best Launch of a Consumer Healthcare Product in the Consumer Healthcare Products Australia 2020 Diamond Awards for its Fleurstat "Could it be BV?" campaign. The campaign was recognised for the tasteful way in which it dealt with what is often an embarrassing condition for sufferers. This business was also the winner of the Retailer Supplier of the Year: Communications and Services category in the National Pharmacies Annual Supplier and Employee Awards, and has been nominated as Pharma Company of the Year in the Pharmacists' Choice Awards.

Additional information available online:
- Aspen Sustainability and ESG Data Supplement
- Aspen Code of Conduct

Manufactured capital

The continued investment in our API facilities and FDF manufacturing capabilities, aimed at delivering flexible and scalable manufacturing and enhanced operational synergies, is a key enabler in supporting our purpose of improving the health and quality of life of patients

Inputs

- Strategic FDF and API manufacturing operations worldwide
- External supply contract manufacturing network
- Global distribution network
- Infrastructure in the countries and territories in which we operate

Key initiatives

- Continued implementation of plans focused on ensuring the safety of employees while maintaining uninterrupted manufacturing and supply of medicines
- Continuous improvement initiatives to sustain a cost-competitive manufacturing base including transformative processes
- Rapid technology transfer to enable the fast-tracked manufacture of the COVID-19 vaccines on behalf of Johnson & Johnson
- Monitoring manufacturing quality standards, compliance with GMP and other applicable regulatory requirements
- Significant investment in manufacturing capability, technology and capacity
- Investment in technology and implementation of continuous improvement projects designed to reduce the impact on the environment and achieve more efficient use of scarce resources
- Development and maintenance of an external supply contract manufacturing network and consideration of options to outsource and insource
- Vertical integration between strategic manufacturing facilities providing a synergistic competitive advantage
- Distribution of manufactured product through pharmaceutical regulated supply chain

Outcomes

- Globally competitive, scalable, flexible and widely accredited manufacturing facilities that provide a sustainable competitive advantage
- No adverse outcomes from regulatory inspections at sites
- Manufacturing capabilities and suppliers aligned to commercial objectives
- Economies of scale for key products

Value created for stakeholders

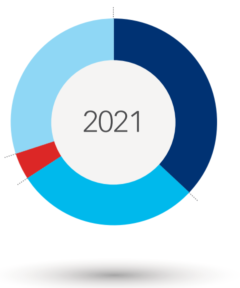
- Improving health and quality of life for patients who use our medicines
- Provision of quality and affordable treatment options and medicines to patients, HCPs and healthcare systems
- Reliable supply of products manufactured to required quality and regulatory standards
- Responsible and ethical business partner

Material sustainability topics covered in this section:

- Reliable supply of high quality products

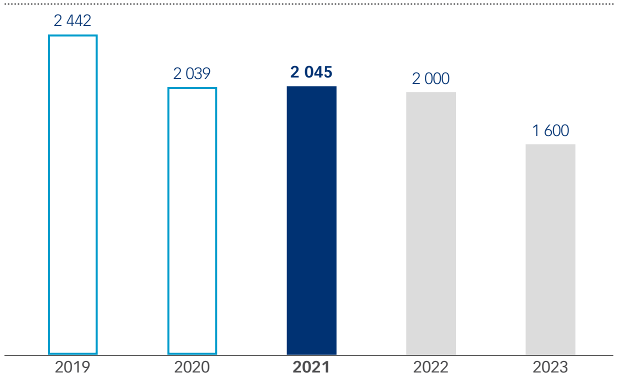
3 GOOD HEALTH AND WELL-BEING

Carrying value of property, plant and equipment (R14 826 million) (%)



Land and buildings	37
Plant and equipment	29
Other tangible assets	4
Capital work-in-progress	30

Property, plant and equipment capital expenditure (R'million)



Sustaining a cost-competitive manufacturing base

Leveraging the Group's diverse and specialist production capabilities

Our strategic objective of supplying high quality, affordable medicines is underpinned by our own manufacturing capabilities and the vertical integration of certain aspects of our supply chain. Our 23 manufacturing facilities provide a range of production capabilities and capacities, assisting us in the achievement of our current and future commercial objectives. These include steriles, oral solid, semi-solid, liquids, biologicals, vaccines and API manufacturing. Our niche and complex production capabilities provide a strategic advantage in an increasingly commoditised environment.

During the last year, our strategic manufacturing projects continued to focus on the alignment of our facilities with our manufacturing and commercial strategies, enhancing technology as well as our quality and compliance standards, policies and procedures. Ongoing investment in the upgrading of our world-class manufacturing facilities, in addition to the implementation of state-of-the-art electronic systems and IT capability supports our ability to supply quality products, ensures ongoing compliance to GMP and creates increased manufacturing capacity, to meet both current and future operational requirements. Capital expenditure on the replacement and expansion of property, plant and equipment amounted to R2 045 million (2020: R2 039 million) with a further R2 000 million

Manufactured capital continued

planned for FY2022. While the level of capital expenditure on these strategic projects is expected to reduce from FY2023, additional spend to increase vaccine manufacturing capacity is under review.

Following the transactions with AstraZeneca AB and AstraZeneca UK ("AstraZeneca") and GSK which resulted in us acquiring our anaesthetics portfolio, we are transitioning supply from their manufacturing sites into our own sites and supply chain network, providing us with a strategic opportunity to pursue synergies. Significant capital projects are in progress at the Gqeberha, Notre Dame de Bondeville and Bad Oldesloe sites in order to transfer the manufacture from the AstraZeneca and GSK supply networks to these sites. First commercial production of these products at the Gqeberha and Bad Oldesloe facilities has commenced, with production scheduled to be initiated at the Notre Dame de Bondeville site in FY2023.

Oral solid dose manufacturing

We remain focused on increasing the complex manufacturing capability at the Gqeberha site. The Gqeberha site has the ability to provide flexible high-volume manufacturing and packing capabilities for a variety of different oral solids doses to several countries through the different regulatory approvals held by the respective units. Continuous improvement projects in respect of these sites are progressing well and delays due to the COVID-19 pandemic are in the process of being recovered, with key projects being:

Gqeberha, South Africa

- Continued the projects to implement a Manufacturing Execution System and a Laboratory Information System aimed at achieving additional operational efficiencies;
- An organisational redesign is underway to improve efficiency;
- Increased focus on initiatives to enhance competence at all levels across the site to ensure sustainable performance in the long term; and
- Projects aimed at self-sufficiency in terms of water and electricity supply progressed with solutions to provide back-up power and water supply available at the site.

Bad Oldesloe, Germany

- Serialisation and aggregation successfully integrated and adjusted according to market requirements; and
- Improved packaging capacity and efficiency has been used to increase Eltroxin production volume by more than 20%.

Semi-solid and liquid dose manufacturing

Bad Oldesloe, Germany

The extension of the manufacturing and packing lines to accommodate the transfer of anaesthetic liquids, creams and ointments is in progress. All production lines are installed and are qualified. Additional required upgrades in the bulk manufacturing area have also been completed. The first liquid line is already producing products for market supply and process validation of further products is underway. The next line is expected to go into operation in FY2022.

The project to install a new blow-fill seal line has been initiated. The building and all production machines are already installed and qualification has started. Remaining activities will be completed by early 2022. This line will provide competitive advantages and a production capacity of 120 million sterile single-dose poly ampoules per annum.

Sterile manufacturing

Our facilities at the Gqeberha and Notre Dame de Bondeville sites provide us with extensive sterile manufacturing capability. Capacity expansion plans in respect of these sites have progressed well in the past year:

Gqeberha, South Africa

- Commenced activities to introduce anaesthetics production, a significant step in the evolution of this site. Phases 1 to 3 of the new infrastructure build component is complete and equipment is in the process of being installed and commissioned. Equipment already installed is undergoing site acceptance testing. The first commercial batches were manufactured in March 2021. The introduction of these new products is expected to see the export volume for the total South African Operations business move from 20% to over 50%, with more than 700 additional stock keeping units being added to the existing portfolio over the ramp-up phase of some four years; and
- The facility received a vaccine manufacturing licence from SAHPRA in February 2021 and dedicated production of the Johnson & Johnson COVID-19 vaccine has been ongoing since first commercialisation in March 2021. Plans for expansion of the facility's vaccine manufacturing as well as lyophilization capacity is at an advanced stage. This includes the required support services such as packaging, cold storage and laboratories.

Notre Dame de Bondeville, France

- The new suite to manufacture anaesthetic dosage forms comprising polybags and poly ampoules is complete. Qualification works are ongoing with the validation batches targeted to commence in the last quarter of FY2022;
- The new high-speed prefilled syringe filling line (60 000 syringes/hour) is ramping up with commercial production resulting in additional capacity for third party business;
- Installation of a new automatic visual inspection line for prefilled syringes is progressing with qualification and validation in progress, to commence commercial production in the third quarter FY2022;
- New autoclave investment for terminal sterilisation capabilities has been initiated to handle the growth of the diluent business at this site. Autoclaves will be installed and commissioned in FY2023; and
- An extension of the warehouse with a cold chamber (approximately 1 500 pallets) has been initiated to deal with the special requirements of vaccines storage. These works will be completed by the end of CY2022.

API manufacturing

Our API network comprises seven owned facilities, three located in the Netherlands (two in Oss and one in Boxtel), one in the USA (Sioux City), two in France (Notre Dame de Bondeville) and one in South Africa (Cape Town). In addition, we have two API manufacturing blocks situated at Laurus Labs Ltd in India. These sites provide Aspen with specialised API capabilities in respect of both our own as well as third party commercial opportunities. The combination of the Oss and Sioux City sites with the Notre Dame de Bondeville site provides a fully integrated biochemical supply chain to support some of our thrombosis portfolio of products. Initiatives to enhance our capacity and improve sustainability at the API sites have continued to receive focus as follows:

Oss, the Netherlands

- The De Geer site has completed the qualification of isolators in the powder-handling unit to enable the site to handle high potency APIs;
- An upgrade of the automation system in the milling/sieving facility has been completed and preparative work for the Manufacturing Execution System implementation is ongoing;
- Structural investments were made in the laboratory areas to further centralise the laboratories and integrate storage of stability samples and reference standards. Additional upgrades in laboratory automation/Laboratory Information Management System software are aimed at further improving efficiency;
- The Moleneind site completed structural investments in upgrades in the sewer system and started demolition of some of the older facilities and effected an upgrade of the peptide manufacturing capabilities;
- In the Biochem division, investment in filter drier capacity is supporting a second-generation heparin process;
- A water circulation unit was installed to improve the site's firefighting capability in line with the site's commitment to enhancing safety standards; and

Manufactured capital continued

- An active footprint reduction programme aimed at concentrating activities in core buildings is being implemented at the different sites in the Netherlands as part of the transformation plan.

Notre Dame de Bondeville, France

- The new certoparin facility obtained regulatory approval from BfArm and commenced commercial manufacture.

Cape Town, South Africa

- Additional steps have been taken to achieve further integration over the chemical supply chain. Additional production steps of intermediates in the rocuronium bromide synthesis have now been transferred from Oss to FCC as synergies across these two sites begin to be harnessed;
- FCC has been onboarded on the Oss SAP infrastructure. This was a major IT investment with impact on FCC's ways of working, but constituted a substantial step into a further integrated API network/supply chain;
- The full-scale commercial manufacture of API was initiated in the newly validated high containment/high efficiency production block C2, in support of backward integration projects;
- The final validation of the recently installed high containment milling and micronising process centre was effected;
- The development and optimisation of an anaesthetic API, which will also support backward integration into the Aspen portfolio of products was concluded;
- Phase 1 of product development for strategic backward integration of oncology products, was concluded;
- A new water treatment plant for the use of alternate underground water supply during times of drought/constrained local municipal supply was commissioned and validated;
- A new hazardous aqueous waste treatment plant and a solvent recovery unit are being finalised, with both being installed and commissioned in the current financial year, resulting in significant long-term cost savings; and
- The upgrade and expansion of fire prevention and control systems in line with regulatory requirements has continued.

External supply manufacturing network

Our FDF manufacturing network also comprises supply from numerous contract-manufacturing organisations situated globally, several of which are located in Europe. A number of the products manufactured in the external network have been earmarked for transfer to our own manufacturing sites over the next five years. This move will enhance ongoing supply sustainability. We have an internal team of supply chain and quality experts who ensure that all the requisite controls are in place to facilitate supply, on time and in full, and in compliance with our required quality standards.

Reliable supply of quality products

We have commenced a strategic transformation project to create a modern, agile and integrated end-to-end supply chain. The improvement in the links between commercial forecasting and manufacturing, coupled with improved visibility and shared accountability for end-to-end supply chain performance, will result in the overall improvement of delivery of quality medicines to patients who need them. This robust process, which will be underpinned by new technology and data tools, improves delivery to patients, reduces service costs, and reduces the risk of stock-outs and inventory write-offs.

Cost containment and increased efficiencies

We have a strong focus on continuous improvement initiatives and savings plans to enhance production efficiencies and optimise economies of scale across the Group. Comprehensive, detailed, multi-year savings plans, covering all aspects of the operations, are progressing to plan and the improvements to the South African operations, the Oss and the Notre Dame de Bondeville sites are poised to deliver important future cost savings to the Group.

The cost-reduction initiatives fall into two distinct categories: procurement and organisational design. The savings plans have a phased implementation and should be complete by the end of the next calendar year. In addition to the procurement and organisational changes, structural process efficiency initiatives are ongoing and will have both an economical and an ecological improvement, supporting the Group's sustainability goals.

The progress made in achieving these plans across the Group Operations is monitored on a regular basis. By owning our strategically important manufacturing capital, we are able to better manage our product quality, production efficiencies and cost competitiveness to ensure responsive management of the supply chain. This, in turn, supports the maintenance of Group margins.

Accolades

PMR.africa awarded Aspen Pharmacare the Business Excellence Award for its contribution to stimulating economic growth and development in the Eastern Cape province in South Africa.

Additional information available online:

- Aspen Sustainability and ESG Data Supplement
- Aspen Code of Conduct

Our manufacturing capabilities

Primary FDF sites

Gqeberha, South Africa

Unit 1 facility
Capability: High-volume solids manufacturing and packing for domestic and export markets.
Maximum output:
6 billion tablets.
Accreditation: ANVISA, EMA, HPRA, ISO 14001, ISO45001, PMPB, PPB – Kenya, SAHPRA, SAUDI FDA, TGA, UNDA, US FDA, WHO.

Unit 2 facility
Capability: Small to medium-volume solids manufacturing for domestic and export markets.
Maximum output:
4 billion tablets.
Accreditation: ANVISA, EMA, HPRA, ISO 14001, ISO45001, PMPB, PPB – Kenya, SAHPRA, SAUDI FDA, TGA, UNDA, US FDA, WHO.

Unit 3 facility
Capability: End state packing for domestic market.
Maximum output:
140 million packed units of tablets and capsules.
Accreditation: ISO 14001, ISO45001, SAHPRA.

Unit 4 facility
Capability: Hormonal and high potency solids manufacturing and packing for the domestic and export markets.
Maximum output:
950 million tablets (hormonal); 395 million tablets (high potency).
Accreditation: EMA, ISO 14001, ISO45001, LAsD, SAHPRA, TGA, Turkey MoH, US FDA.

Sterile facility SVP 1:
Multi-product suites A and B
Capability: Eye drops, ampoules, vials; aseptic and terminal sterilisation capability for domestic and export markets.
Maximum output:
Suite A: Up to 42 million units of eye drops;
Suite B: Up to 25 million units of ampoules;
Up to 30 million units of liquid vials.
Accreditation:
Suite A: ISO 14001, ISO45001, SAHPRA, TGA, US FDA, WHO.
Suite B: EMA, ISO 14001, LAsD, OHSAS 18001, SAHPRA, TGA, US FDA, WHO.

Sterile facility SVP 2:
High potency suite
(Commercial production FY2021)
Capability: Liquid ampoules, vials and cartridges; emulsion ampoules, vials and cartridges; lyophilized vials; aseptic and terminal sterilisation capability for domestic and export markets.
Maximum output:
Suite C, D and E:
90 million units (container size and bulk batch dependent)
Accreditation: Regulatory inspections pending (project phase).
LAsD tentatively planned, SAHPRA (all suites) and TGA (suite C)

Notre Dame de Bondeville, France

Sterile prefilled syringe manufacturing site
Capability: Aseptic and terminally sterilised prefilled syringe manufacturing and packing for domestic and export markets.
Maximum output:
85 million syringes (Etna line); 130 million syringes (Stromboli line); 180 million syringes (Vesuve line)
Accreditation: ANSM, ANVISA, ASN, HPB, ISO 14001, ISO 45001, ISO 50001, PMDA, US FDA.

New anaesthetics facility under construction
(Commercial production FY2023)
Capability: Aseptic and terminally sterilised blow-fill seal ampoule and polybag manufacturing and packing for domestic and export markets.

Bad Oldesloe, Germany

Multi-dose form site
(Ramp-up of additional commercial production is expected over the next two years. Capacity will be included in maximum output below as and when it becomes available).
Capability: Solid dose forms, oral and topical liquids, semi-solids and blow-fill seal, manufacturing and packing for domestic and export markets.
Maximum output:
3,3 billion tablets; 6 240 tonnes of liquids; 1 404 tonnes of topical liquids; 351 tonnes of semi-solids, 60 million units for blow-fill seals.
Accreditation: ANVISA, GRA, IRA, ISO 14001, ISO 45001, ISO 50001, LRA, PPB – Kenya, PMDA, TGA, US FDA.

API facilities

Cape Town, South Africa

Capability: Specialised API and high potency manufacturing for domestic and export markets. Large diversity of reactor MOC and sizing ranging from 20l pilot lab to 6000 l commercial scale. OEL 1ug / m³ – 50ng / m³.
Maximum output:
Commercial volume batch sizes ranging from 4 kg to 500 kg
Output of 46 000 kg per annum.
Accreditation: EDQM, ISO 14001, ISO 45001, PMDA, SAHPRA, US FDA.

Notre Dame de Bondeville, France

Nadroparin & Certoparin facility
Nadroparin
Capability: Specialised biochemical API – conversion of heparin to nadroparin.
Maximum output:
200 batches of nadroparin.
Accreditation: ANSM, ISO 14001, ISO 45001, ISO 50001.

Certoparin
Capability: Specialised biochemical API – conversion of heparin to certoparin.
Maximum output:
45 batches of certoparin.
Accreditation: BfArm, ISO 14001, ISO 45001, ISO 50001.

Fondaparinux facility
Capability: Specialised chemical API – purification by chromatography of fondaparinux.
Maximum output:
34 batches of fondaparinux sodium.
Accreditation: ANSM, ANVISA, ISO 14001, ISO 45001, ISO 50001, KFDA, PMDA, TRA, US FDA.

Sioux City, United States of America

Capability: Specialist biochemical API – heparin intermediates.
Maximum output:
Biologicals – capacity is measured on demand – dependent on product mix.
Accreditation: Re-registration for US FDA.

Oss, The Netherlands

De Geer site
Capability: Specialised hormonal and chemical APIs: wet chemical multipurpose capability, final powder handling (milling/sieving) and solvent recovery by distillation.
Maximum output:
Installed reactor capacity: 114m³ with reactor size between 2m³ and 10m³ beside bulk tank storage capability.
Accreditation: ANVISA, EMA, ISO 14001, ISO 45001, KFDA, PMDA, Russia MoIT, US FDA.

Moleneind site
Capability: Specialised biochemical, hormonal and chemical APIs. Dedicated biochemical reactors, multipurpose chemical reactors and dedicated solvent recovery unit.
Maximum output:
Installed chemical reactor capacity (small molecule API + peptides): 59m³;
Biochem reactor capacity: 245m³ beside multiple storage capacity.
Accreditation: ANVISA, EMA, ISO 14001, ISO 45001, KFDA, PMDA, Russia MoIT, US FDA.

Boxtel site
Capability: Specialised biochemical API – gonadotrophin intermediates and virus filtered API.
Maximum output:
Measured on demand.
Accreditation: EMA, ISO 14001, ISO 45001, PMDA, US FDA.

The maximum output is an estimate based on a number of assumptions regarding product mix and complexity, batch size, type and size of products, and overall equipment effectiveness.

Regional facilities

Melbourne, Australia

Dandenong
Capability: High-volume solids, liquids and semi-solids.
Maximum output: 3 billion tablets; 90 million sachets; 12 tonnes semi-solids; 2 200 tonnes liquids.
Accreditation: ISO 14001, ISO 45001, TGA.

Vitória, Brazil

Capability: Small to medium-volume solids, liquids and semi-solids.
Maximum output: 36 million sealing; 415 million tablets and capsules; 9,2 million bottles of liquids; 5,2 million packs of semi-solids
Accreditation: ANVISA, GMP, ISO 14001, ISO 45001.

Accra, Ghana

Capability: Small- to medium-volume liquids.
Maximum output: 567kℓ of liquids
Accreditation: GFDA.

Hyderabad, India

A fire at the Alphamed site on 19th June 2021 damaged the manufacturing, packing and warehousing areas significantly. Capital projects are currently underway to reinstate the manufacturing and packing capabilities as per below, which are anticipated to be completed in June 2022 and fully commercialised by June 2023.
Capability: Small to medium-volume solids manufacturing for export markets.
Maximum output: 800 million tablets; 40 million effervescent tablets; 350 million capsules; 30 tonnes of pellets; 60 million powder-filled sachets
Accreditation: To be conducted following restoration.

Nairobi, Kenya

Capability: Small to medium-volume solids, liquids and fast-moving consumer goods.
Maximum output: 750 million tablets; 600kℓ of liquid.
Accreditation: AIRP-CI, EFDA, GFDA, ISO14001, ISO 45001, MoH-DRC, MCAZ, NAFDAC, PMRA-Malawi, PPB – Kenya, TMDA, UNDA, ZAMRA.

East London, South Africa

Oral contraceptive facility
Capability: High-volume oral contraceptive manufacturing and packing for domestic market.
Maximum output: 1 billion tablets.
Accreditation: ISO 14001, ISO45001, SAHPRA.

Multi-product facility
Capability: Solids, semi-solids and liquid manufacturing and packing for domestic market.
Maximum output: 560 million tablets; 32 million packs of semi solids; 160 million packed units of liquids.
Accreditation: ISO 14001, ISO 45001, SAHPRA.

Dar es Salaam, Tanzania

Capability: Small- to medium-volume semi-solids, large-volume solids and liquids.
Maximum output: 1 billion tablets; 60 million capsules; 15 tonnes of semi-solids; 1 500kℓ of liquids; 8 million sachets.
Accreditation: AIRP-CI, EFDA, MoH – DRC, NAFDAC, PMRA-Malawi, PPB – Kenya, TMDA, ZAMRA.

Abbreviations of pharmaceutical regulatory authorities and acronyms on page 114.

Human capital

Aspen is built on the foundation of our values and a commitment to the Group Code of Conduct, and so we strive to provide a safe, challenging and rewarding environment for each of our employees

Inputs

- Employee-centric approach
- Employee expertise, skills sets and integrity
- Agile, resilient and diverse leadership team
- Human capital technology
- Bargaining arrangements and organisational rights in place
- Robust SHE management system
- Robust policies and procedures

Key initiatives

- Focus on keeping our employees safe, productive, motivated, engaged and connected as we have embedded COVID-19 business processes and practices
- Organisational redesign initiatives to ensure fit-for-purpose operating models and structures
- Initiatives and programmes that break silos, encourage collaboration and leverage geographic presence and expertise
- Continued investment in capability-building for current and future functional and leadership skills needs
- Talent management and succession planning to ensure continuity in respect of critical skills and leadership bench strength
- Focus on achieving equity, diversity and inclusion in the workplace
- Realising female employees' rights and their importance for an equal and sustainable future
- Constructive engagement with employees and representative labour organisations
- Fostering our commitment to integrity and values-driven leadership
- Focus on employee health, safety and well-being
- Compliance with ISO 45001 Occupational Safety and Health Management System by manufacturing sites in Gqeberha, East London, Cape Town, Nairobi, Bad Oldesloe, Vitória, Dandenong, Oss and Notre Dame de Bondeville
- Appropriate and proven remuneration, incentive and performance management practices
- Implementation of Group Universal Incentive Scheme achieving alignment between the Group and business units in a key performance area ("KPA") setting
- Implementation of a 360-degree feedback process as part of the enhanced performance management process
- Continued investment in technology to enable an agile workforce

Outcomes

- A supported, connected and productive workforce during the COVID-19 disruption
- Skilled, capable and diverse teams motivated to achieve the strategic objectives of the Group
- Maintenance of a high performance culture, clear and aligned objectives and the retention of skills
- Stable and constructive industrial relations
- Employee brand ambassadors of Aspen, our reputation and our values-based approach to ethics
- Safe and healthy workforce

Value created for stakeholders

- Provision of employment and opportunities for growth and development in the geographic regions in which we operate
- Diverse and inclusive working environment, free of discrimination and harassment.

Material sustainability topics covered in this section:

- Employee health and safety
- Employee well-being
- Labour rights
- Diversity, equity and inclusion
- Workforce development
- Fair compensation

5 GENDER EQUALITY

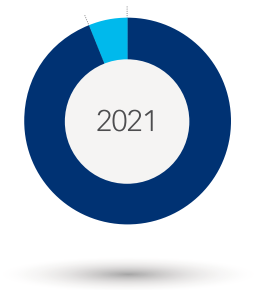
8 DECENT WORK AND ECONOMIC GROWTH

A team that has shown resilience and focus despite disruption caused by COVID-19

Our diverse team of skilled, accountable and engaged employees are critical to the success of the Group. The unprecedented disruption caused by the global COVID-19 pandemic required us to reset and refocus our human resource priorities to provide an enabling, supportive and safe environment for our employees during this period of significant change, uncertainty and stress. As a critical element of the business continuity plans across the Group, we continued to prioritise keeping our people engaged, connected and well-informed as we adapted our ways of working as circumstances required. We implemented remote working for employees who were able to effectively work from home and provided them with the required support and tools to remain productive and engaged and, where we were able, implemented, hybrid working arrangements. The focus of our manufacturing operations has been on supporting our people to adapt to the measures implemented to reduce the risk of infection such as social distancing, shift rotations, increased personal protective equipment requirements and periods of self-isolation, where necessary. We have also had to reset our operations, capacitate our teams and reskill current teams to respond to the vaccine-manufacturing focus. We focused on providing flexibility where possible, supporting our employees as they faced significant shifts in all aspects of their lives. We adapted leave policies and placed an increased focus on employee well-being support initiatives. We enhanced our leader support and development to provide our leaders and managers with effective tools and skills to provide inclusive leadership and foster collaboration in their teams. We have taken the opportunity to progress our policies, procedures and practices to help us continue to enable an environment that respects and nurtures the diversity within our business, despite the location of individuals. Maintaining an inclusive culture was at the centre of our approach, underpinning our overarching duty of care for our employees' wellness and safety.

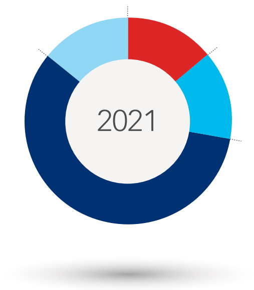
Human capital continued

Total employees (9 106 employees) (%)



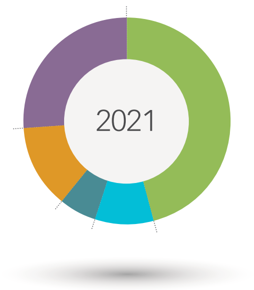
Permanent employees	94
Temporary employees	6

Employee categories (9 106 employees) (%)



Sales representatives	14
Commercial employees	14
Factory employees	58
Support staff	14

Total employees by region (9 106 employees) (%)



Africa Middle East	46
Americas	9
Australasia	6
Asia	13
Europe CIS	26

Creating an environment in which our employees have a sense of belonging and can thrive

During a year in which we have been asked to stay apart and social distance, we have had to ensure that our employees across the world feel connected. Creating this sense of connection and belonging showed up in the communication focus, namely digital town hall meetings for businesses and the Group as a whole, employee network sessions and one-on-one digital meetings between colleagues. Our leaders were able to step up and provide inclusive leadership while driving innovation and performance.

We seek to attract, assess, develop and retain appropriately diverse, qualified and experienced individuals who present the right mix of technical and behavioural competencies for our targeted business requirements. We also continue to build sustainable future-fit structures that are both relevant for our business needs and agile, to allow us to adapt in times of disruption in order to continue to deliver our life-enhancing medicines to the world.

The human resource strategy continues to guide the focus for all human capital priorities, supporting the business in responding to a challenging environment of increasing competition, cost pressures, organisational changes, digital transformation and regulatory compliance. The strategy aims to create an environment where future-fit human capital solutions have a global focus, while maintaining localised relevancy. It has, at its core, the objective of fully integrated talent management, enhancing the employee experience by providing interesting, challenging and meaningful work, creating career growth opportunities, offering competitive and differentiated remuneration and ensuring an overall positive work environment. Our human resource information system strategy and our equity, diversity and inclusion framework received heightened strategic focus during the year.

We pride ourselves on having committed and engaged employees. A key contributor to employee engagement is to ensure clear role profiles and the articulation of expected deliverables. Our enhanced global performance management framework continued to provide a standardised approach to performance management while respecting the local dynamics of managing high performing teams, ensuring that pay-for-performance underpins our remuneration strategy. The framework also encourages 360-degree feedback, alignment of Group, business unit and individual objectives and continuous performance dialogues.

As the Group evolves, the human resource function continues to adapt to provide more integrated and relevant solutions. During the year, the Group human resources operating model was introduced. The model aims to support the evolution of the HR function from human resources management to employee experience, and a support function operating in a federated business model to one that shapes and enables a hybrid business model. This model will create the necessary employee value proposition to attract, retain and develop the talent needed to stay competitive through centres of excellence, communities of practice and a human resources shared service. While aligning to the Group human resources strategy, policies and procedures, our decentralised human resources structures customise their policies to ensure local relevance and compliance with applicable labour legislation. Our global human resources system, implemented in 2017, serves as a Group platform for core employee data and is a strategic enabler for the implementation of the Group's human resources strategy and related processes. To support our goal of people-centred analytics, the global Learning Management System launched in South Africa has been expanded to further business units in the Group. The digitalisation of human resources processes is a further commitment to ensuring a rewarding employee experience which allows for continued engagement, growth and development.

We operate in environments where scarce skills and talents are targeted, and therefore, we are subject to robust and dynamic employee movement, challenging us to ensure that we create a meaningful employee experience aimed at retaining and developing our current talent pool, while proactively sourcing talent in the various labour markets. To ensure that we retain talent we have strengthened our retention activities such as stay-interviews, dynamic induction processes for new staff members, career and performance discussions as well as remuneration reviews to ensure internal equity in pay scales. We have focused on creating development plans intended to equip our employees to succeed in their current roles and develop capability for future roles.

In total, 1 321 permanent and temporary employees were recruited to support business expansion requirements in FY2021 and to replace vacancies or fill new roles.

During the year, 45 employees retired due to either non-work-related ill-health or having reached normal retirement age (less than 1% of the staff complement). No occupational fatalities occurred during the year (2020: none), but we regret to report the non-work-related deaths of 20 employees, many of which were COVID-19 related.

We also embarked on a number of projects to align our organisational structure to operational requirements. This resulted in restructuring having to be undertaken in the South African, Irish and Brazilian commercial businesses as well as at our manufacturing site in Gqeberha, affecting 202 employees. In implementing the restructuring processes, detailed consultation plans were prepared to ensure that the appropriate engagements were held with affected employees and with the relevant labour organisations, such as unions and works councils. Furthermore, following intensive consultations, 183 employees were successfully transferred to Mylan as a result of the sale of the assets of the Thrombosis business in Europe.

Despite us seeing an improvement over the 2020 reporting period, a highly competitive environment in China has contributed to a higher voluntary attrition rate in this business unit. The Group's overall employee turnover rate (voluntary and involuntary) has increased to 15% (2020: 13%).

Workforce learning and development

Investment in human capital contributes to economic and business growth for the benefit of employees, employers and the wider economy. Our commitment to this is demonstrated in our learning and development focus for the year. While organisations deferred training spend over the past year, we kept our focus on building capability while addressing new needs created by the pandemic and changing our business focus. Continuous and focused learning is pivotal to our success.

Human capital continued

Building talent to drive performance excellence

Our dynamic environment requires our employees to be adaptable, results-driven, self-motivated, decisive and responsive team players. All employees are provided with equal opportunities for development, advancement and promotion on merit and without prejudice. The Remuneration & Nomination Committee monitors the adequacy of succession plans for the Group's executive directors and senior executives. Succession plans are revised for key business unit executives and managers aligned to the Group talent management strategy, which is designed to drive talent attraction, assessment, retention and development across the business. The adequacy of these succession plans and the Group's talent-planning landscape is monitored by senior executives. Enabling this high performing culture is a performance management process that is in place across the business. The performance reviews are based on functional and business unit strategic objectives. During the year, performance appraisals were completed for 97,0% of permanent employees across the Group through formal one-on-one meetings between employees and responsible managers. Performance incentives and annual salary increases for assessed staff are determined with reference to the completed appraisals.

Business unit managers are responsible for the implementation of effective training programmes to address identified skills development needs with the support of human resources departments. The Group human resources function supports business unit management teams to this end and monitors the adequacy of implemented training plans. During the year we have had to pivot between in-person learning as well as virtual learning, all in the aim of supporting self-directed learning through the use of e-learning platforms. We worked on moving beyond the event-based model of learning to one of continuous training, combining aspects such as collaboration with peers and practice sessions, to emerge the micro learning concept.

The global Learning Management System is expected to further support the implementation of our training plans.

Technical and leadership skills have been identified as critical and these areas have continued to receive focus. We continued to provide fit-for-purpose programmes to build leadership and functional capacity and capability. We reviewed our Leadership Competency Matrix and Leadership Framework, aligning both to the evolving needs of the business. Various leadership development initiatives were offered to employees, aimed at building core competencies, building team alignment and coaching teams for excellence. Training interventions across the Group have included short course training, internal training programmes, management and leadership development programmes as well as executive coaching programmes. In addition to the focused technical and soft skills training planned for the year, we developed and implemented COVID-19-specific training interventions. These focused on equipping employees with knowledge on navigating change and building resilience and skills to effectively use the new collaborative tools that were implemented across the business. We were also able to use our capability agenda to upskill and reskill women across the Group, with the aim of building diverse succession and promotion pools.

In total, 6 754 (2020: 6 873) employees underwent training at an average cost of R4 893 (2020: R4 624) per employee. The total investment in training increased by 2% to R43,2 million (2020: R42,4 million). Average training spend per employee has increased over the previous reporting period, but continues to be constrained by restrictions in travel and face-to-face gatherings as a result of COVID-19.

Skills development programmes in South Africa

Aligned to our business strategy and talent management focus to "build our own timber", driving capability building has been key for us. In South Africa, 220 employees attended learning and development interventions (84% of this spend was on Employment Equity employees). The development of female employees remains a focus for us, with 55% of total training spend in South Africa being spent on women.

The following are some of the key initiatives implemented during the year:

- SA Manufacturing Operations have implemented pipeline initiatives comprising learnerships and internships for qualifications critical to the business such as mechatronics and engineering disciplines;
- SA Commercial Learning Academy is now fully accredited with the Chemical Industries Education & Training Authority and the Quality Council for Trade & Occupation, making Aspen the only pharmaceutical company in South Africa registered and accredited to offer a National Certificate in Pharmaceutical Sales Representation;
- At Aspen Holdings, the focus was on developing executive leadership, a growth mindset and project management skills;
- The Aspen Excellence programme was implemented to build skills around leading and working in a high performance organisation;
- The Advanced Certificate in Management was delivered through Milpark Business School, a bridging programme focused on providing an accredited qualification to line managers (NQF 6) and giving them an holistic view of management;
- Employee financial, emotional and medical wellness sessions through ICAS (wellness partner);
- Disability awareness training;
- A range of ethics and compliance-related training was delivered; and
- COVID-19 training and awareness initiatives have been ongoing.

Financial assistance in the form of bursaries were awarded to 51 of our employees, with a further 59 bursaries being awarded to external students in South Africa. Our external bursary scheme, with a total spend of R4 million, is directed towards the maintenance of a supply of relevant qualifications and skills to the industry in the future, while also contributing to the education of our youth.

Respecting employee rights

As a signatory to the UN Global Compact, we are committed to upholding the labour principles included therein. Our working environments are free of prejudice, bias, harassment and/or violation. Our Code of Conduct entrenches the rights of all employees to be treated with fairness, equality and respect. Discrimination of employees on the basis of age, nationality, gender, race, physical health, sexual orientation, individual belief systems and/or any other prejudicial grounds is prohibited and further entrenched in our Equity, Diversity and Inclusion Framework and Sexual Harassment policy. Our policies further denounce the use of child labour and unfair labour practices. Human resources, industrial relations and legal compliance frameworks are in place to uphold employee rights and ensure compliance with labour legislation. During the year, no incidents of unfair discrimination were identified in the Group (2020: Nil).

We have policies and procedures in place that encourage a productive employee relations environment, underpinned by proactive and constructive working relationships with unions and works councils. Employees across the Group are free to exercise their rights to belong to trade unions and collective bargaining councils. Relationships with trade union representatives, considered key stakeholders, are managed in a proactive and responsible manner by local human resources managers. Formal processes are in place to foster a culture of transparency and constructive engagement with trade union representatives in each territory. During 2021, approximately 9% of the Group's employees belonged to a trade union, while 20% were represented by collective bargaining or works councils.

Material operational changes are communicated to the employee trade unions, as necessary, within legislated timeframes. Formal grievance procedures are in place and are communicated to employees at each business unit. Another mechanism to address employees concerns over confidential matters is the use of the whistleblowing Tip-offs Anonymous line. This independently operated reporting system provides employees with a channel to anonymously raise concerns in respect of matters related to unethical conduct, corruption and fraudulent activities.

Human capital continued

Our whistleblowing policy and standard operating procedure provides guidance to prospective whistle-blowers and details the protections available to them, including protection against occupational detriment.

The Social & Ethics Committee provides oversight of the Group's activities with regard to labour and employment, including the Group's standing in terms of the International Labour Organization protocol on decent work and working conditions. It further monitors Aspen's relationships with its employees and reviews the effectiveness of skills development programmes across the Group.

Fair remuneration

Employees are protected by local labour legislation and internal policies and practices to ensure appropriate hours of work and the management of overtime. Employee wage rates across the Group comply with legislated wage rates in the relevant jurisdictions and, where applicable, employees are paid in accordance with rates agreed upon with trade unions and/or collective bargaining councils. Salaries are benchmarked against industry standards in each territory to ensure that high performing employees are offered competitive remuneration packages that promote retention objectives. Our remuneration philosophy is detailed on page 91. Initiatives are also in place to provide formal and informal recognition to employees. Our global employee recognition programme celebrates employee excellence in the business.

Respecting employee diversity and promoting equality in the workplace

Our success is entrenched in our values and weaved into this is the equity, diversity and inclusion of the global environment in which we operate. At a time of unprecedented change and challenge within our industry and in the overall global marketplace, a diverse workforce that reflects the world in which we operate and an inclusive culture where all our employees feel valued and appreciated is a cornerstone to our success as a truly global organisation. Leveraged through a diverse workforce that reflects the communities in which we operate and an inclusive culture where our employees feel they can be their authentic self, have a sense of belonging and are appreciated, our Group Equity, Diversity and Inclusion ("EDI") Framework articulates that all employees, regardless of age, disability, gender, marital status, race, colour, religious beliefs, ethnic origin, nationality, sexual orientation or social-economic status and political beliefs, are treated with respect, dignity and fairness at all times. We are committed to building an organisation that is reflective of the demographics of the countries and communities in which we operate, in order to harness strength from the many diverse talents and cultures in the Group. As at 30 June 2021, Aspen's team represented over 50 different nationalities across six continents. In accordance with the Group's Code of Conduct, all employees are treated with fairness, equality and respect.

The Aspen EDI Framework aims to formalise our commitment to promoting and supporting EDI at all levels of the organisation to maintain our high performance culture and ensure that programmes, policies, strategies, and practices are executed to create and sustain a diverse, equitable, and inclusive workplace. The business units across the Group have embraced the principles and philosophy around equity, diversity and inclusion, embarking on their individually unique journeys to build diverse and inclusive teams. Some key initiatives implemented in the year were:

- the extension of working-from-home policies to provide further flexibility to employees;
- the management of various diversity training and World Diversity Day celebrations;
- the provision of enhanced paternity and adoptive leave benefits;
- the development of more inclusive onboarding programmes,
- the implementation of diversity surveys; and
- focused actions to address areas of concern around inclusion.

The attraction, retention and development of women employees is a priority for the Group and gender diversity is a KPI monitored by the Social & Ethics Committee. We recognise that the advancement of women within our organisational structures is an important element in addressing gender equity. The percentage of women in the top management roles in the Group indicates that women represent 26% (2020: 19%) of our leadership teams and 48% (2020: 49%) of our total workforce. To empower our female employees, women's forums have been established in our respective South African businesses, providing a platform for women to engage, connect and enable transformation in the gender space. We consider having an external perspective on gender as critical and have strengthened our partnership with the South African chapter of the 30% Club during the year. The 30% Club is a non-profit organisation that campaigns for the greater representation of women on the boards of FTSE100 companies as well as for the empowerment of women in senior positions within organisations. Over 100 of our employees, both men and women, have been exposed to networking sessions hosted by the 30% Club where issues of transformation and gender equality were debated. Our Group Operating Officer and Group Head: Talent Management are members of the 30% Club Steering Committee, demonstrating our commitment to this important issue.

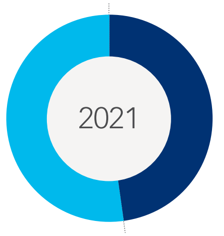
Demonstrating our clear commitment to putting gender issues into the mainstream of our transformation agenda, our Group Chief Executive signed the UN Women Empowerment Principles during the year. By adopting the seven empowerment principles, not only do we have access to a network of like-minded organisations that are committed to gender main streaming, but we also have access to a host of case studies, material and research. We are current participants in the UN WEP South Africa Steering Committee and have a voice in positioning these principles in the South African context.

Aspen is committed to providing a working environment free from discrimination, harassment, violence and bullying, and ensuring that all employees are treated, and treat others, with dignity and respect. As an organisation, we have a responsibility to support any employee who is subjected to violence, harassment and discrimination and to protect employees who may be subjected to gender-based harassment at work or in their communities. Domestic violence and sexual harassment negatively impact the full and equal participation of women in the workforce as they impair employees' physical and mental health and well-being, leading to stress, anxiety, loss of self-esteem, motivation, and even job loss. These heinous forms of abuse contribute to the gender pay gap and affect women's opportunities for advancement, career progression, business productivity and reputation. Recognising the high prevalence of gender-based violence in certain of our operating geographies, we have started designing a five-step approach aimed at addressing the challenge of gender-based violence and harassment. Aspen takes a firm stand against workplace bullying, and policy enhancements are underway to formalise measures in place to protect employees who are subjected to workplace bullying.

We have also implemented specific interventions to create an inclusive working environment for people living with disabilities. This is an important element in our transformation journey in South Africa, where we have targets and plans to attract, develop and retain people living with disabilities in our business. To support this objective, we ran the "Journey Towards Inclusion" campaign, which aimed to create awareness around employees living with a disability and encouraged employees to disclose their disabilities so that we could better support them. Disability awareness training was provided to our human resources and Employment Equity Committees. The intent is to roll this training out to more employees and line managers. We have also provided learnerships to 50 disabled individuals. In our South African business, people living with disabilities represent 1,5% of our workforce.

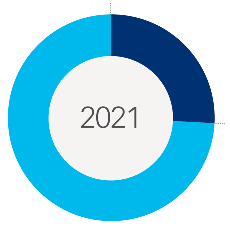
Human capital continued

Employee gender diversity in the Group (%)



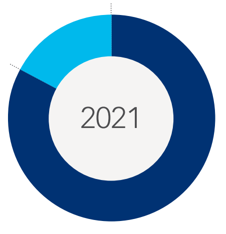
- Female 48
- Male 52

Gender diversity in top management roles in the Group (%)



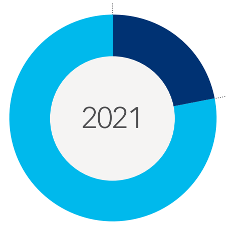
- Female 26
- Male 74

Employee race diversity in South Africa (%)



- Black employees 83
- Other employees 17

Black employees in top management roles in South Africa (%)



- Black employees 22
- Others 78

Empowering historically disadvantaged individuals in South Africa

In line with our employment equity policy and talent management policies in South Africa, we crafted and have implemented the fourth year of our five-year Employment Equity Plan. This plan was developed in conjunction with our South African businesses in accordance with the Employment Equity Act and the Department of Trade, Industry and Competition's BBBEE Code of Good Practice ("BBBEE Codes") to promote the advancement of historically disadvantaged individuals. Targets were set by taking into consideration staff turnover, growth and transformation rates after having consulted with the respective employment equity committees. Each business unit in South Africa has a transformation plan in place and employment equity committees meet regularly to drive delivery against agreed employment equity priorities. In South Africa, black employees represent 83% (2020: 82%) of the total employee workforce. A key focus is to improve representation at a senior management level. However, the percentage of black employees in the top management positions in South Africa suffered a setback this year following restructuring activities reducing representation from 27% to 22%. Representation of female employees in the South African workforce has remained fairly constant at 47%, while women hold 26% (up from 19%) of the top management roles.

Supporting the well-being of our employees

COVID-19 emphasised the importance of formally extending our health and safety measures beyond the boundaries of our workplace to ensure the physical and mental well-being of our workforce. Employee health, wellness and fitness for work are fundamental to enable the effective execution of designated responsibilities and implementation of value-adding initiatives for the business. Employee benefit arrangements include subsidisation of tailored healthcare insurance plans for employees and their direct dependants, where this is required. We supported our employees with paid leave to accommodate mental health and family responsibility where warranted. Core to well-being is also communication, and we have ramped up employee communication with global townhalls, virtual employee magazine, and by encouraging of cross-functional collaborative teams. Employees at selected sites have access to on-site clinics, employee assistance programmes and wellness support programmes. Detailed wellness programmes are implemented in South Africa and across various business units, with a focus on financial planning, stress management, mental wellness and COVID-19 vaccination awareness and support.

Supporting South African employees in the identification and management of HIV/AIDS

We are committed to promoting HIV/AIDS awareness and offering HIV/AIDS-positive employees with the required counselling and support. Each year, we participate in World Aids Day on 1 December and World Tuberculosis Day on 24 March. Employee awareness of these diseases is created through the dissemination of information booklets and posters and making relevant information available electronically to staff. Our HIV/AIDS policy complies with legal guidelines and prescribes confidentiality of the employee's status. Free condom dispensers are installed in accessible areas across the South African and Kenyan sites. In South Africa, our HIV/AIDS management programme is administered by an independent health risk management company. HIV/AIDS-positive employees have access to the disease management programmes through their healthcare insurance schemes, which subsidise the provision of ARVs as well as voluntary counselling and support programmes. Peer educators provide staff with necessary HIV/AIDS prevention and disease management training and, where required, this is also offered to family members of affected employees. In South Africa, eight employees participated in the voluntary HIV/AIDS testing and 64 participated in the voluntary counselling programme.

Providing a safe working environment

Our employees are entitled to a safe and healthy working environment and we are committed to ensuring the safety and security of all of our employees and third parties visiting our facilities. With the outbreak of the COVID-19 pandemic in 2020, we have continued to improve and maintain our workplace response plans to address COVID-19-related health and safety risks at each site. We are proud of our diligent and resilient workforce, who have ensured compliance with impacting and unpleasant COVID-19 non-pharmaceutical control measures. For the collective benefit of our employees and communities, COVID-19 vaccinations have been encouraged through regular training and awareness and the facilitation of on-site vaccination services where possible. With the establishment of the Johnson & Johnson COVID-19 vaccine production line at our Gqeberha site in South Africa, the development of new processes and skills to safely manage the production of a biologically active pharmaceutical product in accordance with international standards was a key area of focus for this site.

Our commitment to safety and security management

Our commitment to our employees is outlined in the Aspen Code of Conduct. The Aspen Code of Conduct for Suppliers and Service Providers echoes this commitment, detailing the expectations and requirements in terms of adhering to our safety standards both in their own workplace and when operating at one of our facilities. The Aspen Group Standard for Contractor Management further supports the identification, evaluation and control of risks associated with on-site contractor and subcontractor activities.

Human capital continued

The prevention of work-related injuries, permanent disabling injuries and occupational diseases is a key focus area for site management teams, particularly at the manufacturing facilities where the inherent risks of health and safety incidents, including chemical exposure, are high. Health and safety baseline and issue-based risk assessments are conducted to identify and evaluate the magnitude of our health and safety risks through a dynamic, formal and structured process. Risk assessments are the foundation for the establishment, implementation and maintenance of our SHE management systems across the Group and the selection and mitigation influence of required control measures is determined by the principle of the hierarchy of controls. Issue-based risk assessments are conducted for the management of changes and any new projects prior to the design phase to ensure that all health and safety risks are considered and mitigated. New operations acquired are systematically incorporated into the Aspen Group SHE programme.

Due to the nature of pharmaceutical and chemical products, compliance control measures are in place across the supply chain, to address the safe and compliant handling and transport of all materials and products. All SHE training needs are essentially identified through applicable legal requirements and risk assessments and formally managed through internal and external training programmes. Competent registered or approved training service providers are appointed through a procurement and selection process.

SHE awareness and competency training programmes are conducted to promote the effective implementation and maintenance of SHE policies and procedures at no cost to personnel working for, or on behalf of, the organisation. Employee competency and the effectiveness of training is generally measured through formal assessment questionnaires, job observations or the performance review process. Formal SHE representation and management structures are established at all manufacturing sites in order to create a platform of consultation and participation on the development of key system elements such as risk assessments, operational work instructions and incident investigations. These health and safety workforce forums also provide a mechanism for discussion and resolution of any SHE matters and sharing of pertinent health and safety information. Regional regulatory requirements would dictate the operation of health and safety workplace forums in terms of frequency, membership, responsibilities and authority for decision-making. Practices that penalise participation in the reporting of incidents, hazards, risks and opportunities are discouraged by addressing identified obstacles and barriers, and employees who wish to remain anonymous are protected against reprisals through the Tip-Offs and Whistleblowing policy.

SHE compliance is monitored and managed on a day-to-day basis and SHE KPIs form part of site management reporting processes. The Group SHE function develops and promotes Aspen's SHE standards and monitors the compliance and effectiveness of certified SHE management systems across the business units. Independent SHE legal compliance audits are conducted biannually across all manufacturing facilities. The Group SHE function reviews the audit findings to establish trends and focus areas and tracks the status of corrective action plans. The Board monitors material SHE KPIs on a quarterly basis and, through the Social & Ethics Committee, monitors the effectiveness and compliance of SHE management systems across the Group.

Ensuring employee security

In the interest of employee safety and asset security, access controls and security systems are in place across all manufacturing and commercial sites to prevent unauthorised entry. Additional measures are implemented by local management teams to ensure employee safety in countries where the risk of social and/or political unrest is high.

Managing SHE compliance

We align our health and safety management systems to global standards and all fully commercialised primary manufacturing facilities, as well as six of seven API facilities, have successfully transitioned to ISO 45001. Our health and safety certification covers 88% of employees within manufacturing operations. Due to the limited scale of their operations, the Sioux City and Ghana sites are not earmarked for certification. During this year, our Kenya site achieved its ISO 45001 certification. The ISO 45001 certificates and SHE policies for all internationally certified facilities are displayed across the manufacturing sites and are available online. Maintenance of an internationally recognised health and safety management system enables our sites to keep abreast of all applicable health and safety legal requirements, maintain a programme for evaluation of compliance and manage instances of non-conformance.

Measuring SHE performance

Independent SHE compliance audits were performed at 21 of the Group's manufacturing business units in 2020. An internal legal compliance assurance process was conducted in 2021 and no exceptional health and safety legal compliance findings were noted. All legal findings are managed by each facility through a formal Corrective and Preventive Action system and the Group SHE function monitors the compliance status and reports thereon to the Social & Ethics Committee. No fines were paid in respect of health and safety non-compliances this year.

To align our practices with the changes recommended by the GRI, a transition to two new material health and safety KPIs was made in FY2021. TRIFR and High Consequence Incident Frequency Rate ("HCIFR") have replaced our previous measures for health and safety performance, i.e. disabling incident frequency rate and LWDFR. These new KPIs provide a more accurate reflection our health and safety profile and approach to incident prevention through disclosure of a holistic TRIFR and refined HCIFR view of our health and safety performance. Greater insight into causal factors and hotspots are also obtained through the identification of emerging health and safety risks on minor medical cases.

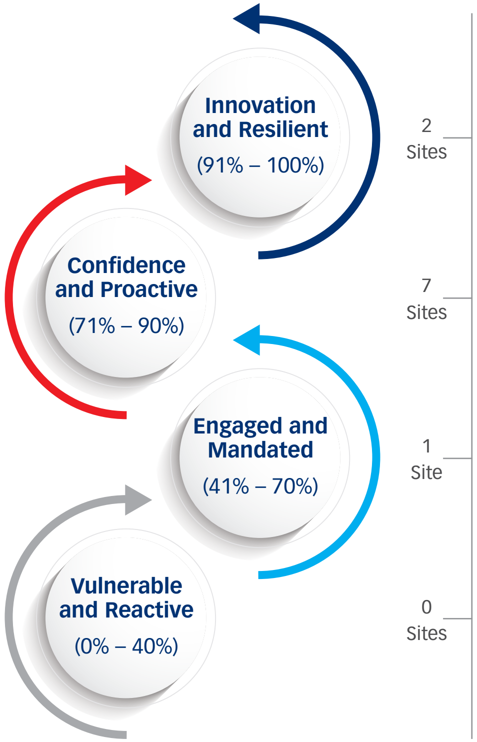
The TRIFR reflects the percentage of employees who experienced reportable incidents, which include minor medical cases other than first aid treatment, over the 12 months ended 30 June 2021. The TRIFR tolerance was set at 2,00 for 2021 and a rate of 1,10 was achieved. The HCIFR indicates the percentage of employees who experienced a work-related injury or ill-health, over the 12 months ended 30 June 2021, where the worker could not, did not or was not expected to recover fully to pre-incident health status within six months. The HCIFR tolerance, set at 0,05 by 2025, was achieved (0,03), although two partial finger amputation cases occurred at our East London facility in South Africa. The tolerance levels are reviewed and approved by the Social & Ethics Committee on a two-yearly cycle.

During the year, 76 reportable incidents were recorded across the Group's manufacturing facilities compared to 89 incidents in the prior year. It is pleasing to report that no occupational fatalities related to our own workers and external contractors were experienced during the year. This is now the eighth year without such fatalities and there is ongoing focus to ensure Aspen maintains this record. Formal systems are in place to ensure that incidents are recorded, investigated and analysed in a structured and timely manner in order to identify root causes and prevent the recurrence of incidents.

Slips, trips and falls are the highest contributor to our total reportable case rates. Ergonomic cases and injuries caused by moving objects, mainly due to unsafe behaviours, also contribute significantly to our incident rates. It has been acknowledged that having a good formal SHE Management System in place is insufficient as we rely on the behaviour of our people to turn these systems and procedures into reality. In an effort to promote a positive SHE culture and behaviour within the Aspen Group, the WeCare SHE Culture Survey was launched in 2021. This survey aims to provide insight into what all levels of employees should stop, start and continue doing in order to create a culture of care and a mindset of "beyond compliance" to enable excellent SHE performance and continual improvement. A baseline assessment consisting of three weighted components (survey questionnaires, level of participation and incident history) was completed

Human capital continued

by 77% of our manufacturing sites. The outcome of the baseline survey indicated that the majority (70%) of the participating sites were at the "Confident and Proactive" level. The identified improvement opportunities will be further investigated through consultation with the employee health and safety forums in order to improve the SHE culture. Progress on SHE culture will be assessed and disclosed every two years.



In an effort to formally increase our health and safety coverage and establish relevant health and safety KPIs for our commercial business units, a motor vehicle accident ("MVA") survey was conducted in 2021. Ten commercial business units (36%) representing 89% of our sales and marketing representatives located in South Africa, Latin America, Australia, Europe and Asia participated in the survey. The aim of the survey was to establish a baseline on the frequency and severity of MVAs and the extent of motor vehicle safety training and awareness. The outcome of the survey indicated an insignificant history of MVA injuries and the need for a dedicated reporting and investigation mechanism for the monitoring of MVA statistics for the Group. An MVA incident rate would thus not be considered at this stage, but the number and severity of MVA injuries will be disclosed from 2022.

Ensuring commitment to continual improvement

We are committed to the continual improvement of health and safety management and performance through reasonably practicable measures. Incident statistics are utilised as an input for the identification of improvement opportunities. Continual improvement is demonstrated by the establishment of measurable health and safety objectives which are regularly monitored to ensure achievement thereof. The status of the various continual improvement programmes is also discussed at employee health and safety workforce meetings.

A formalised Group SHE Compliance function was also established during the year and will, as part of the Group's Ethics & Compliance function, be aimed at assurance provision around this important aspect.

Accolades

Aspen Global Incorporated received its certification as a *Top Employer 2021* from the Top Employers Institute in recognition of the achievement of excellence in employee conditions, thereby contributing to enriching the world of work.

Aspen Notre Dame de Bondeville's score of 92 out of 100 on the *Professional Equality Index*, corresponds to equality between women and men in terms of access to employment, training, professional promotion, working conditions, health and safety at work and the balance between professional and personal life.

Additional information available online:

- Aspen Sustainability and ESG Data Supplement
- Social & Ethics Committee Report
- Employment equity progress reports for FCC and Pharmacare
- Aspen Code of Conduct
- Communication on Progress Report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2021
- Responsible corporate citizenship philosophy
- Aspen Code of Conduct for Suppliers and Service Providers

Social and relationship capital

Being a responsible corporate citizen is more than a compliance requirement; it is fundamental to our objectives and the way we do business. We recognise that there are inseparable linkages between our sustainable growth, our relationships with our key stakeholders and our contribution to society in the broader context

Inputs

- Relationships with communities, customers, patients, consumers, regulators, HCPs, investors, suppliers, distribution partners, service providers, governments, media and other key stakeholders
- Responsible corporate citizenship
- Robust governance framework
- Integrated governance, risk and compliance structures
- Group-wide ethics and compliance processes
- Policies and procedures

Key initiatives

- Contribution to public health and social responses to COVID-19
- Ongoing engagement with key internal and external stakeholders and management of reasonable stakeholder expectations
- Socio-economic investment focused on enhancing healthcare delivery to communities
- Participation in the South African Public Healthcare Enhancement Fund, a collaboration between the South African Department of Health and private sector healthcare companies
- Support of Mandela Day across the Group's business units globally
- In-country initiatives aimed at community upliftment
- Support to empowering enterprises, including small and micro-enterprises, through preferential procurement and enterprise development and supplier development activities
- Contributing signatory to the UN Global Compact
- Implementation of Group-wide ethics and compliance programme
- Ethical culture risk assessment performed by The Ethics Institute in respect of 17 of the Group's most material
- businesses
- Further enhancements to ESG disclosures through provision of GRI, SASB and TCFD indices
- A focus on promoting equity in the Board and workforce composition

Outcomes

- Enhanced profile as a good corporate citizen with a reputation for high quality, affordable medicines and products
- Partnered with Johnson & Johnson to manufacture COVID-19 vaccines for distribution to South Africa and the rest of Africa
- Value delivered to stakeholders
- Increasing healthcare skills and resources, primarily in South Africa
- Meeting legitimate stakeholder expectations and maintaining a "licence to operate"
- Contributing to the transformation of South African society
- Contribution to the economies and fiscus in the countries in which we operate
- Uplifting the lives of the communities in which we work around the world
- Giving credence to our philosophy *"Healthcare. We Care."*

Value created for stakeholders

- Contribution to society through engagement with civil society and investment in SED
- Collaboration and partnering opportunities
- Responsible and ethical business partner

Material sustainability topics covered in this section:

- Human rights
- Ethical business culture
- Compliance
- Corporate governance
- Responsible supply chain management
- Transformation and economic inclusion (BBBEE in South Africa)
- SED and investment in communities
- Fair taxation

17 PARTNERSHIPS FOR THE GOALS

Conducting business in a responsible manner

Our responsible corporate citizen philosophy encapsulates our commitment to conducting business ethically, with integrity and with commercial wisdom. We strive to enhance the economic and social well-being of our patients, consumers, investors, employees, customers and business partners.

Engaging stakeholders

We are committed to adopting a stakeholder-inclusive governance approach and sustaining strong relationships with our stakeholders through transparency and effective communication. The Board takes overall responsibility for ensuring a stakeholder-inclusive governance approach and a Group stakeholder engagement policy is in place. During the year, we have had a wide range of structured and *ad hoc* engagements with our broad stakeholder base. Our approach to stakeholder engagement and a summary of the most material stakeholder engagements that we have undertaken are set out on pages 19 and 22 of this report.

Corporate governance

Led by an effective Board and long-serving, experienced executives, we operate on an established foundation of strong corporate governance. The King IV Report on Governance is implemented throughout the Group. More can be read about this on www.aspenpharma.com/corporate-governance-and-risk-management/ where we deal with our compliance with the King IV principles.

Ethics and compliance as a new combined function

Prior to 1 July 2021, the Ethics and Compliance portfolios at Aspen were separate, each residing in the Group Governance and Group Legal functional areas respectively. In addition, there was no

Social and relationship capital continued

independently managed SHE legislative compliance assurance function. The two portfolios are now combined, along with SHE legislative compliance assurance activities, in what now constitutes the Group's Ethics & Compliance function. The combined approach also applies across the businesses where Regional Ethics & Compliance Officers have been appointed to implement Aspen's settled Ethics & Compliance programmes within their businesses. The Group-wide Ethics & Compliance programmes, and the Group and Regional Ethics & Compliance teams, are led by the Group Head: Ethics & Compliance, who reports to the Group Executive: Governance & Communications.

Ethics management and Code of Conduct

We have a zero-tolerance approach to unethical behaviour. Our Code of Conduct is a values-based policy document that governs the conduct of all of our employees. It is aligned with the Organisation for Economic Cooperation and Development's ("OECD") recommendations regarding corruption and the 10 principles set out in the UN Global Compact. Our Code of Conduct, signed by all permanent employees, governs the conduct of employees throughout the Group. Furthermore, our service providers and suppliers are required to adhere to the Aspen Code of Conduct for Suppliers and Service Providers in accordance with terms and conditions included in agreements with these stakeholders. All new employees are given a copy of, and are required to sign their acceptance of the Code of Conduct on commencement of their employment with the Group. The Code of Conduct, which has been translated to all of the primary languages spoken by employees throughout the Group, is available to all employees on our Group's One Aspen Online intranet and is contained in the employee handbook made available to new employees. Our induction programmes across the Group are intended to educate new employees on the ethics, values and business philosophy of the Group, while formalised ethics-related training takes place for certain designated employees on an annual basis.

During the year, The Ethics Institute conducted an ethical culture risk assessment. The purpose of the assessment was to establish the current ethical culture risk profile for the Group. The quantitative and qualitative survey was conducted across 17 of Aspen's material businesses globally. The overall ethical culture ranking was assessed at the 85th percentile, indicating an "Advanced" overall ethical culture for the Group. The results of the survey will be used to focus interventions on specific areas required to further enhance our ethics programme.

The Group Executive: Governance & Communications provides assurance to the Social & Ethics Committee in respect of the annual completion of the essential elements of the Group's Ethics Management programme by submitting a certification confirming the completion of these elements. The Group's Internal Audit function provides additional assurance to the Committee in respect of the satisfactory implementation of the programme as it conducts regular and targeted risk-based reviews to confirm the appropriate implementation of the programme throughout the Group.

Anti-bribery and corruption

We are committed to the eradication of bribery and corruption. Our stance on bribery and corruption, as outlined in our Code of Conduct, is strengthened by our Anti-bribery and Anti-corruption policy, applicable to all our employees, suppliers, service providers, consultants and agents or other third parties authorised to act on our behalf. This policy is aligned with the recommendations of the OECD on corruption and prohibits any employee or agent of Aspen from directly or indirectly offering, paying, soliciting or accepting bribes in any form. Read with our Gifts and Benefits policy, it also prohibits the acceptance or giving of gifts or hospitality that are not of a nominal value or participating in events sponsored by current or prospective customers or suppliers. The Anti-bribery and Anti-corruption policy, which describes the elements and types of corruption and bribery, is available to all employees. Our annual ethics training programmes include anti-bribery and corruption risks and our policy stance thereon, with specific training on the topic provided to certain designated employees. During the year, no instances of bribery or corruption were investigated, and no employees were disciplined or dismissed due to non-compliance with our Anti-bribery and Anti-corruption policy. No fines, penalties or settlements were incurred in relation to corruption.

Tip-Offs Anonymous Hotline and other whistleblowing reports

We promote a culture of openness and transparency throughout the Group and, as such, employees and other stakeholders are encouraged to report unethical conduct and other transgressions which they may become aware of. An independently monitored whistleblowing hotline, (including facilities to email anonymous tip-offs reports or log them online), Deloitte's Tip-Offs Anonymous, remains available to all our employees and allows other stakeholders to report suspected fraud and/or activities which are considered to be transgressions of our Code of Conduct. Our policy and standard operating procedure provides guidance to prospective whistle-blowers and details the protections available to them, including protection against occupational detriment. Training and awareness sessions are conducted periodically to promote the use of this facility for its intended purpose. Key customers, service providers and suppliers are periodically informed of the availability of this line.

All reports from this hotline or from other whistleblowing sources received during the year were logged and, where appropriate, reported to the relevant managers timeously after consideration by the Aspen Ethics Committee. Disciplinary action was taken in instances where employees were found to have transgressed, with corrective actions implemented where necessary to improve controls and to prevent recurrence of the incident. All instances of misconduct, which may also constitute criminal conduct, are reported to local prosecution authorities as may be appropriate. Reports detailing the tip-offs received, how these tip-offs have been investigated and the corrective measures taken, are submitted to the Audit & Risk Committee and Social & Ethics Committee on a quarterly basis.

The table below provides a breakdown of the tip-offs received via the Tip-Offs Anonymous Hotline and other whistleblowing sources from across the Group during the year:

Type of allegation	
Fraud/theft/arson	**7**
Bribery/corruption by Aspen employees/contractors	**2**
Unethical business practices/breach of policies or procedures	**3**
Sexual harassment	**0**
Human Resources/grievance-related complaints	**30**
Other	**6**
Total	**48**

Of the 48 allegations received via the Tip-Offs Anonymous Hotline and other whistleblowing sources during the financial year, all have been considered by the Social & Ethics Committee and 43 were deemed to have been resolved, with five matters still under investigation.

One instance of reported alleged misconduct (reported to the responsible Regional Ethics Officer) was found to be of material substance and was accordingly investigated. The three implicated employees were dismissed following a formal disciplinary process.

Social and relationship capital continued

Respecting human rights

We are a signatory to the UN Global Compact and are committed to upholding the principles of respecting and protecting internationally proclaimed human rights, as well as ensuring that we are not complicit in human rights abuses. The Aspen Code of Conduct details our commitment to fundamental human rights and the Social & Ethics Committee monitors the effectiveness of ethics management in the Group. The Aspen Group statement on modern slavery further supports our commitment to address the requirements of the UK Modern Slavery Act, the Australian Modern Slavery Act and equivalent legislation in the jurisdictions in which we operate. All our suppliers and business partners are required to confirm acceptance of the Aspen Code of Conduct for Suppliers and Service Providers to provide assurance that human rights and good ethical standards are upheld within the supply chain.

Our formalised Ethics programme requires each business unit to assess risks associated with violating human rights, child labour, as well as slave or compulsory behaviour. No businesses in the Group identified heightened risks in this regard and during the year, no incidents of discrimination, slave labour or compulsory labour were reported within the Group (2020: Nil).

As part of our commitment to good corporate citizenship, we support the United Nations Declaration on the Rights of Indigenous Peoples as adopted on 13 September 2007 and respect the rights of indigenous peoples in the countries and territories in which we operate. There were no reported incidents where the rights of indigenous people were violated (2020: Nil). These aspects are monitored in respect of all business units.

The Social & Ethics Committee provides oversight of the Group's human rights performance.

Conflicts of interest

The Board has adopted a formal policy to regulate conflicts of interest. Directors or employees who encounter such conflicts are required to formally declare such conflicts of interest for these to be considered by the appropriate forum, which is to provide direction as to how such conflicts are to be resolved and recorded. We also have a formal policy that deals with trading in Aspen's securities.

Responsible supply chain management

We work with a large number of suppliers, who provide goods and services that support us in delivering a reliable supply of high quality, safe products for our patients and consumers. We acknowledge that we have a responsibility to ensure that we work with suppliers and partners whose ethical, social and environmental standards are aligned to our own. Our service providers and suppliers are required to adhere to the Aspen Code of Conduct for Suppliers and Service Providers in accordance with terms and conditions included in agreements with these stakeholders. In agreeing to the provisions of this document, these parties warrant that:

- They do not use or engage in child labour or indentured labour;
- A safe and healthy workplace is provided for employees;
- Employees are not unfairly discriminated against;
- No corporal punishment and no form of abuse or cruelty is applied or supported;
- Each employee is paid at least a minimum wage or a fair representation of the prevailing industry wage;
- All laws on working hours and employment rights relevant to the business are complied with; and
- Employees are free to join and form independent trade unions and have the freedom of association.

In order to enhance our engagement with our key service providers and suppliers, we are in the process of developing a Group-wide supplier sustainability risk assessment and due diligence programme for implementation in CY2022. This Responsible Supply Chain Programme will allow us to monitor sustainability performance on a routine basis through reliable sustainability assessments and engage with suppliers to achieve continual improvement and advancement of supplier performance on relevant sustainability aspects.

Responsible tax citizen

As a Group that has a substantial presence in many countries, we understand our responsibility to pay an appropriate amount of tax. We comply with tax laws in the countries in which we operate and seek to maintain open and positive relationships with tax authorities. The taxes we pay make a positive contribution to the societies in which we operate. Our approach to taxation is set out on pages 88 to 89 of this report.

Political contributions

Our Code of Conduct precludes us from making payments or other contributions to political parties, organisations or their representatives or taking part in party politics.

Legislative compliance

Lawful compliance and respect for the rule of law underpins an ordered and effective society. We are committed to complying with the applicable legal and regulatory requirements wherever we do business. The Group Executive: Governance & Communications is responsible for the implementation of an effective legislative compliance framework and provides the Board with assurance in respect of the Group's compliance with applicable laws and regulations.

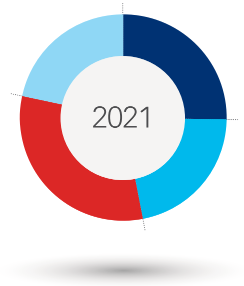
There were no significant incidents of legislative infringements recorded during the year under review reflecting the Group's effective compliance management and governance processes.

Socio-economic development and investment in communities

Our SED programmes are implemented at a local level through the business units, thereby channelling contributions to areas of greatest impact in the particular local context. A Group SED Policy has been adopted and implemented, aimed at aligning the Group's SED contributions with its SED strategy and ensuring compliance with the Aspen Code of Conduct. There is also a Group SED Committee in place to monitor and review the implementation of this policy and approve SED investments in excess of certain thresholds.

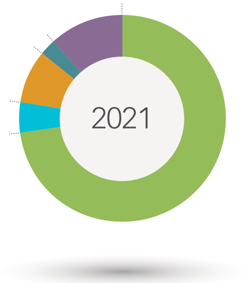
During the year, we supported a total of 200 SED projects, valued at R19,5 million and based largely in South Africa.

SED projects by type across the Group (200 projects)



Community upliftment	51
Education and training	43
Healthcare	63
Mandela Day	43

SED projects supported per region (200 projects)



Africa Middle East	146
Americas	9
Asia	17
Australasia	5
Europe CIS	23

Social and relationship capital continued

Supplementing efforts to rebuild the economy, healthcare sector and communities in South Africa

The ongoing effects of the COVID-19 pandemic have continued to inflict both unprecedented public health and economic challenges with the obvious need to balance lives and livelihoods. To this end, over the past year, we have further focused and enhanced our efforts to respond to the public health challenges and positively contribute towards economic recovery and rebuilding the economy. The negative impact of the recent unrest in certain areas of KwaZulu-Natal and Gauteng, in South Africa, have required an immediate response in terms of rebuilding and restoring a sense of normality within the affected communities. Aspen has played an active role in this restoration, including addressing investor sentiment and practical on-the-ground responses by helping to rebuild affected health facilities, pharmacies and GP practices in the affected areas.

These efforts were further reinforced through partnerships with community-based and government organisations, whereby notable assistance was provided within communities. This year, we have partnered with various organisations in providing food and care parcels on a sustainable basis, in order to provide resource-constrained communities, some stability during an already turbulent economic time.

We have continued our partnership within the Business for South Africa platform, by leading the health workstream. The core focus of Business for South Africa ("B4SA") has been in combating the COVID-19 pandemic in South Africa through voluntary, *pro bono* work. While initial efforts were directed at securing personal protective equipment for frontline healthcare workers, the vaccine roll-out in South Africa has become a focal point for B4SA, which has made notable contributions in the efforts to ramp up vaccination in order to achieve government's goal of vaccinating 28 million adults living in South Africa by the end of December 2021.

Our SED priority areas include:
- Community development and health infrastructure support;
- Rebuild South Africa campaign ;
- Social development, strengthening democracy and civil society;
- Humanitarian/COVID-19 relief; and
- Human capital and skills development

Notable SED initiatives we supported during the year include:
- Our contribution towards the establishment of a modular hospital solution in partnership with Siemens and the German government at the Cecilia Makiwane Hospital in the Eastern Cape. The facility will provide further capacity for the hospital, adding 100 beds and state-of-the-art diagnostic equipment;
- Our contribution towards the establishment of tents at the Chris Hani Baragwanath Hospital which provided extra capacity in the initial vaccine roll-out programme for healthcare workers and staff;
- We provide continued support for the young female students in the Nkantolo community in partnership with the O.R. and Adelaide Tambo Foundation through the donation of sanitary towels for each student for a period of six months;
- We have an ongoing partnership with the University of Witwatersrand Pharmacy School to provide support for its bursary programme as well as its SED-related activities, including its Trinity Pharmacy initiative, which provides health services for the homeless and destitute in and around the Johannesburg CBD; and
- Support was provided to the Cape Town Disaster Management organisation during the fire that broke out at the University of Cape Town in April. We provided Aspen-branded eye drops for fire fighters and first responders. We further contributed towards the restoration of the building that was damaged in the fire and other supplementary activities.

During these challenging turbulent times that South Africa and the world faces, Aspen continues to invest in SED initiatives, where optimal impact can be realised in rebuilding and restoring communities through collaborative efforts.

SED spend on projects in South Africa

	R'million	%
Basic health and HIV/AIDS (including spend on clinics, HIV/AIDS and healthcare)	**4,9**	31
Education and training	**8,7**	54
Sport and the promotion of healthy lifestyles	**0,2**	1
Other (including Mandela Day and community upliftment)	**2,2**	14
Total	**16,0**	100

Commitment to transparency in reporting

We appreciate that our stakeholders expect us to report on a broad range of ESG aspects in a consistent and transparent way. We perform a review of material sustainability topics to understand the expectations of our stakeholders (refer to page 14). Since the implementation of the FTSE/JSE Responsible Investment Index in 2015, we have worked at improving our overall score, resulting in our inclusion in 2020 in the top 30 of the FTSE/JSE Responsible Investment Index and in the FTSE4Good Index Series, which recognises companies with strong ESG practices measured against global standards. In the most recent assessment, our score reduced to 3,9 (2020: 4,5) out of a possible 5,0 after being impacted by the change in the index scoring methodology relating to climate-related criteria. Nevertheless, we continue to place above the 90th percentile in our industry sub-group on the index.

In order to further enhance our transparency in reporting, we have provided an initial mapping of our disclosures to the GRI standards and SASB standards and have also commenced aligning our disclosures with those recommended by the TCFD. These indexes can be found in our Sustainability and ESG Data Supplement.

Transformation and economic inclusion in South Africa

As a proudly South African-based group, we support the country's transformation objectives aimed at empowering historically disadvantaged groups in South Africa and we subscribe to the notion that, through the legislated economic empowerment initiatives, South Africa will benefit from the social reparation of past injustices and from the added economic contribution of inclusive and unrestricted participation by all citizens.

We have developed transformation objectives and programmes, and our employee management policies in South Africa are aligned with the Employment Equity Act and the BBBEE Codes to promote the advancement of historically disadvantaged individuals and women. In light of the significance we place on achieving progress in this regard, the performance against our Employment Equity plan is monitored by the Social & Ethics Committee, while our transformation KPIs are reported to the Board. Refer to page 75 for further information on our initiatives to empower historically disadvantaged individuals in South Africa.

Social and relationship capital continued

In addition, enterprise development programmes and preferential procurement objectives and targets are in place to support the emergence of black-owned and black female-owned businesses. While COVID-19 resulted in a reduction in total procurement spend in South Africa, we were able to substantially maintain the proportion of our total measured procurement spend with empowering suppliers. In this regard, the Group spent R3 366 million (2020: R3 190 million) with BBBEE-recognised locally based suppliers, representing 82,0% (2020: 82,9%) of total measured procurement spend. Our spend with black women-owned businesses increased from 13,9% to 14,9% of total measured procurement spend. Through continued efforts to onboard new black-owned businesses, we achieved an increase in the percentage of measured spend from these suppliers (from 22,1% in 2020 to 28,5% this year). We continue to focus on procurement from designated groups; however, our performance was negatively impacted by certain large suppliers losing their designated group status. We spent R12 million (0,3% of total measured procurement spend) with designated groups, falling short of the target of 2,0%.

Through our enterprise development and supplier development programmes, we continue to support our selected beneficiaries and this has included the extension of repayment holidays during the COVID-19 period where required. The balance of these loans as at 30 June 2021 is R39 million.

We have maintained our Level 4 BBBEE contributor status for the year. The Group's BBBEE certification was performed by Empowerdex, an independent economic empowerment rating and research agency. The 2021 certificate can be accessed online.

Accolades

Aspen Pharmacare was awarded the *Business Excellence Award in ESG* within the Pharmaceutical sector for 2021 by PMR.africa.

Aspen Pharma Brazil received an award from the Albert Einstein Hospital, based in São Paulo, Brazil for its *outstanding support in the fight against the COVID-19 pandemic*.

The Chevalier de l'Ordre national du Mérite (Knight of the French National Order of Merit) was bestowed upon Stephen Saad, Aspen's Group Chief Executive, at the University of Pretoria by President Emmanuel Macron.

Aspen's Integrated Report 2020 was awarded an "*Excellent*" rating by EY in its Excellence in Integrated Reporting, and the *highest ESG data transparency score* in the Health and Pharmaceuticals sector by Integrated Reporting & Assurance Services in its Sustainability Data Transparency Index.

Additional information available online:
- Aspen Sustainability and ESG Data Supplement
- Social & Ethics Committee Report
- Audit & Risk Committee Report
- Aspen Code of Conduct
- Aspen Code of Conduct for Suppliers and Service Providers
- Aspen's 2021 BBBEE Report
- Aspen's 2021 Communication on Progress Report in respect of Aspen's application of the UN Global Compact's 10 Principles
- BBBEE philosophy

Natural capital

As a manufacturer of quality medicines and APIs, we are reliant on the conversion and use of natural capital in creating value for our stakeholders. We recognise that our operations impact the environment directly and indirectly. Our Environmental Management Protocol affirms our commitment to reducing our impact on the environment through responsible environmental management, conservation and protection across all of our operations

Inputs

- Natural resources which we use such as water, air, land, minerals and biodiversity
- Energy derived from non-renewable energy sources such as coal and natural gas and renewable energy sources which includes solar, wind and biomass

Key initiatives

- Ongoing commitment to containment and reduction of our carbon footprint and reliance on fossil fuels from the activities we undertake through site management strategies, formal conservation projects and renewable energy initiatives
- Monitoring of emissions across manufacturing sites
- Responsible water management and usage across manufacturing sites
- Participation in the annual CDP-CC and CDP-WS
- Committing to support management recommendations on the TCFD by disclosing our governance framework, climate strategy and related risk management approach
- Implementation and monitoring of systems and processes in place to manage hazardous and non-hazardous waste
- Promotion of waste reduction and recycling initiatives across manufacturing sites
- Monitoring and control of the quality of effluent discharge
- Contributing signatory to the UN Global Compact, aligned with its principles in respect of environmental stewardship
- Compliance with ISO 14001 Environmental Management System by manufacturing sites in Gqeberha, East London, Cape Town, Nairobi, Bad Oldesloe, Vitória, Dandenong, Oss and Notre Dame de Bondeville
- Compliance with ISO 50001 Energy Management System in Bad Oldesloe and Notre Dame de Bondeville

Outcomes

- Ensuring a sustainable supply of energy and water, critical to our ability to operate
- Reduction of carbon footprint
- Cost containment as a result of energy and water-saving initiatives, allowing for competitive manufacture
- Responsible disposal and management of hazardous and non-hazardous waste, resulting in an increase in waste recycled and a reduction in waste to landfill
- Reduction of environmental pollution, risk and incidents

Value created for stakeholders

- Responsible management of our impact on the environment

Material sustainability topics covered in this section:

- Climate change and GHG emissions
- Energy efficiency
- Water and effluent
- Waste

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Approach to environmental stewardship

We are committed to promoting responsible environmental stewardship, seeking to minimise any negative impact our operations have on the environment and to comply with applicable laws, regulations and other environmental management requirements. We promote the efficient use of resources such as energy, water, packaging and production materials, with due regard to the scarcity of natural resources and the environmental impact resulting from the utilisation and application of such resources in conducting our business activities. We are a signatory to the UN Global Compact and fully support global initiatives aimed at protecting the environment and conserving natural resources.

The implementation of our Environmental Management Protocol (incorporating the Group's environmental management principles) and compliance with all applicable environmental legislation are the responsibility of designated business unit executives.

Our Board monitors the status of environmental risks through the review of material environmental management performance indicators at scheduled intervals. In addition, any significant environmental risks are escalated through the Group risk management process. The Social & Ethics Committee assists the Board in monitoring compliance to the relevant environmental legislation and monitoring the adequacy of environmental management systems. Under the direction of a Group executive, the Group SHE function develops and promotes our environmental management principles and standards, monitoring the alignment of business units' environmental management systems to the Group's standards.

Our environmental management systems are aligned to global standards, with all of our fully commercialised primary FDF manufacturing facilities and all, but one, of our API manufacturing facilities currently complying with ISO 14001:2015. Our regional production site in Kenya achieved its ISO14001 certification this year. The Sioux City and Ghana sites have been excluded from certification due to the limited scale of the operations.

Natural capital continued

During the year, a number of environmental training interventions were conducted across the manufacturing sites to ensure consistent application of environmental principles, standard operating procedures and compliance with legislative requirements, and to create awareness of new developments. The Group participates in a number of industry platforms in order to keep abreast of initiatives and technological developments focused on the efficient use of scarce natural resources. Awareness campaigns were rolled out across the Group in celebration of World Water Day and World Environment Day.

An external legal assurance process was conducted in 2020 and no exceptional legal environmental findings were noted, while improvements were achieved in the management of air emissions, water and waste. No fines were paid in respect of environmental non-compliances this year.

The Aspen Code of Conduct for Suppliers and Service Providers requires our vendors to conduct their business in an environmentally conscious manner and to ensure compliance with the applicable environmental legislation.

Material environmental issues

There are no material environmental issues to report.

Preserving the environment

Managing emissions

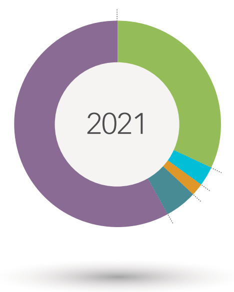
Climate change is undoubtedly one of the greatest challenges facing the world and we are cognisant of its effects on our health, livelihoods, natural habitats and ecosystems, as well as extreme changing weather patterns. We recognise the potential environmental, social, political and economic implications of climate change as a significant issue. Our environmental management principles promote the containment and reduction of our carbon footprint in our operations and in the broader supply chain in a technically and economically feasible manner through structured systems of environmental monitoring, reporting and management. We pursue this objective through the investment in energy-efficient equipment and the utilisation of green energy technologies where feasible. In addition to this, we have taken a strategic decision to implement bolder initiatives towards climate change. This process will commence with developing a Group position statement on climate change, highlighting our intention, commitments and support of the SDGs. The strategy also includes identifying longer-term climate-related risks with the intention to complete a company-wide climate risk assessment, formalisation of company-wide targets and development of strategies to achieve these targets.

Scope 2 emissions, comprising purchased steam and purchased electricity, represent our largest source of emissions. The main sources of our Scope 1 emissions are from fugitive refrigerants and the consumption of fuel and natural gas used primarily in our stationary combustion equipment such as boilers and standby generators, and the operation of Aspen-owned vehicles.

Scope 1 and Scope 2 emissions for the Group have increased and decreased by 3% and 7%, respectively. The increase in Scope 1 emissions is attributed mostly to an increased production output recorded for 2021 for our Sterile facility SVP2 manufacturing facility in Gqeberha. Successful implementation of continual improvement projects at, most notably, the FCC facility in Cape Town and our manufacturing facilities in Gqeberha enabled lower energy consumption and a decrease in related Scope 2 emissions.

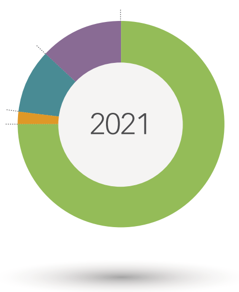
Over the past five years, a decrease of 10% (21 002 tCO_2e) in combined Scope 1 and 2 emissions for the Group was realised. The operations in South Africa contribute 63% of our carbon footprint, followed by the Oss site (17%). Although the divestment of the Nutritionals business at the end of 2019 resulted in a significant reduction in emissions for the Group, lower energy consumption from the closure of several plants at Oss, including a solvent recovery unit, contributed largely to the reduction in Scope 1 and Scope 2 emissions. A notable reduction in Scope 2 emissions was also achieved through equipment optimisation at Oss which included upgrading of the boiler house, installation of variable frequency drive refrigeration compressors and LED lighting, and the replacement of a demineralised water installation. Despite the increase in energy required for expansion at the Gqeberha facility over the past few years, several installations relating to solar energy, LED lighting, hot water heat pumps, chiller plants, as well as modifications to heating, ventilation and air conditioning ("HVAC") and air change rates, were successfully implemented or optimised.

Scope 1 emissions (44 544 tCo_2e) (%)



Africa Middle East	32
Americas	3
Asia	2
Australasia	5
Europe CIS	58

Scope 2 emissions (143 126 tCo_2e) (%)



Africa Middle East	75
Asia	2
Australasia	10
Europe CIS	13

We continue to participate in the CDP-CC and achieved a "C Awareness Level" rating in 2020 which recognises knowledge of climate issues and the associated impacts. We are striving to improve our rating through the setting of company-wide carbon emission reduction targets and conducting climate change risk assessments which include scenario analysis.

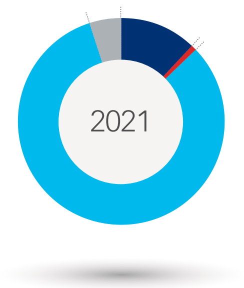
In accordance with GMP regulations, we have installed technically advanced air handling systems and exhaust filtration systems at all relevant facilities to maintain the correct environmental conditions and minimise the risk of the release of harmful substances into the atmosphere. Through the implementation of periodic stack emission tests, we have established that the systems implemented have minimised harmful air emissions to immaterial levels.

TCFD

We acknowledge the increasing expectations for greater transparency in reporting around the impacts, risks and opportunities of climate change. We are progressively reviewing and aligning our management and reporting approach with the recommendations of the Financial Stability Board's TCFD. The majority of requirements are addressed in our annual CDP-CC submission, available on our website. A table summarising our current reporting in terms of the TCFD's recommendations is included in our Sustainability and ESG Data Supplement.

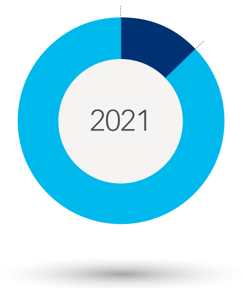
Natural capital continued

Waste generated by disposal method (70 723 tonnes) (%)



Incineration	12
Landfill	1
Recycled	82
Treatment plant	5

Water withdrawal (1 096 megalitres) (%)



Groundwater	13
Municipal water	87

Responsible management of waste

As part of the pharmaceutical and chemical industries, a fair portion (29%) of our waste is classified as hazardous. Specific systems and processes are in place to manage both our hazardous and non-hazardous waste in compliance with the waste management legislation applicable in each territory. We use specialised licensed waste management service providers to manage the transportation, treatment and disposal of waste in accordance with contracted terms and relevant legislation.

A slight reduction of -1% in total waste generated was achieved in 2021. The continuous promotion of waste recycling as well as initiatives to significantly reduce waste disposed to landfill are ongoing for the entire Group. The percentage of waste recycled during 2021 remained consistent at 82% compared to the prior reporting year. Only 1% of total waste generated is landfilled.

Responsible management of effluent

The quality of effluent discharge is monitored and controlled across all sites, in accordance with local municipal by-laws. Water treatment plants are in operation where required to ensure legal compliance. In the event that there is a deviation from the required standards, a thorough root cause analysis is conducted and corrective action plans are implemented.

Biodiversity

As at year-end, none of the Group's business units were located in conservation areas or areas of high biodiversity.

Spills and soil contamination/ground pollution

With our continued focus placed on implementing necessary corrective and preventive actions to curb incidents of spillages, we managed to achieve a notable reduction in the total number of significant spills during 2021. A total of two significant spillages were recorded in 2021, in comparison to six in 2020. A negligible portion of the total volume of reported spillages was not fully contained and the polluted ground was remediated.

Managing the efficient utilisation of scarce natural resources

Water

We use water extensively in our manufacturing processes, in the cleaning of our equipment and facilities, for employee hygiene, in steam generation and to maintain the required manufacturing environmental conditions. Municipal water is the primary source of water across the Group, although groundwater is also used at the manufacturing sites in Notre Dame de Bondeville, Oss, Dar es Salaam, Hyderabad and the leased facility in Vallejo. Water scarcity and water supply are global risks that are increasing in impact and probability. In addition to climate change-related risks, sustainable water supply is further exacerbated by increased urbanisation and the ageing municipal infrastructure in certain areas.

As a scarce resource, we recognise that initiatives aimed at conserving and harvesting water will contribute to more sustainable water availability. We are committed to ensuring responsible water management at all our manufacturing facilities, as per the stated environmental management principles. We conduct an annual review of our water risk and water stress assessments for all manufacturing sites using a web-based tool in order to better understand our exposure to these risks and inform our future sustainable water management and water stewardship initiatives.

For the assessment and quantification of water stress, we use the World Resource Institute's Aqueduct Water Risk Atlas, which indicates water risk trends of what can be reasonably expected based on historic data. The assessment tool allows us to understand current water risks and anticipate future risk based on the measured ratio of total water withdrawals to available renewable surface and groundwater supplies in the respective water basins. Our sites in Vallejo, Cape Town and Hyderabad are situated in extremely high water-stressed areas. The Aqueduct Water Risk Atlas does not currently classify Gqeberha as a high water stress location. However, considering surface water availability in the region, we have included this site in the top water risk category. The water withdrawn from these sites represents 31% of total water withdrawn for the Group.

Our manufacturing sites in East London, Dar es Salaam, Accra, Sioux City and Notre Dame de Bondeville are considered to be situated in low water-stressed locations. Future projections show that our manufacturing sites in Gqeberha and Cape Town, Hyderabad as well as Dandenong will be extremely water stressed in the next five to 10 years.

		Extremely high water stressed	High to medium-high water stressed	Medium-low to low water stressed	Total
Water withdrawn	Mℓ	345	480	271	1 096
Water discharged	Mℓ	218	431	208	857
Water consumed	Mℓ	127	49	63	239
Water withdrawn	%	31	44	25	100
Water discharged	%	25	51	24	100
Water consumed	%	53	21	26	100

Natural capital continued

Water withdrawn has decreased by 9% (108 megalitres) for the year. This is attributable mostly to the decommissioning of cooling towers at Moleneind, Oss, the successful implementation of a closed loop circulation system for chilled water at Shelys and conservation projects at Notre Dame de Bondeville. In addition, water demand at FCC was lower during 2021 due to reduced operations in certain production centres which resulted in less frequent cleaning activities.

Over the past five years, water withdrawal has reduced significantly by 34% (571 megalitres) within the Group. The Oss and Gqeberha facilities contribute to more than 50% of the volume of water consumed by our manufacturing operations. Although the divestment of the Nutritionals business at the end of 2019 resulted in a notable water reduction for the Group, the Oss facility played the most significant role in realising the positive downward trend with a water reduction of more than 300 kilolitres from 2017 to 2021. This was attributed largely to the decommissioning of a water purification plant in De Geer, cooling towers and a chemical plant at Moleneind, the disposal of the operation at Corelli Straat, and the use of efficient closed water-based cooling systems all based in the Netherlands.

We participated in the annual Water Security Disclosure Project in 2020 and maintained a performance score of "B- Management Level".

Our B- rating is within the "Management" band which recognises companies that are assessed as taking actions associated with good water management.

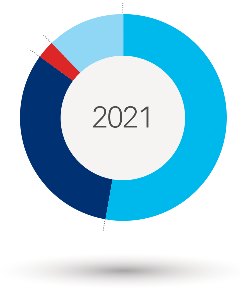
Energy

Electricity is a critical resource utilised in our manufacturing processes and is becoming an increasingly expensive commodity. In South Africa, there continues to be a risk of supply interruptions at times of excessive load on the national electricity grid and load shedding is still implemented intermittently by Eskom, the public power utility. While our Gqeberha and East London sites were not subject to load shedding, FCC did make use of generators to provide electricity requirements at times of load shedding. The Group's annual electricity usage for 2021 has decreased by 3% (18 541 gigajoules) in comparison to the prior year. This reduction was attributed mainly to energy conservation projects realised at the FCC and Gqeberha manufacturing sites in South Africa.

Through the efficient use and conscious conservation of electricity we are committed to reducing the impact of increased electricity prices on production costs, and will ensure that critical energy resources are conserved.

Additional energy sources utilised by Aspen are fuel, liquid petroleum gas, purchased steam and natural gas.

Energy usage by source type (193 696 GJ) (%)



Electricity	53
Natural gas	32
Purchased steam	3
Fuel	12

Accolades

In 2021, Beta Healthcare International Limited participated for the first time in the Energy Management Awards, hosted by the Kenya Association of Manufacturers. Following the company's robust energy management initiatives, which include the establishment of policies, planning, implementation and monitoring, under the category of small consumers, Beta Healthcare was awarded first runners up in the *"Best New Entrant – Small Consumers"* award.

Additional information available online:
- Aspen Sustainability and ESG Data Supplement
- Aspen Environmental Management Protocol
- CDP-CC 2021 submission
- CDP-WS 2021 submission
- IBIS Assurance Statement
- Communication on Progress Report in respect of Aspen's application of the UN Global Compact's 10 Principles for 2021
- ISO 14001 certificates
- ISO 50001 certificates

Financial capital

We aim to create value for all of our stakeholders by managing our financial capital in a commercially astute and diligent manner, thereby harnessing opportunities for long-term sustainable economic growth

Inputs

- Pool of funds available to Aspen through shareholders' equity and debt funding
- Cash flow generation capabilities
- Reserves
- Financial internal control framework
- Financial and tax reporting systems

Key initiatives

- Maintenance of strict financial discipline and controls
- Deciding on deployment of available capital
- Measurement of financial performance, value creation and cash generation
- Active engagement with providers of capital and debt funding
- Seeking out investment opportunities to increase revenue generation, profitability and shareholder returns
- Focus on organic growth
- Generation of synergistic benefits from acquired businesses
- Focus on working capital management
- Focus on increased tax reporting requirements and tax transparency

Outcomes

- Economic value creation for Aspen's stakeholders, including its shareholders, employees, customers, providers of capital, governments and business partners
- Distributions to shareholders
- Delivered a CAGR of 23% in returns to shareholders from listing until 30 June 2021
- CAGR in excess of 28% for revenue, normalised EBITDA and NHEPS since listing
- Funding opportunities at competitive rates
- Strong operating cash generation, enabling strategic deployment
- Transparent tax policies, principles and reporting systems

Value created for stakeholders

- Sustainable returns to shareholders
- Servicing and repayment of debt
- Economic stimulus through procurement of goods and services
- Contribution to governments through taxes

Material sustainability topics covered in this section:

- Creating economic value for stakeholders

17 PARTNERSHIPS FOR THE GOALS

Adding economic value to stakeholders

While the provision of high quality, affordable medicines and products benefits patients and consumers directly, a focus on building a profitable and sustainable business model generates economic value for our varied stakeholder groups. The Deputy Group Chief Executive's Financial Review, set out on pages 46 to 50, provides an overview of our financial performance for the year.

Our activities this year have created R16 492 million in wealth. This is calculated after taking into account R22 481 million spent on purchasing materials and services which contributed to the sustainability of our suppliers in the various economies in which we operate. Our employees receive the largest share of the total value distribution (46%) while a significant portion (39%) is reinvested in the Group to fund growth and expansion. Our gross economic contribution in the form of direct tax, paid to central and local governments in the countries in which we operate, amounted to R1 380 million. The Group value added statement is published in the Sustainability and ESG Data Supplement online.

Maintenance of financial health

To sustain our business model and to generate accretive value for investors, we have a fiduciary duty to our stakeholders to manage our financial capital in a responsible manner. Robust financial controls and treasury management systems are in place to mitigate currency, interest rate and credit risks as far as reasonably possible. The Audit & Risk Committee assists the Board in discharging its duties in respect of the safeguarding of assets, accounting systems and practices, internal control processes and the preparation of the Group and Company Annual Financial Statements.

Internal financial controls

The key internal financial controls in operation for all significant operating businesses within the Group are documented in formalised financial internal control frameworks, and these frameworks are maintained and updated by financial management during the course of the year or as part of the year-end process. The documented key internal financial controls are audited by Group Internal Audit on an annual basis. This process provides support for the positively worded statement corroborating that there are no material breakdowns in the internal controls underpinning the financial results.

The Group also undertakes a rigorous self-assessment process, with the scope including all subsidiaries. The self-assessment review is formally signed off by the financial head of each subsidiary as is also reviewed and approved by the Group finance team. The self-assessment includes financial and disclosure controls, internal financial and operating controls, business performance-related representations and a detailed fraud assessment review. The positive assurance outcome provides strong support for meeting the requirements of section 3.84(k) of the JSE Listings Requirements.

Funding and treasury risk management

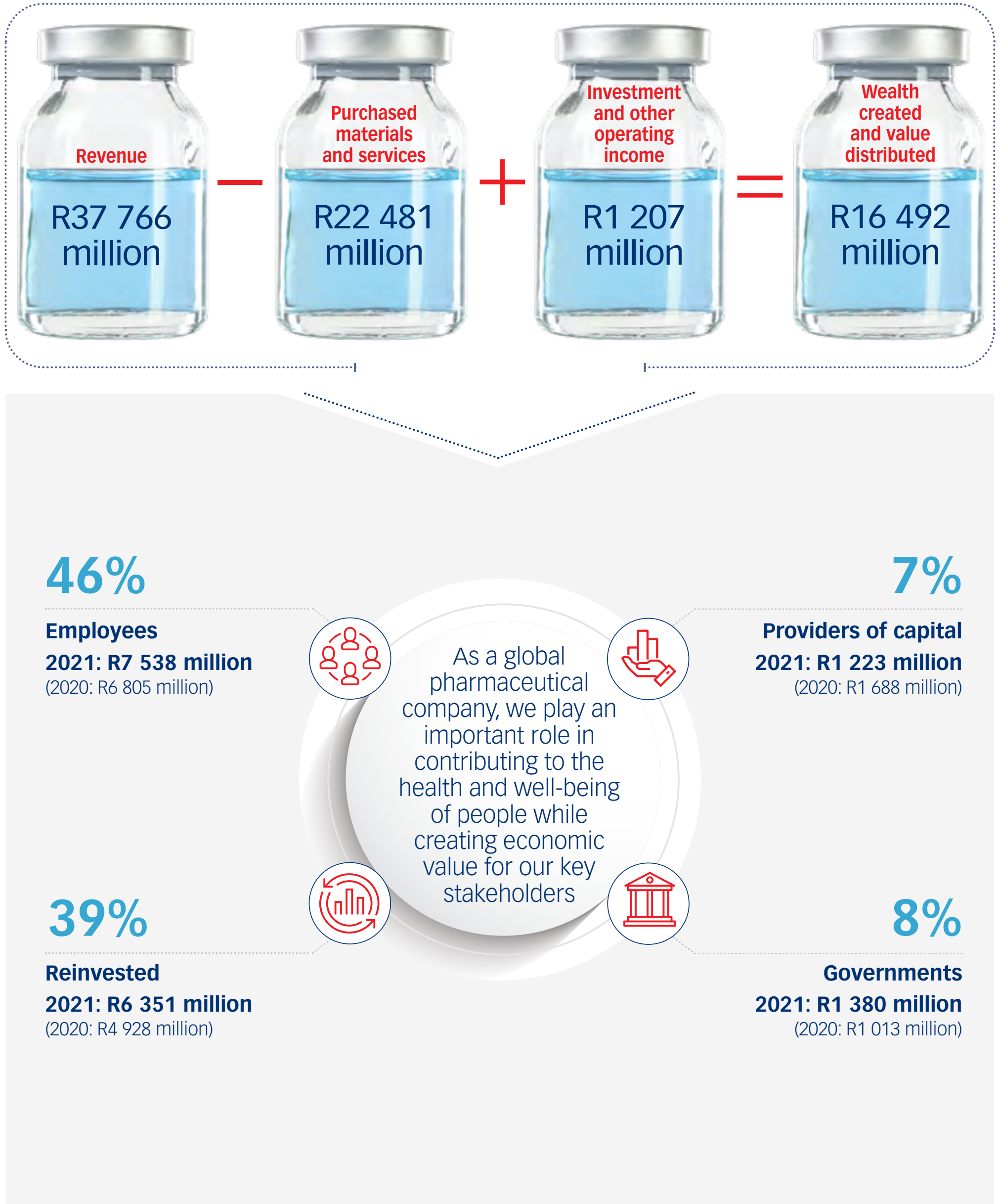
The Group Treasury Committee ("GTCo") is charged with monitoring the Group's performance in managing the risks (including liquidity, foreign exchange, covenant compliance, counterparty and interest rate) identified in the Group treasury policy. Local management is empowered, within the relevant approvals frameworks and the limitations set out in the Group treasury policy, to make decisions regarding how to manage these risks and to take ownership for implementation of any related actions. The GTCo is also responsible for overseeing, reviewing and challenging the recommendations made and actions taken by Group Treasury in terms of its duties under the Group treasury policy, as well as with respect to centralisation, automation and optimisation of the Group's operational treasury activities and the appropriateness of the Group's debt funding portfolio (including related intra-group guarantees and funding arrangements).

Capital allocation

Our capital allocation decisions are integrated into our strategy and budget planning processes, driven by our overall objective of growing shareholder value sustainably. Key considerations driving our capital allocation include achieving an effective allocation between maintaining our intellectual and manufacturing assets to secure operational returns, protecting the strength of our balance sheet to give us stability and flexibility through business cycles, investing in value-based organic

Financial capital continued

Financial value we create



and inorganic growth opportunities and rewarding our shareholders though dividends and/or share buy-back programmes. The Board provides oversight of capital and budget allocations, ensuring the most effective deployment of available capital resources.

Approach to taxation

We have subsidiaries, branches, permanent establishments and joint venture arrangements in 56 countries around the world, predominantly in emerging markets. These entities are subject to the tax legislation of the countries in which they are domiciled. In addition, the countries in which the Group operates have all committed to implementing the OECD Base Erosion and Profit Shifting ("BEPS") recommendations, as they have all become members of the OECD's Inclusive Framework for BEPS. These recommendations include certain indirect taxes, international tax, domestic anti-avoidance provisions and transfer pricing. Domestic tax laws, including those dealing with international taxation, transfer pricing laws and enhanced transfer pricing documentation standards, have been amended to incorporate the outcome of the BEPS project. In addition, Aspen has seen an increase in value added tax ("VAT") reporting obligations, as more countries implement real-time reporting of transactions that are subject to VAT (collectively, "Domestic Law").

Our tax team is enhancing existing systems, implementing new tax reporting systems and working with our business units to tax sensitise the information that is being processed in our ERP systems to meet the increasing reporting requirements.

Our tax team is also required to:

- proactively monitor changes in Domestic Law and regulations published to interpret that law;
- ensure that the Group operates within these Domestic Law provisions and regulations;
- provide proactive advice to management and ensure that risks are identified in advance; and
- issue the new transfer pricing documentation reflecting both the OECD and the domestic tax law requirements, with the support of management of each entity.

The tax team undertakes this work under the guidance of the Group Executive: Tax, who reports those activities to the Group Tax Committee, which comprises the Deputy Group Chief Executive, the Group Finance Officer, the Group Strategic Development Officer, the Group Finance Executive: International Regions, the Group Finance Executive: Manufacturing, the Chief Financial Officer for Aspen Global, the Group Executive: Tax and at least one representative of Aspen's chosen tax adviser.

The Group Executive: Tax is also charged with the responsibility of designing, implementing and maintaining a tax risk management framework for the Group which is aligned to Aspen's overall strategy and risk appetite. The tax risk management framework is based on the philosophy that the Group applies a risk-based approach to tax matters and that all of its tax affairs are proactively managed.

The Group Executive: Tax is a standing attendee at the Audit & Risk Committee meetings and reports on the Group's affairs to that committee. In addition, reports are issued to the Board as decided upon by the Tax Committee or as requested by the Board.

Our tax strategy

Our strategic approach to taxes is to:

- implement systems and policies that provide for sustainable tax positions for each Group entity and that are compliant with the tax laws of the country in which each Group entity operates;
- engage with tax authorities with honesty and integrity in the spirit of cooperative compliance;
- identify and manage tax risks, ensuring that appropriate provisions are raised in relation to identified risks;
- ensure that the business objectives are met in a tax compliant manner;
- remain up to date with taxation laws, regulations and trends to ensure that the Group's business objectives remain tax-compliant; and
- act responsibly with regards to tax positions taken, ensuring that the Group's reputation is not negatively impacted by those positions.

Financial capital continued

Our tax risk appetite

Decisions on where our businesses are to be located are based on the Group's strategy and the commercial viability of doing so, taking into consideration the Group's need to support our customer base, the location of our investments in specialised manufacturing facilities and the availability of appropriately skilled people who contribute to the overall value chain. Although certain of the Group's entities are located in low tax jurisdictions (as defined by the OECD), these principles are applied consistently and without consideration of the potential tax benefit that may accrue to the Group. When we enter into transactions, the tax laws that affect that transaction are strictly applied within the context of the commercial requirements.

We are particularly risk aware in relation to our transfer pricing strategy. Our strategy is aligned to the OECD Transfer Pricing Guidelines and follows the arm's length principle, unless another principle has precedence under Domestic Law. For example, Brazil does not follow the arm's length principle but follows a formulary approach to determine the transfer price for transactions. The Group follows the Brazilian method in relation to transactions that are entered into between its Brazilian operations and other members of the Group. This is balanced against the arm's length principle that is applied by the company that is a counterparty to the transaction. The Group is currently monitoring developments in Brazil as that country significantly modifies its tax system generally, and more specifically in relation to transfer pricing.

We are conservative in determining transfer prices by applying margins that are aligned to those expected by tax authorities in relation to both parties to the transaction. In addition, we do not hold any IP in companies that do not actively participate in the value chain. Transfer pricing principles are implemented in a consistent manner by all Group companies.

Our tax compliance

We strive to submit all tax returns and other relevant forms and documents as they fall due, fully disclosing all necessary information that would be required by a tax authority to make an informed decision in relation to the tax positions that are taken in the tax return.

The Group is regularly subject to review by tax authorities. We are fully cooperative with the tax authorities conducting such reviews. These reviews are generally concluded without further taxes becoming payable under the law. Where the reviews do result in additional taxes becoming payable under the law, we determine whether or not we should defend the positions that were reflected in the returns and the information submitted to the tax authority. If a decision is made to defend the positions taken, the appropriate legislative processes are followed.

In addition to assessing whether or not the positions should be defended, we consider the likelihood of success and raise provisions based on this assessment. In addition, we consider how material the assessment is (including extrapolating that assessment to future years) and determine whether or not additional disclosures are required. Those provisions are reviewed by our external auditors, who are satisfied that adequate provisions have been raised for potential exposures.

During the year, the Group was exposed to more indirect tax reviews, but these did not result in any material additional taxes becoming payable under the law.

Accolades

Aspen was awarded the "*Best Cash Pooling Solution*" award at the 2020 Treasury Management International Awards and was overall winner in the "*Best in Class Treasury Solution*" in the Adam Smith Awards 2020 for the implementation of its innovative, cross-border physical cash pooling system.

Additional information available online:
- Annual Financial Statements
- Aspen Sustainability and ESG Data Supplement

06

Remuneration review

Covered in this section

Remuneration review

Introduction and background

We have pleasure in presenting Aspen's remuneration review for 2021 in which the Group's Remuneration Policy ("the Policy"), and the manner in which it was implemented in 2021, are set out.

The Committee had a number of engagements with our investors, which provided us with very helpful insight into investors' views on remuneration at Aspen. We understand from the engagements that investors would like to see executive incentives that are aligned with Aspen's longer-term sustainable value creation. They also told us that the manner in which executives are incentivised needs to be clear, transparent and aligned with our strategy. Based on this feedback we have decided to make certain amendments to our remuneration philosophy and Policy, and to how we measure and disclose. It was also clear to us that we need to improve our disclosure regarding our processes and in particular our governance process, which we aim to achieve in this review.

We believe that the changes we have made to how we incentivise our executives ensures that they are aligned with our longer-term value creation (see page 10).

We believe that the manner in which executive incentives are explained in this review is clear and transparent and connects them with our strategic objectives. (see pages 51 to 56).

We are committed to continue improving our communication and disclosure, in particular regarding our governance processes, both through this review and in our future engagement with shareholders. We look forward to receiving feedback on our progress.

During the year under review our Remuneration & Nomination Committee focused on:
- succession and capacity in the senior team, which included embedding the roles of the new senior Group executives;
- considering the appointment of a new financial director to fill the vacancy arising as a consequence of the impending retirement of Gus Attridge, the Deputy Group Chief Executive, from the Board;
- formalising the executive committee and addressing emergency and long-term succession for this committee, as well as the next layer of senior management;
- organisational redesign; and
- aligning our remuneration practices with shareholder expectations and market best practice.

These aspects and some of the other material activities undertaken by the Remuneration & Nomination Committee during the year are more fully dealt with on page 40 of this report under the section titled Governance supporting our strategy.

Our remuneration philosophy

Aspen has a strong philosophy of aligning remuneration and incentives with our strategy.

The Board's annual strategy session, held in December of every year, is dedicated to the review and development of the Group's strategy, looking back at lessons learned – what worked well, what did not and matters requiring attention. Every new calendar year starts with the Group's Strategic Leadership Conference, where we bring together our Board, executives and leaders from our businesses across the globe (the approximately 50 people who constitute the Group's senior leadership team). Having processed and distilled the Board's strategy discussions at the prior year's December strategy session into actions with clearly defined targets and measurements, the Group Chief Executive and Deputy Group Chief Executive convey these strategic plans and targets to the extended leadership team. At this leadership conference, the attendees often provide very useful additional inputs, ideas and actions. The combined agreed actions from this conference form the basis of our strategic targets and how we measure performance against these targets.

In addition to being aligned with our strategy, our remuneration is structured around incentivising a performance culture in the Group. It also addresses the need to retain our competitive advantage in the local and global pharmaceutical industry by attracting and retaining high calibre individuals, who not only have the required technical qualifications and experience, but who also demonstrate the desired ethics and behavioural traits that fit our entrepreneurial and dynamic culture. We recognise that the remuneration of our executive directors, management and our employees is inextricably linked to our ability to attract, develop and retain talent.

We are also conscious of ensuring that our remuneration is competitive and aligned with the latest trends in benchmarks. In this regard, we acknowledge that the current remuneration mix in respect of our executives may require to be transitioned from where it is currently leaning more strongly towards a larger portion of guaranteed pay, towards a greater variable component in our remuneration packages, subject to performance measurement in alignment with corporate performance.

Our remuneration philosophy is also aimed at ensuring that measurements/KPIs applied for incentives are aligned with our strategic objectives, actions and business performance measurements. Our short-term incentives are mostly measured in terms of earnings growth and cash related KPIs and, while these focus on the achievement of the near-term goals we have set ourselves, some of our focus areas and performance measures run over a number of years, as our overall strategy is a journey that runs over time.

Our long-term incentives include measures in respect of some of our longer-term focus areas, which support our strategy. For these, we select suitable long-term KPIs, including return on invested capital and three-year compound annual growth in selected performance measures. In this area, pertinent ESG-related projects will be brought into our KPIs for long-term incentives.

Remuneration review continued

From time to time, these activities involve focused projects where we seek to ensure step changes, such as the recent balance sheet de-gearing and supply chain optimisation initiatives. A great deal of time, effort and measurement goes into such projects. However, it is not always easy to formulate a clear single KPI for each project, especially in the short term. Often the only sensible measures are against a Board-approved plan with project milestones.

Of course, not all activities and projects find their way into the overall Group KPIs for incentive purposes, but may be included in personal key performance areas ("KPAs") or business unit KPIs, as appropriate. We have set an annual universal (Group) measurement, which carries a sizeable weighting in the performance measurement of every one of our executives. In addition, they have a portion of business unit measures and personal KPAs. Executive directors, of course, do not have business unit measures. The Committee carefully considers the input from our executive directors, investors and other stakeholders when identifying the key themes and KPIs and recommending to the Board those deemed to be most appropriate to drive the right behaviour by incentivising our executives to create sustainable value for investors and material stakeholders.

Another concept we are in the process of exploring in updating our remuneration philosophy is that of executives committing a greater portion of their annual guaranteed package to mandatory shareholding in Aspen. This concept is not only important for our investors, but is also aimed at ensuring that our executives have "skin in the game" and are therefore aligned at a very personal level with the strategy of the Group. We have already made some changes to our long-term incentive ("LTI") schemes, including the removal of the cash settlement option for South African executives and extending LTI award retention requirements for both South African and offshore executives.

Remuneration objectives

Establishing an appropriate balance between fair and competitive remuneration and reward with the aim of attracting and retaining the right employees, but which at the same time addresses affordability, is an important element of sustainable value creation.

The Group's remuneration objectives are to:

- drive a high-performance culture through remuneration packages directly linked to individual and business performance and the achievement of predetermined targets in respect of each of these performance measures;
- align the rewards of employees with the value delivered to the Group;
- provide fair, responsible and competitive remuneration packages, which enable Aspen to attract and retain employees of the highest quality;
- recognise and reward exceptional individual contributions to the achievement of the Group's strategic objectives; and
- disclose our remuneration philosophy, policy and practices in order to provide stakeholders with an informed view of these aspects.

In endeavouring to set our remuneration packages at levels which are fair to all our employees, competitive and market-related, we refer to independent surveys, benchmarks, publicly available economic data and local and international marketplace intelligence. The ongoing review and adoption of remuneration guidelines in respect of levels and mix of remuneration and measurement of performance are informed by best practice, as well as the inputs received from shareholders following our engagements with them.

Employee wage rates across the Group comply with legislated wage rates in the jurisdictions in which we operate and, where applicable, employees are paid in accordance with rates agreed upon with trade unions and/or collective bargaining councils.

We continue to adopt guidelines, both in respect of the determination of base pay and our universal incentive structure, to ensure general alignment across the Aspen businesses, including the achievement of an overall Group performance objective.

When awarding annual salary increases, primary consideration is given to an employee's performance and achievement of his or her predetermined individual KPAs, with some consideration also being given to aspects such as:

- predetermined performance measures adopted in respect of the Aspen business unit where the employee is employed; and
- predetermined universal global performance measures for Group performance.

Remuneration structure and design

Remuneration package design and application consist of the following components:

Guaranteed pay and benefits

- Total guaranteed pay ("TGP"), as approved by the Remuneration & Nomination Committee, comprises basic salary and benefits, including all types of leave, retirement schemes, medical benefits, car allowances, risk benefits, etc.
- Benefits are aimed at assisting employees in improving financial well-being and security on retirement, as well as financial support in the event of illness (including medical aid contributions in certain countries), death or disability.
- It is cash settled and reflects the market value of each role, reviewed annually, with reference to:
  - achievement of predetermined individual KPAs and business performance measures;
  - inflationary considerations;
  - industry and regional benchmarking.

Remuneration review continued

Variable pay

Short-term incentives (STI)

Current STI schemes applicable to the 2021 financial year

- **Performance-based**, measured against predetermined objectives, aligned to grade and the specific role of each participant.
- **STI schemes allow for annual cash settled awards** aimed at creating a high-performance culture through a cash bonus that rewards employees for achieving predetermined:
  - individual KPAs;
  - enterprise or business unit ("BU") performance measures based on a balanced scorecard;
  - Group targets as measured against a balanced scorecard.
- **Eligible for STIs**: Permanent employees from middle to senior and executive management, including executive directors.
- **Clawback and malus provisions** allow for incentive awards (partially or in their entirety, depending on the circumstances) to be cancelled and/or recovered from an employee found to be guilty of dishonesty, misconduct, incompetence, negligence or causing harm to Aspen's reputation. These provisions apply in equal measure to all participants of the relevant schemes.
- **KPIs used to measure the Group's performance**[2] during the year under review:
  - Organic growth achieved in normalised EBITDA from continuing operations measured in CER (Group budget represents 100%) – 50% of weighting;
  - Measured free cash flow, appropriately adjusted for disposals, acquisitions and strategic capex approved by the Board (Group budget represents 100%) – 20% of weighting;
  - Three-year CAGR in Group revenue for continuing operations (Group budget represents 100% – for the three-year CAGR KPI, the applicable actual Group revenue will be used in the base year) – 20% of weighting;
  - Improvement in the Group's FTSE/JSE investment responsible index score (as ESG measure) – 10% of weighting.
- The Remuneration & Nomination Committee's role in respect to STIs is to:
  - approve the rules and any changes to rules in respect of the STIs;
  - review and approve the individual business unit KPIs and Group performance measures to be applied for the following year; and
  - assess the performance of the executive directors and make incentive awards in line with their performance against predetermined performance measures.

Enhancements to STI schemes to take effect in the next financial year

- **STI stretch awards** (with varying caps depending on grade, but up to a maximum total award of 150% the executive directors and as further detailed on page 97 below where the STI targets for executive directors for 2022 are reported) are possible for selected international executives and Group senior executives in instances where there has been outperformance against final KPIs.
- **A minimum individual KPA performance score of 75%** is required to participate in the STI incentive, while only executives achieving an individual KPA score of 100% are allowed to participate in the stretch awards.
- **A minimum overall business unit score of 85%** is required for business unit KPI to be included in STI awards.
- **At least 100% achievement required** for business unit KPI to participate in **the stretch award**, where applicable.
- **Additional minimum participation levels** set for business units with varying principles applicable to commercial business units, manufacturing business units and Group functional business units.
- For the relevant senior management and executives of a business unit to have the STI awarded, the primary financial performance measure for that business unit must be improved upon versus prior year actual financial performance. Motivations may be made to the Remuneration & Nomination Committee for the approval of exceptions.
- Group KPIs for STIs amended to:
  - **Organic growth achieved in normalised EBITDA from continuing operations** measured in CER and against budget – 70% of weighting;
  - **Measured free cash flow per share**, as measured against budget – 30% of weighting.
- Stretch STI awards will be made based on the level of outperformance against primary financial KPI for Commercial business units, approved KPIs for all other business units and the EBITDA KPI for the Group component.

Long-term incentives (LTIs – formerly referred to as medium-term incentives or MTIs)

Current LTI schemes applicable to the 2021 financial year

- The Group operates two LTI schemes:
  - the South African Management Deferred Incentive Bonus scheme ("SAMDIBS") for senior managers and executives (including the executive directors) based in South Africa;
  - the International Phantom Share Scheme ("IPSS") for senior managers and executives not based in South Africa.
- The terms and conditions of these schemes are similar in all material respects, except that vested awards in terms of the SAMDIBS are share settled, while vested awards in terms of the IPSS are settled in cash on a phantom share basis.

Enhancements to LTI schemes to take effect in the next financial year

- **Additional layers of awards** now consist of annual LTI awards (with varying caps depending on grade, but up to a maximum total award of 82,5% for executive directors as further detailed on page 97 below where the LTI targets for executive directors for 2022 are reported) consisting of the following variable components:
  - **LTI first layer** – calculated on the same basis as the STI, capped at current LTI maximum before the application of stretch principles, not forfeitable;
  - **LTI second layer** – introduces a layer of forfeitable awards conditional on sustained three-year performance against predetermined Group KPIs;
  - **LTI second layer stretch** – introduces an additional layer of forfeitable stretch awards conditional on sustained three-year outperformance against predetermined Group KPIs.

[1] *Employee benefits vary from region to region and are dependent on in-country customs, tax regulations and labour legislation.*
[2] *These KPIs do not apply to executive directors – please refer to page 96 where these KPIs for executive directors are detailed.*

Remuneration review continued

Variable pay continued

Long-term incentives (LTIs – formerly referred to as medium-term incentives or MTIs)

Current LTI schemes applicable to the 2021 financial year

- **SAMDIBS participants** can opt to have the bonus awarded and settled in cash (with no reference to the share price) or in shares. To encourage the holding of shares, a 10% enhancement is given to employees who elect to receive the award in shares. This option was disallowed in terms of the 2021 financial year's award in terms of a dispensation issued by the JSE, enabling Aspen to grant these awards during a prohibited period as a result of the Company trading under a cautionary announcement and awards to all participants have been made as share settled awards.
- Schemes are designed to acknowledge and reward:
  - individual performance; and
  - the performance of the employee's business unit.
- **The LTI schemes currently have, in all material respects, the same performance measures as the STI scheme**, except for the introduction of a three-year deferral aimed at retaining critical executive and professional skills and ensuring congruence between the interests of executive and managerial employees and shareholders.
- **Participation in the scheme is dependent on seniority of the executive or manager** and is determined with caps in place, which vary according to the level of seniority.
- **Shares acquired for purposes of the SAMDIBS share settlements** are acquired on-market by an intermediary – no shares are issued and the scheme has no dilutive effect.
- **Unvested awards are forfeited by employees who resign or who are dismissed**. No-fault terminations of employment such as retrenchment, retirement or medical incapacity results in the accelerated vesting of awards due at the date of such termination.
- **Both schemes have senior executive retention components, which allow for additional share settled awards over a five-, seven- and ten-year period**. These awards are made to a limited number of key South African and offshore employees on an *ad hoc* basis, with no new awards being made in terms of these components since the 2019 financial year.
- During the 2020 financial year, the **South African Phantom Share Scheme** was introduced with the intention of, under exceptional circumstances, compensating employees for medium- or long-term incentives, held at previous employers and which are forfeited as a result of the employee accepting a position at Aspen. These awards operate as phantom shares, with the value of the award being referenced to the Aspen share price. They can be settled as a cash payment or as a purchase of shares following an agreed vesting period. No new awards were made under this scheme during the 2021 financial year.

Enhancements to LTI schemes to take effect in the next financial year

- **Group KPIs for the first layer LTI awards** will be:
  - **Organic growth achieved in normalised EBITDA** from continuing operations measured in CER and measured against budget – **70% of weighting**
  - **Measured free cash flow per share**, as measured against budget – **30% of weighting**
- **Group KPIs for the on-target achievement of the second layer LTI forfeitable awards will be:**
  - **ROIC relative to weighted average cost of capital** ("WACC"), where WACC has been approved as appropriate for impairment testing, with the target being WACC + 1% – **30% of weighting**
  - **Three-year CAGR of 5% in NHEPS (CER)** from continuing operations – **50% of weighting**
  - **Appropriate ESG measure** approved by the Board with identified milestones as target – **20% of weighting**
- **Each of the KPIs in the second layer is separately measured** and the award for each of these KPIs is independent of the performance achieved in the other two KPIs.
- **Group KPIs for the stretch component of the forfeitable LTI awards** will be:
  - **ROIC relative to WACC**, where WACC has been approved as appropriate for impairment testing, with:
    - Stretch target 1 = WACC + 2% to <3%
    - Stretch target 2 = WACC +3% or greater
  - **Three-year CAGR rate in NHEPS (CER)** from continuing operations
    - Stretch target 1 = 7,5% to <10%
    - Stretch target 2 = 10% or greater
  - **ESG measure excluded from stretch targets** – should determined milestones be achieved, awarded stretch allocation will be **based on 40% of ROIC stretch participation level** and **60% of NHEPS stretch participation level** – where no stretch achieved for one or either of ROIC and NHEPS, ESG measure target level will be applied.
- **Various measures to determine the final adjusted award for a second layer award over the three-year vesting period** have been approved – should the finally determined second layer award be less than the initial award, the number of shares which vest will be reduced accordingly.
- Conditional LTI awards vest conditionally on maintenance of performance level over the three-year vesting period and subject to adjustment if not maintained.
- 50% of conditional LTI shares that vest will only be released for trade in year 4 (25%) and year 5 (25%), introducing an extended minimum shareholding period.
- **The cash election option available to participants of the SAMDIBS has been removed**, with the additional 10% enhancement factored into the first layer of the LTI award.

Definitions and formulas for purposes of calculating of Group KPIs

- **Organic growth:** organic growth achieved in normalised EBITDA from continuing operations measured in CER – excludes EBITDA from disposed products, businesses disclosed as discontinued operations and any product acquisitions with pre-existing revenue in the country concerned.
- **Free cash flow per share ("FCFPS"):** measured free cash flow, appropriately adjusted for disposals and acquisitions approved by the Board, where free cash flow = (Cash generated from operating activities – Capex)/average number of shares in issue over the measurement period and where Capex = PPE capex + computer software capex + development costs of other intangible assets.
- **ROIC:** Return/Invested capital and where: Return = Operating profit x (1 – effective tax rate) on the basis that operating profit includes profits/losses on disposal of assets.
- **Invested capital:** total shareholders' equity – accumulated currency translation gains/(losses) + total interest-bearing-debt – capital work in progress + deferred acquisition payables – cash and cash equivalents – deferred disposal proceeds; calculated as invested capital being the average of the opening invested capital and the closing invested capital for the period of the return being measured.
- **CAGR in NHEPS (CER):** Three-year CAGR in CER NHEPS from continuing operations.

Remuneration review continued

Executive director remuneration

Our executive directors are contracted as full-time, permanent employees and receive no additional remuneration as directors of the Company. Restraint of trade provisions are included in our service agreements with these directors, while notice periods are six months' written notice. Shorter notice periods may apply in the event of termination due to disciplinary procedures being instituted.

Bonus payments and the vesting of long-term incentives that are in place at the time of an individual's termination of service are subject to the rules of the relevant scheme. These contracts do not commit the Company to:

- pay additional remuneration on termination arising from the director's failure to perform agreed duties;
- make any form of balloon payments; or
- make payments to executive directors in the event of a change of control of the Company.

The principles in terms of which the remuneration packages of the executive directors are determined are similar to those applicable to the Group's management as a whole.

The financial and non-financial performance measures in respect of the executive directors' incentive bonuses are considered and approved by the Committee on an annual basis. The achievement of the 2021 performance measures and an explanation of the effect this achievement had on the incentive bonuses paid to executive directors for 2021 are dealt with on page 96 of this report.

Non-executive directors' fees

The fees paid to these directors have been designed to ensure that Aspen can attract, retain and fairly reward capable and skilled non-executive directors. This is done by a regular benchmarking of directors' fees against peers.

The Chairman of the Board receives a fixed annual fee for his role as Chairman. Other non-executive directors' fees are fixed for the year and include a quarterly base fee, payable to each non-executive director, in addition to a fee per meeting attended. Further fees are paid for attendance at unscheduled meetings depending on the number of hours spent at the meeting, up to a maximum of the set fee per meeting. In the instance of non-attendance, non-executive directors are obliged to continue to participate in meetings by providing the Chairman of the Board (in case of Board meetings) or the relevant Committee Chair with detailed inputs for all agenda items. The proposed fees payable to these directors for the 2022 financial year have been recommended for shareholder approval and will be submitted for approval at Aspen's annual general meeting ("AGM") to be held on 9 December 2021 (see page 4 of the AGM notice which provides the detailed proposals to shareholders in this regard).

Shareholder voting on remuneration matters

Our Remuneration Policy and Implementation Report are subject to two separate non-binding advisory votes by shareholders at Aspen's AGM, while a special resolution approving the fees of the non-executive directors is also submitted for approval at this meeting of shareholders.

The results of the voting in respect of the non-binding advisory votes were as follows:

Remuneration Policy	For	Against	Abstain	Total
2020	73,92%	26,08%	0,12%	100%
2019	78,98%	21,02%	0,05%	100%

Remuneration Implementation Report	For	Against	Abstain	Total
2020	59,75%	40,25%	0,15%	100%
2019	92,98%	7,02%	0,15%	100%

The current Remuneration Policy and Implementation Report will be tabled for separate non-binding advisory votes at the Company's 2021 AGM, scheduled for 9 December 2021. Any material shareholder concerns about either of these two documents specifically in instances where these are voted against by 25% or more of the voting rights exercised, will be considered and addressed by means of constructive engagement with the relevant shareholder or shareholders. The nature and outcomes of these engagements will be reported on in our Integrated Report of the following financial year.

Following a number of constructive engagements held with shareholders in respect of remuneration since the 2020 AGM, the following enhancements to the Group's approach to remuneration and its disclosures have been made:

- a clear distinction has been drawn between measures for assessing short-term performance and measures for assessing long-term performance, with organic growth achieved in normalised EBITDA from continuing operations and free cash flow per share being set as the Group's short-term KPI measures, while ROIC relative to WACC, the three-year CAGR of 5% in CER NEHPS from continuing operations and a Board approved ESG measure have been introduced for purposes of determining awards to be made in terms of the second layer of forfeitable LTI awards as explained on pages 93 and 94;
- the Group's LTI schemes have been redesigned to introduce forfeitable components, as explained on page 93 of this report;
- changes have been made to our LTI schemes to ensure a level of enduring executive shareholding:
  - removal of the cash settlement option for South African executives; and
  - introduction of measures which will result in 50% of conditional LTI shares, which vest in year 3 only being released for trade in year 4 (25%) and year 5 (25%), to support the achievement of this objective (see pages 93 and 94 of this review);
- the Implementation Report discloses the specific performance achieved against targets set in respect of each of the KPIs for STIs and LTIs, with a range disclosed in respect of each of these KPIs;
- KPIs such as ROIC, CAGR in NHEPS (CER) and what constitutes organic growth for purposes of measuring short-term and long-term incentives have been defined in detail on page 94 of this report;
- the senior executive retention components of the LTI schemes have been explained on pages 95 and 102 of this report as components that allow for additional share settled awards over a five-, seven- and ten-year period. Awards in terms of these components have been made to a limited number of key South African and offshore employees on an *ad hoc* basis, with no new awards being made in terms of these components since the 2019 financial year;
- detailed reporting has been provided on pages 91 to 92 of this report on our remuneration philosophy and how that is aligned with our core business strategy, including the processes followed in setting performance targets through our annual strategy session of the Board, followed by the Group's Strategic Leadership Conference where the combined efforts of these processes form the basis of our strategic targets and how we measure performance against these targets; and
- the reporting structure in respect of the Remuneration review and the narrative contained in it has undergone extensive redrafting in order to be more focused, concise and clear.

Remuneration implementation report

This section of the report provides an overview of the implementation of the remuneration policy as it applies to executive directors, non-executive directors and prescribed officers.

The below table provides an overview of the total remuneration packages paid to executive directors and prescribed officers in the 2021 financial year and the various components of these remuneration packages:

	Base pay R'000	Retirement and medical aid benefits R'000	Performance bonus R'000	Share-based payment expense R'000	Total remuneration R'000
2020					
Executive Directors					
Stephen Saad	7 964	1 329	11 151	2 523	22 967
Gus Attridge	6 547	1 135	9 218	2 086	18 986
	14 511	2 464	20 369	4 609	41 953
2021					
Executive Directors					
Stephen Saad	**8 405**	**1 399**	**11 764**	**2 845**	**24 413**
Gus Attridge	**6 914**	**1 190**	**9 725**	**2 352**	**20 181**
	15 319	**2 589**	**21 489**	**5 197**	**44 594**
Prescribed Officers					
Lorraine Hill	**7 228**	**1 095**	**2 497**	**4 604**	**15 424**
Sean Capazorio	**4 947**	**848**	**1 739**	**4 225**	**11 759**
Reginald Haman	**4 162**	**638**	**1 431**	**3 098**	**9 329**
Zizipho Mmango	**4 423**	**578**	**1 540**	**2 246**	**8 787**
	20 760	**3 159**	**7 207**	**14 173**	**45 299**

Group measures STI and LTI measures for executive directors

Short-term incentive performance measures and achievement for 2021: executive directors

Group performance as 75% of the award (with additional stretch awards up to 30%) and personal KPA as 25% of the award

Measure	Target range	Achieved	Percentage awarded
Measure 1 – Organic growth in normalised EBITDA			
1.1 achievement of predetermined organic growth – 25% of possible award	0,1% – 1,0%	0,8%	25% out of 25%
1.2 achievement of agreed stretch organic growth target – additional 10% of possible award	–	–	0% out of 10%
Measure 2 – De-leveraging of Aspen's balance sheet			
2.1 achievement of predetermined leverage ratios by specific dates – 25% of possible award	Leverage ratio <3,0 at 31 December 2020 and <2,5 at 30 June 2021	2,83 at 31 December 2020 and 1,74 at 30 June 2021	25% out of 25%
2.2 achievement of agreed stretch leverage ratio target – additional 10% of possible award	Leverage ratio < 2,0 at 30 June 2021	1,74 at 30 June 2021	10% out of 10%
Measure 3 – Free cash flow			
3.1 achievement of predetermined free cash flow – 25% of possible award	>R3 420m	R4 105m	25% out of 25%
3.2 achievement of agreed stretch free cash flow target – additional 10% of possible award	>R3 670m	R4 105m	10% out of 10%

Total achieved = 95% out of a possible 105%

Remuneration implementation report continued

Executive directors' short-term incentive performance measures for 2022

The award principles in respect of the STIs to be awarded to the executive directors have been confirmed as:

Individual KPA	– 25%
Business unit KPI	– Not applicable
Group KPI	– 75%
Total	– 100% achievement = 100% of all-inclusive package
Stretch 1	– 125%
Stretch 2	– 150% (STI cap for executive directors)

Executive directors' long-term incentive performance measures and achievement for 2021

This component constitutes a maximum of 37,5% of total guaranteed pay, with a 10% upliftment when electing to receive the award in shares, upon the achievement of the agreed performance targets. An additional 37,5% of total guaranteed pay awarded upon the achievement of agreed stretch targets, with a 10% upliftment when electing to receive the award in shares, upon the achievement of the agreed stretch targets – all directors and prescribed officers elected to receive the award in shares.

Measure	Target range	Achieved	Percentage awarded
Measure 1 – Return on invested capital			
1.1 achievement of targeted ROIC – 50% of possible award	7,2% to 7,4%	7,3%	50% out of 50%
1.2 achievement of first agreed stretch ROIC target – additional 20% of possible award	–	–	0% out of 20%
1.3 achievement of second agreed stretch ROIC target – additional 30% of possible award	–	–	0% out of 30%
Measure 2 – CAGR in NHEPS (CER)			
2.1 achievement of targeted CAGR in NHEPS (CER) – 50% of possible award	1,0% to 2,5%	2,0%	50% out of 50%
2.2 achievement of first agreed stretch CAGR in NHEPS (CER) – additional 20% of possible award	–	–	0% out of 20%
2.3 achievement of second agreed stretch CAGR in NHEPS (CER) – additional 30% of possible award	–	–	0% out of 30%
			Total achieved = 100% out of a possible 200%

Executive directors' long-term incentive performance measures for 2022

The award principles in respect of the STIs to be awarded to the executive directors have been confirmed as:

Individual KPA	– 25%
Business unit KPI	– Not applicable
Group KPI	– 75%
Total	– 100% achievement = 41,25% of all-inclusive package
Second layer forfeitable	– 15%
– Stretch 1 forfeitable	– 30%
– Stretch 2 forfeitable	– 41,25%
Total LTI	– 82,50% (LTI cap for executive directors)

Remuneration implementation report continued

Remuneration outcomes for the Group Chief Executive – Stephen Saad

Adjustment in annual guaranteed pay

Guaranteed pay 2020	Approved adjustment	**Guaranteed pay 2021**
9 292 548	5,5%	**9 803 638**

Individual KPA performance for 2021

Group Chief Executive KPAs	**Percentage awarded**
• Strategy: approval by the Board of sustained growth plans with evidence of implementation by financial year-end • Succession: implement a succession plan in respect of his role, to the Board's satisfaction • Ethics/culture: ensure reputational and ethical positioning of the Group as assessed by the Chairman of the Social & Ethics Committee • Environmental: Roadmap for dealing with water and electricity scarcity in respect of the South African production sites • Leadership: Implementation of a functional and effective Executive Committee	25% out of 25%

STI achievement and award for 2021

As a result of the achievement of the relevant performance measures as set out above, the short-term cash incentive payable to the Group Chief Executive, in terms of the South African Management Incentive Bonus Scheme is as follows:

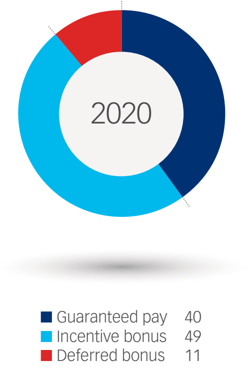
	Achievement in respect of measures 1, 2 and 3		**Achievement in respect of KPA performance**		**Total short-term cash incentive paid**
	%	**Rand value**	**%**	**Rand value**	**Rand value**
2020	95% out of 105%	8 827 921	25% out of 25%	2 323 137	11 151 058
2021	**95% out of 105%**	**9 313 457**	**25% out of 25%**	**2 450 910**	**11 764 366**

LTI achievement and award for 2021

As a result of the achievement of the relevant performance measures as set out above, the long-term incentive payable to the Group Chief Executive, in terms of the South African Management Deferred Incentive Bonus Scheme, was as follows:

	Award	**Including additional 10% for opting for shares**	**Three-day VWAP of Aspen share price at award**	**Number of shares awarded**
2020	3 484 705	3 833 176	R108,98	35 173
2021	**3 676 364**	**4 044 001**	**R194,44**	**20 798**

Remuneration composition (%)



Remuneration implementation report continued

Vesting of long-term incentives during 2021

Awards made to the Group Chief Executive, in terms of the South African Management Deferred Incentive Bonus Scheme, vested as follows during the year:

	Date of award	Number of shares awarded	Value at date of award	Distri-butions/ dividends received (ZAR)	Dividends reinvested as shares (number of shares)	Total value of award at vesting
2020	October 2017	7 665	2 399 321	N/A	173	920 848
2021*	**October 2018**	**14 197**	**2 341 921**	**N/A**	**155**	**3 674 112**

** Indicative value – awards have vested but shares will only be delivered after the closed period.*

Interests in Aspen shares

Shares allocated in terms of the South African Management Deferred Incentive Bonus Scheme as at the beginning of the year and those offered to and accepted by the Group Chief Executive during the year were as follows:

Grant price (R)	Expiry date	Shares outstanding on 30 June 2020 ('000)	Awarded during the year ('000)	Released during the year R'000	Shares outstanding on 30 June 2021 ('000)
305,18	Oct 2020	8	–	8	–
164,96	Oct 2021	14	–	–	14
105,11	Oct 2022	11		–	11
108,98	Oct 2023	–	35	–	35
		33	35	8	60

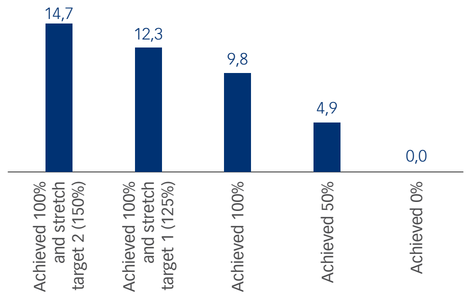
Individual KPAs for 2022

- **Strategy:** Ensure that refinements to the Group strategy, reflecting the changing dynamics of risks and opportunities in the global environment, are approved by the Board and implemented to its satisfaction
- **Leadership:** Positioning Aspen as a meaningful contributor to the fight against COVID-19 in South Africa, Africa and elsewhere in the world
- **Ethics and culture:** undertake effective activities to promote sound business ethics and a positive culture balancing Aspen's values while promoting diversity and inclusion, to the satisfaction of the Social & Ethics Committee
- **ESG:** leading Aspen's initiatives aimed at improving access to medicines while ensuring this is achieved from a foundation of sound ESG practices across the Group
- **Succession:** implement a succession plan for the Group Chief Executive's reports, to the Board's satisfaction

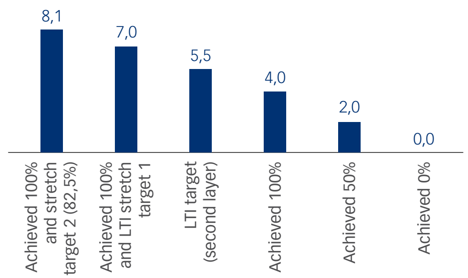
Performance scenario for 2022

The following graphs illustrate the short- and long-term incentives payable to executive directors, with the 2022 performance metrics described above applied to data from the 2021 financial year. Performance against these performance metrics may either be: achieving all performance targets as well as stretch targets; achieving performance targets; achieving 50% of performance targets; or not achieving performance targets at all.

Short-term incentive



Long-term incentive



Remuneration implementation report continued

Remuneration outcomes for the Deputy Group Chief Executive – Gus Attridge

Adjustment to annual guaranteed pay

	Guaranteed pay 2020	Approved adjustment	**Guaranteed pay 2021**
	7 681 968	5,5%	**8 104 476**

Individual KPA performance

Deputy Group Chief Executive KPAs	**Percentage awarded**
• Strategy: Information & Technology strategy to demonstrate value from digitalisation • Succession: Implement a succession plan in respect of his role, to the Board's satisfaction • Ethics/culture: ensure reputational and ethical positioning of the Group as assessed by the Chairman of the Social & Ethics Committee • Environmental: Roadmap for dealing with water and electricity scarcity in respect of the South African production sites • Leadership: Successful implementation of the Holdings organisational redesign	25% out of 25%

STI achievement and award

As a result of the achievement of the relevant performance measures as set out above, the short-term cash incentive payable to the Group Chief Executive, in terms of the South African Management Incentive Bonus Scheme is as follows:

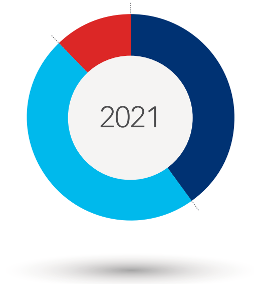
	Achievement in respect of measures 1, 2 and 3		**Achievement in respect of KPA performance**		**Total short-term cash incentive paid**
	%	**Rand value**	**%**	**Rand value**	**Rand value**
2020	95% out of 105%	7 297 870	25% out of 25%	1 920 492	9 218 362
2021	**95% out of 105%**	**7 699 252**	**25% out of 25%**	**2 026 119**	**9 725 371**

LTI achievement and award

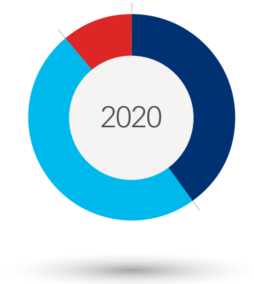
As a result of the achievement of the relevant performance measures as set out above, the long-term incentive payable to the Deputy Group Chief Executive, in terms of the South African Management Deferred Incentive Bonus Scheme, was as follows:

	Award	**Including additional 10% for opting for shares**	**Three-day VWAP of Aspen share price at award**	**Number of shares awarded**
2020	2 880 738	3 168 812	R108,98	9 475
2021	**3 039 179**	**3 343 096**	**R194,44**	**17 193**

Remuneration composition (%)



Guaranteed pay	40
Incentive bonus	48
Deferred bonus	12



Guaranteed pay	40
Incentive bonus	49
Deferred bonus	11

Remuneration implementation report continued

Vesting of long-term incentives during 2021

Awards made to the Deputy Group Chief Executive, in terms of the South African Management Deferred Incentive Bonus Scheme, vested as follows during the year:

	Date of award	Number of shares awarded	Value at date of award	Distri-butions/ dividends received (ZAR)	Dividends reinvested as shares (number of shares)	Total value of award at vesting
2020	October 2017	6 337	1 933 873	N/A	143	761 400
2021*	**October 2018**	**11 736**	**1 936 022**	**N/A**	**128**	**3 037 184**

** Indicative value – awards have vested but shares will only be delivered after the closed period.*

Interests in Aspen shares in terms of the South African Management Deferred Incentive Bonus Scheme

Shares allocated in terms of the South African Management Deferred Incentive Bonus Scheme as at the beginning of the year and those offered to and accepted by executive directors during the year were as follows:

Grant price (R)	Expiry date	Shares outstanding on 30 June 2020 ('000)	Awarded during the year ('000)	Released during the year R'000	Shares outstanding on 30 June 2021 ('000)
305,18	Oct 2020	6	**–**	**6**	**–**
164,96	Oct 2021	12	**–**	**–**	**12**
105,11	Oct 2022	9		**–**	**9**
108,98	Oct 2023	–	**29**	**–**	**29**
		27	**29**	**6**	**50**

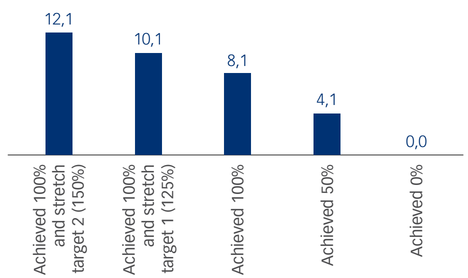
Individual KPAs for 2022

- **Strategy:** ensure the implementation of the Group's digitalisation strategy is fit for purpose and designed to bring the Group's IT spend within industry benchmarks to the satisfaction of the Audit & Risk Committee
- **Leadership:** transitioning the executive team to a new structure, without the role of the Deputy Group Chief Executive
- **Ethics and culture:** undertake effective activities to promote sound business ethics and a positive culture balancing Aspen's values while promoting diversity and inclusion
- **ESG:** ensure effective procedures are in place to support the security and wellness of employees through the COVID-19 pandemic, including promotion of vaccination of all employees
- **Succession:** effective transition plan for the Deputy Group Chief Executive's change in role to the Board's satisfaction

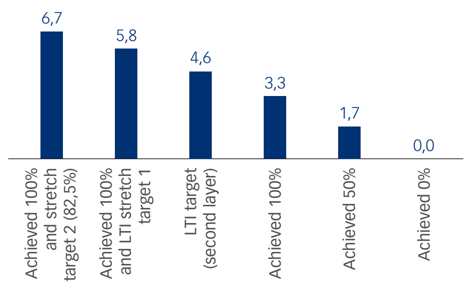
Performance scenario for 2022

The following graphs illustrate the short- and long-term incentives payable to executive directors, with the 2022 performance metrics described above applied to data from the 2021 financial year. Performance against these performance metrics may either be: achieving all performance targets as well as stretch targets; achieving performance targets; achieving 50% of performance targets; or not achieving performance targets at all.

Short-term incentive



Long-term incentive



Remuneration implementation report continued

Prescribed officers – interests in shares and vesting of shares

Vesting of long-term incentives during 2021

Awards made to prescribed officers, in terms of the South African Management Deferred Incentive Bonus Scheme, vested as follows during the year:

		Date of award	Number of shares awarded	Value at date of award	Distri-butions/ dividends received (ZAR)	Dividends reinvested as shares (number of shares)	Total value of award at vesting
Sean Capazorio	2020	October 2017	4 849	1 479 876	N/A	109	582 577
	2021*	**October 2018**	**6 588**	**1 086 819**	**N/A**	**72**	**1 704 960**
Lorraine Hill	2020	October 2017	6 540	1 995 840	N/A	147	785 740
	2021*	**October 2018**	**9 461**	**1 560 474**	**N/A**	**103**	**2 448 384**

** Indicative value – awards have vested but shares will only be delivered after the closed period.*

Interests in Aspen shares in terms of the South African Management Deferred Incentive Bonus Scheme

Shares allocated in terms of the South African Management Deferred Incentive Bonus Scheme as at the beginning of the year and those offered to and accepted by executive directors during the year were as follows:

	Grant price (R)	Expiry date	Shares outstanding on 30 June 2020 ('000)	Awarded during the year ('000)	Released during the year R'000	Shares outstanding on 30 June 2021 ('000)
Sean Capazorio	305,18	Oct 2020	5	**–**	**5**	**–**
	164,96	Oct 2021	7	**–**	**–**	**7**
	105,11	Oct 2022	7		**–**	**7**
	108,98	Oct 2023	–	**17**	**–**	**17**
			19	**17**	**5**	**31**
Reginald Haman	108,98	Oct 2023	–	**15**	**–**	**15**
			–	**15**	**–**	**15**
Lorraine Hill	305,18	Oct 2020	7	**–**	**7**	**–**
	164,96	Oct 2021	9	**–**	**–**	**9**
	105,11	Oct 2022	10		**–**	**10**
	108,98	Oct 2023	–	**25**	**–**	**25**
			26	**25**	**7**	**44**
Zizipho Mmango	108,98	Oct 2023	–	**3**	**–**	**3**
			–	**3**	**–**	**3**
			45	**60**	**19**	**93**

The deferred incentive bonus shares have a maturity date of three years on acceptance of the bonus.

Interests in Aspen shares in terms of the South African Phantom Share Scheme

Shares allocated in terms of the South African Phantom Share Scheme as at the beginning of the year and those offered to and accepted by the prescribed officers during the year were as follows:

	Grant price (R)	Expiry date	Shares outstanding on 30 June 2020 ('000)	Awarded during the year ('000)	Released during the year R'000	Shares outstanding on 30 June 2021 ('000)
Reginald Haman	112,67	Oct 2021	20	**–**	**–**	**20**
	112,67	Oct 2022	20	**–**	**–**	**20**
			40	**–**	**–**	**40**
Zizipho Mmango	131,00	Oct 2020	13	**–**	**13**	**–**
	131,00	Oct 2021	15	**–**	**–**	**15**
	131,00	Oct 2022	16	**–**	**–**	**16**
			44	**–**	**13**	**31**
			84	**–**	**13**	**71**

Interests in Aspen shares in terms of the senior executive retention component of the South African Management Deferred Incentive Bonus Scheme

Shares allocated in terms of the senior executive retention component of the South African Management Deferred Incentive Bonus Scheme (incentive awards vesting in 5, 7 or 10 years) as offered to and accepted by prescribed officers were as follows:

	Grant price (R)	Expiry date	Shares outstanding on 30 June 2020 ('000)	Awarded during the year ('000)	Released during the year R'000	Shares outstanding on 30 June 2021 ('000)
Sean Capazorio	326,70	May 2026*	48	**–**	**–**	**48**
	106,74	May 2024**	33	**–**	**–**	**33**
	106,74	May 2026***	33		**–**	**33**
			114	**–**	**–**	**114**
Lorraine Hill	326,70	May 2026*	48	**–**	**–**	**48**
	106,74	May 2024**	33	**–**	**–**	**33**
	106,74	May 2026***	33		**–**	**33**
			114	**–**	**–**	**114**
			228	**–**	**–**	**228**

** Awarded in May 2016 (10-year vesting date)*
*** Awarded in May 2019 (5-year vesting date)*
**** Awarded in May 2019 (7-year vesting date)*

Remuneration implementation report continued

Directors' interests in Aspen shares

The direct and indirect beneficial interests of the directors and their associates in the shares of the Company were:

	Direct		Indirect	
	2021	2020	**2021**	2020
Kuseni Dlamini	**–**	–	**–**	–
Gus Attridge	**3 842 951**	3 836 471	**15 169 319**	15 169 319
Ben Kruger	**13 100**	13 100	**400**	400
Themba Mkhwanazi	**–**	–	**–**	–
Chris Mortimer	**193 068**	193 068	**–**	–
Babalwa Ngonyama	**–**	–	**–**	–
David Redfern	**–**	–	**4 750**	4 750
Stephen Saad	**4 691 548**	4 683 711	**52 468 261**	52 468 261
Sindi Zilwa	**–**	–	**–**	–
Roy Andersen*	**N/A**	41 150	**–**	–
	8 740 667	8 767 500	**67 642 730**	67 642 730

None of the directors' holdings were subject to security, guarantee, collateral or similar arrangements as envisaged in terms of paragraph 8.63 (c)(i) of the JSE's Listings Requirements.
** Roy Andersen retired from the Board effective 30 September 2019.*

None of the directors held any non-beneficial shares in the Company at 30 June 2021. As disclosed on pages 99 and 101 of this report, the executive directors' long-term incentive shares that were awarded in October 2018, vested in October 2021, but have not been delivered due to the Company trading under a cautionary at that time – these shares will be delivered following the end of the closed period. There were no changes to the non-executive directors' interests between the end of the financial year and date of approval.

Non-executive directors' remuneration

In line with the requirements of the Companies Act, the fees payable to the non-executive directors for the financial year were approved by a special resolution of Aspen's shareholders at the Company's AGM held on 9 December 2020. The following fees were paid to non-executive directors, either by the holding company or another company in the Group:

Non-executive director	**2021* R'000**	2020* R'000
Kuseni Dlamini	**1 290**	1 223
Linda de Beer[¶]***	**967**	889
Ben Kruger	**809**	685
Themba Mkhwanazi	**432**	464
Chris Mortimer***	**446**	443
Babalwa Ngonyama**	**1 072**	977
David Redfern	**383**	349
Sindi Zilwa	**710**	854
Roy Andersen****	**N/A**	205
	6 109	6 089

** Fees exclude VAT.*
*** Babalwa Ngonyama receives an attendance fee for attendance at meetings of Aspen Finance (Pty) Limited, in her capacity as Chairman of the Audit & Risk Committee of Aspen Pharmacare Holdings Limited.*
**** Linda de Beer and Chris Mortimer also receive directors' fees in their capacity as non-executive directors of Aspen Finance (Pty) Limited.*
***** Roy Andersen retired with effect from 30 September 2019.*

Linda de Beer
Remuneration & Nomination Committee Chair

07

Supplementary information

Covered in this section

Salient financial information

	Year ended 30 June 2021 R'million	Year ended 30 June 2020 R'million
Group statements of financial position		
Assets		
Non-current assets		
Intangible assets	**54 882**	73 040
Property, plant and equipment	**14 826**	14 232
Goodwill	**4 621**	5 375
Right-of-use assets	**400**	601
Deferred tax assets	**1 323**	1 714
Contingent environmental assets	**305**	324
Other non-current assets	**622**	1 145
Total non-current assets	**76 979**	96 431
Current assets		
Inventories	**13 409**	16 413
Receivables and other current assets	**10 688**	13 232
Cash and cash equivalents	**8 546**	7 093
Total operating current assets	**32 643**	36 738
Assets classified as held-for-sale	**62**	—
Total current assets	**32 705**	36 738
Total assets	**109 684**	133 169

	Year ended 30 June 2021 R'million	Year ended 30 June 2020 R'million
Equity and liabilities		
Ordinary shareholders' equity	**65 627**	69 215
Non-controlling interests	**—**	2
Total shareholders' equity	**65 627**	69 217
Non-current liabilities		
Borrowings	**266**	36 019
Other non-current financial liabilities	**3 732**	4 957
Unfavourable and onerous contracts	**463**	927
Contingent environmental indemnification liabilities	**305**	324
Deferred tax liabilities	**1 810**	2 701
Retirement and other employee benefits	**730**	945
Total non-current liabilities	**7 306**	45 873
Current liabilities		
Borrowings	**24 606**	6 302
Trade and other payables	**9 213**	9 691
Unfavourable and onerous contracts	**353**	421
Other current financial liabilities	**2 528**	1 665
Total operating current liabilities	**36 700**	18 079
Liabilities classified as held-for-sale	**51**	—
Total current liabilities	**36 751**	18 079
Total liabilities	**44 057**	63 952
Total equity and liabilities	**109 684**	133 169

Salient financial information continued

	Year ended 30 June 2021 R'million	Restated* Year ended 30 June 2020 R'million
Group income statements		
Continuing operations		
Revenue	**37 766**	33 659
Gross profit	**17 789**	17 135
Normalised EBITDA**	**9 945**	9 612
Total amortisation, depreciation and non-trading adjustments	**(2 873)**	(3 882)
Operating profit	**7 072**	5 730
Net financing costs	**(1 083)**	(1 532)
Profit before tax	**5 989**	4 198
Discontinued operations		
Profit from discontinued operations	**8**	1 284
Group statements of cash flows		
Cash operating profit	**8 874**	11 110
Working capital movements	**648**	192
Cash generated from operations	**9 522**	11 302
Net financing costs paid	**(1 067)**	(1 631)
Tax paid	**(1 630)**	(1 411)
Cash generated from operating activities	**6 825**	8 260
Cash generated from investing activities	**9 763**	1 624
Cash outflow from financing activities	**(15 648)**	(11 465)
Translation effects on cash and cash equivalents of foreign operations	**(602)**	1 050
Movement in cash and cash equivalents	**338**	(531)
Cash and cash equivalents at the beginning of the year	**5 617**	6 148
Cash and cash equivalents at the end of the year	**5 955**	5 617

* Restated for discontinued operations.
** EBITDA represents operating profit from continuing operations before amortisation and depreciation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements.

		Year ended 30 June 2021	Restated* Year ended 30 June 2020
Share performance			
Earnings per share (basic and diluted)	cents	**1 052,9**	1 021,8
From continuing operations	cents	**1 051,1**	740,5
From discontinued operations	cents	**1,8**	281,3
Headline earnings per share (basic and diluted)	cents	**1 119,1**	1 322,1
From continuing operations	cents	**1 204,3**	998,1
From discontinued operations	cents	**(85,2)**	324,0
Normalised headline earnings per share (basic and diluted)	cents	**1 295,7**	1 515,1
From continuing operations	cents	**1 309,7**	1 194,8
From discontinued operations	cents	**(14,0)**	320,3
Capital distribution/dividend per share	cents	**262,0**	–
Net asset value per share	cents	**14 377,6**	15 164,2
Operating cash flow per share	cents	**1 495,3**	1 809,6

		Year ended 30 June 2021	Year ended 30 June 2020
Share information			
Number of shares in issue – at the end of the year	million	**456,5**	456,5
Number of shares in issue (net of treasury shares) – at the end of the year	million	**455,2**	455,6
Weighted number of shares in issue	million	**456,5**	456,5
Diluted weighted number of shares in issue	million	**456,5**	456,5
Market capitalisation at year-end	R'billion	**74,0**	65,5

Salient financial information continued

		Year ended 30 June 2021	Restated* Year ended 30 June 2020
JSE statistics			
Number of shares traded	million	**316,5**	446,5
Number of shares traded as % of weighted average number of shares	%	**69,2**	97,8
Market price per share			
year end	cents	**16 209**	14 351
highest	cents	**17 036**	16 514
lowest	cents	**10 376**	6 407
Key market performance ratios			
Earnings yield	%	**8,0**	10,6
Price:earnings ratio	times	**12,5**	9,5
Business performance			
Profitability – measures financial performance of the Group			
Return on ordinary shareholders' equity	%	**7,1**	7,7
Return on total assets	%	**8,4**	8,2
Revenue growth	%	**12**	9
Gross profit	%	**47,1**	50,9
Normalised EBITDA** margin	%	**26,3**	28,6
Effective tax rate	%	**19,9**	19,5

		Year ended 30 June 2021	Restated* Year ended 30 June 2020
Liquidity – measures the Group's ability to meet its maturing obligations and unexpected cash needs in the short term			
Current ratio	times	**0,9**	2,0
Quick ratio	times	**0,5**	1,1
Cash ratio	times	**0,3**	0,4
Working capital as % of revenue	%	**37,0**	42,8
Debt indicators – measures the Group's ability to meet capital and interest payments over the long term			
Net borrowings	R'million	**16 326**	35 228
Leverage ratio	times	**1,74**	2,90
Net interest cover	times	**8,6**	6,2
Gearing ratio	%	**20**	34

* *Restated for discontinued operations.*
** *EBITDA represents operating profit from continuing operations before amortisation and depreciation adjusted for specific non-trading items as set out in the segmental analysis contained in the Annual Financial Statements.*

Definitions and formulas

Cash ratio

$$\frac{\text{Cash and cash equivalents}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale) – bank overdrafts}}$$

Current ratio

$$\frac{\text{Current assets (excluding assets classified as held-for-sale)}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)}}$$

Earnings yield (%)

$$\frac{\text{Normalised headline earnings per share}}{\text{Market price per share at year-end}}$$

Effective tax rate (%)

$$\frac{\text{Tax from continuing operations}}{\text{Profit before tax from continuing operations}}$$

Gearing ratio (%)

$$\frac{\text{Net borrowings}}{\text{Total shareholders' equity – non-controlling interests + net borrowings}}$$

Gross profit (%)

$$\frac{\text{Gross profit from continuing operations}}{\text{Revenue from continuing operations}}$$

Leverage ratio^

$$\frac{\text{Net debt}^\wedge}{\text{Normalised EBITDA}^\wedge}$$

^ *Calculated in accordance with the Group's long-term debt agreements.*

Net borrowings

Non-current borrowings + current borrowings – cash and cash equivalents

Net interest cover (times)

$$\frac{\text{Operating profit before amortisation from continuing operations}}{\text{Interest paid from continuing operations – interest received from continuing operations (excluding capital raising fees)}}$$

Normalised EBITDA

Operating profit before depreciation and amortisation adjusted for specific non-trading items as defined in the accounting policies of the Group's Annual Financial Statements.

Normalised EBITDA growth (%)

$$\frac{\text{Normalised EBITDA from continuing operations (current year) – Normalised EBITDA from continuing operations (prior year)}}{\text{Normalised EBITDA from continuing operations (prior year)}}$$

Normalised EBITDA margin (%)

$$\frac{\text{EBITDA from continuing operations}}{\text{Revenue from continuing operations}}$$

Normalised headline earnings from continuing operations

Normalised headline earnings from continuing operations are headline earnings from continuing operations adjusted for specific non-trading items, being transaction costs and other acquisition, and disposal-related gains or losses (including any gains or losses arising from the remeasurement of the fair value of liabilities for future contingent and/or milestone payments relating to intangible asset acquisitions accounted for under the cost accumulation method), restructuring costs, settlement of product-related litigation costs, net monetary adjustments and currency devaluations relating to hyperinflationary economies and significant once-off tax provision charges or credits arising from the resolution of prior year tax matters.

Market capitalisation

Year-end market price per share multiplied by number of shares in issue at year-end

Operating cash flow per share (cents)

$$\frac{\text{Cash generated from operating activities}}{\text{Weighted number of shares in issue}}$$

Definitions and formulas continued

Price:earnings ratio

$$\frac{\text{Market price per share at year-end}}{\text{Normalised headline earnings per share}}$$

Return on ordinary shareholders' equity (%)

$$\frac{\text{Profit attributable to equity holders of the parent}}{\text{Weighted average ordinary shareholders' equity}}$$

Return on total assets (%)

$$\frac{\text{Normalised EBITDA from continuing operations}}{\text{Total weighted average assets}}$$

Revenue growth (%)

$$\frac{\text{Revenue (current year) from continuing operations – revenue from continuing operations (prior year)}}{\text{Revenue from continuing operations (prior year)}}$$

Total weighted average assets

Average assets is total assets (excluding cash and cash equivalents and assets classified as held-for-sale) weighted monthly

Quick ratio

$$\frac{\text{Current assets (excluding assets classified as held-for-sale) – inventories}}{\text{Current liabilities (excluding liabilities associated with assets held-for-sale)}}$$

Working capital as % of revenue

$$\frac{\text{Inventories + trade and other receivables – trade and other payables}}{\text{Annualised net revenue from continuing operations}}$$

Shareholders' diary

Financial year-end	30 June 2021
Annual general meeting	9 December 2021

Reports and Group results announcement for the 2022 financial year

Interim results for the six months ended 31 December 2021	March 2022
Provisional results for the year	September 2022
Integrated Report and Annual Financial Statements	October 2022

Unaudited share statistics

Analysis of shareholders at 30 June 2021

	Number of shareholders	% of shareholders	Number of shares	% of total shareholding
Ordinary shares				
Size of holding				
1 – 2 500	40 023	92,4	11 855 285	2,6
2 501 – 12 500	2 032	4,7	10 807 805	2,4
12 501 – 25 000	396	0,9	7 193 433	1,6
25 001 – 50 000	285	0,7	10 305 149	2,3
50 001 and over	581	1,3	416 289 869	91,1
	43 317	100	456 451 541	100,0

Major shareholders

Institutional shareholders

According to the register of shareholders at 30 June 2021, the following are the top 10 registered institutional shareholders:

	Number of shares	% of total shareholding
Institutional shareholder		
Public Investment Corporation	54 558 649	12,0
Coronation Asset Management	39 326 295	8,6
Foord Asset Management	21 534 239	4,7
BlackRock Inc	17 235 125	3,8
Sanlam Investment Management	16 672 348	3,7
The Vanguard Group Inc	13 713 542	3,0
Schroders Plc	13 391 373	2,9
Ninety One Plc	12 618 671	2,8
Allan Gray (Pty) Ltd	10 476 538	2,3
Westwood Global Investments LLC	9 468 271	2,1
	208 995 051	45,9

Top 10 beneficial shareholders

According to the register of shareholders at 30 June 2021, the following are the top 10 registered beneficial shareholders. The shareholdings of all directors are disclosed in the Remuneration review and implementation report, refer to page 103 if this Report.

	Number of shares	% of total shareholding
Shareholder		
Government Employees Pension Fund ("GEPF")	70 426 943	15,4
Saad, SB	57 159 809	12,5
Attridge, MG	19 012 270	4,2
Alexander Forbes Investments	12 607 357	2,8
Ceppwawu Investments (Pty) Ltd	10 053 368	2,2
Coronation Balanced Plus Fund	6 232 211	1,4
Foord Balanced Fund	5 773 504	1,3
WGI Emerging Markets Fund LLC	5 597 400	1,2
Vanguard Emerging Markets Stock Index Fund	5 285 335	1,2
Vanguard Total International Stock Index	5 030 045	1,1
	197 178 242	43,3

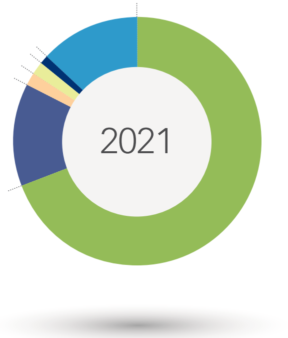
Shareholders' spread

As required by paragraph 8.63 and in terms of paragraph of 4.25 of the JSE Listings Requirements, the spread of the ordinary shareholding at close of business 30 June 2021 was as follows:

	Number of shareholders	Number of shares	% of total shareholding
Non-public shareholders	12	148 097 015	32,4
Directors of the Company and directors of material subsidiaries	10	76 383 397	16,7
Government Employees Pension Fund	1	70 426 943	15,4
Employee share trusts – treasury shares	1	1 286 675	0,3
Public shareholders	43 305	308 354 526	67,6
Total shareholding	43 317	456 451 541	100,0
Public shareholders (including the GEPF)	43 306	378 781 469	83,0

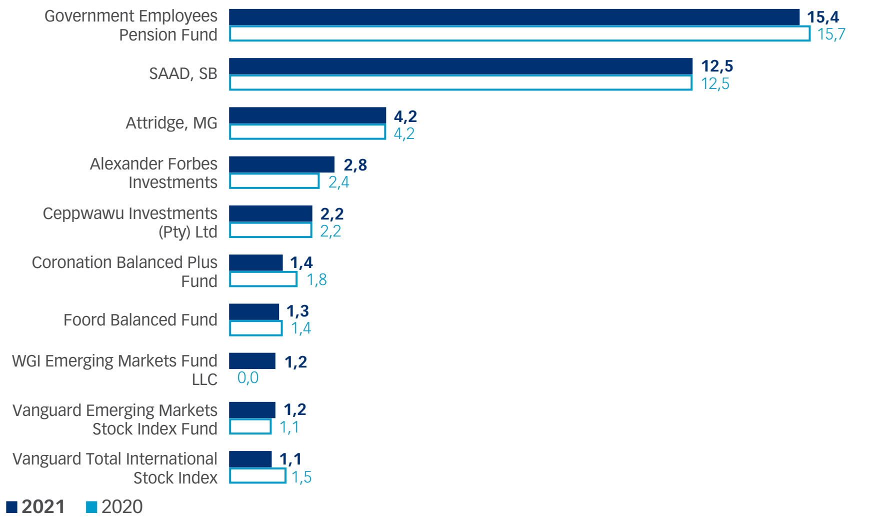
Unaudited share statistics continued

Beneficial shareholders – country (%)

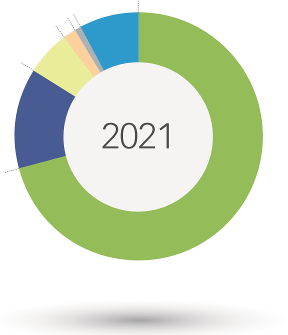


South Africa	69,4
USA	13,2
Switzerland	1,7
UK	1,7
Luxembourg	1,1
Various other	13,0

Top 10 beneficial shareholders (%)

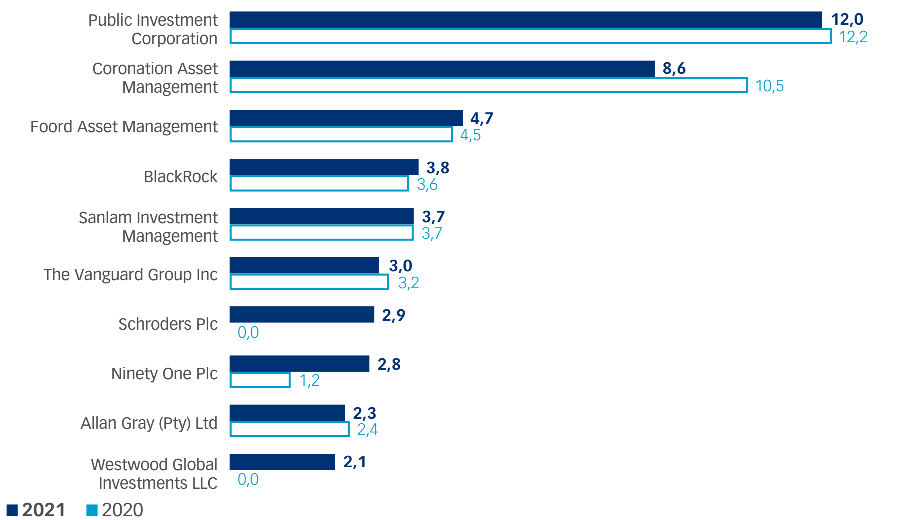


Institutional shareholders – country (%)



South Africa	70,9
USA	13,0
UK	6,0
Switzerland	1,6
Singapore	0,9
Various other	7,6

Top 10 institutional shareholders (%)



The geographical split of beneficial and institutional shareholders above is based on shareholders who own more than 25 000 Aspen shares.

Percentages for top 10 beneficial shareholders and top 10 institutional shareholders reflected above are as a percentage of the total issued share capital of the Company.

Abbreviations

Abbreviation	Full name
AGI	Aspen Global Incorporated, a subsidiary incorporated in Mauritius
Alphamed	Alphamed Formulations Private Limited
Annual Financial Statements	The Group and Company Annual Financial Statements for the year ended 30 June 2021
APIs	Active pharmaceutical ingredients
ARV	Anti-retroviral
Aspen and/or Group	Aspen Pharmacare Holdings Limited and/or its subsidiaries as set out in note 25 to the Company financial statements, as the context demands
Aspen Holdings or the Company	Aspen Pharmacare Holdings Limited
Aspen API	Aspen API Incorporated, a wholly owned subsidiary of AGI incorporated in the United States
Aspen Australia	Aspen Australia comprises Aspen Asia Pacific (Pty) Limited (a wholly owned subsidiary of AGI) and its subsidiaries, including Aspen Pharmacare Australia (Pty) Limited, Aspen Pharma (Pty) Limited, Orphan Holdings (Pty) Limited, Orphan Australia (Pty) Limited, Aspen Lennon (Pty) Limited and Aspen Products (Pty) Limited
Aspen Bad Oldesloe	Aspen Bad Oldesloe GmbH, a wholly owned subsidiary incorporated in Germany
Aspen Brazil	Aspen Pharma – Ind`stria FarmaCĺutica Limitada, a wholly owned subsidiary of PharmaLatina Holdings incorporated in Brazil
Aspen Finance	Aspen Finance (Pty) Limited
Aspen France	Aspen France SAS
Aspen Healthcare	Aspen Healthcare FZ LLC
Aspen Health	Aspen Health LLC
Aspen Ireland	Aspen Pharma Ireland Limited
Aspen Mexico	Aspen Mexico comprises Aspen Labs S.A. de C.V, Aspen Pharma Mexicana S. de R.L. C.V, Solara S.A. de C.V., Aspen Servicios S. de R.L. de C.V., PN North America S. de R.L. de C.V., Wyeth Ilaclari S. de R.L. de C.V., Wyeth S. de R.L. de C.V., Marcas WN S.A. de C.V.
Aspen Nigeria	Aspen Pharmacare Nigeria Limited, a subsidiary incorporated in Nigeria
Aspen Oss	Aspen Oss B.V., a subsidiary incorporated in the Netherlands
AstraZeneca	AstraZeneca AB and AstraZeneca UK
B4SA	Business for South Africa
BBBEE	Broad-based Black Economic Empowerment
BBBEE Codes	The Department of Trade, Industry and Competition's BBBEE Codes of Good Practice

Abbreviation	Full name
BEPS	Base Erosion and Profit Sharing
Beta	Beta Healthcare International Limited
CAGR	Compound annual growth rate
CDP-CC	Carbon disclosure project – climate change
CDP-WS	Carbon disclosure project – water security
CER	Constant exchange rate
CIS	The Commonwealth of Independent States, comprising Russia and the former Soviet Republics
DIFR	Disabling incident frequency rate
EBITDA	Normalised EBITDA comprises operating profit before depreciation and amortisation adjusted for specific non-trading items defined in accounting policies of the Group's Annual Financial Statements
EDI	Group Equity, Diversity and Inclusion Framework
ERP	Enterprise resource planning
ESG	Environmental, Social and Corporate Governance
EY	Ernst & Young Inc
FCC	Fine Chemicals Corporation (Pty) Limited
FTSE	Financial Times Stock Exchange
The FTSE/JSE Africa Index Series	A joint venture between the JSE Limited (JSE) and the FTSE Group (FTSE)
GJ	Gigajoules
FDF	Finished dose form
GEPF	Government Employees Pension Fund
GMP	Good Manufacturing Practice
GRI	Global Reporting Initiative
GSK	GlaxoSmithKline Plc
HCIFR	High consequence incident frequency rate
HEPS	Headline earnings per share
HCP	Healthcare professional
I&T	Information & Technology
IBIS	IBIS Environmental Social Governance Consulting Africa Proprietary Limited
IFC	International Finance Corporation

Abbreviations continued

Abbreviation	Full name
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting <IR> Council's ("IIRC") Framework
IMF	International Monetary Fund
IQVIA	IQVIA Inc, formerly Quintiles and IMS Health, Inc
Internal Audit	The Aspen Group Internal Audit function
IP	Intellectual property
ISO	The International Organisation for Standardisation
ISO 14001	International standard for environmental management systems
ISO 45001	International standard for occupational health and safety (OH&S) management system
ISO 50001	International standard for energy management systems
IT	Information Technology
Johnson & Johnson COVID-19 vaccine	Janssen Pharmaceuticals Inc. and Janssen Pharmaceuticals NV, two of the Janssen Pharmaceutical Companies of Johnson & Johnson's COVID-19 vaccine.
JSE	JSE Limited, licensed as an exchange under the Security Services Act, No 36 of 2004
King IV	King Code on Corporate Governance 2016™. *Copyright and trademarks are owned by the Institute of Directors South Africa NPC and all of its rights are reserved
KPA	Key performance area
KPI	Key performance indicator
LWDFR	Lost workday frequency rate
Mandela Day	The Nelson Mandela International Day
ml	millilitre
Ml	Megalitre
Mylan	Mylan Ireland Limited
NHEPS	Normalised headline earnings per share
Notre Dame de Bondeville	Aspen Notre Dame de Bondeville S.A.S., a wholly owned subsidiary incorporated in France
OECD	Organisation for Economic Cooperation and Development
OTC	Over the counter
Pharmacare	Pharmacare Limited
PPE	Property, plant and equipment
ROIC	Return on invested capital

Abbreviation	Full name
SAHPRA	South African Health Products Regulatory Authority
SASB	Sustainability Accounting Standards Board
SED	Socio-economic development
SHE	Safety, health and environment
Shelys	Shelys Pharmaceuticals International Limited, incorporated in Tanzania
Supplementary Documents	The reports of the Audit & Risk and Social & Ethics Committees, the Sustainability and ESG Data Supplement and the Annual Financial Statements
TCFD	Task Force on Climate-related Financial Disclosures
The Companies Act	The South African Companies Act, No 71 of 2008
The Company	Aspen Pharmacare Holdings Limited
TRIFR	Total Recordable Incident Frequency Rate
UN SDGs	United Nations Sustainable Development Goals
UN Global Compact	United Nations Global Compact
WHO	World Health Organization
USA	United States of America
AUD	Australian Dollar
EUR	Euro
R/ZAR	South African Rand
USD	United States Dollar

Abbreviations of pharmaceutical regulatory authorities and acronyms (manufacturing capabilities)

Abbreviation	Full name
AIRP-CI	Au cœur de l'activité pharmaceutique – Kenya
ANSM	French National Agency for Medicinal and Health Product Safety
ANVISA	Brazilian National Health Surveillance Agency
ASN	Nuclear Safety Authority for E-beam
BfArm	German Federal Institute for Drugs and Medical Devices
EDQM	European Directorate for the Quality of Medicines
EFDA	Ethiopian Food and Drug Administration
EMA	European Medicines Agency
GFDA	Ghanaian Food and Drugs Authority
GMP	Good Manufacturing Practice
GRA	German Regulatory Authority
HPB	Health Protection Branch (Canada)
HPRA	Health Products Regulatory Authority (Ireland)
IRA	Israeli Regulatory Authorities
ISO	International Organisation for Standardisation
KFDA	Korean Food and Drug Administration
kl	Kilolitre
LAsD	German Local vs Federal Agencies

Abbreviation	Full name
LRA	Libyan Regulatory Authorities
MCAZ	Medicines Control Agency of Zimbabwe
MOH – DRC	Ministry of Health – Democratic Republic of Congo
NAFDAC	Nigerian National Agency for Food and Drug Administration and Control
PMDA	Japanese Pharmaceutical and Medical Device Agency
PMPB	Malawian Pharmacy, Medicines and Poisons Board
PMRA – Malawi	Malawian Pharmacy and Medicines Regulatory Authority
PPB – Kenya	Kenyan Pharmacy and Poisons Board
Saudi FDA	Saudi Food and Drug Authority
SAHPRA	South African Health Products Regulatory Authority
TGA	Australian Therapeutic Goods Administration
TMDA	Tanzania Medicines and Medical Devices Authority
TRA	Turkish Regulatory Authority
Turkey MOH	Republic of Turkey Ministry of Health
UNDA	Ugandan National Drug Authority
US FDA	United States Food and Drug Administration
WHO	World Health Organization
ZAMRA	Zambia Medicine Regulatory Authority

Administration

Company Secretary
Riaan Verster
BProc, LLB, LLM (Labour Law), ACG

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1985/002935/06

Share code
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APN Legal Entity Identifier ("LEI"):
635400ZYSN1IRD5QWQ94

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