



Healthcare. We Care.

25 YEARS
Access to Medicine

Integrated Report 2023



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Navigation

Throughout our Integrated Report, we use the following icons to show the connectivity between our strategic objectives, our material matters and the value we create for our key stakeholders.

Our strategic objectives

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



To promote access to medicines through 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 material matters

Our material matters are factors that have the potential to impact, both positively and negatively, our ability to create and preserve value in the short, medium and long term.



MM1 Patient focus



MM2 Manufacturing capabilities



MM3 Engaged people



MM4 Organic growth and value-accretive acquisitions



MM5 Business process optimisation and digital transformation



MM6 Building trust



MM7 Agility and resilience

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 further information, including our Integrated Report and Supplementary Documents are **available online**.



This icon directs you to further information **in this report**



This icon indicates links to **additional online material**, embedded in our electronic Integrated Report.

Who we are

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Patient care over 25 years

Since inception, our ethos, *Healthcare. We Care.* has extended beyond manufacturing and supplying medicines across the world. It is at the heart of Aspen and what we stand true to, and it is evident in our patient care over 25 years.

From as far back as 2001, we embedded our ethos with the opening of the Engcobo Clinic in the Transkei with former, late President Nelson Mandela. This project was the launchpad for our SED activities which have since been adopted through our global businesses with the likes of our flagship Nelson Mandela International Day ("Mandela Day") campaign being well received by more than 865 000 deserving beneficiaries to date.



[View this case study online.](#)



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 JSE Limited.

We are pleased to present our Integrated Report for the financial year ended 30 June 2023. 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 as well as Aspen's future outlook in relation to material financial, economic, social and governance issues.

Delivering value through our purpose

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



This year we celebrate our 25th year as a JSE-listed company. The associated theme follows throughout our Integrated Report as we demonstrate our commitment over the years to promoting access to high quality, affordable medicines over this period, thereby enabling everyone to live a healthy and fulfilled life. This commitment is also aligned to the World Health Organization's ("WHO's") promotion of Universal Health Coverage and we are committed to advancing the goals and outcomes of the United Nations SDG3 of "ensuring healthy lives and promoting well-being for all at all ages".

Further, we believe that our industry position as a global pharmaceutical company, with a relevant portfolio of medicines and strategic manufacturing capability, is the most fundamental way in which we contribute to increasing access to medicines and furthering the global goal of universal access to healthcare.

Our ethos **Healthcare. We Care.** is the cornerstone of our philosophy which has driven strategic mergers and acquisitions that have created scope for global expansion, an enhanced therapeutic product portfolio and multi-continental state of the art manufacturing capabilities over 25 years.

Our Values

Teamwork

We optimise our performance by pulling together. Our combined capabilities exceed the sum of each individual.



Innovation

We constantly search for better ways of doing things and are solution oriented.



Commitment

We go the extra mile, seeking to exceed expectations.



Excellence

We strive to be the best we can be and to deliver to the highest standards.



Integrity

Our integrity is not negotiable.



Patients

Our People

Society

Environment

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.

Our sustainability framework prioritises eight of the 17 United Nations Sustainable Development Goals ("SDGs") for meaningful action we can contribute to



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 purpose: To improve the health and quality of life of patients.



Our approach to reporting

Our reporting suite

Our Integrated Report is aimed at providing a concise overview of how the Group creates and protects value while minimising the risk of value erosion over the short, medium and long term, in line with the International Financial Reporting Standards ("IFRS") Foundation Integrated Reporting <IR> Framework. This report is supplemented by our various online publications as part of our financial, governance and sustainability and ESG reporting. Together, our reporting suite seeks to meet the information needs of our investors as well as our other stakeholders, such as our employees, customers, regulators and society.

Integrated Report



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 2023 as well as our future outlook.

This report is available online:

<https://aspen-reports.co.za/reports/2023/>

Key regulatory and reporting frameworks

- IFRS Foundation International <IR> Framework
- International Financial Reporting Standards ("IFRS")
- King IV Report on Corporate Governance™ ("King IV")
- JSE Listings Requirements
- South African Companies Act, No 71 of 2008 (as amended) ("the Companies Act")
- Global Reporting Initiative's ("GRI") Sustainability Reporting Standards

Annual Financial Statements



The Group's and the Company's audited statutory accounts (released on 4 October 2023). The Annual Financial Statements include the Statement of responsibility by the Board of Directors and the Directors' Report.

This report is available online:

<https://aspen-reports.co.za/reports/2023/>

Key regulatory and reporting frameworks

- IFRS
- JSE Listings Requirements
- Companies Act

Board Committee Reports



The reports of the Audit & Risk Committee and the Social & Ethics Committee are published as separate reports. The Remuneration & Nomination Committee's report is included in this report (refer to page 115).

These reports are available online:

<https://aspen-reports.co.za/reports/2023/>

Key regulatory and reporting frameworks

- King IV
- JSE Listings Requirements
- Companies Act

Sustainability and Environmental, Social and Corporate Governance ("ESG") Data Supplement



This supplement is designed to provide our stakeholders with more data related to our sustainability and ESG performance and includes indices of disclosures against the GRI, SASB, TCFD, JSE Sustainability Disclosure Guidance, the UN Global Compact Principles and the UN SDGs.

This report is available online:

<https://aspen-reports.co.za/reports/2023/>

Key regulatory and reporting frameworks

- Global Reporting Initiative ("GRI")
- IFRS Foundation's Sustainability Accounting Standards Board ("SASB")
- Task Force on Climate-Related Financial Disclosures ("TCFD")
- JSE's Sustainability Disclosure Guidance
- United Nations Global Compact ("UN Global Compact") Communication on Progress reporting requirements.

Notice of Annual General Meeting



This notice includes relevant shareholder information, Notice of Annual General Meeting to be held on 7 December 2023 and the proxy voting form.

This report is available online:

<https://aspen-reports.co.za/reports/2023/>

Key regulatory and reporting frameworks

- Companies Act

Reporting notes

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

Restatement of the Group segmental analysis

- The Group has revised its reportable segments to reflect the newly updated operating model, which aligns to the way in which the business is managed and reported on by the Chief Operating Decision Maker

("CODM"). The business segments that make up the Manufacturing segment have been revised to align to the Group's capacity fill and manufacturing strategy. The updated business segments are set out below:

- Active pharmaceutical ingredients ("API") – this segment includes the API Chemicals business and non-heparin biochemical API business.
- Heparin – this segment includes the full value chain contribution from all heparin-containing products including API and finished dose form ("FDF") sales. Key products include the Fraxiparine and MonoEmbolex heparin containing FDF products as well as the sale of heparin API to third parties.
- FDF Steriles – this segment includes all FDF sterile sales and will be the key growth driver supporting the Group's medium-term capacity fill objectives. This segment excludes all heparin-based prefilled syringes which are included in the heparin business segment.
- FDF Other – this segment includes all non-sterile FDF products.

Constant exchange rate

- 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

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.



Reporting frameworks

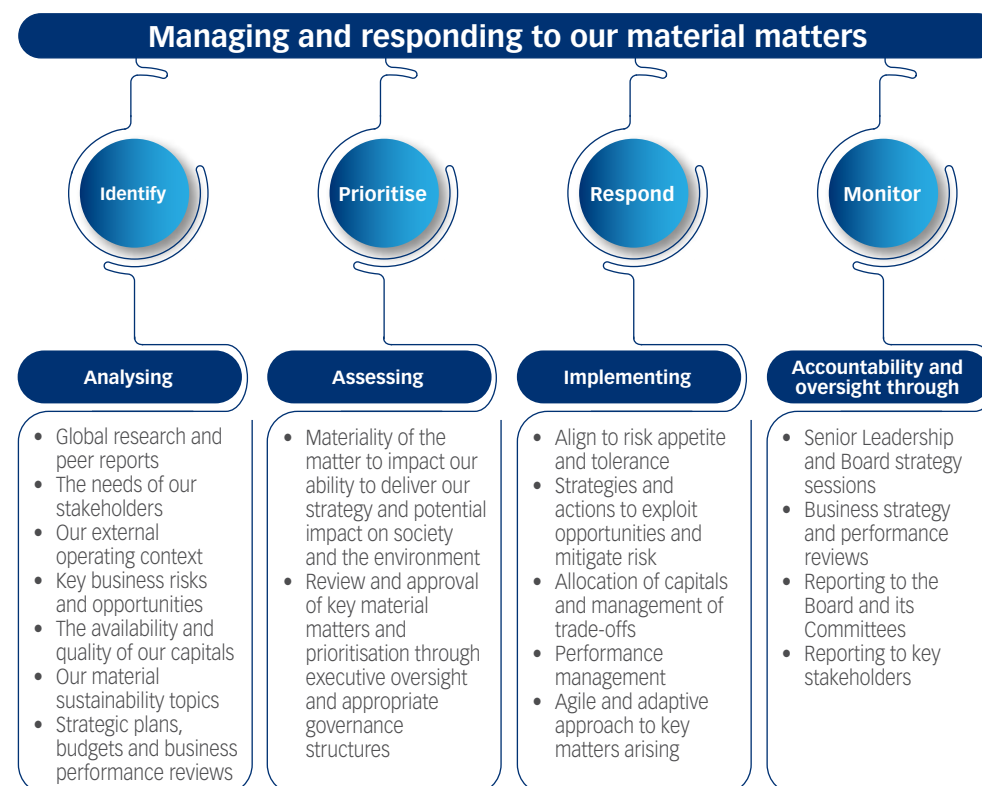
Our reporting process has been guided by the principles and requirements contained in the IFRS, the IFRS Foundation International <IR> Framework, the King IV Report on Corporate Governance™ ("King IV"), the JSE Listings Requirements, the Companies Act and the GRI Sustainability Reporting Standards.

Our reporting is further informed by the IFRS Foundation's SASB, the TCFD reporting requirements, the JSE's Sustainability Disclosure Guidance and the UN Global Compact Communication on Progress reporting requirements.

Materiality

We determine the information to include in this report through a materiality determination process. In assessing the matters that materially impact value creation, preservation or erosion over time, we have applied the concept of double materiality, looking beyond the financial reporting boundary to include matters that could materially impact our stakeholders and the environment, 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). Since our material matters influence our strategy, our response to them are integrated into our business and resource planning, our risk and opportunity management and performance management processes. The Group Executive Committee review and approve these material matters as part of our strategic oversight and governance processes. In determining the information to include in this report, our overarching consideration is our responsibility to provide relevant and transparent reporting. In determining disclosure, we have applied our judgement to ensure that we do not disclose information that could place us at a disadvantage.

More information on Our material matters can be found on [page 26](#).





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 the optimal approach in facilitating a coordinated approach to risk management and governance. This model provides assurance that there are clearly defined risk ownership responsibilities with functionally independent levels of oversight and independent assurance (refer to [page 51](#)). It further provides assurance over the integrity of both internal and external information. The Audit & Risk Committee provides oversight of 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")	<ul style="list-style-type: none"> Unmodified opinion on the Group and Company Annual Financial Statements (refer to page 9 of the Annual Financial Statements) Agreed-upon procedures on selected financial key performance indicators ("KPIs") (page 30) Reporting Accountant's Report on Illustrative constant exchange rate ("CER")
Group Internal Audit function ("Internal Audit") assisted by external expert service providers, where appropriate	Assurance provided over: <ul style="list-style-type: none"> Risk governance Ethics governance Information Technology ("IT") governance Material business systems of internal control Material financial systems of internal control Selected KPIs (page 35)
IBIS Environmental Social Governance Consulting Africa (Pty) Limited ("IBIS")	<ul style="list-style-type: none"> 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 35)
Empowerdex	<ul style="list-style-type: none"> Broad-Based Black Economic Empowerment ("B-BBEE") 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 the inside back cover.

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 on our website to provide us with any feedback you may have <https://www.aspenpharma.com/contact/>.

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. 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 on a stakeholder. Our overall objective with this Integrated Report is to provide information that could materially impact Aspen's creation, preservation and erosion of 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 and meets the principles outlined in the IFRS Foundation International <IR> Framework. 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 27 October 2023.

Stephen Saad
Executive Director,
Group Chief Executive

Sean Capazorio
Executive Director,
Group Chief Financial Officer

Kuseni Dlamini
Independent non-executive,
Chair

Linda de Beer
Independent non-executive

Ben Kruger
Lead independent non-executive

Themba Mkhwanazi
Independent non-executive

Chris Mortimer
Non-executive

Yvonne Muthien
Independent non-executive

David Redfern
Non-executive



25 years access to medicine



Healthcare. We Care.



>60
mergers and
acquisitions



>1 600
commercial
products



>R23
billion invested
in manufacturing



115
countries

Mergers and acquisitions



More than **60** agreements with leading pharmaceutical multinational companies to:

- increase product portfolios and therapeutic categories;
- establish a presence in emerging and developed markets;
- enhance manufacturing capabilities;
- increase access to medicines; and
- enhance stakeholder value.

Product portfolio expansion



More than **1 600** commercial products across a broad range of ailments and therapeutic categories, ranging from:

- anti-retrovirals and tuberculosis;
- acute and chronic generics and branded medicines;
- specialty focused and branded steriles: thrombosis, oncology, anaesthetics;
- to crisis medication; and
- vaccines.

Manufacturing



We have invested more than **R23 billion** globally in state-of-the-art world-class manufacturing facilities in **11** countries with production capabilities in steriles, oral solid dose, liquids, semi-solids, biologicals and APIs.

Global expansion



An increased presence across six continents to facilitate portfolio management, promotion, distribution, manufacturing, regulatory and legislative compliance in reaching patient populations in more than 115 countries.

Corporate



Our employees in **65** locations demonstrate optimal teamwork and tirelessly pursue product and distribution efficiencies through advanced supply chain management processes underpinned by leading-edge digital technology systems, ensuring a reliable supply of medicines to the patients that need them.

Over the past 25 years we have strived to increase access to medicine through purpose-driven strategic mergers and acquisitions which have created opportunities for global expansion, an enhanced therapeutic product portfolio and multi-continental state-of-the-art manufacturing facilities.



Improved quality of life through 25 years access to medicine



About Aspen

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

Total revenue
R40,7 billion

Our business segments

We focus on marketing and manufacturing a broad range of post-patent, sterile focus and regional products covering both hospital and consumer channels through our key business segments.

Commercial Pharmaceuticals



72%
of total revenue



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



Sterile Focus Brands – comprising our branded products in Anaesthetics and Thrombosis therapy areas.

Manufacturing

28%
of total revenue



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



● Active pharmaceutical ingredients 45%
● Heparin 30%
● Finished dose form – steriles 13%
● Finished form – other 12%



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.



48%
Women



52%
Men

More than
9 100
employees in
65 offices in some
50 countries
and territories

Our global presence

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

63%

of Commercial Pharmaceuticals
revenue is 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 APIs. Our manufacturing sites hold international approvals from some of the most stringent global regulatory agencies.

7

Active
pharmaceutical
ingredient facilities

23

Facilities

16

Finished
dose form
facilities



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



Our investment case



Delivering quality affordable medicines while enhancing stakeholder value responsibly

25
YEARS

Committed management team aligned with shareholder interest



Decentralised in-country structures enable local teams to operate with entrepreneurial flair, creating value by applying local experience



12,9% Shareholding by executive management

A purpose-driven strategy with the promotion of access to medicine at its core



Manufactured **225 million** doses of COVID vaccines and signed a 10-year agreement with the Serum Institute of India Pvt Ltd ("Serum Institute") promoting access to vaccines in Africa



Supplied **180** medicines appearing on the Essential Medicines List to 60 low- to middle-income countries



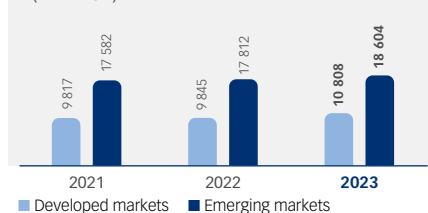
Consistent inclusion in the **FTSE/JSE Responsible Investment Index** since 2016 and member of the FTSE4GoodIndex



Commercial Pharmaceuticals: branded post-patent global and domestic products

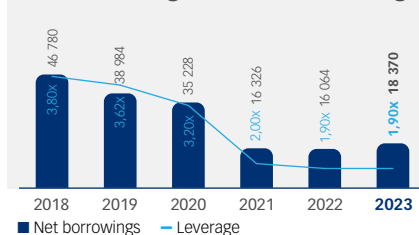
Commercial Pharmaceuticals portfolio supported by a global footprint weighted to emerging markets with emerging market fundamentals

Commercial Pharmaceuticals revenue*
(R'million)



Headroom to invest in the Commercial Pharmaceuticals portfolio, inherent to portfolio growth strategy [page 33](#)

Net borrowings (R'million) and leverage



Diverse product portfolio with strong brand equity supported by in-country commercial and sales employees

174

different product categories in the Commercial Pharmaceuticals branded over the counter ("OTC") portfolio

184

different product categories in the Commercial Pharmaceuticals branded prescription ("Rx") portfolio

1 730

commercial and sales employees in emerging markets

315

commercial and sales employees in developed markets

* Commercial Pharmaceuticals revenues in 2022 and 2021 excludes revenues from products divested in SA in 2022.



Our investment case continued



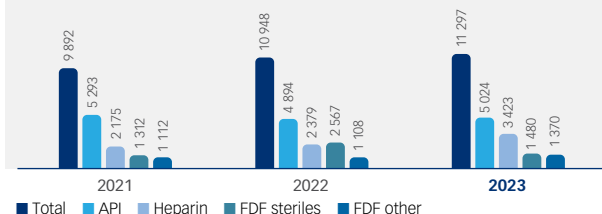
Delivering quality affordable medicines while enhancing stakeholder value responsibly



Manufacturing: Capacities for own and third-party use

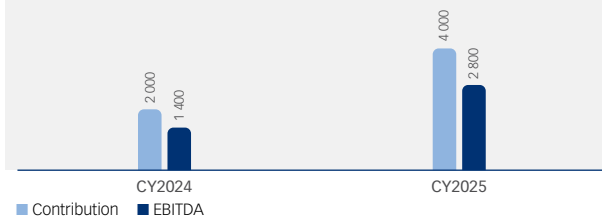
Widely accredited and compliant API and FDF manufacturing capabilities with increasing focus on complex sterile capacities

Manufacturing revenue (R'million)



Increasing returns as sterile manufacturing capacities come online

Medium-term sterile capacity guidance (R'million)



Strategically relevant manufacturing capacities to deliver accelerated growth



Capabilities/dosage forms:

- Ampoules
- Blow-fill seal
- Eye drops
- Lyophilized products
- Prefilled syringes
- Vials

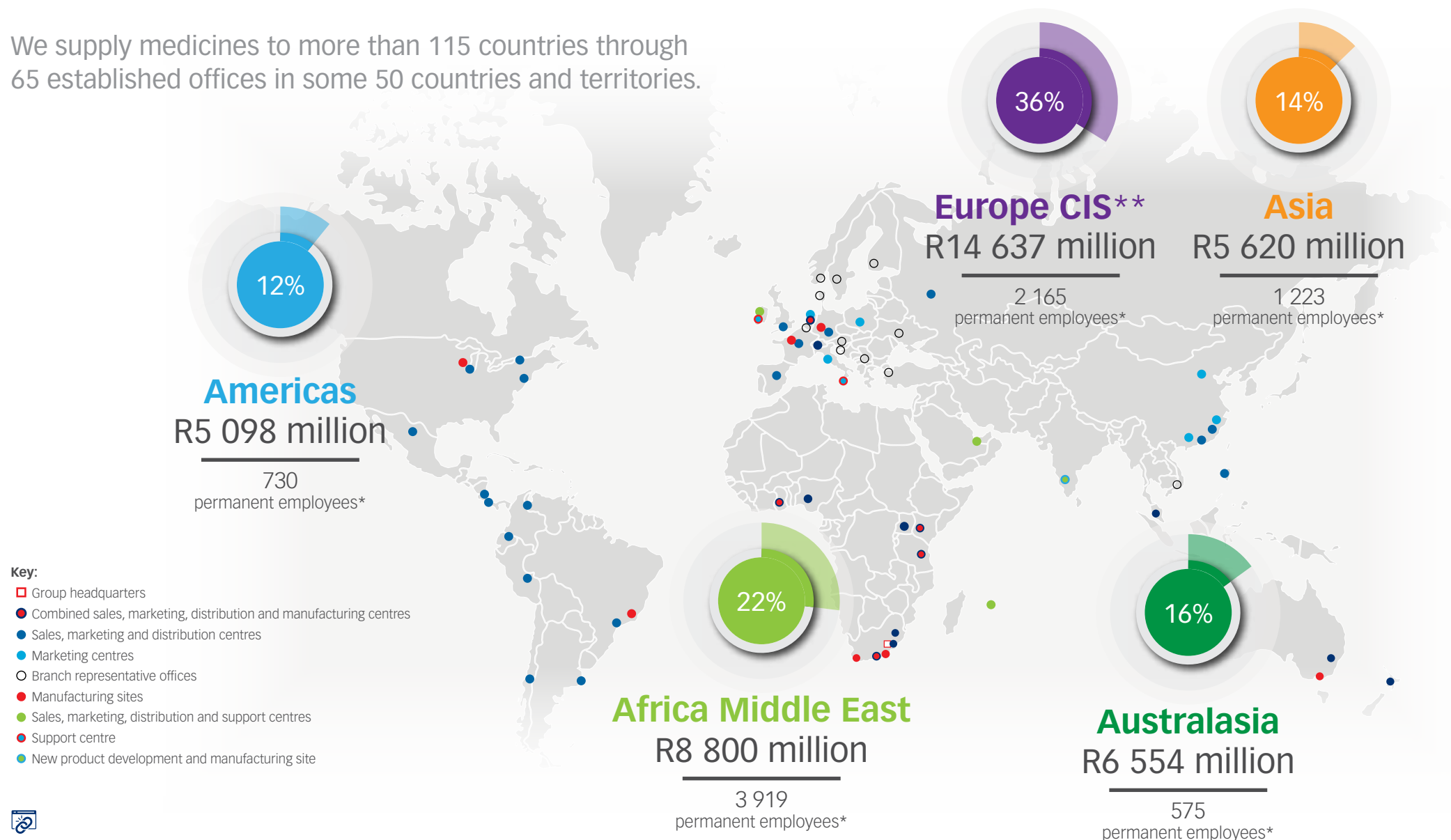
Therapies:

- Anaesthetics
- Diabetes
- Oncology
- Thrombosis
- Vaccines



Our global presence

We supply medicines to more than 115 countries through 65 established offices in some 50 countries and territories.



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

* Permanent employees exclude 549 temporary employees (2022:587).

** The Commonwealth of Independent States, comprising Russia and the former Soviet Republics.




Leadership reviews

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AGI celebrates multiple milestones and achievements during FY2023

Established in February 2008, Aspen Global Incorporated ("AGI") is the holding company for the Aspen Group's international businesses. The professional management and diverse multi-cultural team implement Aspen's international strategy through a global distribution network and a commercial, logistical and administrative infrastructure which ensures that the Group's Commercial Pharmaceuticals portfolio reaches more than 115 markets worldwide.

 [View this case study online.](#)



Chair's review



Kuseni Dlamini
Chair

Key features of 2023

Advances in achieving our commitment to increasing access to medicines

Collaboration with pharmaceutical multinationals expands our positive impact on the lives of patients in need.

See pages 74 to 78

A strong focus on ethical leadership

Mature ethical culture as assessed by The Ethics Institute.

See page 90

Increased representation of women in top management

Women in top management roles increased from 17% to 35% over the past five years.

See page 84

Increased dividend declared

A dividend of 342 cents (gross) per ordinary share declared, up 5% from 326,0 cents per share in the prior year.

See page 22

By delivering on our purpose, Aspen makes a meaningful and lasting contribution to UN SDG 3 of “ensuring healthy lives and promoting well-being for all, at all ages”. The Board remains confident that the Group’s purpose-driven vision and strategy are well positioned to generate strong shareholder returns in the medium term, while creating positive, long-term value for our stakeholders and society as a whole.

A purpose-driven strategy

As we celebrate our 25th anniversary as a JSE-listed company, we continue to pursue the strategy of positioning Aspen as a global pharmaceutical company, uniquely placed to make a meaningful contribution to enhancing access to medicines in Africa and globally.

Everyday our medicines contribute to improving health and making life better for patients in over 115 countries. Our purpose informs and motivates our decisions and actions. Stakeholder value creation is central to our strategy as we recognise the important role we play in society, in the economies of South Africa and the countries in which we have a presence.

Underlining the importance of our commitment to contributing to the global goals of increasing access to high quality, affordable medicines and reducing patient inequality, we have established a senior executive-level Global Access to Medicines Committee. This Committee will drive our position on access to medicines, ensuring our efforts are embedded in the Group’s strategic focus.

Work has continued on strengthening our product portfolio with the recently announced agreements in South Africa and Latin America set to significantly expand our presence in these emerging markets.

Our strategic investment in sterile manufacturing capacity, including biologicals, in Africa and Europe is starting to bear fruit. Through the agreement reached with Serum Institute of India, we have secured four childhood vaccines, and with support from the Bill and Melinda Gates Foundation and Coalition for Epidemic Preparedness Innovations (“CEPI”), we are working on transferring manufacture of these vaccines to our Gqeberha manufacturing site in South Africa. Through the local manufacture of these vaccines, Aspen will contribute to Africa’s broader primary healthcare programmes and further advance health security for the continent. The recently announced contract manufacturing agreement with Novo Nordisk A/S (“Novo Nordisk”) for the manufacture of Human Insulin at this same site also advances our commitment to expanding access to medicines. Through this collaboration, Aspen will support Novo Nordisk in the reliable supply of insulin vials to diabetic patients in Africa.



Chair's review continued

A purpose-driven strategy continued

On the humanitarian front, we continued our support to Ukrainian and other civilians impacted by the ongoing conflict with Russia through the donations of life-saving medicines required for emergency surgeries. We also rapidly responded with humanitarian assistance to those impacted by the series of earthquake in Turkey and Syria.

Over the year, we continued to be part of the dialogue on issues such as healthcare system strengthening and pandemic preparedness, and the part that pharmaceutical companies, like ours, can play. We believe that by delivering on our purpose, Aspen makes a meaningful and lasting contribution to the UN global goal of “ensuring healthy lives and promoting well-being for all, at all ages”.

Group performance and shareholder returns

The global context remained uncertain over FY2023. The ongoing conflict in Russia/Ukraine, global inflation, high interest rates, the devaluation of emerging market currencies against the Euro and the renewed COVID lockdown in China in 2022 are some of the macro factors contributing to a challenging operating environment. The loss of the COVID vaccine revenue and the imposition of volume-based procurement (“VBP”) price cuts in China were further factors impacting performance.

Despite the challenging socio-political and economic backdrop, the Group has remained focused on the execution of our strategy and we were able to deliver solid results in 2023, with revenue growth at 5% (-3% CER), gross profit growth at 3% (-4% CER), and normalised EBITDA growth at 1% (-6% CER). The impact of foreign exchange losses and higher interest rates is reflected in the decline in normalised headline earnings per share (“NHEPS”) of 8% (-15% CER). Aligned to the capital allocation model, and reflecting the Board's confidence in prospects for future growth and cash generation, a dividend of 342 cents per ordinary share was declared, an increase of 5% over the prior year, which resulted in R1 526 million of retained income flowing to shareholders in September 2023.

A heightened focus on sustainability and ESG

As a global business we are playing our part by operating ethically and responsibly. Our commitment to contribute sustainably to patients, our people, society and the environment underpins our sustainability strategy. The Group continues to uphold the principles of the UN Compact. We aim to drive a positive impact on the SDGs that we have identified as being areas where we can make a difference. We have made steady progress in developing our sustainability strategy under the direction of the Executive Sustainability Forum. In addition to our focus on access to medicines referred to previously, we have made progress in our plans to transition our Gqeberha site to renewable energy and have worked with stakeholders to address water scarcity issues facing that region. We continue to engage with our investors, funders, customers and other stakeholders on environmental, social and governance issues and work towards achieving improved transparency in our engagement and disclosures. We are proud to have retained our position in the Top 30 of the FTSE/JSE Responsible Investment Index and remain a constituent of the FTSE4Good Index. We are also pleased that our Integrated Report for 2022 was rated as “Excellent” in this year's EY Integrated Reporting Awards.

Creating an inclusive and enabling environment for our people

An area of specific focus for the Board is the health and well-being of our people. We remain focused on ensuring that a safe, enabling environment is created where employees can reach their full potential. We are pleased to see the continued progress being made in the implementation of the Group's Human

Capital Strategy and the focus on equity, diversity and inclusion and specific campaigns addressing issues such as gender-based violence, mental health, unconscious bias and anti-bullying. As a signatory to the United Nations Women Empowerment Principles (“WEP”), we are pleased with the progress in achieving increased gender representation at more senior levels of the organisation. Through a continued focus on our strong safety culture, we have maintained our record of no occupational fatalities for 10 consecutive years and our health and safety incident rates continue to remain within tolerance levels.

Fostering positive relationships with our stakeholders

We strive to create mutual value for and with our stakeholders. They are an integral part of our business because they can impact Aspen or are impacted by our business. The Board continues to monitor relationships with our stakeholders and is kept informed of key engagements throughout the year and receives formal reporting at each Board meeting. In certain instances, directors engage directly with key stakeholders. The Social & Ethics Committee provides specific oversight of our relationship with key stakeholders in relation to patients, employees and societal matters. Our assessment of our relationship with our key stakeholders is largely positive.

Ethical leadership

At Aspen, we are committed to creating a strong ethical culture that supports behaviour aligned with our Code of Conduct. This commitment was emphasised by the Board and Group leadership at our annual Aspen Group Strategic Leadership Conference where the connecting theme of “Ethical Leadership” underpinned the key messages from all leaders.

The Group's ethics programme, endorsed by the Group Chief Executive and supported by the Group Ethics Committee (executive), receives the close oversight of both the Social & Ethics and the Audit & Risk Committees and we are pleased with the continued strengthening of our ethics and compliance programmes across our operations.

During the year, we noted the outcomes of an assessment performed by The Ethics Institute of South Africa of our ethical culture. The assessment, performed through an anonymous survey conducted across all Aspen businesses, assessed Aspen's ethical culture as “mature”. While a positive outcome, certain areas that could be enhanced were identified and action plans have been developed to address these observations.

Succession planning and remuneration

The Board, supported by the Remuneration & Nomination Committee, continues to focus on establishing a senior executive team positioned to drive the performance of the Group, ensuring succession planning for key executive and critical roles.

The Board also strives to ensure that remuneration is fair and transparent. This year, we have progressed our remuneration philosophy and practices to ensure that they are aligned to best practice. We have actively engaged with investors following the 31,12% votes against the Group's remuneration implementation report at the December 2022 annual general meeting. We continue to work on improving our disclosures and have implemented further changes in our reporting this year. Work also continues in reviewing the structure of our executive remuneration packages to achieve an appropriate variable component that is subject to personal performance measures, aligned with corporate financial, operational and ESG performance.



Chair's review continued

A balanced Board

Diversity and experience of the Board is vital to support the delivery of our strategy and value creation. 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. We are committed to ensuring that we have the right competencies in place to meet future challenges.

During the year, an assessment of the performance of the Board, its Committees and individual directors was performed through an extensive external process. Areas for improvement that were raised mostly related to the need for more formalised strategy-setting processes, a focus on the digitalisation of the Group and ongoing efforts to ensure the appropriate appointment of a director to fill the current vacancy on the Board. Action plans to address these areas are currently underway.

Effective 29 May 2023, Babalwa Ngonyama stepped down from the Board. We are grateful for the contribution Babalwa made during her tenure and the role she played in chairing the Audit & Risk Committee. In June 2023 changes were made to the composition and chairmanship of our Board Committees: Ben Kruger stepped down as Chair of the Social & Ethics Committee (but remained a member) and was appointed as Chair of the Audit & Risk Committee. Yvonne Muthien was appointed as Chair of the Social & Ethics Committee and as a member of the Audit & Risk Committee. The Board is confident that the membership structure of its Committees provide the requisite balance of skills and experience to effectively deliver on their respective mandates.

Following the tragic passing of Riaan Verster on 28 January 2023, Reginald Haman, Group Chief Corporate Services Officer, was appointed as Company Secretary to ensure continuity. An internal candidate has been identified to fulfil the role of Company Secretary, in line with our executive succession plan. This candidate is currently being transitioned into the role to be effective January 2024.

Well positioned for future growth

Despite the challenging socio-political and economic backdrop, the Board remains confident that the Group's strategy positions us to contribute to the well-being and growth of the societies in which we operate and create value for our stakeholders. Significant strides have been made in delivering against the strategy and we remain confident in Aspen's agility and resilience to adapt to the changing global operating context. We know our employees go above and beyond every day. We remain so proud of the collective efforts of our people at Aspen who have consistently performed over the past 25 years toward one common goal – ensuring the delivery of medicines to so many patients who need them.

I wish to thank Stephen and the executives as well as our Aspen team around the world for their ongoing commitment to our mission and values. I commend each of them for the discipline and agility in what has been a challenging period. I also 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. We remain grateful to our shareholders and other stakeholders for their ongoing engagement and support.

In Memoriam: Riaan Verster

The Aspen family was deeply shocked by the tragic passing of Riaan Verster following a motorcycle accident on 28 January 2023. Riaan joined Aspen on 1 December 2011 when he was appointed as the Company Secretary and Group Governance Officer. His most recent position was that of Group Executive: Governance & Communications. He also held the position of Group Company Secretary at the time of his passing.

Riaan was a greatly valued colleague who demonstrated unwavering commitment to Aspen, his colleagues, and the Group's values which he proudly endorsed at every opportunity. He was a highly proficient Company Secretary and provided each Board member with an exceptional level of support. To his colleagues he was a servant leader, a valued team member, a mentor and a friend. He has left an indelible mark on Aspen and he will always be remembered for his fierce loyalty to the Group and the substantial impact that he made on all those whom he dealt with professionally and personally.



Key Board outcomes

- Oversight of the Group's overall strategic performance
 - Approval of key product acquisition and contract manufacturing agreements
 - Approval of dividends
 - Additional focus on ESG
 - Succession planning for key executives
 - Oversight of the Group's Digital Transformation Strategy implementation
- (📄 page 38)

Kuseni Dlamini
Chair



Group Chief Executive's review



Stephen Saad
Group Chief Executive

Key features of 2023

Revenue increased by 5% (-3% CER) to R40,7 billion

Record second half revenue performance with strong contributions from both Commercial Pharmaceuticals and Manufacturing.

See page 18

Sterile manufacturing agreements secured

Four sterile manufacturing agreements secured with multinational pharmaceutical companies lay the foundation for our sterile capacity fill strategy.

See page 16

Advances made in portfolio enhancement strategy

Strategic acquisitions in Commercial Pharmaceuticals significantly broaden our emerging market footprint.

See page 16

Delivering on our sustainability commitments

Meaningful impact across the four pillars of our Sustainability Strategy.

See page 42

After years of intense endeavour, focused on delivering on our strategic ambition to be a meaningful player in the global sterile market, we are now in the position to harvest the fruits of these efforts. As demonstrated by Aspen's role in treating COVID and now manufacturing insulins, it also affords us the opportunity to expand our contribution to equitable access to medicines and improve supply security of vaccines, biologicals and other sterile products.

25 years of providing access to medicines

This year we commemorate the 25th anniversary of Aspen's listing on the JSE Limited. As someone who is always looking forward, it is only at these times that I get the opportunity to pause and reflect on what we have achieved at Aspen over this period. We could never then have envisaged our position today and the positive impact we have made on so many lives globally, particularly those most in need. As a startup company, we had humble beginnings, with sales of just R3,7 million in 1998, without manufacturing and a presence only in South Africa. Today, we have turnover of over R40 billion, have manufacturing facilities across almost every continent, and sell medicines in over 115 countries through our own operations in 50 territories.

Without an organisational purpose that transcends the personal, we could never have achieved these milestones. Purpose gives you the drive and energy to want to sustainably embrace challenges and opportunities. We have seen many changes over the years, for which we have had to adapt our strategy from time to time, but one factor has remained our guiding north star – our unwavering commitment to placing the patient at the forefront of our business and living our credo *Healthcare. We Care.*

There have been many financial and other highlights over the past 25 years, but my proudest has been the work we did to build the manufacturing capability and obtain the necessary waivers to manufacture generic ARVs on South African soil. We were at the forefront of creating access for the millions of patients who simply had no prospects of receiving these treatments. Over the years, we have continued to play an active and leading role in responding to the need for affordable and more effective ARVs as well as other medicines to address related diseases such as multi-drug resistant tuberculosis. Looking back, I am humbled to note how, as a small company in global pharmaceutical terms, we have played such an outsized role in pandemics and creating access to medicines.



Group Chief Executive's review continued

In 2020, we were called upon again to respond to an unprecedented global health crisis. We could only respond because of the foresight we had in building sterile manufacturing capability in Africa. Throughout the COVID pandemic we maintained the supply of our medicines and prioritised the manufacture of those critical to treating patients with life-threatening symptoms. Our supply chain efforts were rapidly adapted to ensure that anaesthetics were supplied to Europe and that demands for dexamethasone were met to treat critically ill patients. As the world pivoted to rapidly developing a vaccine to flatten the rate of infection, we were immensely proud to be able to successfully manufacture the Johnson & Johnson COVID-19 vaccine at our Gqeberha site. We manufactured over 225 million doses of COVID-19 vaccines for the African continent.

After years of intense endeavour, focused on delivering on our strategic ambition to be a meaningful player in the global sterile segment, we are now in a position to harvest the fruits of these efforts. As demonstrated by Aspen's role in treating COVID and now in manufacturing insulins, it also affords us the opportunity to expand our contribution to equitable access to medicines and improve supply security of vaccines, biologicals and other sterile products. Through the long-term contract manufacturing agreements reached with leading pharmaceutical companies, we have secured additional sustainable volumes for our sterile manufacturing facilities in South Africa and in France.

Delivering a strong financial performance amid a challenging macro environment

The Group delivered record revenue and normalised EBITDA* in H2, landing a strong financial performance for the year, despite global headwinds. Salient features of our performance, as detailed further in the Group Chief Financial Officer's review on [page 18](#), and further expanded in the Business Segment overviews on [pages 66 to 69](#) include:

- revenue growth of 5% (-3% CER) to R40,7 billion;
- a resilient performance from Commercial Pharmaceuticals with revenue increasing 6% (-1% CER);
- strong second-half recovery from Manufacturing, which posted a 3% increase (-6% CER) in revenue, despite the loss of COVID vaccine revenue; and
- normalised EBITDA 1% higher (-6% CER) with improved Commercial Pharmaceuticals gross profit margins being more than offset by the loss of COVID vaccine contribution.

Our growth objectives

Within the context of our overarching Group Business Strategy set out on [page 35](#), we are focusing on the following core growth imperatives to meet our short- and medium-term objectives and create value for our shareholders and other stakeholders:

- Building and advancing our Commercial Pharmaceuticals footprint with a focus on emerging markets. This includes a particular focus on further developing in China.
- Ensuring returns on the significant investments made in building sterile capacity by filling the facilities with value-enhancing manufacturing contracts.
- Creating business value through embedding sustainability.

EBITDA* 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 Audited Annual Financial Statements.

Advances in Commercial Pharmaceuticals portfolio enhancement strategy

In a global pharmaceutical context, Aspen's focus and relative breadth and size of our emerging markets sector is unique. We have a strong track record of growth and compliance across these markets, making us an attractive partner of choice. Our portfolio will be bolstered through the conclusion of transactions in Latin America and South Africa, supplementing our base growth and leveraging our emerging market footprint. The transactions in South Africa include an agreement reached with Amgen securing the distribution rights for its products in Southern Africa and an agreement with Eli Lilly Export S.A. ("Lilly") in terms of which Aspen will distribute and promote its products in sub-Saharan Africa. In Latin America, Aspen acquired a portfolio of products from Viatris Inc ("Viatris"). These transactions are expected to contribute incremental annualised revenue upwards of R2,5 billion.

We have had strong historical growth in China and have developed confidence in our capabilities and have a clearer focus on our future positioning. We are committed to building on our business in China and we are in advanced negotiations on opportunities to diversify our business there to manage exposure to VBP.

Our Commercial Pharmaceuticals business is well positioned to deliver sustainable positive momentum and to continue to generate strong cash flows to support future growth.

Sterile manufacturing agreements secured

Filling sterile capacity has been a core focus area for management. Significant progress has been made. Three sterile manufacturing agreements with multinational pharmaceutical companies have been secured for production at Notre Dame de Bondeville, including one for mRNA technology. In addition, we have concluded a contract manufacturing agreement with Novo Nordisk for the local production of Human Insulin at our Gqeberha site. These agreements, together with the Serum Institute agreement concluded in 2022, will contribute materially to the foundation of our medium-term strategy to fill our sterile manufacturing capacity. These contracts demonstrate the confidence that multinational pharmaceutical companies have in Aspen. We are committed to contributing to strengthening global pharmaceutical supply chains through these collaborations. Over and above these agreements, our strategy remains to transfer part of our anaesthetic production into our own facilities presenting opportunities for further margin and supply security improvements. The increase in Sterile volumes will have a material impact on Group profitability. Contributions are very accretive, given the high level of fixed costs and operating expenditure already incurred.

Our manufacturing sites continued to support our growth by delivering successful launches, maintaining product supply, and advancing new technological capabilities. Equally, our ongoing investment in modernising our manufacturing facilities, achieving operational efficiency and maintaining our excellent regulatory compliance record bodes well for future growth prospects and enhanced shareholder returns.



Group Chief Executive's review continued

Creating business value through embedding sustainability

We are on a journey to embed sustainability in everything we do. We recognise that sustainability is a critical component of our long-term strategy and it is important to our stakeholders. Under the direction of the Executive Sustainability Forum, we continue to work on embedding the Group's overall approach to sustainability and crafting goals and targets that will align our performance throughout our operations. As work continues across the four pillars of our Sustainability Strategy, refer to [page 42](#) priority has been given to the development of an access to medicines position for the Group. This is at the forefront of our delivery on our purpose and it is linked to our long-term incentive scheme. As such, we recently established a Global Access to Medicines Committee to provide the mechanism for Group senior executive direction in the development, implementation, and integration of our Access to Medicines Strategy.

Our performance is attributable to the combined skills, talent and energy of our diverse team across our 65 established offices in more than 50 countries and territories. This starts with attracting and retaining a talented, diverse and highly engaged workforce and offering a culture of learning and development, which enables our people to reach their highest potential. In the context of fierce competition for talent, we are intent on positioning Aspen as an employer of choice and on investing in the skills we need for the future. We have prioritised equity, diversity and inclusion ("EDI") and have embarked on programmes to create positive and supportive work environments for our people. In South Africa, we have established an Executive Transformation Committee to drive our transformation goals and we are building robust talent pipelines and developing succession plans to position us for future success.

Performance expectations for FY2024

- Double-digit reported revenue growth in Commercial Pharmaceuticals
- Potential acquisitive upside in China to offset VBP impact
- Sterile manufacturing agreements to deliver R2 billion contribution in CY2024
- Additional manufacturing agreements under review
- Normalised EBITDA growth over prior year
- Operating cash conversion rate greater than 100%

Strong short- to medium-term prospects

Aspen has been through a period of consolidation, building sterile infrastructure and assessing our relative capabilities and strengths in global markets. We have set the foundation that will serve as a springboard for our next growth phase.

Our model for Commercial Pharmaceuticals across global Emerging Markets has real traction and we have confidence that we can continue to drive both organic and acquisitive growth. Our footprint will continue to attract leading global partners as demonstrated by the transactions announced in this period. Based on current exchange rates we are targeting double-digit reported revenue growth.

Our Manufacturing business has moved out of the building phase. This business offers significant returns and cash flows, given the fixed and operational investments already incurred. We have made substantial progress in achieving our medium-term strategy to fill our existing sterile manufacturing capacity which has a potential annual contribution of at least R8 billion. Our focus is on the successful execution of recently concluded contracts which have the potential to deliver contributions of R2 billion in CY2024, increasing to R4 billion in CY2025. We continue to pursue additional contracts to increase utilisation and enhance contributions.

We are well positioned to achieve accelerated earnings growth over the medium term, as we drive both organic growth and acquisitive growth in Commercial Pharmaceuticals and realise the positive impacts from the initiation of the sterile manufacturing contracts.

While pursuing our strategy, we expect to continue to face a challenging operating environment. I am confident in our leadership team and the people of Aspen who have, over the past 25 years, consistently demonstrated their resilience and resolve to overcome challenges and deliver results. I thank them for their ongoing commitment.

I also thank the Board for its continued support and for their valuable contributions and wisdom. It is with the ongoing support of our shareholders, our employees and our many partners that we can continue our 25-year legacy of enhancing equitable access to medicines and positively impacting the lives of patients across the world.

Stephen Saad
Group Chief Executive



Group Chief Financial Officer's review



Sean Capazorio
Group Chief Financial
Officer

Key features of 2023

Normalised EBITDA increased by 1% (-6% CER) to R11,1 billion

Margin improvement in Commercial Pharmaceuticals and strong second half performance in Heparin and API Manufacturing helped deliver normalised EBITDA ahead of the prior year as guided.

See page 20

NHEPS decreased by 8% (-15% CER) to 1 498,5 cents

Normalised headline earnings significantly impacted by higher net finance costs resulting mainly from foreign exchange losses and higher interest rates.

See page 20

Leverage ratio at 1,9 times comfortably below target levels

Net borrowings of R18,4 billion, 1% lower in CER, provides significant headroom for value-enhancing investments.

See pages 21 and 22

Value created and distributed increased by 4%

Our activities this year have created R19 446 million in wealth-generating economic value for our varied stakeholder groups.

See pages 65 and 96

Delivering exceptional performance in the second half, the Group has achieved a solid set of results for the year. The positive strides made in bolstering our product portfolio and securing contracts to utilise our sterile manufacturing capacity position the Group for strong performance in H2 FY2024, providing a foundational inflection point for accelerated growth in the medium term.

Purpose-driven strategy delivers economic value

The Group has made positive strides in delivering on its strategy in the context of a difficult operating environment. With expected headwinds at the start of the financial year, I am pleased to be able to present a solid set of results for the year ended 30 June 2023, against our expectations and guidance provided. Behind these financial results are the Aspen team dedicated to our purpose of improving the health and quality of life of patients across the globe. In addition to our contribution to the health and well-being of people, we remain focused on creating economic value for our key stakeholders by building a profitable and sustainable business model. Our activities this year have created R19 446 million in wealth, which has been distributed to our employees (47%), our providers of capital (17%) and to the fiscus (10%), with the remainder (26%) reinvested to sustain the business (refer to page 95).

Financial performance highlights

The financial performance of the Group needs to be considered in the context of both the difficult operating environment and the impact of a loss of COVID vaccine revenue. The Group experienced a challenging H1 with the Russia-Ukraine war, inflationary pressures, higher interest rates, COVID lockdowns and the VBP impact in China, all creating significant headwinds. The loss of COVID vaccine contribution together with the investment in non-revenue-generating technical transfer activities relating to the onboarding of new sterile manufacturing opportunities further negatively impacted performance of the Manufacturing segment when compared year-on-year. Against this backdrop, the Group performed exceptionally in H2 to achieve solid results for the full financial period. Revenue increased by 5% (-3% CER) to R40,7 billion and normalised EBITDA increased 1% (-6% CER) to R11,1 billion.



Group Chief Financial Officer's review continued

Gross profit grew 3% (-4% CER), ending lower than the growth in revenue with the improvement in Commercial Pharmaceuticals gross profit margins being more than offset by the loss of COVID vaccine contribution in Manufacturing.

The weaker emerging market currencies relative to the Euro, coupled with higher interest rates, resulted in a substantial year-on-year swing in normalised net financing costs of R753 million. This negatively impacted NHEPS which decreased by 8% (-15% CER) to 1 498,5 cents.

Our reported results are boosted by the rate of exchange prevailing during the period. The table which follows compares performance in the prior year at previously reported exchange rates and then at CER. The CER results for the 12 months ended 30 June 2022 restate the performance for that period using the average exchange rates for the 12 months ended 30 June 2023. 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.

	2023 R'million	2022 R'million	Change %	2022 (CER) R'million	Change (CER) %
Revenue	40 709	38 606	5	41 817	(3)
Gross profit	18 934	18 306	3	19 725	(4)
Normalised EBITDA	11 100	11 012	1	11 844	(6)
NHEPS (cents)	1 498,5	1 627,6	(8)	1 754,1	(15)

Business segment performance

A sustained growth in Commercial Pharmaceuticals offset by loss of vaccine sales

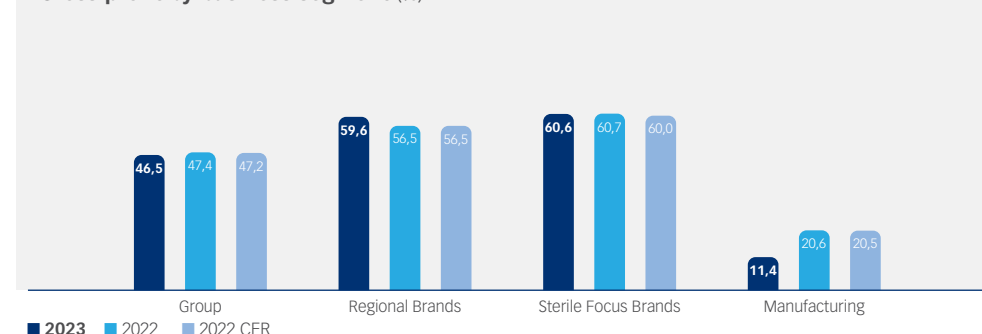
The revenue generated by the Commercial Pharmaceuticals business, comprising Regional Brands and Sterile Focus Brands, grew by 6% (-1% CER) to R29,4 billion. Regional Brands delivered a sound performance, increasing revenue by 8% (+1% CER) to R18,8 billion, notwithstanding the divestment of certain products in South Africa. The Sterile Focus Brands segment posted an increase in revenue of 3% (-6% CER) to R10,6 billion, affected by the aforementioned challenges faced in China, as well as the geopolitical situation in Russia and Ukraine on our businesses there. Our Manufacturing segment faced significant headwinds following the loss of the COVID vaccine sales, but still achieved an increase in revenue of 3% (-6% CER) to R11,3 billion.

	2023 R'million	2022 R'million	Change %	2022 (CER) R'million	Change (CER) %
Commercial Pharmaceuticals	29 412	27 658	6	29 859	(1)
Regional Brands	18 824	17 405	8	18 597	1
Sterile Focus Brands	10 588	10 253	3	11 262	(6)
Manufacturing	11 297	10 948	3	11 958	(6)
Active pharmaceutical ingredients	5 024	4 894	3	5 357	(6)
Heparin	3 423	2 379	44	2 583	33
Finished dose form – Steriles	1 480	2 567	(42)	2 807	(47)
Finished dose form – Other	1 370	1 108	24	1 211	13
Group revenue	40 709	38 606	5	41 817	(3)

Resilient Commercial Pharmaceuticals margins offset by loss of vaccine contribution

Gross profit growth of 3% (-4% CER) ended lower than the growth in revenue. A marked improvement in gross profit margin was achieved by Commercial Pharmaceuticals with a favourable sales mix and cost of goods savings, more than offsetting inflationary headwinds and China VBP impacts. While Manufacturing performed well in H2, driven mainly by the performance in the API and Heparin businesses, the loss of vaccine contribution negatively impacted the full year gross profit margins for this business segment. The Group gross margin ended at 46,5% compared to the prior year of 47,2% (CER).

Gross profit by business segment (%)





Group Chief Financial Officer's review continued

EBITDA in line with FY2022 as guided

Normalised EBITDA rose 1% (-6% CER) to R11,1 billion, reflecting the impact of performance headwinds encountered, the impact of which was lessened by strict management of our operating expenses. Normalised EBITDA margin decreased by 1,2 percentage points to 27,3%.

	2023 R'million	% of revenue	2022 R'million	% of revenue	Change %	2022 (CER) R'million	% of revenue	Change (CER) %
Revenue	40 709	100,0	38 606	100,0	5	41 817	100,0	(3)
Gross profit*	18 934	46,5	18 306	47,4	3	19 725	47,2	(4)
Operating expenses	(9 426)	(23,2)	(8 539)	(22,1)	10	(9 206)	(22,0)	2
Net other operating income	345	0,8	78	0,2	>100	73	0,2	>100
Depreciation	1 247	3,1	1 167	3,0	7	1 252	3,0	0
Normalised EBITDA	11 100	27,3	11 012	28,5	1	11 844	28,3	(6)

* Gross profit is after the deduction of depreciation.

Significant increase in net financing costs erodes earnings

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 R6,7 billion was 10% (-16% CER) lower than the R7,3 billion achieved in the prior year impacted by the significant increase in net financing costs as a consequence of exchange rate volatility (refer to [page 22](#)).

NHEPS decreased by 8% (-15% CER) to 1 498,5 cents per share benefitting from the share buy-back transaction in late FY2022. The lower percentage reduction in headline earnings per share ("HEPS") of 4% (-11% CER) compared to NHEPS is attributable to reduced transaction costs in the current financial year. The higher percentage decline in earnings per share of 18% (-23% CER), relative to HEPS is due to the prior year benefit of a profit on sale of a product portfolio divested in South Africa.

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

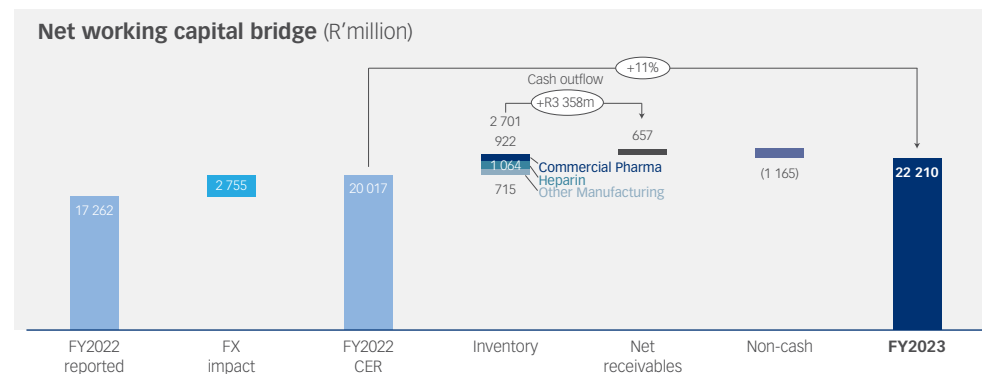
	2023 Cents	2022 Cents	Change %	2022 (CER) Cents	Change (CER)%
Basic earnings per share	1 176,9	1 432,3	(18)	1 523,1	(23)
Impairment of property, plant and equipment	0,7	1,9		1,9	
Impairment of right-of-use assets	—	3,2		3,5	
Impairment of intangible assets	292,0	327,3		348	
Impairment of goodwill	—	2,4		2,5	
Reversal of impairment of intangible assets	(67,3)	(79,6)		(86,5)	
Reversal of impairment of PPE	—	2,5		(27)	
Profit on sale of assets classified as held-for-sale	—	(252,6)		(252,6)	
Loss on sale of tangible and intangible assets	9,8	39,8		49,9	
Insurance compensation on assets	(6,7)	(11)		(11,9)	
Headline earnings per share	1 405,4	1 461,2	(4)	1 575,2	(11)
Restructuring costs	47,2	29,7		32,2	
Transactions costs	45,9	124,1		133	
Product litigation costs	—	16,6		18	
Reversal of deferred consideration no longer payable	—	(3,3)		(3,6)	
Foreign exchange gain relating to transactions	—	(0,7)		(0,7)	
Normalised headline earnings per share	1 498,5	1 627,6	(8)	1 754,1	(15)



Group Chief Financial Officer's review continued

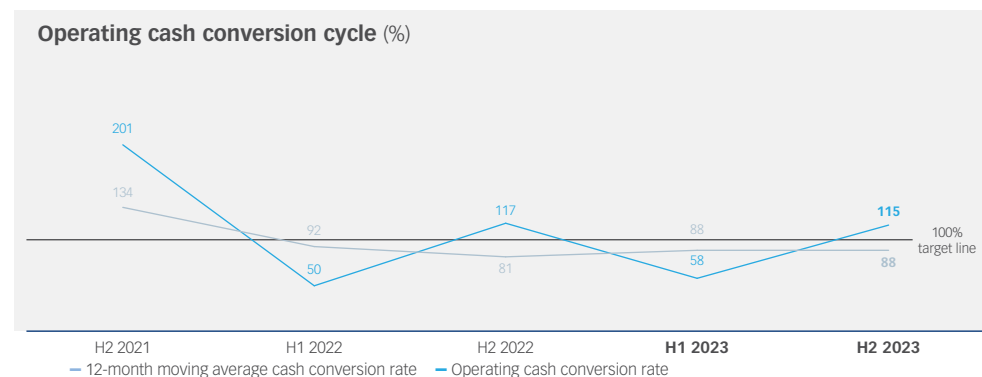
Increased Heparin investment to support Viatrix Latin American transaction elevates net working capital investment

An increase in Heparin stock levels to support the Viatrix transaction in Latin America together with the slower than anticipated unwind of API inventory and an increase in safety stock levels required by regulators in Australia for prescription medicines, resulted in a R2,7 billion increased inventory cash investment at year end. Net working capital levels increased by 11% CER over the prior year, increasing the investment in working capital to 55% of revenue from 45% reported in the prior year. 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 44% of revenue compared to 38% at June 2022. The increased investment in Heparin and API inventory is expected to unwind in FY2024.



Strong operating cash flow and cash conversion rate in H2

Operating cash flows were negatively impacted by the increase in inventory levels as well as higher fourth quarter Manufacturing sales increasing net receivables. Cash generated from operating activities of R5,5 billion represents operating cash flow per share of 1,242,6 cents per share (increasing 5% over the prior year) and an 88% conversion of headline earnings to cash. While below our target level of 100%, this does present an improvement over the prior year conversion rate of 81%.



Non-current asset optimisation

Commercial Pharmaceuticals makes advances in its portfolio enhancement strategy

The recently concluded transactions with Lilly and Amgen for sub-Saharan Africa and Viatrix for Latin America will enhance the Commercial Pharmaceuticals product portfolio footprint in emerging markets with incremental revenue of more than USD135 million on an annualised basis.

Strategic investment in our manufacturing capabilities underpins our growth strategy

We continue to invest in our manufacturing sites, most notably our Gqeberha and Notre Dame de Bondeville sites, in order to transfer the production of certain of our Anaesthetic portfolio in-house and to build a platform for the manufacture of vaccines and other steriles including biological products. The expansion project value of R2 billion will be spread over the financial years 2022 to 2024, with R0,8 billion being expended in the current financial year and a further R0,7 billion planned for FY2024. Total property, plant and equipment ("PPE") capex for FY2023 was R2,2 billion. It is anticipated that the level of capital expenditure will reduce from FY2025 as we complete the sterile capacity expansion projects.

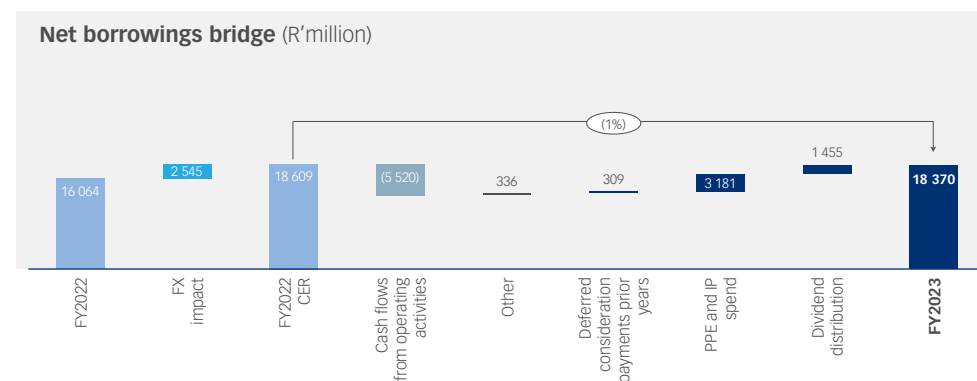
Impairment to intangible assets and goodwill

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 R68,7 billion at financial year-end.

Funding and debt profile

Significant headroom on covenant leverage ratio

The cash flows from operating activities have been substantially offset by capital outflows in respect of dividend payments and PPE and intellectual property ("IP") spend. A weaker Rand increases our reported net borrowing levels by R2,5 billion to R18,4 billion. The leverage ratio of 1,89 times is well within the covenant level of 3,5 times and below our internal limit of 3,0 times.



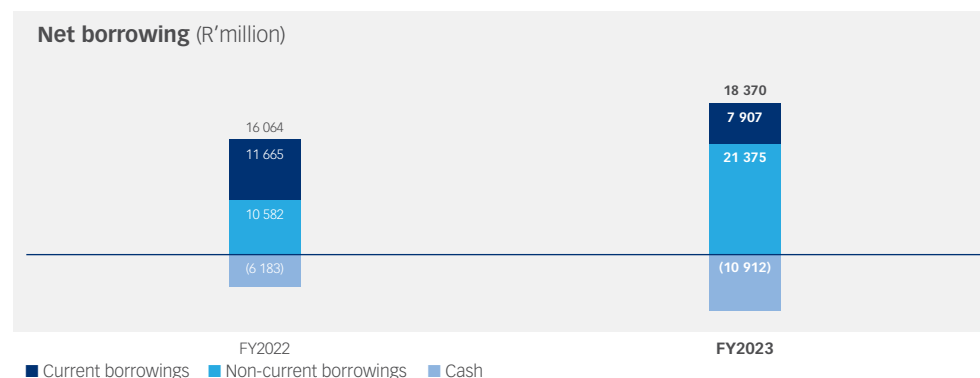


Group Chief Financial Officer's review continued

Successful refinancing of debt facilities achieved

As at 30 June 2022, we had in place syndicated debt facilities totalling the equivalent of R17,1 billion which were due to mature on 1 July 2023. Of this, R8,4 billion had been utilised and was included as part of current borrowings of R11,7 billion at 30 June 2022. We successfully completed a refinancing programme for the maturing facilities in November 2022, with new long-term maturity dates. This refinancing included the R8,4 billion that had been included in current borrowings in the prior year.

The Oss loan owing to Merck Sharpe & Dohme ("MSD") of EUR188 million was originally due for repayment in September 2023. Subsequent to year-end, an agreement has been reached to extend the loan repayment terms with repayment now in three instalments over the next two years. The extended loan attracts a lower interest rate than the notional interest rate incurred on the original loan. Since FY2022, the MSD loan is included in the leverage ratio calculation.



A significant increase in net financing costs erodes NHEPS growth

The substantial year-on-year negative swing in net financing costs of R753 million is primarily driven by foreign exchange losses of R434 million arising from weaker emerging market currencies relative to the Euro and partly due to higher interest rates. This 136% increase in reported net financing cost contributes to the erosion in NHEPS growth as mentioned before.

	2023 R million	2022 R million	Change %
Net interest paid	(591)	(468)	
Effective interest rate for the period* (%)	3,21	2,92	
Foreign exchange (losses)/gains	(434)	184	
Notional interest on financial instruments	(204)	(192)	
Normalised net funding costs	(1 229)	(476)	>100
Debt raising fees on acquisitions	(38)	(64)	
Foreign exchange gains on acquisitions	—	3	
Reported net financing costs	(1 267)	(537)	>100

* Excluding amortisation of capital raising fees.

Capital returns to shareholders aligned to prioritisation model

In accordance with the Board-approved capital allocation prioritisation model and taking into account earnings and cash flow performance for FY2023 and the leverage ratio which is well below the limit of no more than 3,0 times, the Board declared a gross dividend of 342 cents per ordinary share which was paid to shareholders registered in the share register as at 22 September 2023. This represents an increase in 5% over that declared in the prior year. Refer to [page 34](#) for more information on our capital allocation model.

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.

Each subsidiary also undertakes a rigorous self-assessment, which is formally signed off by the respective financial head and 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 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 Group Treasury Committee 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).



Group Chief Financial Officer's review continued

Per the Group's Treasury Policy, the Group's treasury activities should be undertaken in a controlled and systematic manner that supports the Group's commercial and manufacturing operations by managing the Group's financial risks within the risk tolerances set and agreed by the Audit & Risk Committee; ensuring compliance with relevant laws, regulations and undertakings; optimising funding and deployment of capital within the Group and ensuring that the Group has adequate liquidity to meet its strategic objectives; facilitating all transactions considered necessary to achieve the Group's business objectives; and to the greatest extent possible, ensuring the best cost of execution of treasury-related trades, taking into account explicit and implicit costs.

With respect to specific treasury-related risks (including liquidity, refinancing, capital structure, covenant compliance, foreign exchange rate, interest rate, counterparty), the Group Treasury Policy details how each risk should be managed and (where applicable) sets out KPIs for each identified risk. The Group Treasury Committee is charged with monitoring and providing guidance to the Group's treasury function with respect to its control environment, its risk register, the appropriateness of policies, procedures and structures which are in place with respect to treasury risk management and facilitation of centralising, automating and optimising the Group's operational treasury activities, the appropriateness of the Group's capital structure and assessments of the Group's solvency and liquidity, and overall implementation of the Group Treasury Policy.

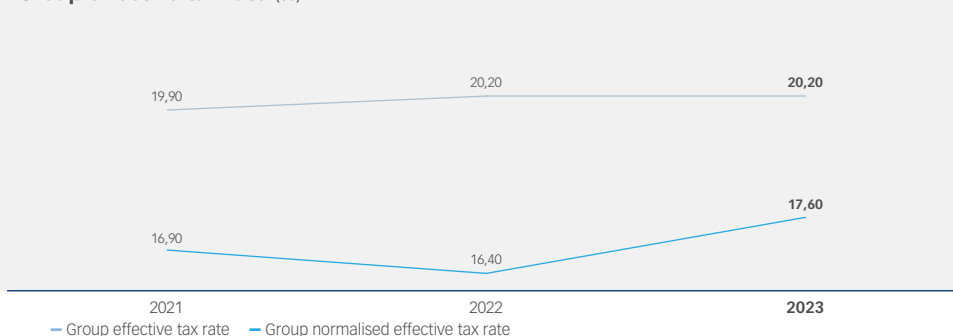
The Audit & Risk Committee retains overall responsibility for ensuring the Group meets its treasury objectives. It is responsible for approving changes to the treasury policy, reviewing the Group's performance in terms of its treasury-related KPIs, approving the Group's capital structure and the assessment of the Group's solvency and liquidity, and reviewing/approving the Group's treasury risk register. In addition, the Audit & Risk Committee is responsible for ensuring the Group's treasury function is subject to annual internal audit reviews.

A responsible approach to taxation

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 Group Tax Committee oversees the Group's tax strategy and risk management and ensures that our tax affairs are proactively managed. Our approach to taxation is more fully explained on [page 96](#).

An increase in normalised effective tax rate was experienced in FY2023 due to a change in the mix of profits being generated by significant entities in the Group.

Group effective tax rate (%)



Continued improvement in financial and tax reporting systems

During the year, we further progressed our digitalisation strategy and continued to invest in enterprise resource planning ("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.

Looking ahead

The targeted reshaping of our Commercial business over the past few years, together with our recently announced product portfolio additions in Latin America and South Africa, is expected to continue to yield results, notwithstanding the challenging trading environment and the VBP risk in China. Based upon current exchange rates, we anticipate Commercial Pharmaceuticals to achieve double-digit reported revenue growth in FY2024 weighted towards H2. We have made significant strides in securing contracts to fill our sterile capacity and are focused on successfully executing these agreements. While our Manufacturing performance in FY2024 will be impacted by non-revenue-generating technical transfer activities, we do expect to achieve contributions of R2 billion in CY2024, increasing to R4 billion in CY2025.

Anticipated FY2024 reported results will receive an uplift should the currently weaker ZAR continue in the year ahead. Based upon current exchange rates, reported normalised EBITDA is expected to grow over the prior year. Factors anticipated to weigh on performance are the potential downside of VBP in China and the loss of grant funding of USD30 million for the full year which was received this year, while the potential upside from product portfolio additions and contract manufacturing revenue is expected to lift performance. Finance charges will continue to be influenced by the interest rate cycle. Lower targeted manufacturing inventory levels are expected to reduce working capital cash flow investment compared to FY2023 and an operating cash conversion rate of greater than 100% is expected. H2 FY2024 should represent a significant inflection point for the Group and should form the foundation for sustainable future earnings growth.



Group Chief Financial Officer's review continued

Continued focus to achieve financial medium-term guidance to FY2024

Target	FY2022	FY2023	Commentary
Increase from rebased FY2020 EBITDA margin of 25,8%	↑	↑	EBITDA margin of 27,3% achieved
EBITDA growth > Revenue growth	↑	↓	EBITDA growth of 1% < Revenue growth of 5%
NHEPS > EBITDA growth	↑	↓	NHEPS decline at 9% < EBITDA growth of 1%
Leverage ratio no greater than 3x	↑	↑	Significant headroom providing capacity for value-enhancing investments
Improving free cash flow	↔	↔	Slightly improved FCF in FY2023 impacted by increased investment in Heparin inventory which should normalise in FY2024
Recommence dividends	↑	↑	Recommended from FY2021 and increased dividend declared for FY2023

Closing remarks

While our financial performance for FY2023 has reflected short-term challenges, it has been a pivotal year in building the foundation for sustainable growth for Aspen. I am confident, with continued focus on the delivery of our Business Strategy, we will get back on track to achieving our financial medium-term guidance to FY2024, while the investment in our product portfolio and sterile manufacturing capacity is set to deliver accelerated growth in the medium term.

I would like to extend a sincere thanks to the finance team members across our operations who have worked diligently throughout the financial year to achieve strong financial discipline and meaningful financial reporting.

Sean Capazorio
Group Chief Financial Officer




Creating sustainable value

In this section:

Our material matters	26	Our Business Strategy	35
Our value creation process	28	Our Human Capital Strategy	36
Our business model	29	Our Digital Transformation Strategy	38
Making strategic trade-offs and the impact on our capitals	31	Our approach to sustainability	40
Our product portfolio management model	33	Our external operating context	43
Our capital allocation model	34	Engaging with our stakeholders	47
		Our risks and opportunities	51

Vaccine access for Africa

Next-generation vaccines, therapeutics and diagnostics will be crucial to responding to future pandemics – but to be truly effective in responding to a global threat, they need to reach the countries that need them most. Health security for Africa remains non-negotiable. Aspen has a clear objective and focus to capacitate Africa and provide high quality, affordable access to critical medicines across a broad geography including 60 low- and middle-income countries.

 View this case study online.



Our material matters

Our material matters are factors that have the potential to impact, both positively and negatively, our ability to create and preserve value in the short, medium and long term. Managing our material matters could support or hinder our ability to execute our strategy and impact the quality of our relationships with our stakeholders.

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 matters arising from their interactions with our various stakeholders. In addition, certain formal processes within the Group are implemented to identify and assess potential material matters. These matters influence our strategy and are integrated into our business and resource planning, risk and opportunity management and performance management processes. Our Group Executive Committee, supported by the work performed in its various sub-committees, assesses and prioritises these matters and ensures appropriate action is taken to respond to them. This could include adjustments to strategy, as well as resource and capital allocation. Governance oversight of material matters and our response thereto is provided by the Board of Directors, most usually through its relevant Committees.

Our material matters determination process identified seven key material matters. All these matters are material to the business and the numbering does not reflect the relative importance of each matter. We discuss our response to these matters throughout this report and have provided linkages to the relevant risks and opportunities, sustainability material topics, stakeholders and capitals as well as the related strategic objective where more information can be found.

Patient focus

MM1

We believe that Aspen's long-term sustainability and success will be delivered through a strategy that puts our purpose at its centre – to improve the health and quality of life of patients. Our medicines reach patients in more than 115 countries and territories. Our investment in our sterile manufacturing capacity and our complex manufacturing (including vaccine) technical know-how has successfully positioned Aspen to play an important role in addressing health security needs for Africa and globally. A strong sense of purpose unites us as we work toward a common goal in everything we do – to promote access to medicines through a differentiated portfolio of high quality, affordable medicines to the patients who need them.

Related risks and opportunities

- Continuity of supply
- Delivery of pipeline and new products
- Execution of our business strategies
- Patient safety and product quality

Related sustainability material topics

- Access to medicines
- Patient safety
- Reliable supply of high quality products
- Responsible product portfolio

Related stakeholders



Related capitals



Related strategic objectives



Manufacturing capabilities

MM2

The continued investment in our 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. We have made significant strategic investments in our sterile capacity, and optimally filling this capacity is a key lever for earnings growth and enhanced returns on invested capital.

Related risks and opportunities

- Continuity of supply
- Execution of our business strategies
- Patient safety and product quality

Related sustainability material topics

- Reliable supply of high quality products

Related stakeholders



Related capitals



Related strategic objectives



Engaged people

MM3

Delivery of our strategy is dependent on appropriately skilled and motivated people. We need to foster a culture that supports adaptability and innovation as well as leveraging the strength of diversification and inclusion. We compete to attract and retain top skills and diverse talent. The dynamics of the evolving world of work in terms of flexible work models, increasing concern for mental well-being and digital skills adaption are issues we are navigating as we create a workforce for the future.

Related risks and opportunities

- Attraction, development, well-being and retention of employees

Related sustainability material topics

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

Related stakeholders



Related capitals



Related strategic objectives





Our material matters continued

Organic growth and value-accretive acquisitions

MM4

Achieving organic growth in our core business underpins our business model and is fundamental to providing sustainable returns for our shareholders, funders, business partners and employees. Enabled by our reshaped product portfolio, our presence in territories with strong demographic growth and our focus on cost and working capital optimisation, we generate sustainable cash flows to fund future growth.

Related risks and opportunities

- Delivery of pipeline and new products
- Execution of our business strategies
- External macro factors
- Realising expected benefits from acquisitions and divestments

Related sustainability material topics

- Access to medicines
- Economic value generated and distributed

Related stakeholders



Related capitals



Related strategic objectives



Business process optimisation and digital transformation

MM5

In an increasingly interconnected and data-driven world, digital transformation is fundamentally shifting the way we do business. We are compelled to continually review the effectiveness of our operating model, the efficiency of our business processes and the optimisation of our digital capability. To remain relevant on a global stage, we continually invest in transformative initiatives to fully leverage the productivity and operational efficiency opportunities offered by digital technologies.

Related risks and opportunities

- Digital transformation and information security

Related sustainability material topics

- Data governance

Related stakeholders



Related capitals



Related strategic objectives



Building trust

MM6

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. Being a responsible corporate citizen is more than a compliance requirement. The Group's sustainability commitments remain a cornerstone of our Business Strategy and our delivery on these are fundamental to building credibility and trust, underpinning our social licence to operate.

Related risks and opportunities

- Attraction, development, well-being and retention of employees
- Environmental sustainability and protection, including climate action
- Ethical conduct and stakeholder relationships
- Legislation, regulation and compliance

Related sustainability material topics

- Covers all topics

Related stakeholders



Related capitals



Related strategic objectives



Agility and resilience

MM7

Our operating environment is changing rapidly and we are subject to external shocks that can be difficult to predict. Thriving in an uncertain and volatile operating environment requires agile decision-making and a focus on building resilience in our people and in our business.

Related risks and opportunities

- Attraction, development, well-being and retention of employees
- Continuity of supply
- Digital transformation and information security
- Environmental sustainability including climate action
- Execution of our business strategies
- External macro factors
- Legislation, regulation and compliance

Related sustainability material topics

- Reliable supply of high-quality products
- Employee health and safety
- Responsible supply chain management
- Climate change and greenhouse gas ("GHG") emissions

Related stakeholders



Related capitals



Related strategic objectives





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, optimising value creation and preservation for our stakeholders, while minimising value erosion.

How we create value

External operating context

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

page 44

Stakeholder relationships, needs and expectations

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

page 47

Risks and opportunities

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

page 51

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.

Risk and opportunity management

Business Strategy

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

page 35

Business model

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

page 29

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 52

Resource allocation
and trade-offs

Performance
management

Review and adapt

An ethical culture

Sustainable value
creation

Effective control and
accountability

Trust and legitimacy

The value we create

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



page 26



Communities in which we operate

- Contribution to society through engagement with civil society and investment in socio-economic development ("SED")
- Responsible management of our impact on the environment



Employees and organised labour organisations

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



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 investors and funders

- Sustainable returns to shareholders
- Servicing and repayment of debt



Our material contract manufacturing customers

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



Patients, healthcare professionals and customers

- Improved health and quality of life for patients who use our medicines
- Enhanced access to medicines through the provision of high quality, affordable treatment options and medicines to patients, healthcare professionals ("HCPs") and healthcare systems



Our suppliers, service providers, consultants and business partners

- Economic stimulus through procurement of goods and services
- Collaboration and partnering opportunities

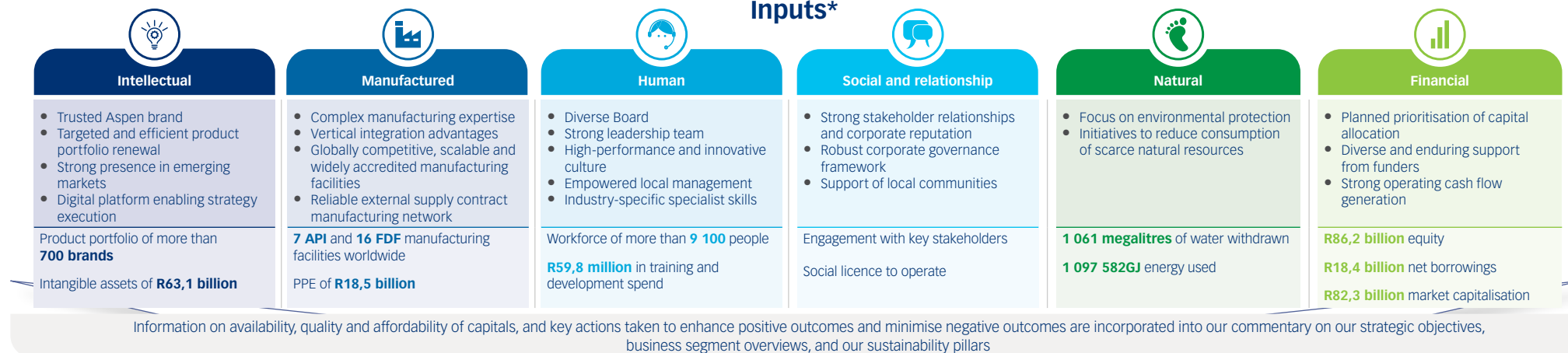


Our business model

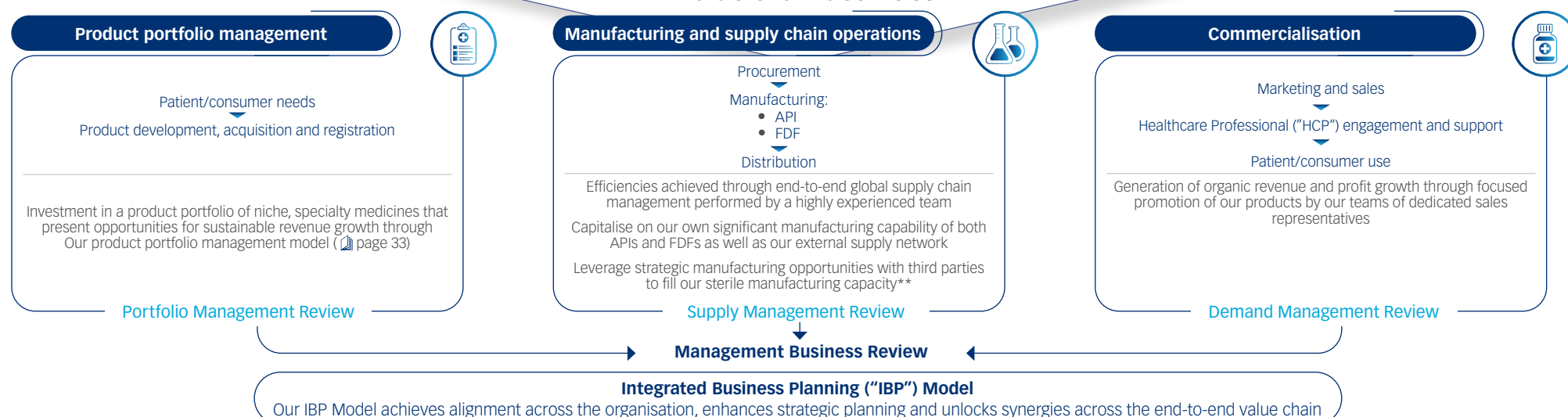
We deliver on our purpose through our differentiated business model and globally integrated value chain. We transform our stocks of capital through our business activities, seeking to preserve and create value for our stakeholders, and minimise value erosion, in a responsible and sustainable way.

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

Inputs*



Value chain activities

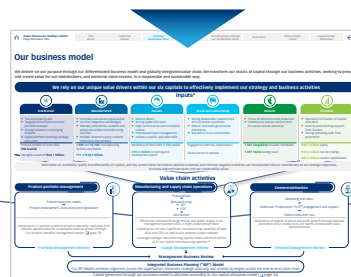


* For ease of reporting, values are at 30 June 2023.

** Not subject to IBP process.



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.

Total GHG emissions: 149 301tCo₂e
Total waste: 70 991 tonnes



Outcomes

Increasing, preserving or eroding value in capital stocks

Intellectual

Medicines provided to patients in more than **115** countries
56 new products launched
R951 million invested in IP
Vaccine technical know-how further developed
No significant product recalls

Manufactured

R2,2 billion invested in PPE
Additional **R700 million** to be spent on sterile vial capacity expansion
No adverse outcomes from regulatory inspections at sites

Human

14% staff turnover
R9 billion paid in salaries and benefits
48% of workforce are women
1,16 total recordable incident frequency rate ("TRIFR")
Zero occupational fatalities

Social and relationship

R21,2 million SED investment through more than 355 projects
Constructive engagements with key stakeholders
Maintained Level 4 B-BBEE contribution
R1,6 billion in taxes paid to governments
Ethical culture assessed as "**Mature**"

Natural

86% of waste recycled
19% decrease in total GHG emissions
Zero significant environmental incidents

Financial

R19,4 billion wealth created
8% return on invested capital
Leverage ratio **1,9 times**
Free cash flow of **R2,3 billion**
Dividend of **342 cents** declared

Value created

Achieving outcomes that create long-term value for our stakeholders (page 28)





Making strategic trade-offs and the impact on our capitals

In developing our strategy, we assess the availability, quality and affordability of capital inputs and how our business activities transform our stocks of capitals. 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. We seek to maximise positive outcomes and limit negative impacts over the short, medium and long term.

The capital constraints we face:



Intellectual

- A dynamic approach to product portfolio management to ensure remain relevant and value accretive.
- Our products, many of which are older products, requires continual investment to ensure they remain safe and in compliance with the relevant local pharmaceutical regulations.
- Developing the technical know-how to meet the needs of complex, sterile manufacturing in an increasingly automated environment.
- The rapid pace of innovation and technological advances requires ongoing investment in our business systems and processes.



Manufactured

- Constructing and maintaining pharmaceutical manufacturing facilities requires significant capital outlay to ensure ongoing compliance with regulatory requirements and future-focused manufacturing practices.
- Disruptions in supply chains, unavailability of utilities (energy and water) and supply constraints of key raw materials can negatively impact continued business operations.



Human

- Attracting and retaining the right talent with the necessary skills for now and into the future remains challenging in a highly competitive market
- Increasing workforce diversity, inclusivity, engagement and well-being are critical to maintaining productivity.



Social and relationship

- Increasing expectations of various stakeholders for pharmaceutical companies to contribute to solving global issues, most notably inequitable access to medicines.
- Increased reputational risks due to conduct of employees as well as contractors and suppliers.



Natural

- Natural resources are finite and must be managed carefully.
- Operations in water-stressed areas.
- Balancing the need for reliable and cost-effective energy that supports economic growth and continuity of supply with the need to transition to a low-carbon economy.



Financial

- Impact of geopolitical events and market sentiment on key cost drivers, foreign exchange rates and cost of financial capital.
- There is a need to balance capital allocations between maintaining manufactured capital, building intellectual capital, providing returns to stakeholders while retaining a prudent level of financial capital reserves.

More information on actions taken to enhance positive outcomes and minimise negative outcomes for stakeholders



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Business segment overviews
(pages 66 to 69)

Patients (page 74)



(page 61)

Manufacturing operational overview
(page 70)



(page 62)

Our People (page 79)



(page 63)

Society (page 89)



(page 63)

Environment (page 98)



(page 64)

Group Chief Financial Officer's review
(page 18)

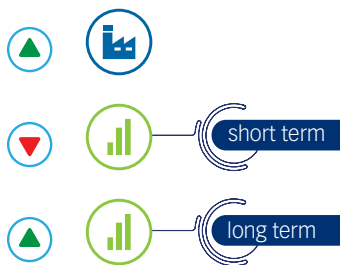


Making strategic trade-offs and the impact on our capitals continued

Strategic trade-offs we have made:

Building a world-class sterile manufacturing platform

Building a world-class sterile manufacturing platform is a cornerstone of our organic growth strategy. 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, technical transfer and validation, but creates opportunity for improved financial performance once the manufacturing capacity is fully commercialised.



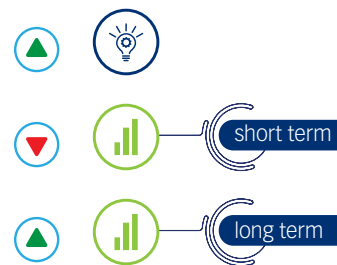
Undertaking organisational design to achieve a fit-for-purpose business

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 could result in increases or decreases in employee numbers 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. 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.



Consumption of natural resources

We consume natural resources, including fossil fuels in the production, packaging and transportation of our products, in order to provide medicines to patients and create sustainable economic value for our stakeholders. As we implement various environmental initiatives to reduce our impact on nature, there is often a financial impact in the short term, but these efforts position the Group for long-term financial sustainability.



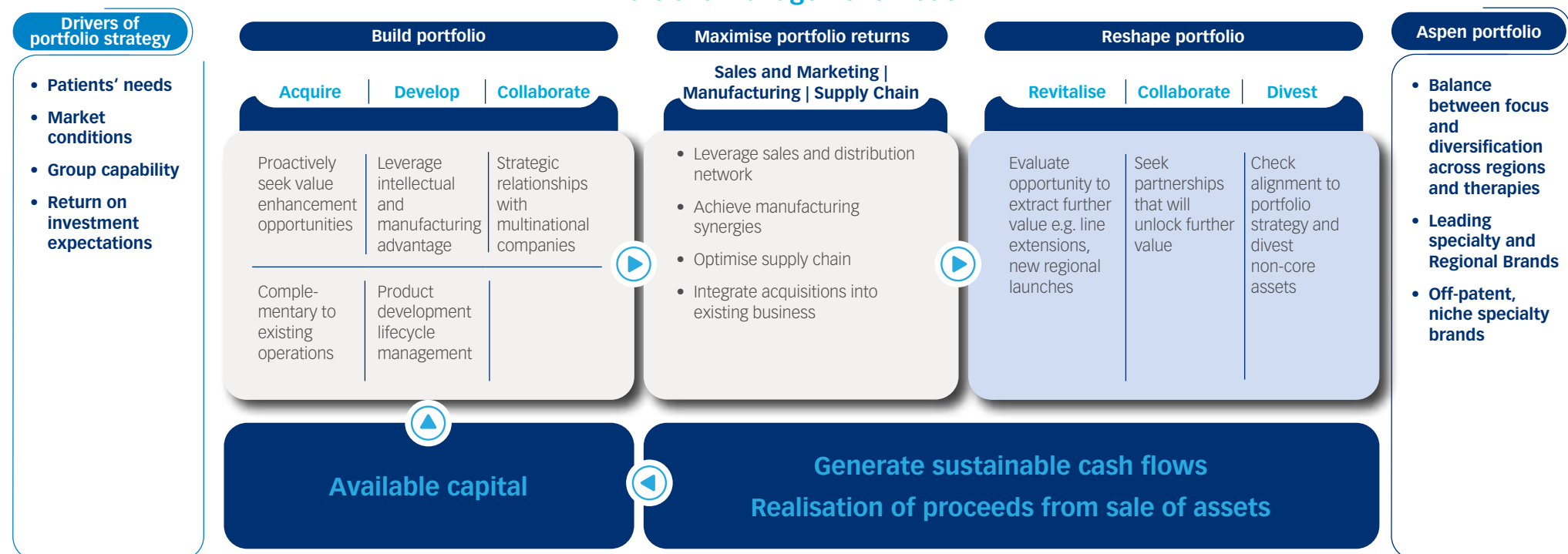


Our product portfolio management model

Through our dynamic portfolio management model, 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 products. 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.

Portfolio management model

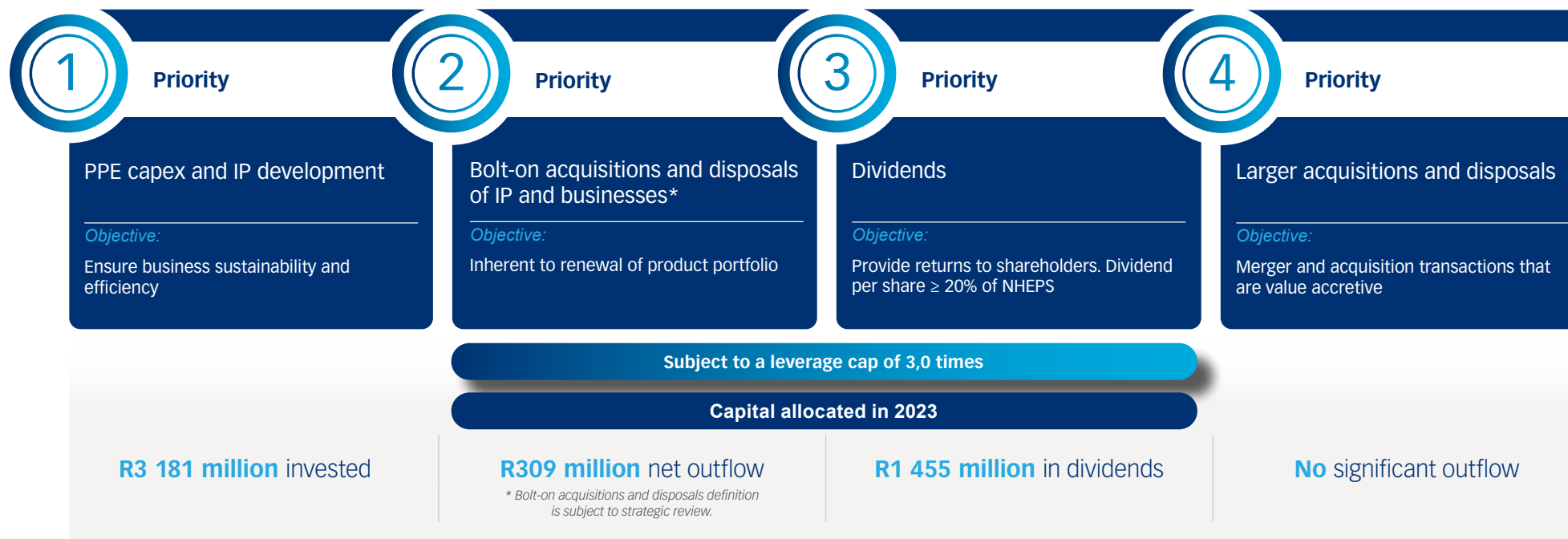




Our capital allocation model

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 and inorganic growth opportunities and rewarding our shareholders through 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.





Our Business Strategy

Our Business Strategy is to create value for our stakeholders by promoting access to medicines by building robust product portfolios that achieve organic growth and by leveraging our world-class manufacturing capacities and capabilities.

Strategic positioning

Our strategic positioning supports delivery of our vision

We achieve this by 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 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.

We have proven manufacturing capability and capacity, creating access and sustainability collaboration opportunities for multinationals.

Our five strategic objectives

provide the foundation to deliver our strategy of creating 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 29](#).

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. Certain KPIs (indicated with ▲) are linked to incentive schemes.

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 60](#).

Reporting on performance against incentives is included in the Remuneration review [page 127](#).



To promote access to medicines through a differentiated portfolio of high quality, affordable medicines

Our focus areas

- Develop and implement an access to medicines strategy▲
- 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 our product portfolio
- Realise 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 and drive efficiencies reducing the cost of goods and operational expenses
- Achieve the transfer of the manufacture of complex, sterile products to Aspen sites
- Focus on supply performance and optimise carrying levels of inventory
- Successfully implement partnerships and manufacturing contracts with multinationals to leverage available manufacturing capacity in niche specialty sterile manufacturing, including vaccines
- Restore API business performance to pre-COVID levels
- Advance digital transformation across our value chain (refer to our Digital Transformation Strategy on [page 38](#))

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 attraction, 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
- Refer to our Human Capital Strategy on [page 36](#)

KPI

- 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▲
- 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 (refer to Our approach to sustainability on [page 40](#))
- Explore resource efficiency projects to achieve security of supply and minimise impact on the environment
- Develop a climate change strategy

KPI

- B-BBEE 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 portfolios 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

KPI

- Revenue growth●
- NHEPS growth▲
- Normalised EBITDA growth▲
- Normalised EBITDA margin percentage●
- Operating cash flow per share●
- ROIC●
- Free cash flow▲
- Leverage ratio●

▲ Key performance indicator ("KPI") definitions are included in the Sustainability and ESG Data Supplement available [online](#).

▲ Linked to performance and long-term incentive scheme. Further details [page 125](#).

Assurance on our KPIs

We obtain assurance on these reported KPIs through a combined assurance approach: IBIS ♦ Empowerdex ■ EY ● Internal Audit ▲.

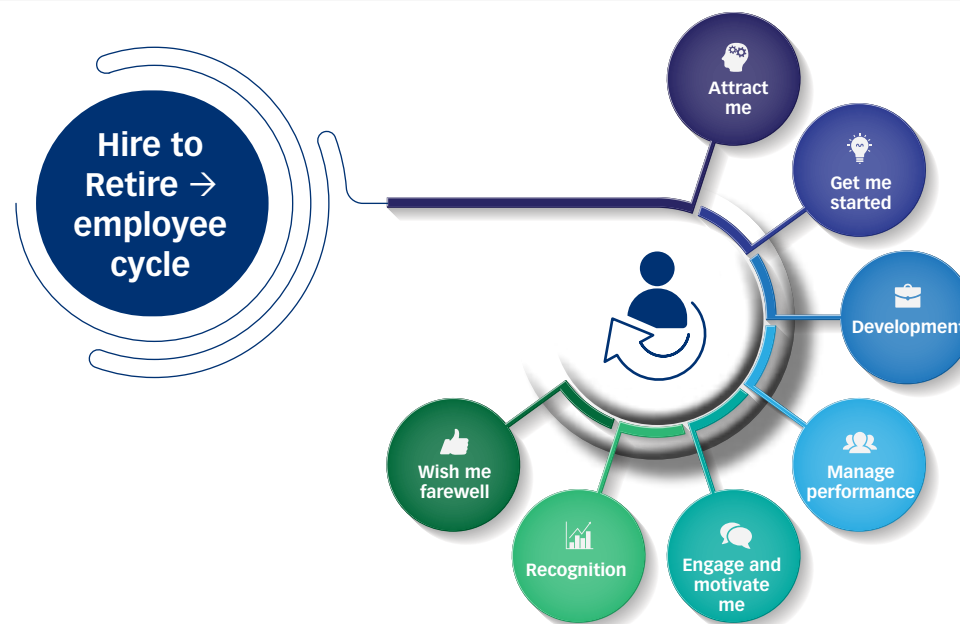
Further discussion on combined assurance is included on [page 5](#).



Our Human Capital Strategy

Our strategic intent is to develop and retain a talented, agile and diverse workforce inspired to achieve operational excellence through providing a compelling employee experience in the moments that matter from the time employees enter Aspen to when they bid us farewell.

Our Human Capital Strategy has been developed to achieve a sustained culture of high performance to realise every opportunity to unlock the potential of our diverse talent and to optimally acquire, develop, retain and deploy our people. We are focused on creating a compelling employee experience by providing an environment that appreciates and respects diversity, makes every voice heard and is supported by equitable policies and procedures to ensure that everyone thrives.



We achieve our strategy through an integrated talent management approach focused on the 3C's talent formula

Contribution

Finding meaning from work

Employees feeling part of a global community and actively participating in our purpose. To achieve this, we place emphasis on:

- alignment of our employee's values and goals to those of our business;
- creating a challenging and motivating work environment; and
- robust recruitment, selection and retention processes.

Competence

Ability to do the work

Identify and bring the right talent into the organisation and continually build fit-for-future competence. We develop and enhance the competence of our employees by:

- clearly articulating what is expected and the standards to adhere to;
- assessing employees to ensure their skills remain relevant and fit for purpose;
- investing in talent improvement; and
- tracking competence.

Commitment

Willing to do the work

Create greater employee emotional response to work as seen in engagement and commitment and in so doing, create career fulfilment, recognition and retention. We encourage greater commitment through a value proposition that includes:

- clearly articulated organisational direction and purpose;
- financial and non-financial incentives;
- recognition of an employee's impact; and
- building a sense of community to foster belonging.



Our Human Capital Strategy continued

Our Human Capital Strategy leverages six strategic pillars grounded in our human capital policies, governance and reporting frameworks. We have recently established a Global Human Capital Leadership Council comprising the Group Human Capital Centre of Excellence leads and heads of human capital across our business units to drive the consistent implementation of our strategic initiatives and ways of work.

The Social & Ethics Committee provides oversight of our Human Capital Strategy and performance, while the Remuneration & Nomination Committee oversees our rewards and performance strategies and succession planning for key roles.

We implement our strategy through six strategic pillars grounded in our policies, governance and reporting frameworks. More information on our human capital performance [pages 79 to 87](#).

Our human capital strategic pillars

Human capital policy, governance and reporting framework

Talent management

Dynamic enterprise view of talent that is diverse, future fit and able to drive the organisation to the next level. Ensuring we have the right talent, at the right time, with the right skill sets.

Leadership development

Trusted and empathetic leaders who coach teams and create environments that support and guide performance excellence and encourage and recognise a collaborative growth mind-set.

Equity, diversity and inclusion

With our belief that all employees should have fair treatment and equal access to opportunities (equity), are uniquely talented and should be celebrated and valued (diversity), and to work in environments which are collaborative, supportive and respectful of all (inclusion).

Rewards and performance

Rewards and performance that recognise and enable excellence by providing clear and measurable strategically aligned objectives, structures for continuous performance improvement and differentiated rewards to drive the right behaviours.

Business partnership

Trusted business adviser and partner of choice to lead, guide and support human capital initiatives that drive value to the business, while ensuring human capital activities are strategically aligned with line priorities.

Technology platform

Evolving to “e-human capital” with an integrated, innovative cloud solution that enables human capital transformation by equipping human capital and business leaders with decision-making tools to meet business objectives.

At the core of how we operate are our values and people beliefs

Belief 1

All people have inherent talent and have the potential to **grow and develop**; and while we want to enable **career progression** for all, we focus on **top talent** (potential and performance).

Belief 2

The quality of our people leaders is key to success. Developing trusting and empowered managers who **motivate, engage and coach** their people makes the difference.

Belief 3

To attract and retain a diverse talent pool and enable an **inclusive environment**, we need to be aware of creating awareness around barriers to inclusion, development and retention.

Belief 4

We believe in **pay for performance** and to continue to differentiate our reward principles in line with talent performance and potential.

Belief 5

Within the performance management framework, we seek to identify opportunities to **enhance performance and support colleagues** to improve, while working timeously to have crucial conversations around underperformance.

Belief 6

We believe that all employees take **responsibility for their career growth, workplace opportunities and their continuous learning** and to update their skills and competence to “stay current” and therefore improve their career fulfilment.



Our Digital Transformation Strategy

The execution of our strategic objectives is enabled by the effective and efficient use of our digital technology capabilities. Key to our Digital Transformation Strategy is ensuring that these capabilities evolve to improve our ways of working, increase efficiency and enhance our interactions with our many stakeholders.

Our Digital Transformation Strategy outlined in FY2022 sets out our multi-year digital journey, aligned to our strategic objectives. Key elements of this roadmap include significant investments in building our digital capabilities and modernising our ERP, regulatory, taxation and compliance systems, manufacturing execution systems and collaboration tools.

Our Digital Transformation Strategy at a glance

5

Strategic digital imperatives

Improve the contribution margin

Enable accurate and predictive real-time supply chain data

Provide secure access and digitally enabled solutions to all employees

Simplify and facilitate daily activities using digital investments

Enable new sources of digital value for all stakeholders

Value drivers and success measures

- Reduced inefficiencies
- Enhanced collaboration
- Reduced digital cost
- Increased compliance
- Increased digital value
- Improved security
- Enhanced governance
- Improved ways of working

Process and information

Culture, ethics and behaviour

People, skills and competencies



Organisational structure

Products and services

Principles, policies and procedures

Master data governance

ERP modernisation

Platform standardisation

Cybersecurity resilience

Smart factory

Digital supply chain

Our digital vision

Contributing positively to making high quality, affordable medicines through digital innovation that will allow our global internal customers to reach and care for patients.

When we reach 2024

We would have transformed significantly in all dimensions including digitally: how we Think, how we Speak and how we Do business. Information will be easy to access and mostly follow our people. The value of any digital investment will be easy to measure through quantitative benefit cases. Through digitalisation, we will be leaner and more efficient.



Our Digital Transformation Strategy continued

Our digital strategy aims to position I&T as a key enabler to the Group in the execution of the Business Strategy. As such, we continue to seek opportunities for improvement by adjusting the I&T solutions to fit the needs of the business while driving digital transformation and innovation. The Group continued the construction and integration of key technologies in the One Digital platform to simplify our technology landscape, achieving more effective data governance, operational cost savings and a reduction in risk. This approach positions the Group to be able to leverage latest methods and tools such as data mining and artificial intelligence to provide valuable insights to the business and further increase business process efficiency. In FY2023, we delivered 11 new application consolidation roadmaps that will achieve meaningful savings measured over a five-year period.

In addition to consolidating existing applications, our digital strategy aims to identify opportunities to introduce new innovative solutions to support strategic business capabilities. An example is the IBP process implemented by the business to achieve end-to-end supply chain visibility, enhanced responsiveness through improved cross-functional collaboration and planning and ensuring seamless integration into financial planning. To enable this strategic business capability, the Kinaxis Rapid Response software implementation, which was initiated in the previous financial year, was progressed according to key project milestones during the year. This solution will enable supply chain agility and resilience through end-to-end concurrent real-time planning, advanced scenario planning, and operational, tactical, and strategic supply chain planning across the Group.

During this year, we also embarked on a greenfields SAP deployment at the Gqeberha site. This project, while experiencing some implementation challenges, has been successfully implemented and represents a significant milestone in our strategy to achieve standardisation in our ERP landscape. We have commenced a further two upgrades from current versions to SAP S4 to ensure that by 2027 all SAP ERP instances in the Group are on the same version and consolidated in the One Digital platform.

Centres of Excellence

To ensure that the Group benefits from the collective knowledge across the Group and to harness synergy opportunities, we have further matured our Centres of Excellence (“CoEs”) model. Our CoEs are designed to leverage critical global skills in technical and competency specialist areas, while maintaining alignment with business strategy and capability requirements. Bringing together virtual teams from across our global operations, we achieve better collaboration between our global business units and ensure that we are more responsive to changing market conditions in the territories where we operate.

Information management

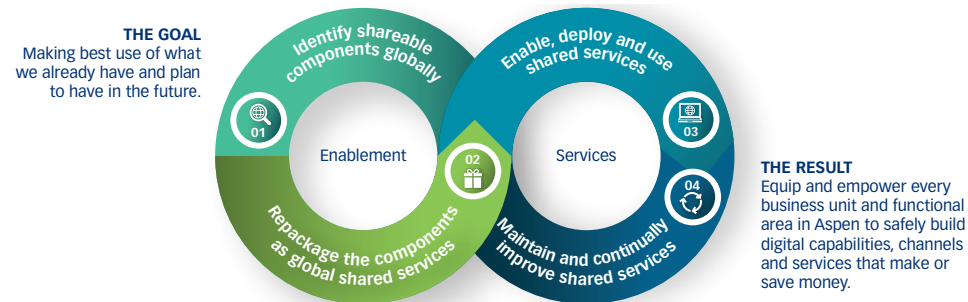
Our information management activities are focused on improving the maturity of information governance and management practices to enhance the value of information in the Group. With the rapid increase in the digitalisation of business processes and the resultant volumes of data generated, together with the increased use of data analysis tools and artificial intelligence, we are reviewing and updating many policies and standards to ensure relevance to current global best practices. In addition, we are working on ways to increase the automation of key controls that will enhance compliance to the business rules and provide opportunity for increased levels of continuous monitoring. This approach supports managing risk more effectively and speeds up work to the required cadence of the Business Strategy.

Information security

Information security continues to be a focus area due to the ever-evolving nature of the threat landscape. Protecting our information and confidential data against security breaches and ensuring continuity of business operations are critical elements of focus in our operations. The Cybersecurity CoE continues to build and enhance several central capabilities, including our ability to detect and respond to cyber incidents through the new Security Operations Centre as well as the ability to monitor assets for vulnerabilities. The Group has seen improvement in response times to vulnerability identification and remediation as a result. Our Cybersecurity CoE continues to deliver on the agreed strategic roadmap to improve maturity, advancing as planned in each of the three security pillars: Govern, Deliver and Operate. As part of the “Govern” pillar, the Cybersecurity CoE has also implemented our Information Security Management Systems. Additional central capabilities will be implemented in the year ahead, in line with the Cybersecurity Strategy, to further mitigate the cyber risk that exists.

Mobilising digital transformation through technology-enabled shared services

In FY2023, a strategic decision was taken to form a shared services organisation to support the business operating model and allow common business process I&T activities to be managed in a more dependable way through the establishment of a shared services organisation that supports the end-to-end business process activities. This shared services organisation, known as TESS, seeks to expand the provision of Group shared services (business and technical) that are enabled through technology delivering value optimisation and enhanced governance and control. It is anticipated that this model will enable the effective deployment of our Digital Transformation Strategy.



Maturing I&T governance

In 2022, we highlighted the change from a strategic guidance to a strategic control approach. This governance model has yielded benefits in the short term and we anticipate further benefits through the operationalisation of TESS in the medium term. The strategic control that has been exercised from a Group level has assisted in harnessing the strength of a geographically dispersed workforce and aligning efforts to best meet the current and future needs of the business in an ever-evolving environment. The executive-level I&T Strategic Committee continues to provide strategic direction over I&T as well as the related risk and control environment. Governance oversight is provided by Audit & Risk Committee.



Our approach to sustainability

We are committed to creating value for 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 not only creates value for Aspen and our shareholders, but also in a manner which demonstrates our responsibility 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:

UN Global Compact

We are a UN Global Compact participant and have aligned our sustainability commitments with the principles outlined in the UN Global Compact, which cover human rights, labour, environment and anti-corruption and bribery. Our previously published Communication on Progress report, available [online](#), sets out our approach to the application of these principles.

United Nations Sustainable Development Goals

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 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.

Enhanced governance over sustainability

Demonstrating our commitment to sustainability, the Group has undertaken several steps to enhance Executive and Board oversight of the Group's related opportunities and risks and overall sustainability performance. In FY2022, the Group Senior Leadership Conference endorsed a high-level roadmap for the development of a Group-wide Sustainability Strategy, indicating support at the most senior Executive and Board levels for a more deliberate integration of sustainability commitments into the Group strategy. The development of our sustainability strategy is progressing according to key milestones under the oversight of the Executive Sustainability Forum, chaired by the Group Chief Operations Officer. We continue to enhance our reporting on sustainability-related issues to the Social & Ethics Committee which monitors the Group's sustainability and ESG performance across the four sustainability pillars.

A link to performance and remuneration

Aligned to our remuneration philosophy, we have incorporated sustainability (ESG) KPIs into our performance and incentive schemes. We have achieved this through the inclusion of sustainability-related KPIs (aligned with Group objectives) within the business unit scorecards, the inclusion of specific ESG-related priorities in the annual key performance areas or assessments ("KPAs") of the Group Chief Executive as well as the inclusion of an ESG measure relating to our key sustainability focus of "access to medicines" in the management long-term incentive scheme [page 127](#).





Our approach to sustainability continued

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 map our disclosures against GRI, SASB, TCFD and the JSE Sustainability Disclosure Guidance 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.

Sustainability materiality assessment approach

Our sustainability strategy is guided by a sustainability materiality assessment. The business environment in which we operate and the expectations from our stakeholders continuously evolve. Our sustainability materiality assessment is used to identify which governance, social and environmental issues are of the greatest interest to our stakeholders and have the greatest impact on the business. It informs our sustainability strategies and allows us to identify opportunities and prioritise our efforts to address the issues of significance. It further allows us to establish meaningful metrics to evaluate our sustainability performance and informs the content on our reporting.

This year we reviewed the sustainability materiality outcomes of the prior year and made updates to reflect the rapidly changing external context and Aspen's strategic positioning.

Key changes to our material sustainability topics:

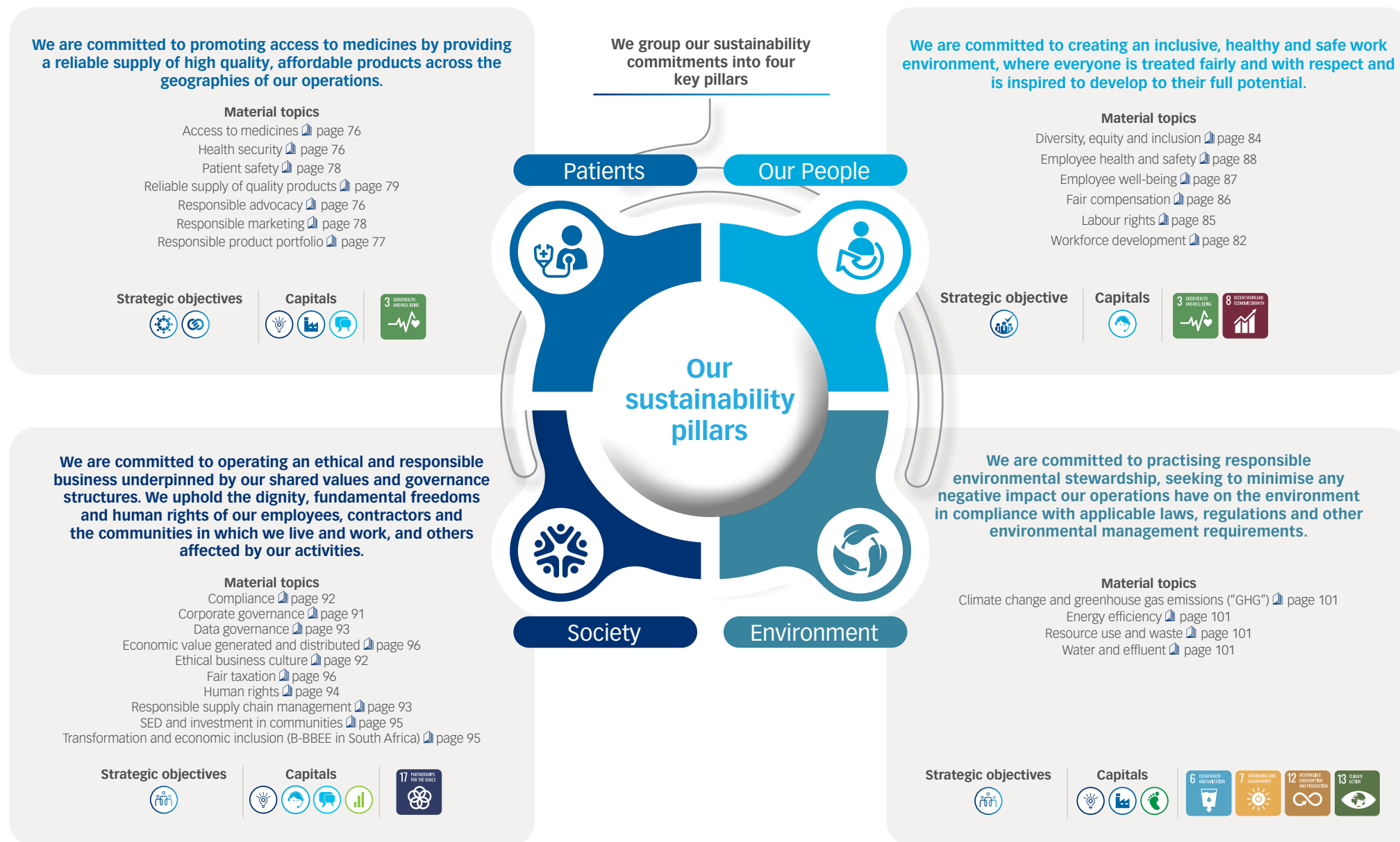
- "animal welfare" was added as a new material topic;
- "responsible advocacy and lobbying" was refined to "Responsible advocacy" recognising that lobbying is just one aspect falling under the "Responsible Advocacy" topic;
- "data privacy and information security" was amended to "Data governance" to reflect the increased focus on ethics and governance associated with artificial intelligence and data in the healthcare industry more generally; and
- "waste" was expanded to "Resource use and waste" to encapsulate the concepts of reduced resource use and circular economy within a waste lifecycle approach.

The updated sustainability materiality matrix was debated by the Executive Sustainability Forum, approved by the Group Executive Committee and reviewed by the Social & Ethics Committee. Our intention is to further enhance this process through engaging more broadly with our internal and external stakeholders in future periods.





Our approach to sustainability continued

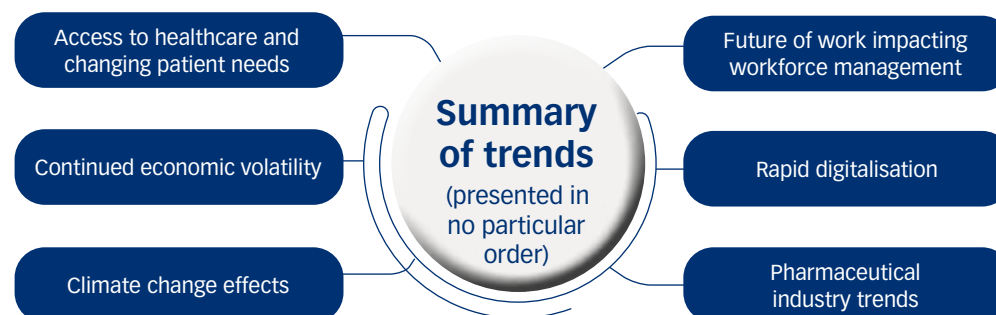




Our external operating context

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.

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.



Trends

Key factors

Our response

Access to healthcare and changing patient needs

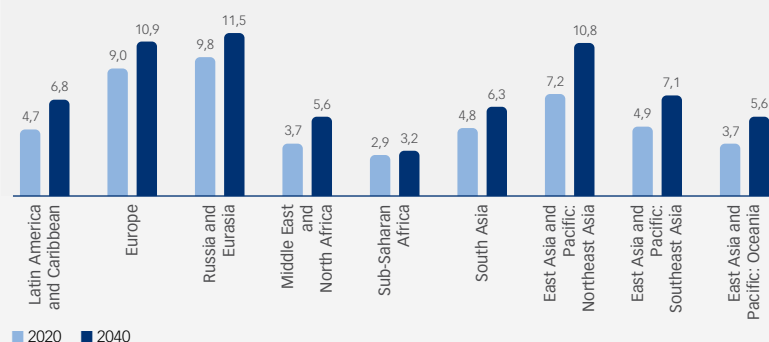


8,5 billion

projected world population by 2030, ~9,7 billion by 2050 and ~10,4 billion by 2100

Source: United Nations, July 2023

Non-communicable disease ("NCD") incidence (NCD incidence per 1 000)*



* Institute for Health Metrics & Evaluation and Pardee Center University of Denver.

Source: Global Trends 2040, A Publication of the National Intelligence Council, March 2021.

- Demographic shifts
- Developing countries have dramatically lower access to medicine
- Economic pressures
- Geopolitical fragmentation
- Increased focus on health security
- Improved life expectancy
- Ineffective and/or inefficient healthcare systems
- Inequitable access to medicines
- Pandemic preparedness
- Patients prioritising essentials
- Population growth
- Rise in non-communicable diseases
- Shortage of healthcare workers
- Supply chain disruptions

Access to healthcare is one of the biggest challenges facing society. Our contribution, as a manufacturer and distributor of pharmaceuticals, is to endeavour to ensure there is an available supply of our high quality, affordable medicines which are accessible to patients who need them while ensuring the ongoing sustainability of our business.

Our product portfolio is comprised mainly of established, post-patent medicines and generics. We have made significant investments to not only meet modern regulatory requirements, but also to meet the changing needs of patients and provide value-for-money alternatives to new, more expensive innovative drugs. Our products are competitively priced and have demonstrated clinical value.

We continue to invest in our manufacturing capacity and expand our capability in manufacturing niche products, including APIs and sterile FDF manufacturing. This includes adapting and enhancing our existing sterile manufacturing facilities to facilitate vaccine and other biological production. Our manufacturing facilities in Africa are positioned to support a solution of resolving Africa's dependency on pharmaceutical imports. The collaboration agreement with the Serum Institute to manufacture, market and distribute four vaccines critical to the African continent's healthcare programme is an essential aspect of our objective to furthering health security for Africa. The technical transfers associated with these vaccines are progressing well.

Our flexible wide distribution network allows us to adapt to developing situations when and as required.



Our external operating context continued

Trends

Key factors

Our response

Continued economic volatility

Global inflation is forecast to reach



6,8%
in 2023

reducing to **4,4%** in **2024**, compared with **2001 – 2019 average** annual global inflation of **3,8%**

Source: Euromonitor, Quarter 2 2023.

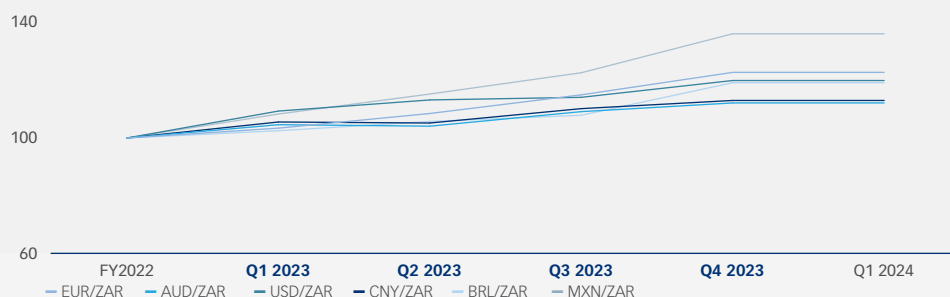
- Cost-of-living crisis
- Exchange rate volatility
- Geo-economic warfare
- Growing inequality in several countries
- Increased pressure on healthcare systems
- Inflationary pressures
- Patients prioritising essentials
- Socio-political conflict

Our product portfolios have strong brand equity, supporting the promotion of our products globally and within regions. While we observe the inflationary effects, we have implemented strong cost management controls and our products are competitively priced, demonstrating clinical value. Also refer to the Group Chief Financial Officer's review on [page 18](#).

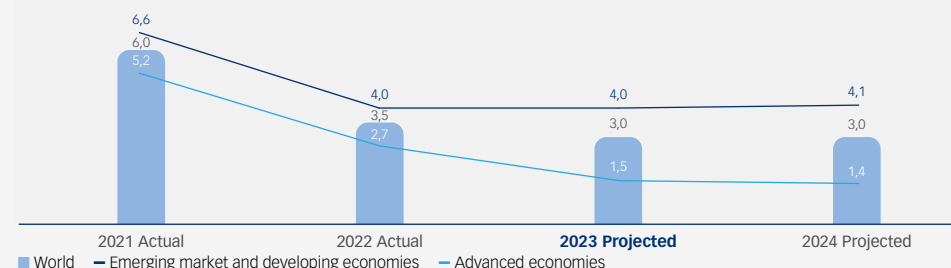
We have an adaptable distribution network supplying medicines to more than 115 countries and territories, reducing our exposure to market risks in any one country or risk to one currency. This is enabled by an effective supply chain model, supported by in-country distribution aimed at maximising the reliable supply to many geographies. We also hold a diversified portfolio of products from niche medicines to anaesthetics, thrombosis therapies, OTC, consumer, branded and generic prescription products.

We continuously monitor our net borrowings as to tenor, instrument type and currency mix to ensure access to liquidity, to optimise our funding costs, and to mitigate earnings volatility due to fluctuations in foreign exchange rates. In the near-term, we plan to implement a centralised treasury operating model which will centralise cash, funding and treasury risk management. This would be in respect of the unrestricted currencies and markets in which the Group trades. This new model aims to optimise the use of liquidity and capital in the Group as well as mitigate foreign exchange rate volatility relating to these currencies.

Average exchange rates for top six currencies by revenue contribution indexed to 100 (FY2022 = 100) (%)



World economic outlook growth projections (growth rate)



Source: IMF World Economic Outlook Update, July 2023.



Our external operating context continued

Trends

Key factors

Our response

Climate change effects



66%

chance of average global temperature temporarily reaching **1,5°C** global warming threshold in next five years

Source: World Meteorological Organization, May 2023.

- Climate change impacts (including the effects on human health and disease profile changes)
- Ecological changes
- Increased stakeholder focus on sustainable development and ESG
- Natural disasters
- Urbanisation

Responsible corporate citizenship and sustainability objectives underpin our strategy. Our Sustainability and ESG strategy development is in process. We have also conducted a climate change scenario analysis which will complement our climate risk assessment in formulating our response to climate change risk (refer to [page 99](#) for further details). Our investment in our products ensures that they remain relevant and offer value to our patients. Disaster recovery and business continuity plans have been developed and will be invoked should a catastrophe impact our ability to supply medicines.

Future of work impacting workforce management



92,6%

of employees have experienced mental health challenges that impact their work

Source: Workable Surveys, July 2022.

- Employees re-evaluating priorities
- Increased desire for work-life balance and flexibility
- Location independent of global talent pools
- High recruitment and training costs
- Increased focus on mental health and impact on productivity
- Scarcity in high-demand skills
- Shifts in workforce profile to become more digital

We have several ongoing organisational projects designed to position the Group to meet the dynamic environment. These include reviews of our operating models, structures and human capital management to design an organisation that is fit for purpose.

We also provide and aim to continually improve a platform and tools which enable employees to be effective and productive to their best potential. We have developed an enhanced employee well-being framework for roll out across our global operations. Refer to [pages 36 to 37](#) for more information on our Human Capital Strategy.

Rapid digitalisation

ChatGPT had



1 million
users

within the first five days of being available

Source: Forbes, April 2023.

- Increased cyberattacks
- Influencer culture
- Ethical use of AI
- Data privacy concerns
- Digitalisation of business processes
- Technology could exacerbate inequalities
- Telemedicine and digital medical tracking solutions
- Rapid development of AI
- Remote virtual care
- Viral false news

We are making significant investments in our digital resources and platforms to provide a secure, agile, world-class operating environments across our businesses. We continually advance our digital strategy, observe developments in this ever-evolving landscape and are flexible in our responses. An area of focus has been to strengthen the Group's cybersecurity posture.

Refer to [pages 38 to 39](#) for more information on our Digital Transformation Strategy.



Our external operating context continued

Trends

Key factors

Our response

Pharmaceutical industry trends



5,8%

forecast compound annual growth rate ("CAGR") of global pharmaceutical sales to 2028.

Source: Statista, July 2023

Predicted market share by 2027 (%)



■ Major developed market	73
■ Pharmerging markets*	26
■ Rest of world	1

* IQVIA defines pharmerging markets as those with per capital income below USD30 000 and a five-year aggregate pharmaceutical growth over USD1 billion.

Source: Global, Outlook to 2027, IQVIA Institute, April 2023.

- Cost-of-living crisis
- Diagnosis of autoimmune disorders on the rise
- Medicine pricing pressures
- Returned to pre-pandemic growth levels
- Value of medicines under scrutiny by patients, governments and other funders of healthcare

As a globally recognised specialty pharma company with an established footprint in emerging markets, we are well positioned to perform in these growing pharmaceutical markets. 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. Through our various engagements with these stakeholders, we seek to improve on the credibility and rapport we have already established and look to find innovative solutions to the legitimate concerns they may raise with us. Refer to Engaging with our stakeholders on [page 47](#).

Through our investment in manufacturing capabilities and capacity, we continue to focus on increasing manufacturing volumes and achieving manufacturing efficiencies. This, together with activities aimed at continually optimising our operating model, unlocks enhanced synergies and value creation in the restrictive price environment. Pricing decisions are overseen by the Group's Pricing Committee, which was established to ensure an appropriate balance of responsible pricing and business sustainability.



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. We remain intent on continually seeking ways to improve on the credibility and rapport we have already established with our stakeholders and look to find innovative solutions to the legitimate concerns they may raise with us.

We define our stakeholders as the people, groups or organisations who may be directly or indirectly 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 are consistent.

During the year a wide range of regular, structured and *ad hoc* engagements took place at various levels within the organisation, making use of virtual and digital means of engagement, when necessary.

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 its 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

- 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
- Strengthened product portfolio in expanded geographies

Material matters engaged on since the previous report

- Ensuring continued supply of critical medicines
- Product recalls and pharmacovigilance engagements
- Supply shortages in respect of certain of our products
- Explaining the benefits of products in the Aspen portfolio
- Detailing of patient benefits from new product launches
- Re-establishing relationships post the COVID pandemic

Reference to value created for stakeholder

- See page 28
- See page 74

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 report any adverse events or 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

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, tax transparency and local investment

Material matters engaged on since the previous report

- Collaboration with governments in a number of countries to support and assist with various initiatives aimed at improving the health of patients
- Product recalls
- Potential business opportunities
- SED spend, contribution to healthcare enhancement and equitable access to medicines
- Engagement with governments and regulatory authorities to enhance localisation of supply of products in Africa

Reference to value created for stakeholder

- See page 28
- See page 74
- See page 89

How we engage

- Audits of manufacturing sites and Marketing Authorisation Holders 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

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

- Regular townhalls held and internal communications circulated in order to keep employees apprised of business unit performance, strategic goals and key initiatives
- Undertaking a number of diversity, inclusion and equity initiatives in order to make these aspects part of the Aspen employee journey
- Internal communications survey to measure the perceived effectiveness of communications with employees

Reference to value created for stakeholder

- See page 28
- See page 79

How we engage

- Involvement in government programmes aimed at creating jobs and uplifting disadvantaged communities
- Direct engagements by supervisors and business management
- Internal communication measures such as the Group intranet, announcements and digital posts
- Conferences
- Digital and in-person town hall 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

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

- Fair engagement terms and timely settlement
- Ongoing communication about our expectations and service levels provided
- Fair tender and selection processes

Material matters engaged on since the previous report

- Supply chain constraints
- Suppliers' ability to ensure continuity of supply and impact on Aspen's own ability to ensure continued supply
- Negotiation of contract terms and extensions
- Operational, tactical, and executive review meetings with service providers to ensure alignment to Aspen's strategic intent

Reference to value created for stakeholder

- See page 28
- See page 89

How we engage

- Tender, procurement and "expression of interest" processes
- 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

Capitals



Relationship indicator



Investors and funders



Aspen considerations

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

Stakeholder interests

- Strategy and business model
- Growth in revenue, EBITDA, free cash flow and return on invested capital
- Appropriate management of capital expenditure, working capital and expenses
- Capital allocation
- Gearing, solvency and liquidity
- Returns to shareholders
- Security over assets, ethical stewardship of investments and good corporate governance
- Implementation of business continuity measures
- Fair executive remuneration and incentivisation
- Aspen's standing in terms of ESG

Material matters engaged on since the previous report

- Strategic review and prospects
- Manufacturing capacity and how this positions Aspen to manufacture sterile and biological products
- Secured sterile manufacturing contracts providing the foundation for Aspen's medium-term sterile capacity fill strategy
- Impact of trading environment on operational performance and progress against guidance
- Further VBP risk in China and potential acquisitive strategies to mitigate this risk
- In November 2022, we refinanced our syndicated bank debt facilities which has mitigated refinance risk
- Enhancing shareholder value through dividend declarations in FY2022 and FY2023
- Advances made by Commercial Pharmaceuticals in enhancing its product portfolio in emerging markets
- 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
- Product pipeline and development
- Group Executive Committee and management level succession planning

Reference to value created for stakeholder

- See page 28
- See page 18
- See page 40

How we engage

- In-person and virtual meetings, roadshows and conferences
- JSE SENS announcements, media releases and interim and annual results presentations
- Annual general meeting
- Investor relations section of the Aspen website
- Engagements with the financial media

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 perspectives and are key to ensuring that Aspen continues to build on our Social and Relationship capital, reputation and social licence to operate. 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
- Several Mandela Day Initiatives held, including Aspen's contribution to the improvement of services and infrastructure in Gqeberha

Material matters engaged on since the previous report

- Assistance to relief efforts in Ukraine
- Funding of tertiary students in South Africa to allow them to complete studies in chosen fields such as engineering, pharmacy and commerce
- Procurement from local suppliers and service providers
- 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 28
- See page 89
- See page 98

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

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
- Negotiations on new contracts and extension to existing contracts

Reference to value created for stakeholder

- See page 28
- See page 74

How we engage

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

Capitals



Relationship indicator





Our risks and opportunities

Risks are inherent to our business. Our operating environment is complex, highly regulated and uncertain. Identifying, analysing and responding appropriately to these business risks is vital to us 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 are processes central to achieving our strategic objectives. These processes protect us against potential negative impacts, enable us to take risk for strategic reward and improve 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.

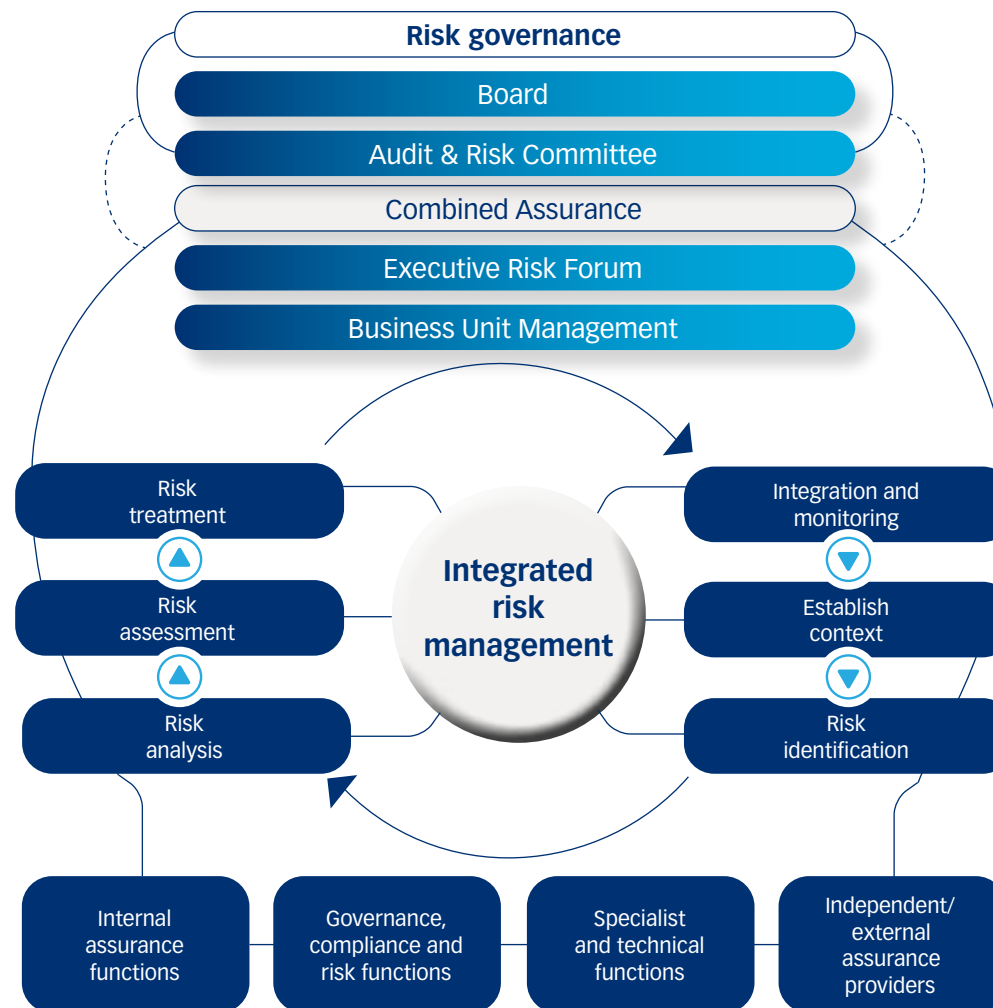
Risk management activities occur at all levels in the organisation. We strive to embed sound risk management in our strategy, planning, budgeting and performance management processes. Senior executives are accountable for performing effective risk management within their areas of responsibility and for promoting a culture of risk awareness throughout the organisation. The Group Risk Management Policy and the Risk Management Framework provide structure for these activities to be embedded into our key decision-making processes and day-to-day activities which 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 emerging risks and opportunities. We consider opportunities identified which demonstrate the value that our initiatives and strategies could yield to the growth and sustainability of the Group. Our value creation process (page 28), business model (page 29) and Business Strategy (page 35) elaborate on how we leverage opportunities to ultimately create value. The Group's different 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 determine 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.

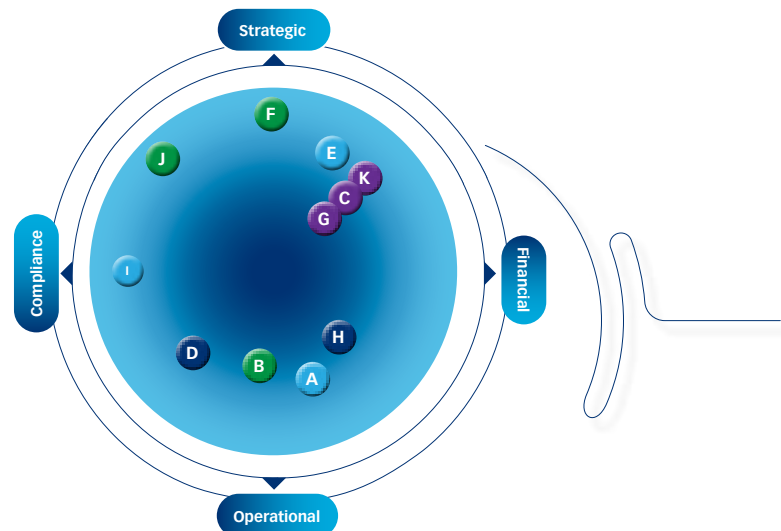
Risk landscape

The past year has been characterised by global economic uncertainty, increased geopolitical polarisation, inflationary pressures and foreign currency volatility. Challenges relating to the Russia Ukraine war as well as COVID lockdowns and volume-based procurement impacts in China have also tested our resilience. While we continue to be exposed to significant uncertainty, we have embedded the management of these impacts into our risk management approach and have appropriately adapted our responses. Emerging risks are monitored by executives, under the direction of the Board (also refer to Our external operating context on page 43).



Our risks and opportunities continued

The key risks and opportunities that could have a material impact on our ability to achieve our strategic objectives and create value are outlined below:



Summary of key risks and opportunities

(presented in alphabetical order)

Risk

- | | |
|---|--|
| A Attraction, development, well-being and retention of employees | G Execution of our business strategies |
| B Continuity of supply | H External macro factors |
| C Delivery of pipeline and new products | I Legislation, regulation and compliance |
| D Digital transformation and information security | J Patient safety and product quality |
| E Environmental sustainability, including climate action | K Realising expected benefits from acquisitions and divestments |
| F Ethical conduct and stakeholder relationships | |

A Attraction, development, well-being and retention of skills

Risk context

We need an agile, diverse, skilled and committed pool of talented employees to execute the Group's strategy in an increasingly complex environment. There is strong competition for the best talent, especially in certain technical and/or specialist fields within the regions in which we operate. Increased flexibility and new ways of working are key value drivers in attracting top talent. Employee engagement and retention can be impacted by organisational change and the resultant uncertainty. The pace of change in the workplace, coupled with social and economic distress in our society, leads to increasing levels of stress, fatigue and mental health concerns. These factors pose an increasing risk to employee engagement and productivity. Health and safety of our personnel is a key priority, which is supported by compliance with health and safety laws, as well as the alignment of our systems, processes and procedures with in-territory regulations.

Opportunity for value creation

Through the development of a compelling employee value proposition, the Group seeks to position itself as an employer of choice in the competitive landscape. Maintaining a safe and healthy working environment further enables a motivated and productive workforce with a high-performance culture, innovation and alignment to strategic goals.

Our response

Talent management is a key focus area in our Human Capital Strategy and initiatives are being introduced to enhance the definition and understanding of our talent supply and demand requirements. Targeted programmes have been implemented to increase diversity and gender representation, strategically accelerate development of high-potential employees and increase employee succession pool through focused skills development and enhanced behavioural awareness programmes. Various support programmes and initiatives are being strengthened within the business to nurture employee well-being. Change management initiatives are implemented in business units impacted by organisational changes. Our health and safety management systems are aligned to global standards and performance is monitored through the Social & Ethics Committee.

Strategic objectives



Capital



Risk trend



Material matters





Our risks and opportunities continued

B Continuity of supply

Risk context

Our end-to-end value chains may be impacted by unplanned external interruptions, including unavailability of essential raw materials, utilities, manufacturing components and services, or closure of our manufacturing sites as a result of natural disasters, civil unrest, regulatory interventions, fire and pandemics. The technical and regulated nature of the manufacturing and supply of pharmaceuticals has an inherent heightened risk of quality failures, which may result in batch rejection or product recalls (refer to Patient safety and product quality risk (page 58). We have a key reliance on certain specialised raw material suppliers and third-party manufacturers to provide products within specification and required time frames. We continue to be engaged in multiple projects to transfer certain products to new manufacturing lines. These technical transfers achieve more cost-effective and/or reliable manufacturing, but can pose execution risk. Also refer to Our external operating context on page 43.

Opportunity for value creation

We strive to maintain a reliable supply of medicines to our customers and to the patients who 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 supports our reputation as a responsible and reliable pharmaceutical company. Consistent availability of supply also allows us to take advantage of supply disruptions which may be experienced in respect of other products. More cost-effective manufacturing will also allow for greater affordability, increasing access to medicines.

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 to in-source the manufacturing of anaesthetics further increases our ability to manage our supply chain. Skilled and experienced teams are involved in technical transfer projects and there is oversight by the Group operations division to ensure progress is monitored and 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



Material matters



C 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 several factors. As a result of the lengthy time frames 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 the necessary registrations by the regulatory authorities in each country.

Opportunity for value creation

Successfully launched products 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. This leverages our intellectual and manufacturing advantage and aligns 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



Capital



Risk trend



Material matters





Our risks and opportunities continued

D Digital transformation and information security

Risk context

Digital technologies continue to revolutionise the way companies conduct business and operate. Keeping pace with the speed of digital transformation is imperative to remaining competitive and relevant, while keeping employees abreast of digital developments (refer to Attraction, development, well-being and retention of skills risk [page 52](#)). Patients and HCPs are increasingly becoming accustomed to the convenience of digital and remote healthcare. This requires pharmaceutical companies to adopt innovative technologies to engage with their stakeholders (also refer to Our external operating context on [page 43](#)). This also 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 growing incidents of cyberattacks, 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 breach of data privacy regulations. Rapid developments in the application of artificial intelligence in various business processes has potential to disrupt the way we do business, but does come with some ethical, security and governance risks and challenges associated with its widespread adoption.

Opportunity for value creation

Digital technologies are an enabler in driving our strategic objectives forward and supporting sustainable operations. Increased digitalisation and the adoption of artificial intelligence automation and robotics provides opportunities for efficiency gains, reducing costs, development of employees' digital skills, 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, cybersecurity and risk management. We have continued to make a considerable investment in modernising our 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 I&T. More information on our Digital Transformation Strategy on [pages 38 to 39](#).

Strategic objectives



Capital



Risk trend



Material matters





Our risks and opportunities continued

E Environmental sustainability, including climate action

Risk context

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. Inherent to our industry is an elevated risk of environmental contamination. There is an increasing global focus from regulators, investors, HCPs, 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 regulations in countries or territories 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 and our environmental impact creates opportunities to reduce our carbon footprint while achieving increased efficiencies in using scarce natural resources. It also builds resilience against physical impacts. Contributing to the broader issue of environmental stewardship creates the opportunity to further support our commitment to being a responsible corporate citizen and contributing towards healthier communities.

Our response

We have implemented the Group's safety, health and environment ("SHE") programme and embarked on a process to better understand the potential impact of climate change on our business. We are committed to developing a climate action plan with related targets. We are equally committed to reducing our waste generation and water consumption. This will build on the environmental and resource efficiency initiatives that we have already implemented to reduce our reliance on scarce resources and our impact on the environment. We support the Taskforce on Climate-related Financial Disclosures and have enhanced our disclosures in line with its recommendations [page 100](#).

Strategic objectives



Capital



Risk trend



Material matters



F Ethical conduct and stakeholder relationships

Risk context

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

Opportunity for value creation

Maintaining a corporate culture which is underpinned by ethical conduct is fundamental to building trust with our various stakeholders and enhancing 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. Employee understanding of our Code of Conduct is reviewed on an annual basis. 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



Material matters





Our risks and opportunities continued

G Execution of our business strategies

Risk context

There are several risks that could impact the development and execution of our business strategies. Increased competition, the global challenge of affordable healthcare, fluctuations in demand due to pandemics, changes in healthcare policies, the introduction of new pricing policies and programmes, legislated pricing cuts, volatile market environments, commercial team performance, insufficient demand for installed manufacturing capacity and availability of supply are just some of the factors that could impact the achievement of expected performance. If the execution of our business strategies do 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, while underutilised manufacturing capacity could negatively impact returns on invested capital. Also refer to Our external operating context on [page 43](#).

Opportunity for value creation

The ability to achieve our business performance expectations underpins the strategy of the Group to create sustainable long-term value for all our stakeholders. Through implementing responsible pricing strategies, we aim to achieve the appropriate balance between making our products affordable, while achieving reasonable returns on investments made. We have proven manufacturing capability and capacity, creating access and sustainability collaboration opportunities with multinationals.

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 have secured three sterile manufacturing agreements with multinational pharma companies at our NDB site and one at our Gqeberha facility, while additional agreements are under negotiation. We continually invest in our commercial team structures, manufacturing capabilities, processes and skills as well as seek mutually beneficial collaboration arrangements to source sustainable third-party volumes. Through actively engaging with regulatory authorities and other key stakeholders, each country or territory can monitor and adjust their approach to manage pricing pressures. Our strategy to transfer the production of certain products into our own facilities is expected to deliver margin benefit, increased competitiveness and improved security of supply. We focus on achieving efficiencies, cost reductions and synergies in this challenging and regulated pricing environment.

Strategic objectives



Capital



Risk trend



Material matters



H 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 hinder growth and include but are not limited to 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 43](#).

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 partial mitigation to localised macro factors. We continuously monitor socio-economic trends and geopolitical events in countries where we operate. Strategic responses are implemented where required, including strict management of our operating expenses.

Strategic objectives



Capital



Risk trend



Material matters





Our risks and opportunities continued

1 Legislation, regulation and compliance

Risk context

The pharmaceutical industry is subject to intricate, costly and evolving regulations governing the approval, manufacturing, labelling, marketing and sale of pharmaceutical products. These regulations vary by region and country or territory and are rigorously monitored and enforced. All other aspects of our business are subject to extensive legislation and regulation, which increase 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 and being well informed 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 strengthened by our ethical drive and a commitment to comply with our legislative compliance management processes. A robust regulatory and compliance management framework is in place 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 are 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



Capital



Risk trend



Material matters





Our risks and opportunities continued

J 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 intricate technical manufacturing processes associated with our products increase 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 high quality, affordable 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 conducts 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



Capital



Risk trend



Material matters



K 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 successful incorporation and 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 acceptable terms and 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. Acquisition and disposal 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 as well as to reshape and renew our product offering in response to changes in our operating environment.

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 objectives



Capital



Risk trend



Material matters





Our performance

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Steam generation biomass conversion

Aspen South African Operations has been actively seeking sustainable solutions for energy generation in line with the Group's environmental, social and governance goals.

As part of this effort, a project was implemented in 2021 to convert from heavy fuel oil to steam systems to biomass to steam at our Gqeberha-based site.

 [View this case study online.](#)



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.

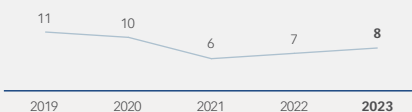


Strategic objective: To promote access to medicines through a differentiated portfolio of high quality, affordable medicines.

Performance highlights

- Maintained a reliable supply of medicines across the geographies of our operations.
- Achieved progress against the milestones set out in our Access to Medicines position paper aimed at galvanising the Group's efforts to achieve its commitments to promote access to medicines.
- Concluded an agreement with Serum Institute for four vaccines with technical transfer progressing according to expected milestones.
- Enhanced South African portfolio through securing distribution rights for Amgen products.
- 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 83 products in 28 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.
- Maintained a low level of product recalls.
- Donated life-saving medicines to alleviate health crises in Ukraine, Turkey and Syria.

KPI: Number of product recalls (number)



The number of product recalls has been maintained at a relatively low level. Most recalls were limited to batch-specific issues requiring recall of the affected batches only, however two were as a result of SAHPRA requesting a withdrawal of all pholcodine-containing products due to a safety signal.

- Positive performance
- Performance maintained
- Negative performance

Challenges experienced

- The renewed lockdown in China negatively impacted the demand for some of our products in this country.
- The geopolitical situation in Russia/Ukraine continued to have an unfavourable impact on our business there.
- Instances of supply delays and disruptions 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 the necessary registrations by the regulatory authorities in each country.
- Increasing complexity of regulatory requirements and product regulations requiring additional resources to maintain and upgrade our IP.

Near to medium-term outlook

- The execution of our agreement with Serum Institute will provide the opportunity to expand our supply of vaccines to Africa and further strengthen the continent's pandemic readiness.
- Leveraging the expected grant funding from each of the Bill & Melinda Gates Foundation and CEPI to further enhance our vaccine manufacturing capacity positions us well to collaborate with, among others, African countries and Gavi/UNICEF to further support enhanced access to medicines.
- The Amgen transaction, together with the transactions concluded with Lilly (for sub-Saharan Africa) and Viatrix (for Latin America) post year end significantly enhance our product portfolio in emerging markets.
- Commercial Pharmaceuticals is well positioned to deliver on organic growth objectives.
- Potential acquisitive opportunities are being explored to diversify our product portfolio in China.
- Development and refinement of the product pipeline in line with the Group's targeted therapeutic categories for each region are 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 acquisition, collaboration and partnering opportunities to achieve enhanced distribution capability in territories where we lack sufficient critical mass.

Key risks and opportunities

- Continuity of supply
- Delivery of pipeline and new products
- Digital transformation and information security
- Execution of our business strategies
- External macro factors
- Legislation, regulation and compliance
- Patient safety and product quality

Material matters





Our strategic business performance continued

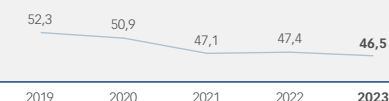


Strategic objective: To optimise the strategic advantage of our integrated value chain.

Performance highlights

- Further 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, and providing capacity for further sterile manufacturing opportunities, including vaccines and other biologicals.
- Conclusion of four sterile manufacturing agreements with multinational pharmaceutical companies for production at Notre Dame de Bondeville (three agreements) and Gqeberha (one agreement), including mRNA filling and the manufacture of Human Insulin.
- Cost of goods reductions achieved through site transfers.
- Continued to implement changes required to meet serialisation regulations at our manufacturing sites.
- Initiated projects at Gqeberha to transition the site to off municipal grid power supply.
- 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.
- Continued transformational organisational design and process improvement initiatives aimed at increased efficiency and cost reduction across our value chain.

KPI: Gross profit percentage (%)



A favourable sales mix and cost of goods savings resulted in our Commercial Pharmaceuticals gross profit margins proving to be resilient against inflationary headwinds. This performance was, however, more than offset by the loss of contribution from the COVID vaccine in the Manufacturing segment.

- Positive performance
- Performance maintained
- Negative performance

Challenges experienced

- The lack of demand for COVID vaccines resulted in ready and committed, but unutilised, capacity at our Gqeberha site.
- High worldwide inflation has resulted in significant cost pressures.
- The pharmaceutical supply chain is complex, and optimally matching supply with demand in multiple territories remains a focus area for the Group.

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 conclusion of a sterile manufacturing agreement with Novo Nordisk, together with the increased production volumes following the transaction with Serum Institute, will contribute positively to the utilisation of sterile manufacturing capacity at the Gqeberha site.
- The successful conclusion of three sterile manufacturing agreements with multinational pharmaceutical companies for production at Notre Dame de Bondeville, including mRNA filling, materially contribute to the foundation of our strategy to fill our sterile manufacturing capacity.
- The process improvement initiatives underway at some of our key sites are expected to yield further efficiency gains.
- Despite the expected continuation of inflationary pressures, further reductions in costs of goods are expected to cushion the impact.
- Our integrated supply chain and niche manufacturing capabilities, matched with our global distribution capabilities, place 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.

Material matters





Our strategic business performance continued



Strategic objective: To develop and retain a talented, agile and diverse workforce inspired to achieve operational excellence.

Performance highlights

- Further progressed the implementation of our Group Human Capital Strategy, with global talent management, and equity, diversity and inclusion receiving heightened strategic focus.
- Quarterly meetings of the Global Human Capital Leadership Council to drive consistent implementation of the Group Human Capital Strategy.
- Launched the Group Anti-Harassment, Anti-Discrimination and Anti-Bullying Policy.
- Increased focus on overall employee well-being supported by the launch of our new Group well-being framework.
- Launched a revised leadership competency model and realigned leadership development programmes.
- Focused on succession planning for both the Executive Committee and senior management.
- Completed further organisational redesign projects to improve operational effectiveness.
- Continued efforts aimed at the targeted restructuring of the workforce in selected operations to achieve required operational efficiency.
- Further enhanced the Group universal incentive scheme aimed at achieving alignment between the Group, business units and individuals in setting, measuring and achieving performance objectives.
- Developed a Human Capital Technology Enablement Strategy.
- Maintained our historically high safety standards with zero incidents of occupational fatalities and a TRIFR lower than the tolerance level.

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 inherent health and safety risks relating to the pharmaceutical and chemical industry require an unwavering focus on maintaining a strong occupational health and safety culture across all our operations.

Near to medium-term outlook

- The continued implementation of the Group Human Capital Strategy will further progress our objective to create an engaging, enabling and inclusive environment for all our employees.
- The deployment of digital technologies will improve the employee experience, drive improved human capital service levels and create opportunities for data-driven insights.
- Further organisational redesign projects will be performed where required, 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 occupational health and safety culture across our operations continue to receive attention.

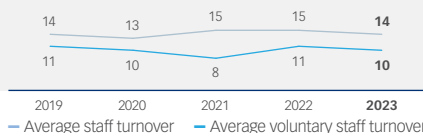
Key risks and opportunities

- Attraction, development, well-being and retention of employees
- Digital transformation and information security
- Ethical conduct and stakeholder relationships
- Legislation, regulation and compliance

Material matters

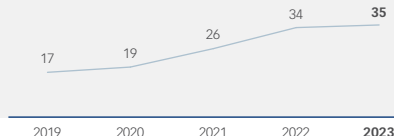


KPI: Average staff turnover (%)



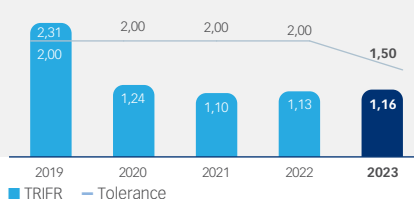
- Overall staff turnover and voluntary staff turnover rates have shown a slight improvement. We continue to face high competition for employees in certain markets while voluntary departures as part of organisational redesign projects in certain business units also contributed to turnover experienced.

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 35% as efforts continue to advance women within the organisational structure.

KPI: Total recordable incident frequency rate (ratio)



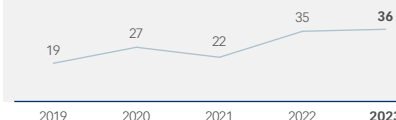
- The TRIFR, while showing a slight increase, remains below the tolerance level indicating a sound health and safety culture. No occupational fatalities were recorded. The investigation, analysis and remediation of all incidents remains a focal point in order to prevent recurrence.

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



- Training spend has gained further momentum in FY2023, following the negative impact as a result of restrictions in travel and face-to-face gatherings imposed during COVID. Training interventions included technical skills, SAP and leadership programmes.

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



- The percentage of black employees in the top management roles in South Africa has improved to 36% as we remain focused on improving representation in our senior management levels.

- Positive performance
- Performance maintained
- Negative performance



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

- Executive Sustainability Forum provided strengthened oversight of our sustainability performance and reporting to the Social & Ethics Committee continues to be enhanced.
- Retained our inclusion in the Top 30 FTSE/JSE Responsible Investment Index Series and FTSE4Good Index Series.
- Maintained our support of the UN Global Compact, the Carbon Disclosure Project for Climate Change ("CDP-CC") and Carbon Disclosure Project for Water Security ("CDP-WS") initiatives.
- Conducted a climate scenario analysis and further enhanced our reporting on climate-related risks aligned with the recommendation of the TCFD.
- Ethical culture assessed as "mature" through an independently performed Group-wide ethical culture survey.
- Strengthening of our Ethics & Compliance policy framework and programme.
- Establishment of the Executive Transformation Committee to achieve focus on targeted transformation initiatives in the South African business and the achievement of B-BBEE objectives.
- Continued our support of SED projects contributing to the well-being of the communities in which we do business.
- Progressed various environmental projects, including initiatives that will reduce carbon emissions.
- Integrated sustainability/ESG KPIs in business unit scorecards and long-term incentive scheme

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.
- Review of the form and structure of our Group Ethics & Compliance function to align to the increasingly complex compliance landscape.
- Continued investment in appropriate skills development and enterprise development initiatives as well as a focus on preferential procurement to further improve our B-BBEE performance.
- In line with our Group SED Policy, projects aligned to specific objectives will be continued in the countries in which we do business.
- 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 changing expectations of our various stakeholders.

Key risks and opportunities

- Environmental sustainability, including climate action
- Ethical conduct and stakeholder relationships
- Legislation, regulation and compliance

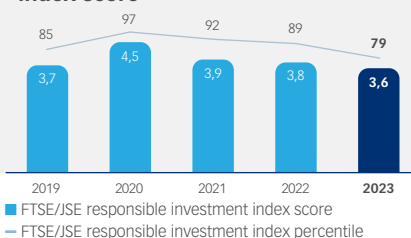
Material matters

MM1

MM6

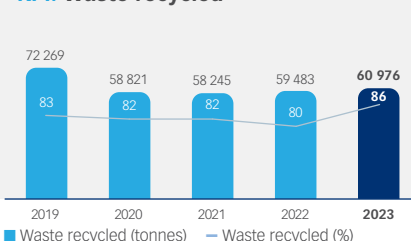
MM7

KPI: FTSE/JSE responsible Investment Index score



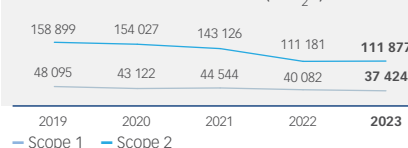
Our score on the FTSE/JSE Responsible Investment Index reduced to 3.6, placing us at the 79th percentile in the Health Care sector peer group. The reduction in score is attributable to certain criteria relating to training on anti-bribery and corruption not being scored by FTSE (although accepted in the prior year). We have retained our inclusion in the Top 30 FTSE/JSE Responsible Investment Index and FTSE4Good Index.

KPI: Waste recycled



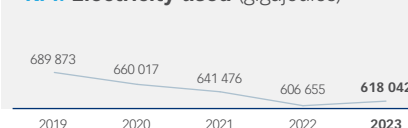
The total volume of waste generated decreased by 4% while the volume of waste recycled increased and resulted in an improvement of our waste recycled metric. While some operational factors influenced the volume of waste generated, this was largely influenced by the non-recurrence of high volumes of construction waste generated following the fire and subsequent rebuild of the Alphamed site this year.

KPI: Carbon emissions (tCO₂e)



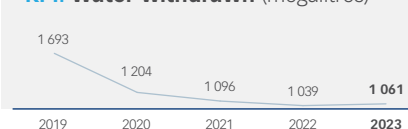
Total carbon emissions have decreased, with Scope 1 emissions reducing by 9% and Scope 2 increasing marginally by 1%. The reductions are as a result of operational factors, notably a reduction in natural gas consumption by Oss, coupled with the implementation of energy-saving and renewable energy projects. The slight increase in scope 2 emissions is attributable to the resumption of production activities at Alphamed.

KPI: Electricity used (gigajoules)



Electricity consumption increased by 2% over the prior year, mainly as a result of the resumption of production at the Alphamed site. Over the five-year period, electricity consumption has reduced by 10%.

KPI: Water withdrawn (megalitres)



There has been a 2% increase in the volume of water withdrawn due to operational reasons, notably poor quality of municipal water and increased production at certain sites. Over the five-year period, water withdrawn has reduced by 37%.

KPI: B-BBEE accreditation in South Africa

	2019	2020	2021	2022	2023
Contributor level	4	4	4	4	4

Through executing a focused B-BBEE strategy, we have retained our contributor status at Level 4.

- Positive performance
- Performance maintained
- Negative performance



Our strategic business performance continued



Strategic objective: To create sustainable economic value for our stakeholders.

Performance highlights

- Created R19 446 million in value, with R9 147 million being paid to employees, R1 899 million in revenue being generated for governments, R22 488 million in payments being made to providers of goods and services and R21 million to support various SED initiatives.
- Value returned to shareholders through an increase in dividend to 342 cents per share.
- Achieved strong H2 performance, ending the year with revenue growth of 5% and normalised EBITDA growth of 1%.
- Tight controls implemented over operating expenses contributed positively to EBITDA margins.
- Despite increased investment in heparin inventory levels, a strong H2 cash conversion rate of 115%, resulted in the full year rate of 88% and a growth in operating cash flow per share of 5%.

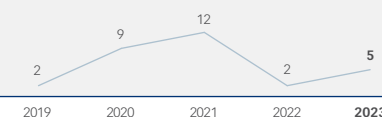
Challenges experienced

- Sales in certain product segments negatively impacted by COVID, notably the renewed lockdown in China.
- Geopolitical situation in Russia and Ukraine continued to impact our business in these countries.
- Loss of demand for Aspenovax COVID vaccine.
- Ongoing downward pressure on selling prices.
- VBP impacts in China.
- Inflationary cost pressures.
- Investment in non-revenue-generating technical transfer activities relating to the onboarding of new sterile manufacturing opportunities.
- Weaker emerging market currencies relative to the Euro and higher interest rates negatively impacted NHEPS.
- Evolving pharmaceutical regulations and application of increasingly stringent quality standards leading 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

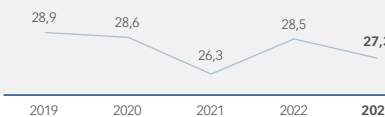
- The product portfolio additions in Latin America and South Africa, together with product launches and opportunities from our focused product pipeline, provide potential for double-digit reported revenue growth in Commercial Pharmaceuticals for FY2024.
- While VBP risk in China is expected to continue, potential acquisitive opportunities are being actively explored to diversify and de-risk the product portfolio in that country.

KPI: Revenue growth (%)



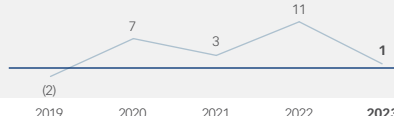
- Revenue grew by 5% to R40 709 million with Commercial Pharmaceuticals revenue increasing 6% and Manufacturing revenue increasing 3%. Reported revenue results are favourably impacted by currency tailwinds as well as solid underlying organic growth in Commercial Pharmaceuticals. Manufacturing performed well, overcoming the loss of COVID-19 vaccine sales.

KPI: Normalised EBITDA margin (%)



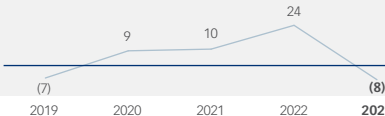
- The normalised EBITDA margin percentage has declined due to the loss of the COVID vaccine contribution.

KPI: Normalised EBITDA growth (%)



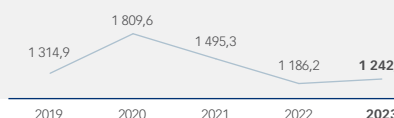
- Normalised EBITDA growth was negatively impacted by the loss of COVID vaccine contribution.

KPI: NHEPS growth (%)



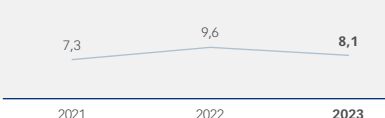
- Reported NHEPS growth significantly diluted by higher net financing costs, primarily driven by foreign exchange losses arising from weaker emerging market currencies relative to the Euro and partly due to higher interest rates.

KPI: Operating cash flow per share (cents)



- Operating cash flow improved year-on-year despite the Group having to increase heparin inventory levels to support the conclusion of an extended heparin supply agreement with Viatrix.

KPI: Return on invested capital (%)*



- The decrease in the return on investment reflects the lower operating profit margins achieved driven by the loss of COVID vaccine contribution and the benefit of a profit on sale of products divested in South Africa recorded in the prior year.

- Positive performance
- Performance maintained
- Negative performance

* This KPI was only measured from 2021 and therefore no prior comparatives are available.



Our strategic business performance continued



Strategic objective: To create sustainable economic value for our stakeholders continued

Performance highlights

- Leverage ratio maintained at a comfortable level at 1,89 times at financial year end, comfortably within our internal limit of 3,0 times.
- Commercial Pharmaceuticals transactions concluded during the financial year and within the months after year-end achieve significant advances in this segment's strategy in enhancing our product portfolio in emerging markets, notably Latin America and South Africa.
- Sterile manufacturing agreements secured with multinational pharmaceutical companies materially contribute to the objective of filling our sterile manufacturing capacity at our Notre Dame de Bondeville and Gqeberha sites.

Near to medium-term outlook

- The securing of long-term manufacturing contracts, together with the Serum agreement, materially contribute to the foundation of our medium-term strategy to fill our sterile manufacturing capacity.
- The agreement reached with Serum Institute will potentially deliver commercial benefit later in CY2024.
- Continued focus on initiatives aimed at reducing operating costs and driving production efficiency.
- The transition of Anaesthetics production to our own facilities is expected to generate reductions in costs of goods.
- Our favourable relationships with many multinational pharmaceutical companies position us to engage with them regarding collaborations and mutually beneficial transactions.
- 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.

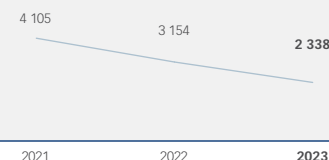
Key risks and opportunities

- Delivery of pipeline and new products
- Digital transformation and information security
- Execution of our business strategies
- External macro factors
- Legislation, regulation and compliance
- Realising the expected benefits from acquisitions and divestments

Material matters

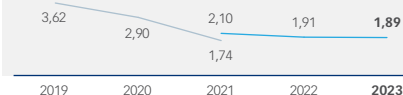


KPI: Free cash flow (R'million)*



Free cash flow was negatively impacted by the elevated working capital levels, principally inventory in Manufacturing.

KPI: Leverage ratio (%)



— Leverage ratio (as reported)
— Leverage ratio (revised methodology)*

Net Borrowings in CER remained flat and resulted in a leverage ratio comfortably within the covenant level of 3,5 times and below management's maximum level of 3,0 times.

* These KPIs were only measured from 2021 and therefore no prior comparatives are available.

- Positive performance
- Performance maintained
- Negative performance



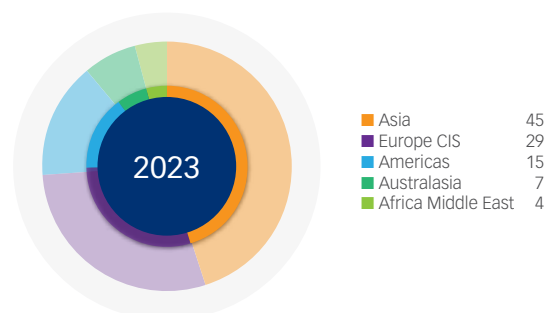
Business segment overviews



Sterile Focus Brands

Aspen's Sterile Focus Brands encompass a diverse range of trusted post-patent pharmaceutical products designed primarily for acute hospital settings. This diverse portfolio places a strong emphasis on sterile preparations and covers critical medical areas such as anaesthetic and thrombosis therapies.

Sterile Focus Brands' revenue (%)



26%
of Group revenue

34%
of Group gross profit

	2023 R'million	2022 R'million	% Change	
			Reported	CER
REVENUE				
Asia	4 768	4 503	6	(3)
Europe CIS	3 073	3 143	(2)	(11)
Americas	1 627	1 439	13	(2)
Australasia	677	643	5	(3)
Africa Middle East	443	525	(16)	(18)
Total	10 588	10 253	3	(6)
Gross profit percentage	60,6%	60,7%		

Key brands

Brand	Description
Diprivan	General anaesthetic
Emla	Local anaesthetic
Fraxiparine	Low molecular weight heparin
Xylocaine	Regional anaesthetic
Marcaïne	Regional and spinal anaesthetic
Ultiva	Opioid analgesic

Performance

Sterile Focus Brands first half performance was negatively impacted by the COVID lockdowns in China and the ongoing Russia-Ukraine war. However, the second half enjoyed a strong rebound with reported revenue increasing by 14% (CER +2%) compared to H2 2022. This positive turnaround was primarily driven by improved performance in the Americas and the lifting of lockdowns in China resulting in a robust second-half performance relative to the corresponding prior year. Full year revenue grew by 3% (CER -6%) to R10 588 million aided by the strong second half performance and exchange rate tailwinds.

The gross profit percentage of 60,6% was closely aligned with the previous financial year (FY2022: 60,7%) despite inflationary and logistical pressures, external supplier challenges and the negative impact of VBP in China. Continued cost of goods savings from insourcing anaesthetic production and a favourable sales mix have been key contributors.

Prospects

Revenue and EBITDA performance in FY2024 is anticipated to be adversely impacted by potential VBP risk in China on two products being Fraxiparine and Diprivan. To mitigate this VBP risk, potential acquisitive opportunities are being actively explored to diversify and de-risk the product portfolio in that country on a sustainable long-term basis.

The plan to transfer a large proportion of our anaesthetic portfolio from third-party contractor sites to Aspen-owned facilities in South Africa, France, and Germany has progressed with estimated cumulative savings of R400 million being achieved since inception. Delays in the South African and French facilities, primarily due to the reprioritisation of vaccine production and disruptions caused by COVID in previous years, have been particularly impactful. Consequently, the completion timeline and the extent of cost-saving advantages have extended beyond the initially communicated target of the 2024 financial year. This extension now spans an additional 18 to 24 months with a further R400 million of savings expected over the FY2024, FY2025 and FY2026 financial years.



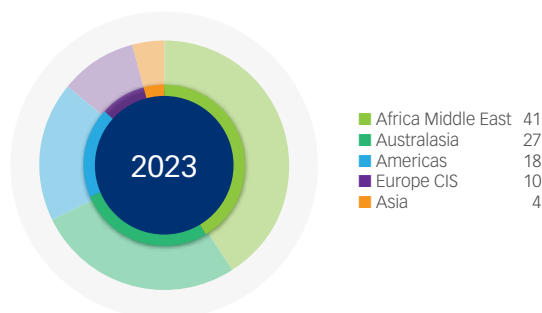
Business segment overviews continued



Regional Brands

Regional Brands portfolio is the largest revenue contributor and comprises a portfolio of global and domestically recognised brands across OTC, consumer, branded and generic prescription products. Our skilled in-country marketing and sales teams in key regions drive the organic growth of these well-recognised brands, ensuring they meet diverse healthcare needs worldwide.

Regional Brands' revenue (%)



46%
of Group revenue

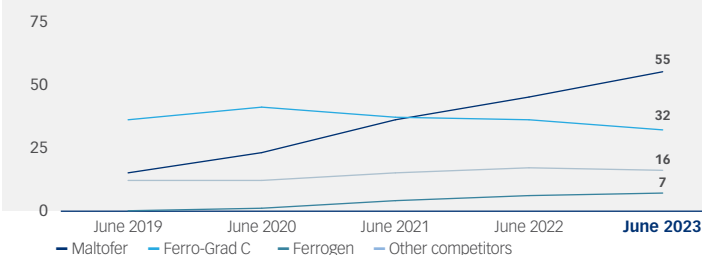
59%
of Group gross profit

	2023 R'million	2022 R'million	% Change Reported	CER
REVENUE				
Africa Middle East	7 711	7 878	(2,0)	(3)
Australasia	5 150	4 464	15,0	7
Americas	3 452	2 856	21,0	2
Europe CIS	1 774	1 594	11,0	2
Asia	737	613	20,0	9
Total	18 824	17 405	8	1
Gross profit percentage	59,6%	56,5%		

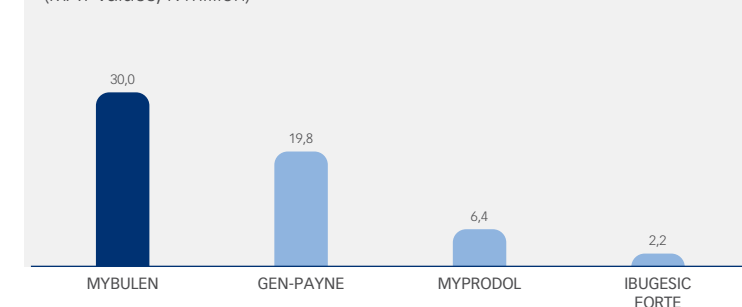
Key brands

Brand	Description
Circadin	Sleeping aid
Eltroxin	Thyroid hormone
Imuran	Immunosuppressant
Ovestin	Hormone replacement therapy
Maltofer	Iron supplement
Mybulen	Analgesic anti-inflammatory

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



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



Source: IQVIA June 2023



Business segment overviews continued

Performance

Growth momentum has been achieved in all regions. Africa Middle East, which is the largest region, grew 3% (CER +1%) on a comparable basis when excluding the prior year product portfolio divestment in South Africa (R381 million). Australasia, the second largest region, grew 15% (CER +7%) underpinned by strong growth in its OTC portfolio of 21%. Regional Brands have demonstrated resilience, stability, and consistent growth in an environment marked by global volatility.

The gross profit margin saw a notable increase, rising from 56,5% in the previous year to 59,6%. This improvement can be attributed to a favourable sales mix and cost of goods savings, which effectively counteracted inflationary headwinds.

Prospects

Based upon current exchange rates, double digit revenue growth is expected with a heavier H2 2024 weighting supported by base business organic growth and the recently announced product portfolio additions in Latin America and South Africa.

The South African business has a respected, professional and capable footprint across Southern Africa which has provided the foundation to attract further multinational partnerships providing mutual benefits by significantly outperforming a small standalone local entity. For Aspen, these collaborations provide it with access to new chemical entities ("NCEs"), biosimilars, branded products and a research-based pipeline without commoditisation risks. The annualised sales from the deals announced with Lilly and Amgen will be more than R800 million and over the medium term will be significantly enhanced by pipeline molecules inter alia including the following:

- From Lilly, which has one of the strongest pipelines globally, the anticipated registration and launch of Mounjaro in CY2024 plus five other NCEs to be launched in the short term covering oncology, immunology, pain and diabetes
- Biosimilar and NCE launches from Amgen in the short term in the therapeutic areas of oncology, immunology and ophthalmology complemented by a strong medium-term pipeline.

In Latin America, the recently announced transaction with Viartis is an exciting and significant step forward in building and expanding our emerging market footprint. With annualised sales of USD92 million (reported in December 2022) it will enable Latin America to become a key contributor to Regional Brands going forward. The product portfolio is expected to enhance current profitability ratios and importantly provides the region with increased critical mass in countries including Ecuador, Colombia, Peru, Chile, and Argentina supported by trusted key household brands including Viagra, Lipitor, Zylot, Norvasc, Lyrica and Celebrex.

Ongoing challenges posed by regulated price reductions in countries such as Australia and below-inflation rate price increases in South Africa will be addressed by focusing on the growth of our OTC portfolio, launching new pipeline products, and strategically pursuing further value-accretive acquisitions, which will bulk up Aspen's emerging market footprint.



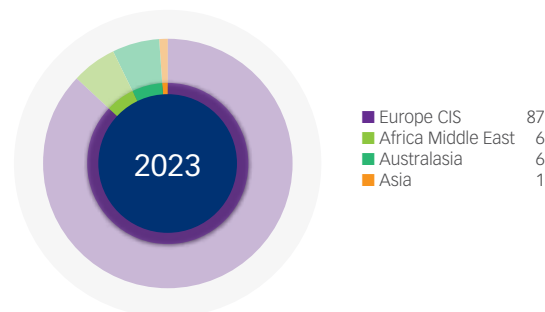
Business segment overviews continued



Manufacturing

Aspen operates 23 manufacturing facilities spread across 15 sites. Our strategic manufacturing sites have earned international accreditation from some of the world's most stringent global regulatory agencies. Our manufacturing capabilities encompass a wide range of product types, including steriles, oral solid doses, liquids, semi-solids, biologicals, and APIs.

Manufacturing revenue* (%)



* Based on source of manufacture

28%
of Group revenue

7%
of Group gross profit

	2023 R'million	2022 R'million	% Change Reported	CER
REVENUE				
Active pharmaceutical ingredients	5 024	4 894	3	(6)
Heparin	3 423	2 379	44	33
Finished dose form – Steriles	1 480	2 567	(42)	(47)
Finished dose form – Other	1 370	1 108	24	13
Total	11 297	10 948	3	(6)
Gross profit percentage	11,4%	20,6%		

Performance

Notwithstanding the loss of COVID vaccine sales, in the first year following the pandemic, revenue grew 3% (CER -6%) also benefiting from exchange rate tailwinds. The first half of the year saw a 10% decline (CER -12%) attributed to the discontinuation of COVID production, the loss of one month of production in the API segment due to strategic maintenance, as well as non-revenue-generating technical transfer activities for new products. However, the second half of the year witnessed a significant turnaround in the Manufacturing segment, with a 45% increase in reported revenues over the first half. This improvement was driven by enhanced performances in the API and Heparin segments.

The gross profit margins experienced a significant upswing, climbing from 5,2% in H1 2023 to 15,7% in H2 2023, supported by increased contributions from both the API and Heparin businesses culminating in a full-year margin of 11,4%. Nonetheless, this figure reflects a decrease of 9,1 percentage points compared to the FY2022 margin (20,6%). This decline can primarily be ascribed to the reduction in COVID vaccine contributions and, to a lesser extent, costs associated with the technical transfer of four routine vaccines, as part of the agreement with the Serum Institute of India announced in 2022. Grant funding amounting to USD30 million from the Bill and Melinda Gates Foundation and CEPI partially offset some of these costs.

Prospects

We are making significant strides towards achieving our strategic goal of realising returns on the substantial investment in sterile production. This progress is evident as we advance technical transfers for capacity filling and secure new manufacturing agreements. On technical transfers, the previously announced four routine paediatric vaccines – Pneumococcal, Rotavirus, Polyvalent Meningococcal, and Hexavalent – at our Gqeberha sterile facility has proceeded smoothly, well within the 12-to-24-month timeline set in 2022. The commercialisation of these products is dependent on future tenders and we hope to start generating revenue later in calendar year 2024.

Furthermore, our recently announced manufacturing contract with Novo Nordisk for the production of Human Insulin at our sterile facility in Gqeberha as well as the three multinational agreements for the Notre Dame de Bondeville facility, which include vaccines and mRNA technologies, are expected to contribute towards the previously communicated guidance of R2 billion and R4 billion contributions in CY2024 and CY2025, respectively. These developments underscore our commitment to harnessing the potential of sterile production and expanding our revenue streams.

Based upon current exchange rates, we expect the absolute gross margin to be flat with the prior year. This projection factors in several key considerations, including the expected initiation of technical transfers in H1 2024, for the commercialisation of the announced opportunities. These transfers will impact production at Notre Dame de Bondeville. Additionally, our guidance accounts for the loss of grant funding that was received in the previous year to partially cover the technical transfer costs for the four routine vaccines. We expect revenue to increase in the second half of the year as some of the manufacturing agreements begin to contribute to our revenue stream. These factors collectively inform our outlook for the Manufacturing segment's gross margin.



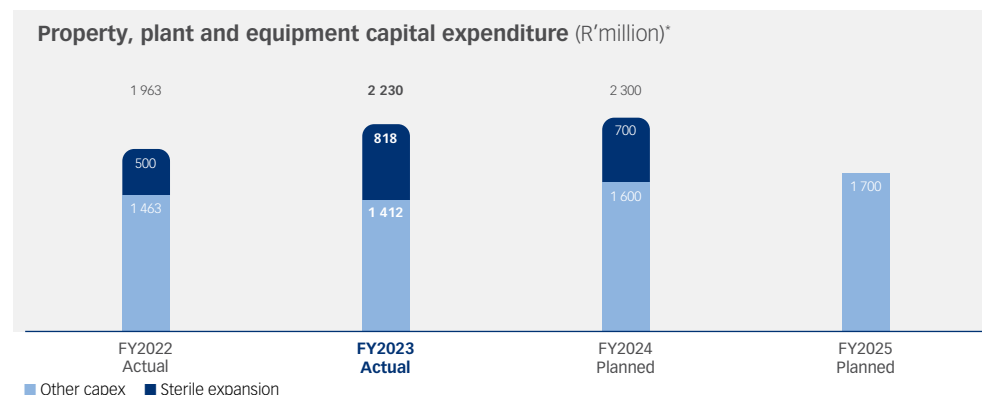
Manufacturing operational overview

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 differentiation in an increasingly commoditised environment. Our sterile capacity and capability offers an additional strategic advantage when considering the increased demand for vaccines and other steriles, including biological products.

Building a globally relevant sterile footprint

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 upgrading our world-class manufacturing facilities, in addition to the implementation of state-of-the-art electronic systems and IT capability, support our ability to supply quality products, ensure ongoing compliance with GMP and create 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 R2,2 billion (2022: R2,0 billion). A further R2,3 billion is planned for FY2024 driven by the additional sterile manufacturing capacity to be used for vaccines and other steriles including biological products. The level of capital expenditure on these strategic projects is expected to reduce from FY2025.



* Capital expenditure excludes interest on the cost of funding capitalised to the projects.

Following the transactions with AstraZeneca AB and AstraZeneca UK, and GlaxoSmithKline Plc, which resulted in the acquisition of our Anaesthetics portfolio, we are transitioning supply of some of the products from their manufacturing sites to our own sites and supply chain network, providing us with a strategic opportunity to pursue synergies. Significant capital projects to support these transfers are in various stages of completion at the Gqeberha, Notre Dame de Bondeville and Bad Oldesloe sites in order to effect these manufacturing transfers. Commercial production of these products at the Gqeberha and Bad Oldesloe sites commenced in FY2022, with commercialised production at the Notre Dame de Bondeville site expected in FY2024.

During the year, we have been focused on effecting the technical transfer activities relating to the four Serum Institute vaccines. These activities are progressing according to expected time frames and first commercial production of these vaccines is expected later on in CY2024. Activities undertaken during the past two years have also focused on demonstrating our technical contract manufacturing capability and capacity to several multinational companies at both the Notre Dame de Bondeville and Gqeberha sites. These efforts resulted in securing three sterile manufacturing agreements with multinational pharmaceutical companies at Notre Dame de Bondeville, including one for mRNA-filling capabilities planned for commercial production in H2 2024. In addition, an agreement was concluded with Novo Nordisk post year-end for the contract manufacture of Human Insulin at the Gqeberha site. The collaboration with Novo Nordisk allows for the local conversion of the insulin into finished dose form vials. This production will utilise the sterile infrastructure at this site including some utilised for the COVID vaccine production and it is expected to commence at the beginning of CY2024. These contracts significantly advance our capacity-fill strategy and position our sterile manufacturing facilities to contribute meaningful returns on the investments made.

Oral solid dose manufacturing

Gqeberha, South Africa

We remain focused on increasing the complex manufacturing output at the Gqeberha site. This site has the ability to provide flexible high-volume manufacturing and packing capabilities for a variety of oral solid doses to several countries through the different regulatory approvals held by the respective facilities. Continuous improvement projects in respect of these facilities are progressing well, with key projects being:

- the implementation of SAP to replace the legacy ERP system which was no longer fit-for-purpose and presented a stability risk to the site. While some implementation issues were experienced, the delays are being recovered. The SAP ERP provides a stable platform for increased digitalisation opportunities and efficiencies for the site;
- the Manufacturing Execution System ("MES") implementation for selective facilities prior to the SAP Go-Live date was completed on time. Roll out to the balance of the oral solid facilities will be resumed post the SAP stabilisation period;
- the implementation of the Laboratory Information System ("LIMS") across all laboratories in SA Operations has been completed. The second phase of this project, which includes the connection of the analytical instruments directly to the LIMS, has commenced and will be completed by June 2024;
- the organisational redesign in the Quality Control laboratories has been completed successfully and outsourced testing has been eliminated since May 2023;
- increased focus on initiatives to enhance competence at all levels across the site to ensure sustainable long-term performance;
- projects aimed at self-sustainability in electricity supply have progressed to the conclusion of a Power Purchase Agreement for an on-site power supply project that converts plastic waste to synthetic gas through pyrolysis. Construction and air emissions applications are in progress and the project is expected to be completed in Q1 CY2025. This project, together with other renewable energy sources on site, will provide sufficient energy for the site to have no reliance on the municipal power grid. In the interim, sufficient back-up power supply is available on a rental contract;
- investigation into the conversion of all refrigeration facilities to a centralised ammonia system is at an advanced stage. A "Cooling as a Service" concept is being considered and a decision on the viability of this concept will be made in Q3 2023. The aim is to convert to an environmentally friendly refrigerant while improving efficiency and reducing cost; and



Manufacturing operational overview continued

- the construction of a biomass steam generation plant is complete with the first steam from this plant coming on stream in September 2023. This will eliminate the use of HFO as a fuel for steam generation, improving both carbon emissions and cost (refer to the case study on [page 59](#)).

Semi-solid and liquid dose manufacturing

Bad Oldesloe, Germany

We have invested in extension projects at our Bad Oldesloe site to position it to play a strategic role in our manufacturing strategy. The progress on key initiatives is as follows:

- the extension of the manufacturing and packing lines to accommodate the transfer of anaesthetic liquids, creams and ointments has been completed. Two lines are already producing product for market supply and two lines are being prepared to produce for market supply in Q1 CY2024; and
- the project to instal a new blow-fill seal line is almost complete. Construction of the building and the installation, qualification and product validation have been completed. The first commercial production is scheduled for Q4 CY2023. 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

- Activities to introduce anaesthetics production have commenced, a significant step in the evolution of this site. All construction phases of the new SVP 2 facilities have been completed and all equipment commissioned. The first commercial batches were manufactured in March 2021. Validation batches for the balance of the products is ongoing with the latest being completed in July 2023. 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 SKUs being added to the existing portfolio during the ramp-up phase over the next four years.
- Additional new contract manufacturing organisation ("CMO") products are being introduced into the new sterile facility. Some modifications are being made to accommodate these, with construction being completed on 31 August 2023 and validation batches planned for November and December 2023. Commercial production is planned for Q1 CY2024.
- The facility received a vaccine manufacturing licence from the SAHPRA in February 2021. Production of the Johnson & Johnson COVID vaccine ceased in September 2022 and the focus has now moved to technical transfer and commercialisation of four vaccines from Serum Institute.

Notre Dame de Bondeville, France

- The new suite to manufacture anaesthetic dosage forms is complete, the validation of the polyampoule lines is in the final phase and the regulatory submission plan is under execution. The first commercial production is planned in FY2024.
- The internal project to increase the capacity of the prefilled syringes platform on site is complete:
 - the full prefilled syringe manufacturing platform is now in operation including the most recent high-speed line (60 000 syringes per hour);

- the new automatic inspection line is in operation after a successful qualification and validation. This line brings additional capacity and capabilities on site for automatic visual inspection; and
 - the fully automated terminal sterilisation platform is qualified and validation is planned in FY2024.
- The technical transfer plans for the introduction of new products on site are under execution as planned in partnership with external customers. These projects require investment in specific capabilities and capacities, knowledge transfer and organisational changes.
 - The transfer of new diluent production has been successfully completed.
 - An extension to the warehouse to construct a cold chamber (approximately 1 500 pallets) has commenced to deal with the special requirements of vaccines storage. These works will be completed in FY2024.
 - New equipment in the production and laboratory areas is under installation and qualification in preparation for vaccine production validation planned in FY2024.

Technical transfer process

Technical transfers ("TTs") refer to the transfer of manufacturing processes and expertise from one pharmaceutical company to another, customarily as part of the terms of agreement during product acquisitions or through contract manufacturing agreements. Capital investment and non-revenue-generating capacity utilisation is required to achieve a successful TT, which typically takes 12 to 18 months to complete. TTs provide opportunity for valuable product portfolio, manufacturing capability and capacity expansion. As a preferred international pharmaceutical manufacturing partner, we have well-established credibility with implementing TTs for complex, sterile manufacturing, and life-saving products. TTs comprise multi-phased, intricate steps based on best practice and GMP protocols. The process is managed by multidisciplinary teams with team leads coordinating via an integration project management team, complemented by a dedicated TT team. A Manufacturing Science and Technology team subsequently maintains the product during the commercial phase of the product lifecycle.

Technical Transfer process:



Information exchange

Technical feasibility including cold chain

Environment, health and safety assessment

Tech transfer protocols, environment and equipment qualification

Regulator approval and permits application

Conclude agreement

Costing for capital expenses and materials

Progressing Technical Transfer to production:



Analytical method transfer

Trial batch manufacture and testing

Validation batch manufacture

Product release

Validation sign-off



Patient

Transport

Commercialise

Regulator approval

Submission to Regulator



Manufacturing operational overview continued

API manufacturing

Our API network comprises seven owned sites; 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 the use of two API manufacturing blocks situated at Laurus Labs Limited ("Laurus Labs") 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

Initiatives at the De Geer site include the following:

- an ongoing automation upgrade for all the vessels in the chemical plant to further reduce manual operator tasks. This project will be installed and validated at the beginning of FY2024;
- a project has been initiated within the powder processing and dispensing ("APPD") facility, to achieve a smaller particle size (<10 µm) for our APIs by adapting our current equipment;
- preparative work is ongoing in the Chemical plant for the MES implementation which is expected to be completed in FY2025/2026; and
- based on risk assessments, further investments are needed for processes where we use acetylene. The project to adapt the vessels for this has been started.

Initiatives at the Moleneind site include the following:

- a new fire extinguishing system has been installed in all production buildings; testing is ongoing and it is expected to be ready by beginning FY2024. This mitigates business risk and reduces the size of the mandatory company fire brigade;
- projects are ongoing to upgrade and renew the high-performance liquid chromatography ("HPLC") equipment skids which are in use for peptide and the related API manufacture;
- several older facilities were demolished and obsolete installations removed;
- the partial automation of several vessels is being executed to eliminate the possibility of spills; and
- an investment in filter drier capacity in the Biochem division provides support for a second-generation heparin process.

Fine Chemicals Corporation ("FCC") in Cape Town, South Africa

- A rigorous technical transfer programme focused on transferring the production of etonogestrel and bepridil from Oss to FCC is in progress as part of the ongoing steps to integrate FCC into the broader Aspen API chemical supply chain.
- The previously installed high containment powder-handling process centre (milling and micronising) commissioning is fully completed and in commercial production.
- The transfer of FCC's leading API (codeine phosphate) to a newly refurbished manufacturing block together with the successful commercialisation of a second-generation synthesis route, was completed.

- Recently installed laminar flow raw material dispensing booths were successfully validated.
- The integration of SAP has been completed and the systems fully transitioned. Further steps towards digital transformation continue, specifically with the extension of the site's wireless footprint. Significant progress is being made on LIMS implementation.
- Progress is being made regarding environmental sustainability with commissioning of FCC's aqueous waste treatment plant.
- Further steps are underway to enhance risk management at the site through the ongoing expansion of fire prevention and control systems, particularly related to the recently renovated flammable store.

 More details of Our manufacturing capabilities are available online

External supply manufacturing network

Our FDF manufacturing network also comprises supply from numerous global CMOs, several of which are located in Europe. A number of the products predominantly from our Anaesthetic portfolio have been transferred to our own manufacturing sites. This move will enhance ongoing supply sustainability within an integrated supply chain. 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.

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 SA Operations, 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.



Achieving impact through our sustainability pillars

In this section:


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Building homes for the Fandiño and Tovar families

Aspen's team in the Andean Region comprising Colombia, Ecuador and Peru, partnered with Colombian-based Catalina Muñoz Foundation to significantly change the lives of two families.

Through our heartfelt commitment and desire to make a meaningful difference, both the Fandiño and Tovar families received the gift of a house in celebration of Nelson Mandela International Day ("Mandela Day") 2023.

 [View this case study online.](#)



Patients



As a pharmaceutical company, and aligned to our purpose of improving the health and quality of life of patients, we have a responsibility, and the opportunity, to make a meaningful contribution to the global challenge of making healthcare available to all.

Strategic objectives



Stakeholders



Capitals



Our impact

- Improved health and quality of life for the patients who use our medicines
- Maintained a reliable supply of quality and affordable treatment options and medicines for HCPs and healthcare systems
- Increased capacity and technical know-how to respond to emerging healthcare crises in Africa, and the world
- Commenced technical transfer of four Aspen-branded vaccines for Africa

180 medicines

on the WHO Essential Medicines List

Patients in more than

60 low- and middle-income countries

treated with our medicines

11 SED initiatives

aimed at strengthening healthcare, including emergency product donations

Our material sustainability topics

- Access to medicines
- Animal welfare
- Health security
- Patient safety
- Reliable supply of quality products
- Responsible advocacy
- Responsible marketing
- Responsible product portfolio



Additional information available online

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

Our contribution to SDGs

We contribute to the following SDG and targets through our actions aligned to our material sustainability topics:



Ensure healthy lives and promote well-being for all at all ages

3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being

3.8 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all

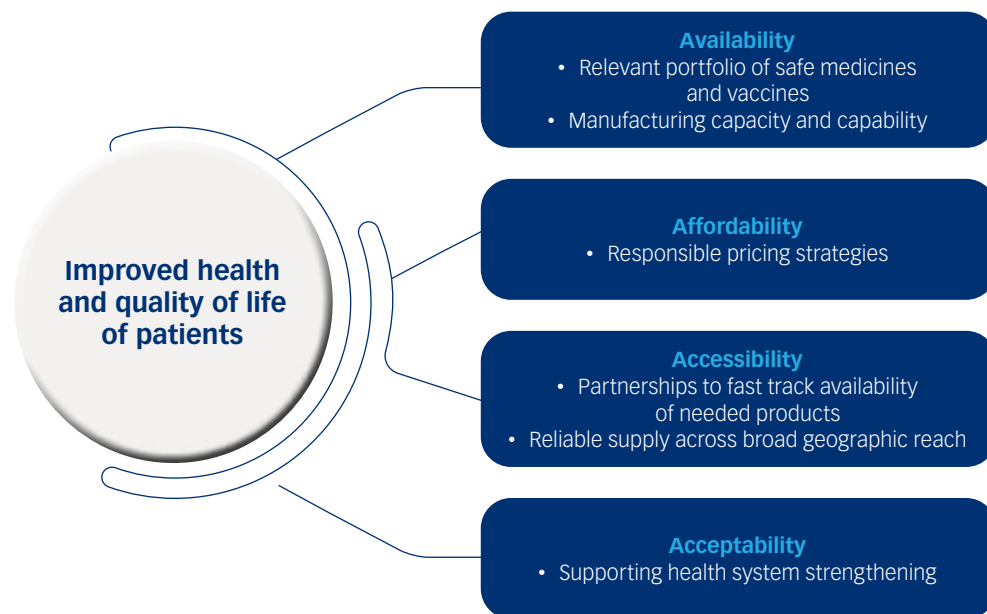
Our commitment

We are committed to promoting access to medicines by providing a reliable supply of high quality, affordable products across the geographies of our operations.





Patients continued



Access to high quality, affordable medicines

Access to affordable healthcare is a global priority. We support the WHO's promotion of Universal Health Coverage and are committed to advancing the goals and outcomes of the UN SDG 3 of "ensuring healthy lives and promoting well-being for all at all ages". We believe that our market position as a global pharmaceutical company with a relevant portfolio of medicines and vaccines is the most fundamental way in which we contribute to increasing access to medicines and furthering the global goal of universal access to healthcare. 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.

We are intently committed to making our increased sterile manufacturing capacity available to ensure equitable access to vaccines for less developed countries, with a particular emphasis on African countries. We have demonstrated our ability to produce vaccines and are well positioned to make a meaningful contribution to strengthening health security and achieving enhanced access to high quality,

affordable medicines. We are proud of our partnership with the Bill & Melinda Gates Foundation and CEPI through which we have received grant funding to support African regional manufacturing capacity for an affordable supply of vaccines to, among others, African countries and Gavi/UNICEF, as well as contributing to pandemic preparedness through a share of our manufacturing capacity over a period of 10 years.

We share the responsibility to build resilient and sustainable healthcare systems with governments and private stakeholders, such as healthcare professionals, non-governmental organisations and other private sector participants.

During this year, we have progressed our work on our access to medicines position paper aimed at galvanising our efforts to contribute toward the achievement of this goal which is at the forefront of our sustainability strategy. We have recently established a Global Access to Medicines Committee to further advance the crafting of our access to medicines strategy focusing on the following key elements:

Essential medicines

Our diverse product portfolio in targeted therapeutic areas and unique trusted brands provides effective treatment options for patients. 180 of our products are included in the WHO Model List of Essential Medicines List (issued 2023).

Product reach

Our medicines are accessible to patients in over 115 countries and regions, including patients in emerging economies. In the 2023 financial year, we supplied medicines to more than 60 low- and middle-income countries (and 48 of the 108 countries identified in the Access to Medicines Index as countries where better access to medicines is most needed).

Affordability and pricing

Our product portfolio mainly comprises 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. Pricing decisions are overseen by the Group's Pricing Committee, established to ensure an appropriate balance of responsible pricing and business sustainability.

Collaboration to manufacture, market and distribute four Aspen-branded vaccines in Africa

Our collaboration agreement with Serum Institute to manufacture, market and distribute four vaccines – the pneumococcal vaccine, the rotavirus vaccine, the polyvalent meningococcal vaccine and the hexavalent vaccine – provides the opportunity for Aspen to support African nations with their Expanded Programmes on Immunisation.

Manufacturing capacity and capability

Our 23 manufacturing facilities (14 of which are situated in low- and middle-income countries) support our strategy of supplying high quality and affordable medicines to the patients that need them. In particular, the investment in our South African facilities has boosted the availability of complex, sterile and vaccine manufacturing capacity and capability on the continent of Africa. While supporting the manufacture of our own product portfolio, our contract manufacturing agreements with multinational pharmaceutical groups further contribute to the availability of essential medicines and vaccines for patients.



Patients continued

Collaboration with leading global pharmaceutical companies

Through our strong positioning in emerging markets, and our reputation as a trusted business partner, we seek to collaborate with leading global pharmaceutical companies to market, distribute and/or sell portfolio niche products in emerging markets. Through these partnerships, we contribute to ensuring a reliable and safe supply of medicines to patients who might otherwise not be served.

Product portfolio

Our medicines fall into the following business segments:



Regional Brands

page 67

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 66

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 both 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 on the low molecular weight heparin, Xa inhibitors and heparin derivatives.

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

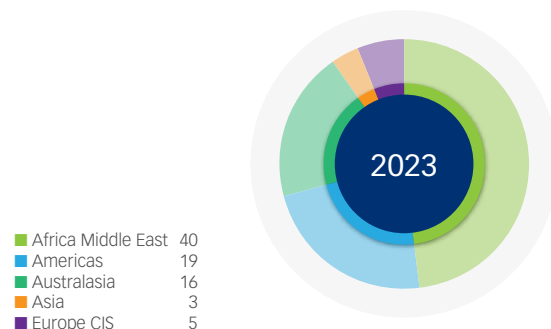
companies and research facilities. Products in the pipeline are aimed at therapeutic categories relevant to disease profiles in each territory. The pipeline continually undergoes technical and commercial feasibility testing for the territories where they are aimed to be launched. Acquisitive growth, 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.



Patients continued

During the year, we continued to launch new products and grow our pipeline, with 83 products launched in 28 countries and territories.

Number of launches per region (83 in total) (%)



We also concluded an agreement with Amgen in terms of which we will exclusively market, distribute, use and sell Amgen's products in South Africa for an initial period of five years (which will be renewed). Amgen is a biotechnology pioneer whose medicines treat serious medical conditions. The transactions include future pipeline products and an opportunity for expansion into the rest of sub-Saharan Africa.

The following agreements, concluded after year end and subject to closing conditions, will also significantly enhance Aspen's product portfolios in emerging markets:

- an acquisition of the commercialisation rights and related intellectual property of a portfolio of well-known branded products from Viatris in Latin America;
- an agreement with Lilly in terms of which we will distribute and promote Lilly's products in sub-Saharan Africa for an initial term of 10 years, automatically renewable for two further periods of five years; and
- contract manufacturing agreements with Novo Nordisk for the technical transfer and commercial manufacture of Human Insulin.

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 our Group Policy on Product Promotion and Scientific Engagement, which is aligned with the International Federation of Pharmaceutical Manufacturers & Associations' Code of Practice. The policy and its related procedures, are aimed at ensuring that Aspen's promotional activities and interactions with HCPs, healthcare organisations, government officials, regulators, patient groups, media and the general public are carried out in a responsible, ethical, professional and legal manner. Designated Aspen staff conduct certification training to ensure understanding and application of relevant principles. 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 by Aspen's businesses is monitored through the Group quality audit schedule. This is a new initiative initiated in Q4 2022. There were no instances of non-compliance with regulations related to marketing and promotion identified during the year.

Our Global Aspen Learning Academy provides training to our qualified medical representatives across the Group, ensuring that they have specialist product knowledge to support and guide HCPs with whom they interact. This includes competency training for all the trainers responsible for disease and product knowledge as well as other trainers within the organisation. We have further initiated continuous improvement projects for the standardisation of learning materials for brands shared across our learning management systems to support certification. The Aspen Learning Academy conducts 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 Supplier 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 of 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. In order to obtain registration of our products in certain markets, like China, it is a requirement to submit clinical data relevant to the local population. Therefore, we are planning to conduct two studies in China to fulfil the regulatory requirements for two of our well-established products.



Patients continued

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 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.

Animal testing

To date, we have not undertaken pre-clinical research, but on very rare occasions, we have been required by regulatory authorities to conduct animal testing as part of new drug development or to determine the safety of manufactured APIs. Where animal testing has been required by regulatory authorities, we have outsourced only to partners who adhere to our high ethical standards. Considering that in future we may need to undertake pre-clinical research in respect of vaccine development, regulatory validation and quality release testing using animals, we have adopted a formal policy on animal research. This policy espouses our commitment to the three Rs: reducing the number of laboratory animals required by improving existing methods of testing; refining existing methods; and finding alternative methods (replacement).

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 Aspen Quality Assurance department as well as various regulatory agencies conduct audits of potential and existing suppliers to support the high-quality objectives and compliance with 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.

Clinical studies are not routinely performed, unless required to support new product registration. This is to ensure the required safety and efficacy data is obtained before a product is brought to market. Two studies are currently planned to fulfil this requirement.

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

Eight product recalls were initiated during the year, marginally increasing from seven in the prior year. These product recalls were mostly because of incorrect packaging, labelling and health authority requests for affected batches only, however, two were as a result of SAHPRA requesting a withdrawal of all pholcodine-containing products due to a safety signal. All product recalls are thoroughly investigated and appropriate corrective action taken to minimise the risk of reoccurrence.

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 in European, Asian and Middle Eastern markets where required.

Markets in scope for implementation going forward are Indonesia (October 2024), Argentina (serialisation at site – December 2023), USA (aggregation – November 2023) and Malaysia (2028). Currently Brazil, Canada and Australia are not in scope.

Reliable supply of quality products

We have commenced a strategic transformation project, referred to as Integrated Business Planning ("IBP"), 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.



Our People



To deliver on our purpose of improving the health and quality of life of patients, we must attract, develop and retain diverse people who are the best at what they do.

Strategic objectives



Stakeholders



Capitals



Our impact

- Provide employment and opportunities for growth and development in the geographic regions in which we operate
- Maintain a diverse and inclusive working environment free of discrimination and harassment
- Implemented further programmes to support employee health and well-being

R9 billion in salaries and benefits paid to our more than 9 100 employees

R59,8 million invested in training and development initiatives

35% female representation in senior roles

Zero occupational fatalities

Our material sustainability topics

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



Additional information available online

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

Our contribution to SDGs

We contribute to the following SDGs and targets through our actions aligned to our material sustainability topics:



Achieve gender equality and empower all women and girls

5.1 End all forms of discrimination against all women and girls everywhere

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

8.8 Protect labour rights and promote safe and secure working environments for all workers

Our commitment

We are committed to creating an inclusive, healthy and safe work environment where everyone is treated fairly and with respect and is inspired to develop to their full potential.





Our People continued

Approach to human capital management

As the Group consolidates and reshapes for the future, the human capital function continues to adapt to provide more integrated and relevant solutions. While aligning to the Group Human Capital Strategy [page 36](#), policies and procedures, our decentralised human capital structures customise their strategies and related policies to take into account local market dynamics and risks as well as applicable labour legislation. Our focus is on developing robust future-fit human capital strategies that anticipate trends and mitigate potential disruptions to our business.

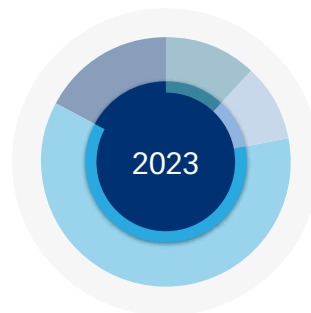
To achieve alignment between the Group and local human capital strategies and ensure consistency in human capital management practices across the Group, the Group Human Capital Leadership Council was established. This Council, comprising the Group and business unit human capital leaders, meets quarterly to collaborate on strategic human capital topics.

Total employees (9 161) (%)



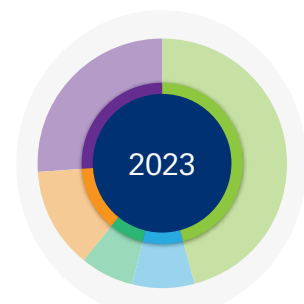
■ Permanent employees 94
■ Temporary employees 6

Employee categories (9 161 employees) (%)



■ Sales representatives 12
■ Commercial employees 10
■ Factory employees 61
■ Support staff 17

Total employees by region (9 161 employees) (%)



■ Africa Middle East 46
■ Americas 8
■ Australasia 7
■ Asia 13
■ Europe CIS 26

The Social & Ethics Committee provides oversight of our Group Human Capital Strategy and performance, our relationships with our employees as well as the Group's activities regarding labour rights, including the Group's standing in terms of the International Labour Organization's protocol on decent work and working conditions. It monitors progress against objectives of the Employment Equity Plan and continues to provide strategic guidance to the business on the transformation agenda. The Remuneration & Nomination Committee oversees our rewards and performance strategies and succession planning for key roles.

Implementation of our Group Human Capital Strategy

Progress on the implementation of our Group Human Capital Strategy under each of the strategic pillars is set out below.

Talent management

Dynamic enterprise view of talent that is diverse, future-fit and able to drive the organisation to the next level, ensuring we have the right talent, at the right time, with the right skill sets.

Unlocking talent potential and enabling sustainable performance excellence of diverse, global teams

Our Group Talent Management Strategy outlines how we aim to optimally acquire, develop, retain and deploy our people, while driving delivery of our strategic objectives. We are working towards building an internal talent marketplace where pipelines in, across and outside the organisation come together to identify high-impact enterprise talent management activities and ensure that they evolve along with business and stakeholder expectations. Our strategy also drives collaboration and synergy between our commercial, manufacturing and support business segments.

We have taken several key steps to retain talented people and enable them to give of their best, while valuing their contribution. Key initiatives include:

- **Employee experience:** Through a listening culture, we have carried out periodic employee surveys and have built actions plans to address areas of improvement to ensure we provide interesting, challenging, and purposeful work; provide meaningful career growth opportunities; offer competitive and differentiated remuneration; and ensure an overall positive work environment.
- **Performance management:** We encourage effective performance management and appropriate use of disciplinary, grievance and capability procedures.
- **Reward and recognition:** We continue to fairly reward our employees and conduct equal pay audits. We also continually seek to enhance the employee benefits package and recognise employees' performance through incentive and recognition programmes.
- **Work-life integration:** We are committed to supporting, through policy and practice, an environment that acknowledges the importance of work-life integration and have implemented flexible working arrangements and remote working practices, where practicable.
- **Health and well-being:** Acknowledging mental wellness as a key consideration for engagement and productivity, we continue to encourage and actively support our employees to lead healthier lives physically and emotionally.



Our People continued

Talent identification and succession planning

To ensure we are able to identify talent and build succession plans for mission-critical and key person roles across our business, we implemented our new Group Succession Planning Framework across our operations. This structured and agile process enables the identification of critical roles and key talent and achieves calibration and development planning in a consistent and coordinated way. To support the global roll-out, over 30 human capital team members were trained on the framework and supporting tools. We are building a dynamic talent inventory, starting with our Executive and Senior level roles and talent, with the aim to cascade this deeper into the organisation. In the medium term, the process will be enabled by a global, cloud-based succession planning solution.

Additional initiatives implemented during the year include:

- a career management toolkit and competency mapping tool;
- line manager capability building around leading inclusive teams; and
- human capital capability building around leading robust performance management and career conversations.

Recognising the talent potential offered by our broad geographic footprint, our work this year included the development and implementation of a Group Mobility Framework. The framework will enable us to move talent seamlessly and consistently around the business either for stretched assignments, career broadening or key strategic projects. As part of our pilot programme, we successfully moved talent to Europe from our South African businesses.

Shaping our workforce through continual upskilling and reskilling

Investing in learning and development is vital for Aspen because it directly affects employee retention, motivation, engagement and productivity. Our commitment to invest in continuously upskilling and reskilling our employees stays at the forefront of our Group development programmes. Our policies around development and learning are centred around learner-focused and inclusive training programmes. All employees are provided with equal opportunities for development, advancement and promotion on merit and without prejudice.

In the new world of work, reskilling at pace is essential for us to achieve our ambitious strategic objectives and this is reflected in the year-on-year increase in training spend and average training spend per employee. In total, 7 028 (2022: 6 919) employees underwent training at an average cost of R6 959 (2022: R5 863) per employee. The total investment in training increased by 19% to R59,8 million (2022: R50,3 million). Reversing the trend observed during COVID, we are now seeing a shift from internal to external training.

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 support a culture of self-directed learning, and leverage digital learning solutions, we have implemented e-learning platforms like GO-1 and SuccessFactors Learning Management.

Skills development programmes in South Africa

Driving capability building has been key for us in the South African businesses. Over FY2023, we invested R19 million in upskilling and reskilling 1 882 employees (80% of this spend was on Employment Equity ("EE") employees and 52% on women).

Key initiatives implemented during the year include:

- South African Operations implemented pipeline initiatives comprising learnerships and internships for skills and qualifications critical to the business, such as the mechatronics and engineering disciplines;
- learnerships for persons with disabilities ("PWD") were provided;
- through our accredited South African Commercial Learning Academy, 29 learners successfully completed their National Certificate in Pharmaceutical Sales Representation;
- across business units, several female employees participated in our gender identity and female leadership programmes; and
- a design thinking programme was implemented for 27 delegates across functions.

Aligned with our objective of contributing to a sustainable external pipeline of critical skills for Aspen and South Africa more broadly, our focus on skills development extends beyond our own permanent employees' base, delivered through our bursary and learnership programmes. In total, 168 learners were provided with funding and 41 internships were implemented in the business in the year. A total of 83 internships and learnerships continue to be provided to employed and unemployed individuals. Financial assistance in the form of bursaries was awarded to 69 of our employees, with a further 95 bursaries being awarded to external students in South Africa. Our external bursary scheme, with a total spend of R5,6 million, is directed towards the maintenance of a supply of relevant qualifications and skills to the industry in the future, while also contributing towards the education of our youth. Additional initiatives include our INVEST programme in collaboration with the Witwatersrand University's Health Sciences Faculty [page 113](#) and our University of KwaZulu-Natal legal workshop [page 103](#).

Empowering historically disadvantaged individuals in South Africa

We are committed to creating a fair and equitable environment in which all our employees can learn, grow and develop to their full potential. To oversee our transformation objectives, the Group Transformation Forum was established. The Forum is chaired by the Group Chief Executive and comprises senior executives and representatives from human capital, the Women's Forum and Employment Equity Committees.

During this year, we developed our new five-year Employment Equity ("EE") plan, in accordance with the Employment Equity Act and the Department of Trade, Industry and Competition's B-BBEE Code of Good Practice ("B-BBEE Codes"). Our targets were set by taking into consideration staff turnover, growth objectives and transformation rates, and after comprehensive consultation with duly elected EE Committees in each South African business. To support delivery against these targets, each South African business unit has developed a transformation plan and respective EE Committees meet regularly to drive delivery against agreed EE priorities.

Our performance against Year 1 of the new EE Plan was encouraging, with overall black representation across all occupational levels of 87% (2022: 86%) against a target of 87%. Representation of female employees in the South African workforce was maintained at 55% against a target of 55%.

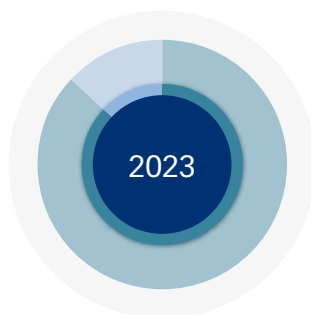
Strategies in relation to PWD include the launch of the Odin Platform for human capital teams and the implementation of two strategic PWD projects funded by The Chemical Industries Education & Training Authority. Odin, powered by Bradshaw LeRoux Consulting, is the recognised leader in disability inclusion in South Africa. By leveraging the range of disability awareness campaigns, stereotype training, strategic consulting, and support services offered by the platform, our human capital teams are positioned to improve disability inclusivity and representation of PWD in our business. This is an



Our People continued

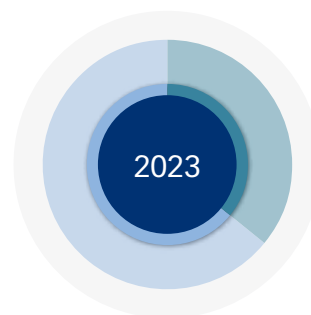
important element in our transformation journey in South Africa, where we have targets and plans to attract, develop and retain people living with disabilities in our business. In 2023, we supported learnerships for 56 persons with disabilities. In our South African business, people living with disabilities represent 1,3%% of our workforce against a target of 1,6%.

Employee race diversity in South Africa (%)



■ Black employees 87
■ Other employees 13

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

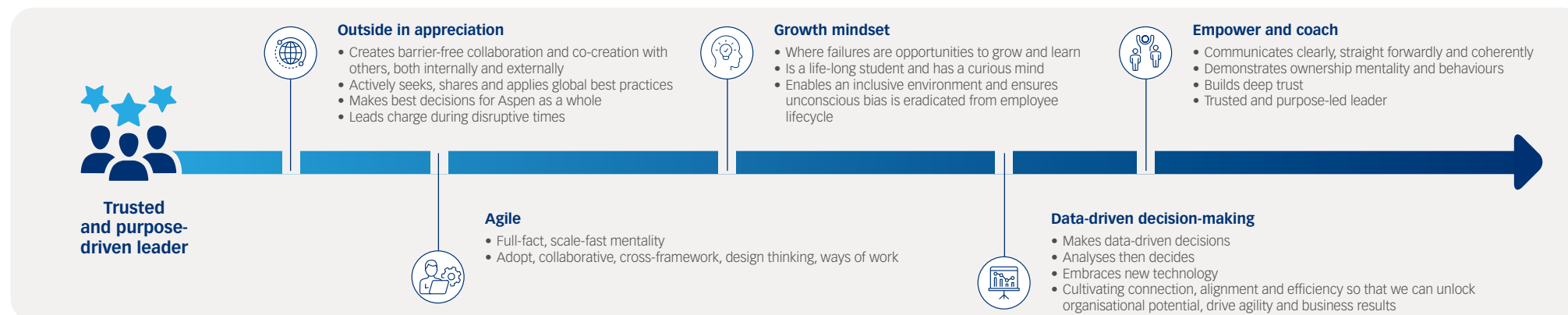


■ Black employees 36
■ Other employees 64

Leadership development

Trusted and empathic leaders who coach teams and create environments that support and guide performance excellence and encourage and recognise a collaborative growth mindset.

The core competencies underpinning our Leadership 2.0 framework



Building future-fit leadership

Over the past year we have been redefining and reimagining the definition of the Aspen leader. With our future focus mindset, we have defined the core leadership competencies to equip leaders with the skills to lead through change effectively and to ensure that our leaders are aligned to the Group's future vision. We know the world of work, our markets, our stakeholders and particularly our employees' needs and expectations are shifting and therefore our reimagined leadership competency model, Leadership 2.0, is responding to this need. This framework aims to unlock the potential of our people, our technology and our processes, building the individual's ability to lead self, lead teams and understand business.

Our leadership programmes are clustered into the Level of Mastery Series and the Agile series:

- The Level of Mastery series is focused on building future fit leadership capability through the touchpoints of an employee's career journey.
- The Agile Leadership Series is focusing on developing diverse groups, and topical learning priorities, like design thinking and project management.

During the year, through self-directed and agile ways of learning, 121 leaders went through group leadership programmes and 20 leaders received structured executive coaching. Our learning is supported by best in class learning institutions like Duke, McKinsey, GIBS, WITS and INSEAD.

Examples of key programmes include:

- our Women in Leadership series, which is delivered in partnership with a key business school. Over the past year, 19 women across the organisation were given the opportunity to engage, connect and learn from each other, whilst working on action learning projects that aim to address the challenges female employees are experiencing in the organisation;
- our Accelerate programme, aimed at building C-Suite succession candidates was launched. This 18-month learning journey, delivered in partnership with INSEAD, is centred around providing internal and external network opportunities and enriched learning and development through action learning projects; and
- our Mentoring for Success programme, piloted in Europe, saw 10 mentees at management level, being paired up with an internal mentor. This programme is centred around clear mentoring principles and structure, deep levels of trust and commitment to the process.



Our People continued

EDI initiatives

Launch of the Group Anti-Harassment, Anti-Discrimination and Anti-Bullying Policy

The Policy and the Group-wide campaign reaffirmed our commitment to fostering a safe, respectful, and inclusive workplace for all employees. Activities included an email campaign across the Group, Human Capital debriefs and a Lunch and Learn session around harassment in the workplace. In line with our core values and dedication to creating a positive work environment, this policy serves as a crucial step forward in preventing and addressing instances of bullying and harassment within Aspen. Our aim is to provide every member of our team with the assurance that they can work and interact with their colleagues, free from any form of mistreatment.

SA Operations Culture of Inclusion Journey

Linking to a diversity and inclusion diagnostic conducted in 2021 and the Group-wide experience survey, the SA Operations business unit continued to roll out the Hearts and Minds campaign. This has included the completion of several workshops with the Senior Leadership Team and selected change champions on the topic of equality, diversity and inclusion ("EDI"), with planned next steps to extend these to the site as well as implementing key actions and metrics to achieve the following objectives:

- to deepen the understanding of the head, heart, and hands model as a pre-requisite for a sustainable change journey;
- to enable and equip leaders to move the dial regarding the culture journey within Aspen; and
- to explore potential barriers towards diversity, equity and inclusion and how to overcome them.

Diversity series

Understanding and valuing diversity in the workplace is central to our EDI Strategy. With the aim to build awareness and education around diversity, we launched the Diversity Series. The intervention was crafted around subject matter expert led "power hour" virtual learning sessions covering the following topics:

- Diversity, Inclusion and Belonging at work;
- Diversity, Understanding Race, Culture and Racism;
- Diversity, Understanding Gender, Sexuality and LGBTQ; and
- Gender Equality.

Over the series, more than 400 employees joined the virtual sessions.

Equity, Diversity and Inclusion

With our belief that all employees should have fair treatment and equal access to opportunities (equity), are uniquely talented and should be celebrated and valued (diversity), and to work in environments which are collaborative, supportive and respectful of all (inclusion).

Creating a culture where everyone can thrive

We are committed to creating an organisation that mirrors the demographics of the countries and communities in which we operate as we value the strength derived from the rich tapestry of talents and cultures within our Group. As of 30 June 2023, Aspen's team proudly represented more than 50 nationalities spanning six continents. To leverage the power of this diverse workforce that reflects the global context in which we function we aim to foster an inclusive culture that empowers employees to be their authentic selves and feel valued through our EDI framework. This framework embodies the principles outlined in our Group Code of Conduct. This Code ensures that every single employee, irrespective of their race, gender, sexual orientation, ethnic origin, nationality, religious beliefs, disability, marital status, age, political beliefs, or socio-economic status, is consistently treated with the utmost respect, dignity and fairness. These principles, embedded in our policies, processes and practices, promote and support EDI at all levels of the organisation.

Since commencing our EDI journey in 2018, we have consistently strived to adapt and enhance our strategy to remain relevant. Over the past year, our primary focus was aimed at raising awareness on gender-based violence, mental health, recognition and appreciation, anti-bullying and human rights. A number of key initiatives were implemented to further strengthen our inclusive culture (refer to sidebar) Additional initiatives included the:

- launch of the Group Transformation Forum (page 81);
- hosting of various diversity training and International Women's Day celebrations;
- introduction of conscious-inclusion modules all leadership development programmes;
- development of a more inclusive recruitment process; and
- launch of a Group Wellness Framework.

As a participant of the WEP, the attraction, retention and development of female 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. We have continued to collaborate and engage in partnerships that drive our EDI strategy and we demonstrated our commitment to this end by winning in the UN Women Empowerment Principles awards 2022 in the Transparency and Reporting category, and were a finalist in the Inclusive Workplaces category.

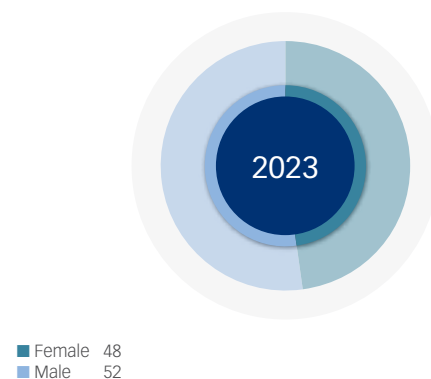
The percentage of women in the top management roles in the Group indicates that women represent 35% (2022: 34%) of our leadership teams and 48% (2022:48%) of our total workforce. To empower our female employees, women's forums have been established in our respective South African businesses, providing a platform for women to engage, connect and enable transformation in the gender space.

We have also used our Group-wide recognition programme to showcase the strides women in Aspen are making. Our Women Achievement Award sees women across the Group annually being recognised for their excellence. 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 FTSE 100 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 Chief Operations Officer and Group Head: Talent Management are members of the 30% Club Steering Committee, and the UN WEP South Africa Steering Committee, demonstrating our commitment to this important issue.

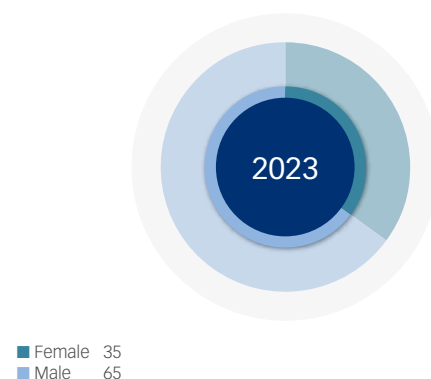


Our People continued

Employee gender diversity in the Group (%)



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



Respecting employee rights

As a participant of the UN Global Compact, we are committed to upholding the labour principles included therein. Our Code of Conduct entrenches the rights of all employees to be treated with fairness, equality and respect. We are committed to providing a work environment free of prejudice, bias, harassment and/or violation. Discrimination of employees based on age, nationality, gender, race, physical health, sexual orientation, individual belief systems and/or any other prejudicial grounds is prohibited. Our policies further denounce the use of child labour and unfair labour practices, both within Aspen and in our supply chain. These principles are further embedded in our Equity, Diversity and Inclusion Framework, our Sexual Harassment Policy and our new Anti-Harassment and Anti-Bullying Policy. Human capital, 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 (2022: Nil).

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. Recognising the high prevalence of gender-based violence in certain of our operating geographies, we ran global campaigns around the UN's 16 Days of Activism against Gender-Based Violence and International Women's Day #EmbraceEquity. The campaigns aimed to create awareness around these topical issues while making a call to action to understand and encourage equity in our workplace and communities.

We have policies and procedures in place that encourage a productive employee relations environment, underpinned by 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 capital managers. Formal processes are in place to foster a culture of transparency and constructive engagement with trade union representatives in each territory. During 2023, 10% of the Group's employees belonged to a trade union, while 31% were represented by collective bargaining or works councils.

Material operational changes are communicated to the employee trade unions, as necessary, within legislated periods. 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 Hotline. 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. Our Whistleblowing Policy and standard operating procedure provide guidance to prospective whistleblowers and details the protections available to them, including protection against occupational detriment.



Our People continued

Rewards and performance

Rewards and performance that recognise and enable excellence by providing clear and measurable strategically aligned objectives, structures for continuous performance improvement and differentiated rewards to drive the right behaviours.

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 118](#).

Performance management and recognition

To empower and inspire a collaborative performance management approach to sustain a culture of performance excellence our enhanced Group 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. Training programmes were run across the Group to equip Human Capital and line managers to run robust performance management processes, with a focus on core competencies like performance coaching, breakthrough goals and powerful feedback. During the year, performance appraisals were completed for 96% 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.

We acknowledge the power of appreciation and recognition as it enables a culture of belonging and connection. We renamed our Group employee recognition programme to INSPIRE programme, which aims to INSPIRE not just excellence, performance and commitment but celebrate how we experience our values in action. We have been running the INSPIRE programme for eight years and the programme continues to complement our culture of recognition and looks at rewarding behaviours that are the cornerstone of our success. Over the past eight years, we have seen more than 358 inspirational employees being nominated for the various categories, namely Community Involvement, Women Achievement, Innovation in Equity, Diversity, and Inclusion, Employee of the Year, Gus Attridge Leader of the Year, Executive of the Year and Business Unit of the Year.

Business partnership

Trusted business adviser and partner of choice to lead, guide and support human capital initiatives that drive value to the business, while ensuring human capital activities are strategically aligned with line priorities.

Building a fit-for-future organisation

Building a fit-for-future organisation is essential in today's rapidly evolving business landscape, supported by an aligned, people-centric and business-focused Human Capital team. During the year, the Human Capital team engaged over strategic human capital issues through the Global Human Capital Council, which came together on a quarterly basis to discuss topics around talent development, organisational design and human resource technology roadmaps among others.

During the year, the Group human capital operating model was embedded. The model supports the evolution of the human capital function from human resources management to employee experience, and from a support function operating in a federated business model to one that shapes and enables a hybrid business model.

To meet the dynamic needs of our business, we have focused on utilising data-driven insights within an assessment framework to predict which internal and external talent has the experience and potential for current and future roles in the organisation, while using hiring automation to reduce the time to fill key positions. We have also looked at more inclusive hiring processes to build more diverse talent pools and create more equitable outcomes through fair, cost-efficient and consistently applied processes for current and future hiring needs. 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 are focused on creating development plans intended to equip our employees to succeed in their current roles and develop capability for future roles.

The Group turnover rate improved to 14% (2022: 15%). In total, 1 516 permanent and temporary employees were recruited to support business expansion requirements and to replace vacancies or fill new roles in FY2023, with (57) employees retiring 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 (2022: Nil), but we regret to report the non-work-related deaths of 14 employees.

Due to the continuous consolidation of our business and realigning our priorities, we embarked on several projects to align our organisational structure to operational requirements. This resulted in restructuring in the South African, Latin American and Australian commercial businesses. In implementing these 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.



Our People continued

Technology enablement

Evolving to “e-human capital” with an integrated, innovative cloud solution that enables human capital transformation by equipping human capital and business leaders with decision-making tools to meet business objectives.

Aligning our Human Capital Strategy with technology best practice

Over the financial year, human capital partnered with Group Digital Technology and embarked on a journey to develop a Human Capital Technology Enablement Strategy and create an enabling environment for an integrated, seamless, user-friendly human capital enterprise architecture.

As our Human Capital Strategy focuses on all the components across the employee lifecycle from hire to retire, and to support our operating model, we need a human capital technology architecture that is integrated and agile. Building on the implementation of SAP SuccessFactors Employee Central as our Group platform for core employee data in 2017, and further implementation of SuccessFactors Learning Management System in 2019, we are furthering our use with the planned implementation in FY2024 of the performance management and succession planning and career management modules.

Digital technologies are being deployed across our business to improve the employee experience and support the delivery of personalised solutions to drive improved operating efficiencies and create opportunities for data-driven insights. Projects includes those aimed at automating key human capital processes like performance management and succession planning.

Revolutionising the way we operate through migration to cloud-based technology

As part of our Group Digital Strategy, we started migrating our core technology infrastructure to the cloud. This was an important strategic choice to transform our business into a fully digitalised enterprise and secure our long-term competitive advantage. Cloud technology is also the foundation of our SAP SuccessFactors Human Capital Platform and ensures that we can deliver flexible, responsive, and scalable solutions for all stakeholders across the business. The shift to cloud-based technologies also enables us to create an environment where our people data is secure and stakeholders feel supported with innovative technology tailored to their needs. As we are a highly regulated industry, we use our human capital governance framework as our foundation to ensure that applications meet the legislative and compliance requirements.

Supporting the well-being of our employees

Belonging, equity and wellness are synonymous with the employee experience and we have expanded our duty of care to span across all practices, processes and policies that ensure employees are working in safe and healthy environments. Mental well-being has taken centre stage in the wellness focus, and we have launched our new Group well-being framework, which covers holistic well-being. Our development programmes are focused on equipping our leaders with skills and tools to be more empathetic. 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 support 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 town halls, a virtual employee magazine, and by encouraging 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, and cover topics such as financial planning, stress management and mental wellness. 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 anti-retrovirals 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.



Our People continued

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 our employees and third parties visiting our facilities.

Our commitment to safety and security management

Our commitment to our employees is outlined in the Aspen Code of Conduct. The Group Supplier Code of Conduct echoes this commitment, detailing our expectations and requirements of our service providers 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 sub contractor activities.

SHE compliance is monitored and managed on a day-to-day basis and SHE KPIs form part of site management reporting processes. The relevant Group functions develop and promote Aspen's SHE policies and standards and monitor 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 Compliance function, in consultation with the Group Health and Safety 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.

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 sites 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 are 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 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 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.

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 health and safety compliance

We align our health and safety management systems to global standards and 83% of our manufacturing facilities are ISO 45001 certified, covering 90% of employees within manufacturing operations. Due to the limited scale of their operations, the Sioux City and Ghana sites are not earmarked for 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.

In an effort to formally extend the scope of SHE management to Aspen's Commercial businesses, a Commercial SHE programme was developed and rolled out to our material commercial and support hubs in 2023. The programme enables a formal approach to manage SHE risks and opportunities for continual improvement to ultimately maintain legal compliance and prevent harm to employees and the environment, as aligned with our Group SHE policies. The appointment of programme champions, training on the requirements of the SHE Commercial framework and gap assessments were undertaken during the year. The implementation of outstanding control measures is expected to be actioned in 2024, followed by verification through internal assurance by our Group Compliance function.

Measuring SHE performance

The next biennial independent SHE compliance assessment for all manufacturing business units is scheduled for 2024. One exceptional health and safety legal compliance finding regarding water pressure for fire protection reported at the Boxel site in the Netherlands in 2022 has been closed. The fire hydrant well was upgraded to ensure adequate water capacity and the fire installation approved by the authorities. All legal findings are managed by each facility through a formal corrective and preventive action system, and the Group Compliance function monitors the compliance status and reports thereon to the Social & Ethics Committee. No monetary fines were issued in respect of health and safety non-compliances this year.



Our People continued

Aligned with the GRI, TRIFR and High Consequence Incident Frequency Rate ("HCIFR") are used to measure health and safety performance. These KPIs provide a good reflection of 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 2023. The TRIFR tolerance was reviewed and reset at 1,50 for 2023 and a rate of 1,16 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 2023, 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 was reviewed and reset at 0 by 2025. Two (2) irreversible occupational disease cases were unfortunately reported at the Notre Dame de Bondeville site this year, resulting in a HCIFR of 0,03. These two historical cases involved noise-induced hearing loss and musculoskeletal disorder which resulted from exposures and practices that have been eliminated. Tolerance levels for H&S KPIs are reviewed and approved by the Social & Ethics Committee on a two-yearly cycle, as a minimum.

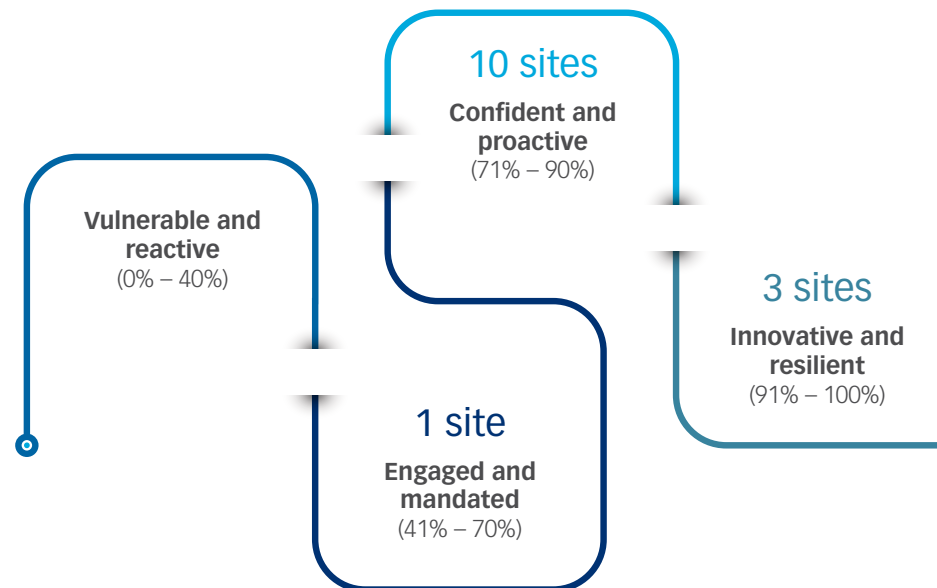
During the year, 82 (2022: 76) reportable incidents were recorded across the Group's manufacturing facilities. It is pleasing to report that no occupational fatalities related to our own workers and external contractors were experienced during the year. No fatalities have been reported over the last 10 years 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 their recurrence. In addition, as part of refreshing our Health and Safety Strategy, a decision was taken to prioritise severity and impact of risk over the frequency of minor incidents through assessing the Serious Injury and Fatality ("SIF") potential of all reportable incidents. A SIF Potential health and safety campaign was rolled out at all manufacturing sites and a decision tree developed by our Health and Safety Strategy CoE to standardise the classification of SIF Potential, supporting the need for more rigorous investigation and prioritisation of design and engineering solutions. Eight (10%) of our reportable incidents were classified as having SIF Potential and fifty percent (50%) were related to hazardous chemical substances.

Although slips, trips and falls remain the highest contributor to our total reportable case rates, a fifty percent (50%) reduction has been achieved from 2021. Ergonomic cases and being struck against stationary objects also contribute significantly to our 2023 incident rates.

In an effort to improve our SHE culture and reduce the number of incidents, our manufacturing sites implemented various continual improvement actions, including the roll-out of a Gemba Walk programme. Gemba Walks, a practice where leaders observe, listen and learn on the shop floor, aim to cultivate a culture of openness, collaboration and teamwork for the identification of improvement opportunities. Following the launch of the Aspen We Care SHE culture survey in 2021, baseline assessments have now been undertaken at all our manufacturing sites and a follow-up survey was conducted at 64% of these sites this year to identify any change in employee experience and perception regarding workplace SHE. The 2023 survey showed three sites climbing the SHE culture maturity ladder.

Our SHE culture maturity ladder



With motor vehicle accidents (MVAs) being a significant inherent health and safety risk within our commercial business, a dedicated reporting and investigation mechanism for the monitoring of MVA statistics was implemented in 2022. A total of 80 MVAs were recorded in 2023 (2022: 63) of which 71 (89%) only resulted in vehicle damage. Nine (9) MVA cases, reported in South Africa, Australia, France and Mexico, resulted in driver injury which required medical treatment. Two employees, travelling together, required 15 days hospitalisation (combined) when their vehicle overturned due to collision by a third party. Preparations to formally extend coverage of our health and safety performance reporting through inclusion of the Commercial business is underway.

Ensuring commitment to continual improvement

We are committed to the continual improvement of health and safety management and performance through reasonably practicable measures. Audit results, survey outcomes and incident statistics are utilised as inputs 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.



Society



Our long-term success depends on building and maintaining trust with society. Responsible corporate citizenship is grounded in a commitment to upholding the highest ethical standards in the conduct of our global business operations.

Strategic objectives



Stakeholders



Capitals



Our impact

- Adopted a stakeholder-inclusive governance approach and committed to transparency and effective communication
- Implemented responsible and ethical business practices aligned with the UN Global Compact principles
- Contributed to the social and economic upliftment in the communities in which we operate
- Generated economic value for our varied stakeholder groups

Strong corporate governance aligned with King IV principles

218 SED projects implemented across
22 countries

R4 496 million spent with empowered suppliers in South Africa

Constituent of **FTSE4Good Index** and Top 30 FTSE/JSE Responsible Investment Index

Our material sustainability topics

- Compliance
- Corporate governance
- Data governance
- Economic value generated and distributed
- Ethical business culture
- Fair taxation
- Human rights
- Responsible supply chain management
- SED and investment in communities
- Transformation and economic inclusion



Additional information available online

- Aspen Sustainability and ESG Data Supplement
- Aspen Code of Conduct
- Aspen Code of Conduct for Suppliers
- Ethics and Compliance Management
- Corporate Governance and Risk Management

Our contribution to SDGs

We contribute to the following SDG and target through our actions aligned to our material sustainability topics:



Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

17.17 Encourage and promote effective public, public-private and civil society partnerships

UN Global Compact Participant

WE SUPPORT



Our commitment

We are committed to operating 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.





Society continued

Conducting business in a responsible manner

Our responsible corporate citizenship 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 ensuring that 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 47 to 50](#) 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 Corporate Governance is implemented throughout the Group. More can be read about this in our approach to governance [page 104](#) and our governance overview on www.aspenpharma.com/corporate-governance where we also report on our application of the King IV principles.

Legislative compliance

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: Risk & Sustainability 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. She is supported by the Group Head: Ethics & Compliance in fulfilling this mandate.

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

Ethics and compliance management

Approach

Aspen is committed to maintaining a culture of ethics and compliance throughout the Group. Our Code of Conduct sets the standards for how we conduct ourselves and our business across all of the territories within which we operate. The Code of Conduct is supported by a framework of policies that give effect to our commitment to conduct business ethically and compliance with material laws. To support this requirement, the Aspen Group Ethics and Compliance programmes include risk assessments, policies, procedures, training and monitoring. These are developed based on internal experience as well as guidance from advisers, relevant authorities and international organisations to ensure that we are aligned with leading international practices.

As a participant of the UN Global Compact, we promote and integrate the Compact's 10 principles into our business practices, as demonstrated in our Code of Conduct and supporting framework of policies.

During the year, the Ethics Institute of South Africa conducted an ethical culture maturity assessment. The assessment was performed by conducting a Group-wide anonymous employee survey in order to understand how our employees perceive the ethical culture at Aspen. The outcome of the assessment indicated that Aspen has a "mature" ethical culture. The results of the assessment are being used to focus interventions on specific areas required to further enhance our ethics programme.

Aspen takes a breach of its Code of Conduct and related policies seriously, and those who are found to be in breach may face disciplinary action, including dismissal.

Board and senior management oversight

The Board and its Committees play a critical role in overseeing and assessing Aspen's culture of ethics and compliance, and ensuring policies and procedures align with the Code of Conduct and Aspen's core value of integrity. The Board oversees and approves the programmes focused on compliance with material laws governing our business, including our sanctions and export controls compliance programme. The Social & Ethics Committee of the Board oversees and approves the Ethical Business Conduct programme, Safety, Health and Environmental Compliance Assurance programme, and other compliance programmes which are relevant to the legislative mandate of the Committee. The Committee also receives quarterly updates on any reported ethics breaches, including tip-offs received, and ongoing investigations in respect of these reports. Training is provided to the Board and its Committees, emphasising the role that members play in ethics and compliance oversight.

The Group Executive Committee (comprising executive directors and prescribed officers) also supports the implementation of our Ethics and Compliance programme. In this respect, the Group Executive Committee is supported by the Ethics Committee, which reviews transactions or relationships that could give rise to ethical, compliance or reputational concerns. The Ethics Committee is also responsible for ensuring that allegations of fraud or related material breaches are appropriately investigated and that disciplinary or other corrective actions are applied fairly and consistently across the Group.

Structure

The Ethics and Compliance function supports the implementation of our Ethics and Compliance programme and is comprised of a full-time Group Ethics & Compliance function and Regional Ethics & Compliance Officers ("RECOs") who have ethics and compliance responsibilities in addition to their primary business roles. The Group functional team is responsible for designing, monitoring and continuously improving the Ethics and Compliance programme. The RECOs are responsible for the implementation of the programme in their allocated businesses and geographical regions. They also support the business for which they are appointed in day-to-day business considerations, particularly those seeking advice on ethical and lawful behaviour or on the implementation of Aspen's policies.



Society continued

Ethical business conduct

Our Ethical Business Conduct programme comprises of the implementation of the following policies throughout the Group:

- **Code of Conduct:** Our Code of Conduct describes the standards of honest, ethical and lawful conduct expected of all employees, officers and directors of the Company, who are required to be familiar with the Code, comply with its provisions and follow Aspen's procedures to report any suspected violations. Employees and directors are required to sign a Code of Conduct Declaration upon commencement of their employment/appointment, and on an annual basis thereafter.
- **Supplier Code of Conduct:** As a member of the Pharmaceutical Supply Chain Initiative, our Supplier Code of Conduct demonstrates Aspen's commitment to an industry-wide effort to improve safety, environmental, and social outcomes within the global pharmaceutical and healthcare supply chain. It describes the expectations we have of our suppliers, ensuring that Aspen's standards of ethical business conduct extend throughout our supply chain, and are implemented, as applicable, by those who provide goods or perform services for or on behalf of Aspen.
- **Conflicts of Interest Policy:** Our Conflicts of Interest Policy prohibits all employees, officers and directors of Aspen from using their position within Aspen, or Aspen's relationship with its customers, suppliers, contractors and other business partners for private gain, or to obtain benefits for themselves or their family members. Employees and directors are required to sign a Conflict of Interest Declaration upon commencement of their employment/appointment, and on an annual basis thereafter. Conflicting interests that are disclosed are reviewed by the Ethics Committee and are either disallowed or approved based on an agreed mitigation plan. Each business unit maintains a Conflicts of Interest Register, which is submitted to the Group Head: Ethics & Compliance on an annual basis.
- **Gifts and Hospitality Policy:** Our Gifts and Hospitality Policy requires that where employees, officers and directors exchange gifts and hospitality with suppliers, service providers or customers, they must ensure that it is not intended or might be seen to influence business decisions, that there is a legitimate business interest for giving or accepting the gift or hospitality and that it remains once-off or irregular in nature. In addition, any prior approvals based on value thresholds must be strictly adhered to. Each Aspen business maintains a Gifts and Hospitality Register which is submitted to the Group Head: Ethics & Compliance on an annual basis.
- **Policy on Product Promotion and Scientific Engagement:** Our Policy on Product Promotion and Scientific Engagement sets the standards for ethical interactions with healthcare professionals and other members of the healthcare community, as part of our promotional and non-promotional activities. Aspen's relationships with healthcare professionals are intended to benefit patients and to enhance the practice of medicine. Interactions are focused on informing healthcare professionals about medicines, providing scientific and educational information, and supporting medical research and education.
- **Advocacy and Government Relations Policy:** Our Advocacy and Government Relations Policy sets the standards for ethical engagement with stakeholders (government authorities, scientific societies, trade associations, experts, patient organisations and non-governmental organisations) on matters of public policy that affect patients, the pharmaceutical industry, and our business, in the

countries in which we operate. The Policy also addresses the subject of employing certain former government officials. It requires an assessment of, and where necessary, implementation of a cooling-off period to maintain transparency and avoid conflicts of interest.

Anti-bribery and Anti-corruption Compliance programme

- **Policy:** Our Anti-bribery and Anti-corruption Policy prohibits the offering, providing, authorising, requesting or receiving of bribes. It also prohibits political donations or facilitation payments. Given the heightened risks associated with engaging third-party agents and intermediaries, the Policy also addresses the requirement for conducting risk-based due diligence on these parties and monitoring their activities throughout the commercial relationship. We do engage in policy debate (lobbying) on subjects of legitimate concern to our business, however, all officers and employees must, in doing so, comply with all applicable laws and regulations, and our Advocacy and Government Relations Policy. Aligned to our SED Policy, we do not make charitable contributions or community investments to disguise a bribe, or to gain an improper business advantage. We ensure that when we make charitable contributions or community investments we conduct risk-based due diligence on the recipient and monitor the use of the funds to ensure these are used for the purposes agreed upon. We only give and accept reasonable, appropriate, and lawful gifts and hospitality that are consistent with our Gifts and Hospitality Policy. We do not employ individuals in exchange for obtaining or retaining business.
- **Communication of Anti-bribery and Anti-corruption Policy:** Internal communications on the Anti-bribery and Anti-corruption Policy highlight relevant information on corruption, and practical considerations to mitigate against the risks. The principles are communicated to third party suppliers and service providers via the Aspen Supplier Code of Conduct, which addresses the principles of anti-bribery and anti-corruption. The Code of Conduct is incorporated into the contract documentation when Aspen engages a third-party supplier or service provider (including agents and intermediaries).
- **Training:** The Aspen Code of Conduct training, which is performed annually by all employees, covers key anti-bribery and anti-corruption principles. Our Anti-bribery and Anti-corruption training, which is performed by identified relevant staff, covers in more detail the principles addressed in the Aspen Anti-bribery and Anti-corruption Policy, and the application of the principles in practice, including, for example, working in high-risk countries with high-risk third parties.
- **Risk Assessment:** The risk assessment considers areas which may create heightened risks of corruption, including activity risks such as including being involved with major sales or purchases, gifts, hospitality, and entertainment, commercial dealings with government, business operations in high-risk jurisdictions, lobbying activities, and making charitable donations. The assessment also looks at relationship risks associated with agents and intermediaries, and geographical risks associated with working in certain territories.
- **Risk-based procedures:** Our Anti-bribery and Anti-corruption Policy requires that we conduct risk-based due diligence on third parties who represent Aspen, with an escalation and corporate approval process for engaging third parties who perform high risk services (agents/intermediaries) in high-risk countries (with reference to the Transparency International Corruption Perceptions Index).



Society continued

Other compliance programmes

- **Sanctions and export controls:** Our Sanctions and Export Controls Policy sets out our commitment to complying with applicable international trade controls. To manage our sanctions risk exposure and ensure compliance, we implement a range of controls and processes. These include screening our counterparties using a risk-based approach to determine whether they are a sanctions target or otherwise attract sanctions risk, and assessing whether our products are controlled for purposes of export to certain end-users or destinations.
- **Competition law compliance:** Our Competition Law Compliance Policy sets out our commitment to complying with applicable competition laws. To manage our competition risk exposure and ensure compliance, we implement a range of controls and processes. These include measures to assess the pricing of our products and to manage the risks associated with participating in trade association meetings and industry gatherings.
- **Data protection:** Our Data Protection Policy sets out our commitment to complying with all applicable privacy laws. To manage our risk exposure and ensure compliance, we implement a range of controls and processes. These include privacy notices for our data subjects, personal data breach procedures, and procedures to allow data subjects to exercise their rights. Aspen also has a procedure for including appropriate data processing terms in the contracts it concludes with its data processors.

Whistleblowing

We promote a culture of openness and transparency throughout the Group and, as such, employees and other stakeholders such as our suppliers and service providers are encouraged to speak up when they have a reasonable belief or suspicion of unethical or unlawful conduct concerning Aspen's business. We do not tolerate retaliation against anyone who reports ethical concerns in accordance with the Aspen Whistleblowing Policy.

An independently monitored whistleblowing hotline – Deloitte's Tip-Offs Anonymous Hotline – is available to all our employees and other stakeholders to report suspected fraud, bribery or other activities in breach of our Code of Conduct. Our Whistleblowing Policy provides guidance to prospective whistleblowers 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 Group 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	Allegation raised	Number
Fraud	Fraud	7
Human capital	Discrimination	2
	Conflict of interest	6
	Bullying/moral harassment and overwork	23
	Grievance relating to recruitment procedure	3
	Nepotism	1
	Excessive overtime	1
	Favouritism	5
Theft	Unfair dismissal	3
	Theft of Aspen property	4

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.

Responsible supply chain management

We work with a large number of suppliers and service providers, 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 provide appropriate contractual commitments and adhere to the Supplier Code of Conduct. As members of the Pharmaceutical Supply Chain Initiative ("PSCI"), we are required to integrate and apply the PSCI Principles in our own supplier programmes. Accordingly, the new Aspen Supplier Code of Conduct, which is modelled on the PSCI principles, was approved by the Board in August 2023. Training and implementation of the new Code will commence during FY2024.

In FY2023, we commenced work on establishing a Group-wide Responsible Supply Chain programme aligned with the ethical, societal, and environmental principles of the UN Global Compact and industry-leading supply chain standards such as the PSCI Principles. This 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. We have initiated a partnership with EcoVadis to enable the Group-wide implementation of this programme in FY2024.



Society continued

Respecting human rights

As a participant of the UN Global Compact, we 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. As a means of embedding human rights commitments into corporate practice, our suppliers and service providers are required to confirm acceptance of the standards contained in the Aspen Supplier Code of Conduct in order to provide assurance that human rights and good ethical standards are upheld within the supply chain.

Currently, our Ethics and Compliance programme requires each business to complete a checklist to assess the business' risk exposure for violating human rights, engaging in unlawful child labour, as well as unlawful 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 (2022: 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 people in the countries and territories in which we operate. There were no reported incidents where the rights of indigenous people were violated (2022: Nil). These aspects are monitored in respect of all business units.

During FY2024, the programme will be strengthened by Aspen businesses performing a more comprehensive human rights risk assessment. Following the risk assessment above, there will be consultation on appropriate actions to avoid, prevent and mitigate human rights issues. The outcome of the risk assessment will inform the development of a specific Group Human Rights Policy. This policy will address the actions agreed upon and will also include appropriate grievance mechanisms for persons impacted by Aspen's business activities.

Aspen maintains a confidential hotline service operated by an independent third party. This is available to all internal and external stakeholders who are impacted by Aspen's business activities. Reporters may remain anonymous, and operators are available to assist in multiple languages. Currently, while the Human Rights Policy is still to be developed, should an impacted stakeholder report their grievance via the tipoffs hotline, the Group Ethics Committee would oversee that appropriate consultation takes place with relevant stakeholders, and that appropriate remediation occurs.

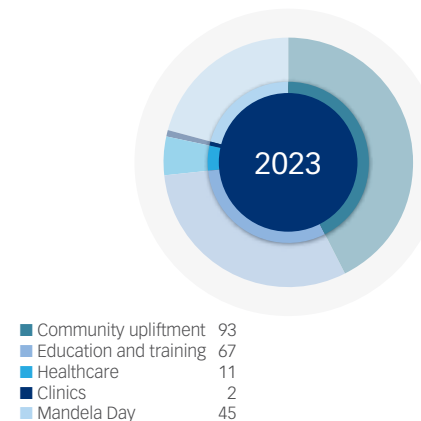
The Social & Ethics Committee provides oversight of the Group's human rights performance.

SED and investment in communities

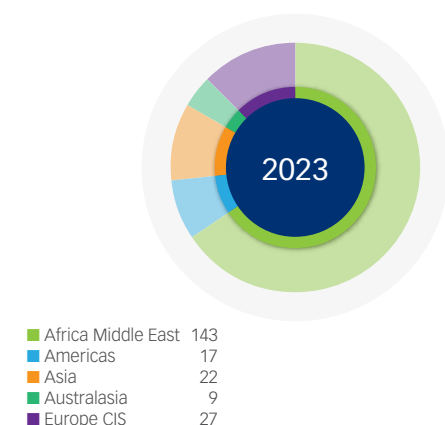
Our SED programmes are implemented at a local level through the business units, thereby channelling contributions to areas of greatest impact in the particular local context. Our Group SED Policy is aimed at aligning our SED contributions with our SED strategy and ensuring compliance with the Aspen Code of Conduct. The Group SED Committee monitors and reviews the implementation of this policy and approves SED investments in excess of certain thresholds.

During the year, we supported a total of 218 SED projects in 22 countries, valued at R21,2 million.

SED projects by type across the Group (218 projects)



Number of SED projects per region, valued at R21,2 million



Our SED purpose and key focus areas

Aspen's SED purpose is to have a transformative and sustainable impact through our work, partnerships and actions. We are committed to delivering a lasting, positive contribution to the communities we operate in. This starts with understanding and timeously and effectively responding to the needs of these communities.

We recognise that being a responsible corporate citizen is linked to our sustainable growth, our relationships with our key stakeholders and our contribution to society in the broader context. Our SED priority areas are therefore consistent and fully aligned to the businesses core values and include:

- social and community development;
- health infrastructure support;
- promoting healthy lifestyles;
- humanitarian relief; and
- human capital and skills development.

Society continued

A force for good in healthcare

The realities of Africa's healthcare systems are complex and underpinned by limited infrastructure, workforce constraints, and frequent shortages of essential medical goods and services that have led to relatively poor healthcare outcomes across the continent.

Our SED focus has been geared towards:

- health security, supporting pandemic preparedness for the African continent and ongoing conversations on establishing and sustaining the supply of medicines for Africa;
- ongoing humanitarian support for the people of Ukraine and emergency relief to patients in Syria and Turkey following the devastating series of earthquakes experienced in that region;
- assisting South Africa with economic recovery and building social cohesion and resilience, particularly in the communities in which we operate, very often combining this with sporting and other community-building exercises;
- supporting initiatives aimed empowering women and youth, addressing gender-based violence and combating period poverty;
- various initiatives supporting education and skills development, including bursaries; and
- continued partnership with the Nelson Mandela Bay Business Chamber's "Adopt-a-leak" initiative in Gqeberha to resolve water leaks at schools, providing safe drinking water for the learners and educators.

SED spend on projects in South Africa

	R'million	%
Basic health and HIV/AIDS (including spend on clinics, HIV/AIDS and healthcare)	0,7	4
Education and training	5,9	39
Sport and the promotion of healthy lifestyles	1,5	10
Other (including Mandela Day and community upliftment)	7,2	47
Total	15,3	100

Our global Mandela Day campaign

We first took part in Mandela Day in 2011 by supporting an orphanage in Johannesburg for 30 disabled children. Since then, our dedication to this programme has resulted in our Mandela Day campaign becoming our Group's flagship SED initiative. This is a testament to our employees, who have driven participation with unwavering passion over the past 13 years. Over this period, we have reached about 865 000 beneficiaries through approximately 880 initiatives in 23 countries.

Our Mandela Day campaign brings hope to orphaned, abandoned, neglected, or mistreated babies, children, and women. We show compassion and care for the aged, hungry, marginalised, unwell, homeless, and people dealing with mental health issues. We also work to provide educational opportunities for students, and we reach out to the disabled and those communities who have seen unprecedented injustice.

We are humbled to be able to make an ongoing difference by addressing poverty, combating climate change, and contributing to the reduction of inequality at a time when it is more critical than ever.

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 aligned our employee management policies in South Africa to the Employment Equity Act and the B-BBEE Codes of Good Practice 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 EE Plan is monitored by the Social & Ethics Committee, while our transformation KPIs are reported to the Board [page 82](#) for further information on our initiatives to empower historically disadvantaged individuals in South Africa.

Based on the most recently completed verification, the Group achieved its target of retaining its Level 4 rating. This rating enables our customers to recognise 100% of their procurement spend with Aspen in terms of the revised Generic codes.

Preferential procurement objectives and targets are in place to support our commitment towards the support of South African-owned businesses. Through the provision of market access to these local businesses, our overarching goal is to make a meaningful contribution to the growth of employment opportunities, as well as the sustainable creation and preservation of jobs within South Africa. The Group spent R4 496 million (2022: R3 237 million), with B-BBEE-recognised suppliers representing 81,9% (2022: 72,1%) of total measured procurement spend. Our spend with black women-owned businesses increased from 14,5% to 22,6%, 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 25,0% in 2022 to 28,4% this year). We continue to focus on procurement from designated groups and spent R28,4 million (0,9% of total measured procurement spend) with designated groups, falling short of the target of 2,0%.

Through our enterprise development initiatives, Aspen partnered with Raizcorp to identify and place nine qualifying black-owned enterprises onto various Arize business development programmes. Among the pool of entrepreneurs considered for selection, a focused subset comprised the health sector candidates shortlisted from GIBS-Aspen Route-to-Market initiative. This strategic alignment aims not only to optimise the programme's impact on participants but also creating socio-economic impact and meaningful supply chain transformation for Aspen.

We continued to support our supplier development beneficiaries. The balance of the Supplier Development loans as at 30 June 2023 is R12,3 million.

This year, saw continued spend on SED projects which contribute towards the development and sustainability of the communities in which we operate. For further information regarding our SED contributions, refer to [page 94](#).

A summary review of the performance against the full B-BBEE Codes of Good Practice scorecard is provided in the Sustainability and ESG Data Supplement. The 2023 certificate can also be accessed [online](#).



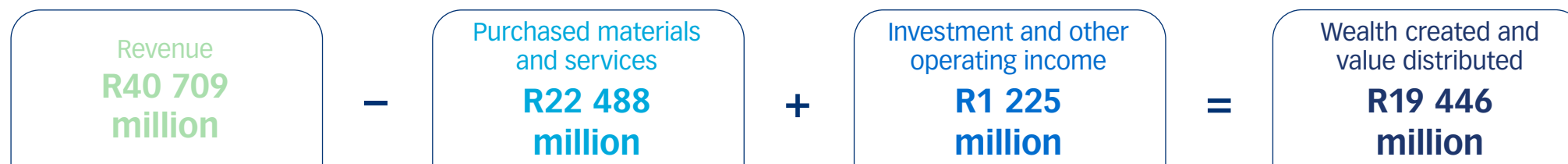
Society continued

Adding economic value to stakeholders

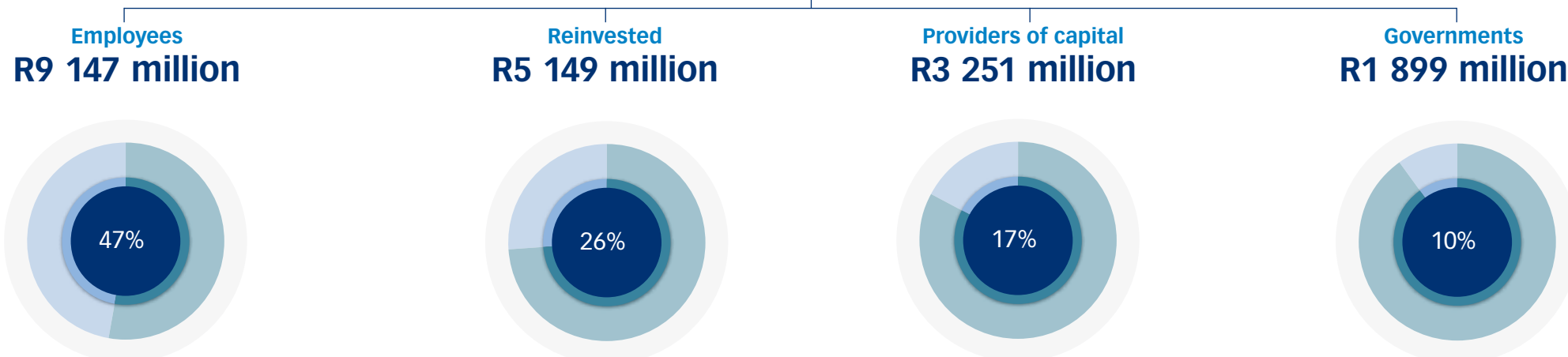
As a global pharmaceutical company, we play an important role in contributing to the health and well-being of people while creating economic value for our key stakeholders. While the provision of high quality, affordable medicines and products benefits patients and consumers directly, a focus on building a profitable and sustainable business model generates economic value for our varied stakeholder groups. The Group Chief Financial Officer's review, set out on [pages 18 to 24](#), provides an overview of our financial performance for the year.

Our activities this year have created R19 446 million in wealth. This is calculated after taking into account R22 488 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 (47%) while a significant portion (26%) was 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 899 million. The Group value added statement is published in the Sustainability and ESG Data Supplement [online](#).

Financial value we create



Financial value distributed





Society continued

Fair taxation and enhanced transparency

As our Group 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.

Approach to taxation

We have subsidiaries, branches, permanent establishments and joint venture arrangements in over 50 countries and territories 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 Organisation for Economic Cooperation and Development's ("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, transfer pricing and Pillar II. 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 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 Group Chief Advisor, the Group Chief Financial Officer, the Group Strategic Development Officer, the Group Finance Executive: International Regions, the Group Finance Executive: Manufacturing, the Chief Financial Officer for Aspen Global 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 regard to tax positions taken, ensuring that the Group's reputation is not negatively impacted by those positions.

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 continues monitoring developments in Brazil as the country simplifies and aligns its tax system to OECD guidelines.

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.



Society continued

The Group is regularly subject to review by tax authorities and 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 increased tax reviews, but these did not result in any material additional taxes becoming payable under the law.

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 [page 41](#). Since the implementation of the FTSE/JSE Responsible Investment Index in 2015, we have worked at improving our overall score. In 2023, we maintained our inclusion in the Top 30 FTSE/JSE Responsible Investment Index Series and in the FTSE4Good Index Series for the fourth consecutive year, which recognises companies with strong ESG practices measured against global standards. In the most recent assessment, however, our score decreased to 3,6 (2022: 3,8) out of a possible 5,0 due to a reduction in the governance pillar. The 2023 score placed Aspen in the 79th percentile in our industry sub-group on the index.

FTSE4Good Index scorecard

Pillar/theme	Exposure	Aspen	Sub-sector average: Pharmaceuticals	Country average: South Africa
Environment		3,2		
Climate change	Medium	2	1,7	2,4
Water security	High	4	1,4	2
Social		3,3		
Customer responsibility	High	3	1,6	2,1
Human rights and community	Medium	3	2,4	3,4
Labour standards	Low	5	2,6	3,2
Governance		4,5		
Anti-corruption	Medium	4	3,1	3,9
Corporate governance	Medium	5	4	4,9
ESG rating score out of 5		3,6		

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 as well as the JSE Sustainability Disclosure Guidance. We have also commenced aligning our disclosures with those recommended by the TCFD. These indexes can be found in our Sustainability and ESG Data Supplement.



Environment



Access to a clean, healthy and sustainable environment has been declared a universal human right. To enable a healthier world, we must take steps to reduce the impact we have on the environment as we convert and use natural resources in the manufacture and distribution of our quality medicines and APIs.

Strategic objectives



Stakeholders



Capitals



Our impact

- Ensured a sustainable supply of energy and water, critical to our ability to operate
- Implemented various initiatives to reduce our consumption of natural resources and carbon emissions
- Responsible management and disposal of hazardous and non-hazardous waste and effluent
- Committed to transparency through CDP and TCFD-aligned disclosures

28% reduction on Scope 1 and Scope 2 emissions over the past five years

37% reduction in water withdrawn over the past five years

86% waste recycled and only **2%** to landfill

CDP-CC and **CDP-WS** performance rated as "B Management Level" and "B- Management Level", respectively

Our material sustainability topics

- Climate change and GHG
- Energy efficiency
- Resource use and waste
- Water and effluent



Additional information available online

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

Our contribution to SDGs

We contribute to the following SDGs and targets through our actions aligned to our material sustainability topics:



Ensure availability and sustainable management of water and sanitation for all

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity



Ensure access to affordable, reliable, sustainable and modern energy for all

7.3 By 2030, double the global rate of improvement in energy efficiency



Ensure sustainable consumption and production patterns

12.2 Achieve the sustainable management and efficient use of natural resources

12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their lifecycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment



Take urgent action to combat climate change and its impacts

13.2 Integrate climate change measures into national policies, strategies and planning

Our commitment

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





Environment continued

Approach to environmental stewardship

We are committed to practising responsible environmental stewardship, seeking to minimise any negative impact our operations may 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 participant of the UN Global Compact and fully support global initiatives aimed at protecting the environment and conserving natural resources.

As corporate members of the National Business Initiative in South Africa as well as the World Wide Fund for Nature Inc., we intend to leverage these partnerships to engage in collaborative thought leadership, collective action and knowledge sharing on climate and other related topics.

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 with the relevant environmental legislation and monitoring the adequacy of environmental management systems. Under the direction of a Group Chief Corporate Services Officer, the Group Risk & Sustainability function develops and promotes our environmental management principles and standards, with the Group SHE Operations function monitoring the alignment of business units' environmental management systems with the Group's standards. In addition to this, the Executive Sustainability Forum oversees the development of the Group's sustainability strategy and ensures integration and alignment of the sustainability objectives with business priorities. This forum (chaired by the Group Chief Operations Officer) comprises members of the Group Executive and other senior managers, and has executive oversight of the Group sustainability performance.

The implementation of our Group Environmental Policy (incorporating the Group's environmental management principles) and compliance with all applicable legislation are the responsibility of designated business unit executives.

Our environmental management systems are aligned with global standards. Environmental certification covers 83% of our manufacturing sites with all of our fully commercialised primary finished dose form manufacturing sites and all, but one, of our API manufacturing sites currently complying with ISO 14001:2015. The Sioux City and Ghana sites have been excluded from certification due to the limited scale of their operations.

During the year, a number of environmental training interventions were conducted across the manufacturing sites to ensure the consistent application of environmental principles, standard operating procedures and compliance with legislative requirements, and to create awareness of new developments. Awareness campaigns are rolled out across the Group in celebration of World Water Day and World Environment Day. A platform for the sharing of best practice on manufacturing-related environmental topics – the manufacturing sustainability CoE – enables knowledge sharing on various environmental themes.

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.

An external environmental legal assurance process was conducted in 2023 and no exceptional legal environmental findings were noted. No fines were paid in respect of environmental non-compliances this year.

Climate change and GHG emissions

Managing emissions

We recognise the potential environmental, social, political and economic implications of climate change as a significant issue. Our environmental management principles promote the climate resilience and containment and reduction of our carbon footprint both within our operations and in the broader supply chain in a technically and economically feasible manner.

We continue to take steps to further develop and enhance our climate strategy. Our strategy includes the development and implementation of company-wide Paris-aligned climate reduction targets and roadmaps with abatement scenarios and opportunities. This work is being done through cross-functional teams and will also include the development of a position paper and strategies to achieve these targets.

Physical changes to the climate clearly represent business risks and opportunities. Many of our operations have already experienced direct and indirect impacts linked to increased temperatures, water stress and extreme weather events. Given the uncertainties linked to climate change, the transition to a low-carbon economy, and the recognition of prolonged physical vulnerabilities, we conducted climate change scenario analysis during this financial year. While a scenario analysis does not predict the future, it allows us to better understand the impact of climate change and how it could affect our company. Refer to [the Sustainability and ESG Data Supplement](#) for more information on this work.

We also recognise that our value chain emissions are a significant contributor to our overall carbon footprint. While still in the early stages, we have initiated internal and partnership programmes to understand these emissions more fully and aim to collaborate with our supply chain partners to find carbon reduction opportunities ([page 92](#) for more information on our Responsible Supply Chain programme).

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.

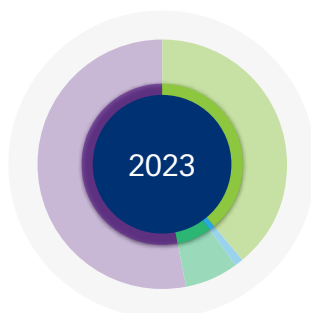


Environment continued

Climate change and GHG emissions continued

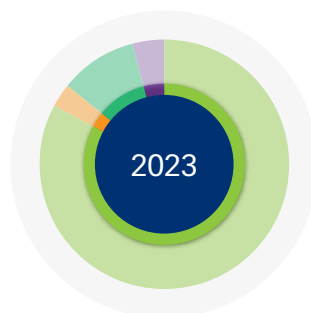
Managing emissions continued

Scope 1 emissions (37 424 tCO₂e) (%)



Africa Middle East	39
Americas	1
Asia	0
Australasia	7
Europe CIS	53

Scope 2 emissions (111 877 tCO₂e) (%)



Africa Middle East	83
Americas	0
Asia	3
Australasia	10
Europe CIS	4

A notable reduction in emissions for Scope 1 (7%) and a marginal increase for Scope 2 (1%) was achieved for the year. Reductions in Scope 1 emissions are mainly attributed to a decrease in natural gas consumption recorded for the De Geer and Moleneind sites. The increase in Scope 2 emissions was driven mainly by the recommencement of production activities at Alphamed.

Over the past five years, a decrease of 28% (57 693 tCO₂e) in combined Scope 1 and Scope 2 emissions for the Group has been realised. The operations in South Africa contribute 70% to our carbon footprint, followed by the Oss site (11%). Although the divestment of the Nutritional business at the end of 2019 and Mexico Vallejo at the end of 2021 resulted in a significant reduction in emissions for the Group, the use of renewable energy combined with 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. 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 and air change rates, were successfully implemented or optimised.

We continue to participate in the CDP-CC and achieved a rating of “B Management Level” in 2022, which recognises structured management of climate issues and the associated impacts. We are striving to improve our rating even further through the setting of company-wide carbon emission reduction targets and conducting climate change risk assessments which include a climate scenario analysis.

In accordance with GMP regulations, we have 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 [online](#). A table summarising our current reporting in terms of the TCFD’s recommendations is included in our Sustainability and ESG Data Supplement [online](#).

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, solar PV panels have been installed to reduce the sites grid reliance and overall energy requirements at times of load shedding. The Gqeberha site (South Africa) will also be embarking on a waste to energy project under a power purchase agreement. Under this initiative, plastic waste will be converted to synthetic gas through a pyrolysis process. Not only will this result in a reduction in our carbon emissions, but it will also further reduce our reliance on the unstable national grid and lower our overall energy costs.

The Group’s annual electricity usage for 2023 has increased marginally by 2% (11 387 GJ) in comparison to the prior year. This increase is mainly attributed to the recommencement of production activities at the Alphamed site. At the end of 2023, renewable electrical energy accounted for 11% of total electricity usage for the Group.

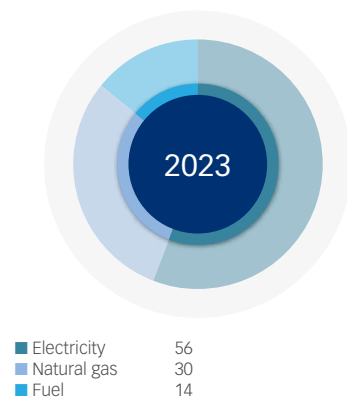


Environment continued

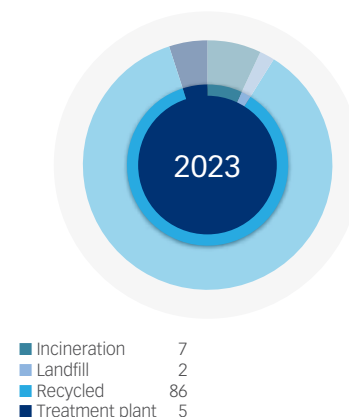
Climate change and GHG emissions continued

Energy continued

Energy usage by source type
(1 108 629 GJ) (%)



Waste generated by disposal method
(70 991 tonnes) (%)



Additional energy sources utilised by Aspen are fuel, liquid petroleum gas, purchased steam and natural gas.

Waste

As part of the pharmaceutical and chemical industries, a fair portion (23%) 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.

The volume of waste generated by the Group decreased by 4% in 2023. Large volumes of construction waste removed from the Alphamed site in FY2022 following the fire and rebuild of the site resulted in an increase in overall waste produced and a decrease in the percentage waste recycled in that year. Waste recycled is 86% (2022: 80%), while only 2% (2022: 5%) of total waste generated is landfilled.

Spills and soil contamination/ground pollution

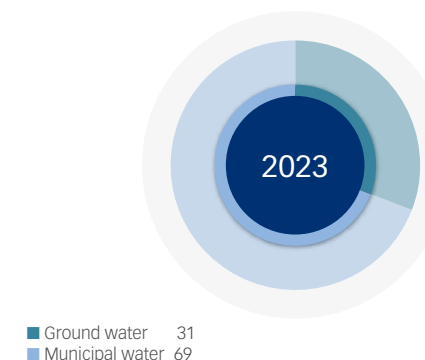
With our continued focus placed on implementing necessary corrective and preventive actions to curb incidents of spillages, we managed to curb the total number of significant spills to a reasonably acceptable level. A total of two significant spillages were recorded in 2023, of which one was classified as a spill with high impact potential. A volume of 17,5 m³ diesel was released into the storm water drain contaminating the surrounding area and lake at our Gqeberha site. The root cause of the spill was determined as shutdown procedures that were not adequately followed. An external spill management company was sourced to assist with the immediate containment of the spill and related cleaning activities, enabling us to minimise the environmental damage.

Water and effluent

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, Nairobi and in Gqeberha. 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.

Water withdrawal (1 061 megalitres) (%)



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 our Group Environmental policy. 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 historical 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 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 (23% of the total number of manufacturing sites in the Group) represents 30% of total water withdrawn for the Group.



Environment continued

Water and effluent continued

Our manufacturing sites in East London, Dar es Salaam, Accra, Sioux City, Vitoria and Notre Dame de Bondeville are considered to be situated in low water-stressed locations. Future projections show that our manufacturing sites in Gqeberha, East London, 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	315	443	303	1 061
Water discharged	Mℓ	234	398	218	850
Water consumed	Mℓ	81	45	85	211
Water withdrawn	%	30	42	28	100
Water discharged	%	27	47	26	100
Water consumed	%	39	21	40	100

Water withdrawn has increased by 2% (22 megalitres) for the year. Poor quality municipal water combined with an increased use in ground water in Gqeberha was identified as the main driver in the increase in water withdrawn.

Over the past five years, water withdrawal has reduced significantly by 37% (632 megalitres) within the Group. The Oss and Gqeberha sites 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 and Mexico Vallejo at the end of 2021 resulted in a notable water reduction for the Group, the Oss site played the most significant role in realising the positive downward trend, with a water reduction of 507 megalitres from 2018 to 2023. 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 Corellistraat, and the use of efficient closed water-based cooling systems all based in the Netherlands.

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. The Gqeberha site's support of the Business Chamber's Adopt A Leak initiative was recently recognised for its significant impact in mitigating the risks around the water crisis in the Nelson Mandela Bay. The South African Operations team has been instrumental in leading and driving this initiative which has saved the Metro over 1,5 million litres of water a day. The team has taken their commitment a step further by adopting nine schools in Nelson Mandela Bay, with the aim of making a sustainable difference in our local community.

In the development of our sustainability strategy, we recognise that water stewardship is a key element in managing our business resilience and in terms of preparing to meet growing demands for increased disclosure from investors, regulators and customers. As such, we have embarked on the development of a water management and stewardship strategy.

We participated in the annual Carbon Disclosure Project for Water Security in 2022 and received 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.

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

A biodiversity assessment has been initiated for the Group. The assessment will include a maturity assessment where benchmarking against peers as well as voluntary and regulatory frameworks will be conducted. A screening analysis will then be conducted to identify priority locations with high-risk exposure to inform future actions. Ultimately, an action plan with recommendations to reduce risk and realise opportunities to progress will be presented to management for approval and implementation.

Governance

In this section:


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Group Executive Committee	111



Supporting aspiring lawyers in KwaZulu-Natal

Aspen's Group Legal team has partnered with the University of KwaZulu-Natal ("UKZN") since 2016 through a community project intended to support the development of aspiring lawyers. This partnership, based on Group Legal's mantra *to teach is to learn and to learn is to teach*, affords final-year law students the opportunity to attend the four-day Aspen Group Legal Workshop.

This Workshop provides insight and much-needed practical exposure to law practised in a multinational commercial environment, and an introduction to an in-house legal function.

 [View this case study online.](#)



Our approach to governance

Governance in the Group extends beyond mere legislative and regulatory compliance. We strive to entrench an enterprise-wide culture of good governance aimed at ensuring fair and transparent decision-making within an ethical framework that promotes the responsible consideration of material 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 to 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 & Nomination Committee.

The Board is of the opinion that the outcomes 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:

- medium- and long-term consequences of decisions on profit, people and the planet;
- the need to foster the Group's relationships with stakeholders including employees, regulators, suppliers, customers and governments;
- the impact of the Group's operations on communities and the environment; and
- 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:

- 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;
- a set of agreements were concluded with the Gates Foundation and CEPI for the receipt of funding to support Aspen's capabilities to manufacture lifesaving routine and outbreak vaccines for Africa;
- continued investment in the expansion of its sterile manufacturing capacity in Gqeberha and Aspen Notre Dame de Bondeville to produce vaccines and other steriles, including biological products;
- dividend payments to shareholders with the declaration of a dividend of 342 cents per ordinary share in September 2023;

- aligned to Aspen's purpose of improving the health and quality of life of patients, the establishment of a Global Access to Medicine Committee, the role of which is to provide the mechanism for the Group senior executive direction for the development, implementation and integration of the committee's strategy in the execution of the Group's broader strategy;
- material business acquisition and disposal transactions, including the agreement concluded with Amgen, in terms of which Aspen will exclusively market, distribute, use and sell Amgen's products in South Africa;
- greater focus on building diverse talent and creating a culture of inclusion supported by equitable practices and policies; and
- concerted succession planning activities cascading to all management levels within the organisation.

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 available [online](#)
- [Pages 106 to 108](#) 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.



Governance outcomes

Ethical leadership | Good performance | Effective control | Trust and legitimacy



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:



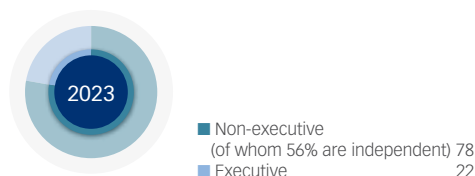
Board size

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:
58 years

Board attendance

Board	31 August 2022	7 December 2022	8 December 2022	28 February 2023	24 May 2023	22 June 2023
Kuseni Dlamini [#]	✓	✓	✓	✓	✓	✓
Sean Capazorio	✓	✓	✓	✓	✓	✓
Linda de Beer ^{#*}	✓	✓	✓	✓	✓	✓
Ben Kruger ^{#*}	✓	✓	✓	✓	✓	✓
Themba Mkhwanazi [#]	✓	✓	✓	✓	Apology	Apology
Chris Mortimer	✓	✓	✓	✓	✓	✓
Yvonne Muthien [#]	✓	✓	✓	✓	✓	✓
Babalwa Ngonyama [*]	✓	✓	✓	✓	N/A	N/A
David Redfern	✓	✓	✓	✓	✓	Apology
Stephen Saad	✓	✓	✓	✓	Apology	✓

[#] Membership of the Audit & Risk Committee.

^{#*} Membership of the Remuneration & Nomination Committee.

^{*} Membership of the Social & Ethics Committee.

^{*} Resigned with effect from 29 May 2023.

The average overall attendance rate of the Board meetings for the 2023 financial year was 90%.

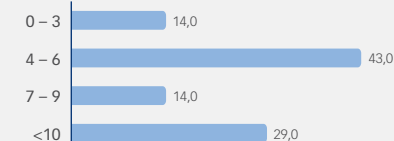
90%

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 Group'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 (%)



Black 33
White 67

Gender (%)



Male 78
Female 22

Race (%)



Black 40
White 60

Gender (%)



Male 70
Female 30



Governance supporting our strategy

Audit & Risk Committee

Focus areas and outcomes for the year

- Reviewed the Group's proposed digital roadmap to ensure that the Group's approach to this discipline was aligned to Aspen's strategic objectives
- Mitigation of infrastructure technology security risks and oversight of the mitigation plans introduced to address the risk of material operational and disruptive incidents, by means of a number of digital initiatives including the establishment of a Cybersecurity Centre of Excellence and the implementation of the Group's Information Security Policy
- Oversight of the Group's insurance programme and establishment of a risk finance vehicle (cell captive)
- Enhancing the Group's internal audit practices to ensure a systematic, disciplined approach to evaluate and improve the effectiveness of risk management control
- Effectiveness, competency, capacity and independence of the Aspen Group's Internal Audit function ("Internal Audit") function, as well as the expertise and experience of the Chief Audit Executive confirmed
- Matters concerning the Company and the Group's accounting policies, financial controls, records and reporting recommended to the Board
- Improving Group Treasury oversight by the restructuring of Aspen Finance (Pty) Limited into Aspen Treasury South Africa (Pty) Limited and Aspen Treasury Ireland Limited
- Performed oversight of the financial, IT and cybersecurity measures and internal controls
- Impairment valuations conducted to ensure the correct valuation of assets
- Enhanced focus on Aspen's business operations in China and Aspen's supply chain strategy

Members

Ben Kruger (Chair)
Linda de Beer
Yvonne Muthien

Further reading

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

Available online

Relevant stakeholders considered



Capitals



	29 August 2022	3 October 2022	20 October 2022	6 December 2022	10 February 2023	23 February 2023	19 June 2023
Ben Kruger (Chair)**	✓	✓	✓	✓	✓	✓	✓
Linda de Beer	✓	✓	✓	✓	✓	✓	✓
Yvonne Muthien***	N/A	N/A	N/A	N/A	N/A	N/A	✓
Babalwa Ngonyama*	✓	✓	✓	✓	✓	✓	N/A

* Babalwa Ngonyama resigned as member of the Committee with effect from 29 May 2023.

** Ben Kruger was appointed as Chair of the Committee with effect from 14 June 2023.

*** Yvonne Muthien was appointed as a member of the Committee with effect from 14 June 2023.

The overall average attendance for the **Audit & Risk Committee** meetings held during the year was

100%



Governance supporting our strategy continued

Remuneration & Nomination Committee

Focus areas and outcomes for the year

- Ongoing evolution of the Group's remuneration philosophy, policies and practices to align remuneration and incentive practices, in particular measurements, with the Group's strategic objectives, with specific reference to achieving the following outcomes in the current year
 - Ensuring that the performance targets, award conditions and vesting criteria for short- and long-term incentives in respect of executive directors and the rest of the Group executives were aligned with the Group's remuneration philosophy and best practice
 - Considering the disclosure of our remuneration philosophy, policies, practices and actual performance against pre-set targets to transparently address the information needs expressed by shareholders
- Reviewed and adjusted the executive remuneration policy and structures to align with investor feedback and market benchmarks
- Reviewed global remuneration for all employees in consideration of local economic impacts and approved a once-off fixed payment to all employees at Patterson D Band and below, in affected business units
- Formalising the succession plan for the Group Executive Committee and next layer of management
- Assessment of the performance of the Board, its committees and individual directors, this year, conducted through an extensive external process. Areas for improvement that were raised mostly related to the need for more formalised strategy setting processes, a focus on the digitalisation of the Group and ongoing efforts to ensure the appropriate appointment of a director to fill the current vacancy on the Board

Members

Linda de Beer (Chair)
Kuseni Dlamini
Themba Mkhwanazi

Further reading

- Committee mandate, role and responsibilities available [online](#)
- Remuneration review as published on [pages 114 to 134](#) of this report

Relevant stakeholders considered



Capitals



	26 July 2022	30 August 2022	28 February 2023
Linda de Beer (Chair)	✓	✓	✓
Kuseni Dlamini	✓	✓	✓
Themba Mkhwanazi	✓	✓	✓

The overall average attendance for the
**Remuneration & Nomination
Committee** meetings held
during the year was

100%



Governance supporting our strategy continued

Social & Ethics Committee

Focus areas and outcomes for the year

- 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
- Considered the outcomes of the global employee engagement survey that was conducted towards the end of FY2022 in order to gauge employee satisfaction aspects, understand areas of concern, and measure net promoter scores, and noted the action plans in place to address these
- 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, as well as reports and trends in relation to responsibilities to patients
- 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 B-BBEE targets, the employment equity and skills development plans for our South African businesses, and considered the external verification of our empowerment activities
- Reviewed our performance in respect of ESG and sustainability considerations and assessed our performance in respect of social and ethical issues
- Obtained internal assurance in respect of the Group's Ethics & Compliance programmes

Members

Yvonne Muthien (Chair)
Kuseni Dlamini
Reginald Haman
Ben Kruger

Further reading

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

Relevant stakeholders considered



Capitals



	19 August 2022	15 November 2022	20 February 2023	7 June 2023
Yvonne Muthien (Chair)**	✓	✓	✓	✓
Kuseni Dlamini	✓	✓	✓	✓
Reginald Haman	✓	✓	✓	✓
Ben Kruger*	✓	✓	✓	✓

* Ben Kruger stepped down as Chair of the Committee with effect from 14 June 2023, remaining a member of the Committee.

** Yvonne Muthien was appointed as Chair of the Committee with effect from 14 June 2023.

The overall average attendance
for the **Social & Ethics
Committee** meetings held
during the year was

100%



Board of Directors

Executive directors

Non-executive directors



Stephen Saad (59)

Group Chief Executive

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

Appointed:
January 1999

Classification:
Executive director



Sean Capazorio (58)

Group Chief Financial Officer

Qualifications:
CA(SA)

Appointed:
January 2022

Classification:
Executive director



Kuseni Dlamini (55)

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,
Chair



Linda de Beer (54)

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

Appointed:
July 2018

Classification:
Independent non-executive



Ben Kruger (64)

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

Appointed:
April 2019

Classification:
Lead independent
non-executive

Committee diagram key: ● Audit & Risk Committee ● Remuneration & Nomination Committee ● Social & Ethics Committee



Full CVs available online



Board of Directors continued

Non-executive directors



Themba Mkhwanazi (53)

Qualifications:
B.Eng (Hons)
Appointed:
April 2019
Classification:
Independent non-executive



Chris Mortimer (62)

Qualifications:
BA, LLB
Appointed:
January 1999
Classification:
Non-executive



Yvonne Muthien (67)

Qualifications:
D.Phil (Oxon), MA (Political
Science), BA (Hons)
Appointed:
December 2021
Classification:
Independent non-executive



David Redfern (57)*

Qualifications:
BSc (Hons), CA
Appointed:
February 2015
Classification:
Non-executive
** British*

Company Secretary

Reginald Haman (49)

Qualifications:
MBA, PGDBA, ND, NHD, Graduate Diploma in Company Direction
Appointed:
March 2023
Classification:
Group Chief Corporate Services Officer

Committee diagram key: ● Audit & Risk Committee ● Remuneration & Nomination Committee ● Social & Ethics Committee



Full CVs available online



Group Executive Committee



Stephen Saad (59)

Group Chief Executive

Qualifications:

CA(SA), PhD (Commerce)
Honoris Causa

Appointed: January 1999

Responsibilities:

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.



Sean Capazorio (58)

Group Chief Financial Officer

Qualifications:

CA(SA)

Appointed: January 1999

Responsibilities:

Sean is responsible for the strategic and financial well-being of the Group and for all the Group's finance functions across Aspen's 60 businesses. He also assesses business performance and identifies business improvement opportunities.



Gus Attridge (62)

Group Chief Advisor

Qualifications:

CA(SA)

Appointed: January 1999

Responsibilities:

Gus is a founding shareholder of Aspen and is responsible for providing insight and advice on strategic matters.



Reginald Haman (49)

*Group Chief Corporate
Services Officer*

Qualifications:

MBA, PGDBA, ND, NHD,
Graduate Diploma in
Company Direction

Appointed: May 2020

Responsibilities:

Reginald is responsible for leading Aspen's portfolio of Group enablement and governance functions including technology, people and strategic Group-wide business processes. Reginald was appointed as a member of the Social & Ethics Committee on 1 September 2020. He also holds the position of Company Secretary.



Lorraine Hill (60)

*Group Chief Operations
Officer*

Qualifications:

BPharm

Appointed: January 1999

Classification:

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.



Group Executive Committee continued



Samer Kassem (48)

*Chief Executive Officer,
Aspen Global Incorporated*

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 (38)

*Group Chief Strategic
Development Officer*

Qualifications:

CA(SA), CFA, LLB

Appointed: May 2020

Responsibilities:

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



Stavros Nicolaou (57)

*Group 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.



Carnie van der Linde (54)

*Senior Group Executive:
Commercial (International
Regions)*

Qualifications:

Bachelor of Dental Science
(BDS)

Appointed: October 2022

Responsibilities:

Carnie is responsible for the development and implementation of strategy and the performance delivery of the Aspen Commercial Pharmaceutical business in Brazil, Latin America, USA, Canada, Europe, Russia-CIS, Middle East, North Africa and Turkey, and sub-Saharan Africa.



Trevor Ziman (52)

*Regional Chief Executive
Officer, Asia Pacific*

Qualifications:

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.



Remuneration review

In this section:


Remuneration review

114

Investing in South Africa's pharmacists

Aspen has enjoyed a successful collaboration with the University of the Witwatersrand's Health Sciences Faculty's Pharmacy and Pharmacology Department through, among others, the highly integrated INVEST and PharmApprentice programmes.

These programmes bridge the gap between academic curricula, the experiences of a working environment, increased understanding of the pharmaceutical sector and the adoption of entrepreneurial practices to equip postgraduate pharmacy students to contribute towards South Africa as a competitive global pharmacy industry.

 View this case study online.

Remuneration review

Overview

Our 2023 Remuneration review sets out the factors that influenced remuneration in the current financial year and the key focus areas of the Remuneration & Nomination Committee in driving the ongoing evolution of our remuneration policy to align more closely with shareholder expectations and market best practice, which we started in 2021. It further sets out our remuneration implementation outcomes for 2023 for executive directors and prescribed officers.

Progress with continuing to align our remuneration practices with shareholder expectations and market best practice

- Aligning executive incentives with longer-term sustainable value creation
- Executive incentives clear, transparent and aligned with strategic objectives, actions and business performance measurements
- Amendments to remuneration philosophy and policy
- Amendments to how we measure and disclose
- Improved communication regarding governance processes
- Review current remuneration mix of executives to ensure competitive and aligned with latest trends in benchmarks
- Aligning executives with Group strategy through a greater portion of committed mandatory shareholding in Aspen
- Addressing with shareholders the matter of it not always being in the best interests of the Company and its shareholders to disclose price-sensitive information in a highly regulated and competitive market

Legend:

Achieved ●●● Good progress made ●●○ Work in progress ●○○

Introduction

We strive to ensure that remuneration is fair and transparent, promoting positive outcomes aligned with sustainable value creation objectives in line with the Group's strategy. We continue to engage constructively with our shareholders to better understand their perspectives and ensure our remuneration practices balance their legitimate expectations with the business' remuneration philosophy. We set out below our progress on initiatives designed to align our remuneration practices with shareholder expectations and market expectations which we started in 2021.

This year, we have made further changes to our disclosures in this Remuneration review, which we hope will achieve our objective of enhanced communication. We look forward to feedback from our stakeholders in this regard.

Following the publication of the remuneration report in 2022, we held several engagements with stakeholders prior to the December 2022 annual general meeting to clarify our position and achieve alignment on understanding. This included an interaction with a certain proxy advisory service that had advised their subscribers to vote against our remuneration implementation report. While achieving some correction of factual inaccuracies in their report (post initial publication), it did not result in the amendment to their advice to vote against the remuneration implementation report.

At the December 2022 annual general meeting, while our remuneration policy received favourable votes at 92,43%, the favourable votes for our implementation report declined to 68,88% (from 94,80% achieved in the prior year). This was despite there being no material changes to the implementation report from the prior year.

In view of the dissenting votes achieved, we have extensively engaged with investors to obtain further insights into their concerns. The material comments raised by shareholders and our responses are summarised below:

Shareholder concern	Response
The application of discretionary adjustment applied to the free cash flow measure for the build-up of COVID vaccine-related inventory.	The rationale for the adjustment was further clarified with stakeholders emphasising that the upside of the liquidation of this inventory that took place in the current year has been reversed in measuring performance this year.
The vesting conditions for layer 1 long-term incentives ("LTIs") were not different to the short-term incentives ("STIs") and therefore not forward looking.	We have restructured our scheme to align with our strategic intent, by introducing a new medium-term incentive which is based on performance of current year, with deferred vesting.
Ease of understanding of our remuneration disclosures	This report has been restructured to improve disclosure.



Remuneration review continued

Key achievements in FY2023

- Achieving a greater variable incentive portion for executives
- Assessing the impact of global events and inflation on our employees, including the provision of a cost-of-living once-off payment to employees below executive level
- The implementation of a global grading system to achieve consistency in remuneration practices
- The performance of global benchmarking on executive remuneration
- Further incorporating shareholder feedback in setting performance targets

Focus on executive remuneration, succession and Board strength

During the year under review the Remuneration & Nomination Committee remained focused on:

- assessing the competitiveness of total remuneration in the context of the war for talent and scarce and critical skills;
- considering the impact of global inflation rates and cost-of-living pressures on employees;
- ongoing evolution of the Group's remuneration philosophy, policies and practices to align remuneration and incentive practices, in particular measurements with the Group's strategic objectives, with specific reference to achieving the following outcomes in the current year:
 - inclusion of non-financial metrics in our short-term and long-term incentive scorecards aligned with our ESG commitments;
 - ensuring that the performance targets, award conditions and vesting criteria for short- and long-term incentives in respect of executive directors and the rest of the Group executives were aligned to the Group's remuneration philosophy and best practice; and
 - enhancing the disclosure of our remuneration philosophy, policies, practices and actual performance against pre-set targets to transparently address the information needs expressed by shareholders.
- succession and capacity of the Group Executive Committee and next layer of management;
- engaging with investors on Aspen's remuneration philosophy, policy and implementation, obtaining deeper insights into expectations and adjusting disclosures to reduce complexity and enhance clarity of communication; and
- independent assessment of the performance of the Board, its Committees, individual directors and the Company Secretary.

Group performance overview

Performance is the lens through which the remuneration outcomes are assessed. The Remuneration & Nomination Committee considered the overall operating environment and financial results in determining the FY2023 remuneration outcomes of short-term and long-term incentives against pre-set targets.

FY2023 saw continued progress against our strategic priorities, with significant advances made to achieve organic growth in key growth territories and filling our manufacturing capacity. The operating environment remained very uncertain, resulting in a challenging context within which to deliver the Group's performance. The extent to which there would be a demand for Aspen's COVID vaccines, the impact of the Russia-Ukraine conflict, the extent of China's VBP programme and the high inflation environment were just some of the significant uncertainties faced when establishing the targeted performance for FY2023. These factors all materialised and had a marked impact on the Group's performance. An unexpected COVID lockdown in China and significant volatility in exchange rates further complicated matters. In the context of these headwinds, the Group achieved solid financial results. However, performance against certain of the targets set out in the Group KPIs has not been achieved.

The performance outcomes of the Group are set out more fully on [pages 60 to 65](#) of this report, while the performance outcomes against the predetermined KPIs for incentive purposes is detailed on [page 126](#).

Consistent with our remuneration policy, the Remuneration & Nomination Committee also considers factors beyond pure financial performance in measuring remuneration outcomes. Adjustments for non-quantifiable factors, including risk and factors outside of pure financial performance, will ensure fair and responsible outcomes aligned with overall performance. The rationale, nature and extent of any discretion will always be fully disclosed.

While the challenging trading environment for FY2023 was noted, the Remuneration & Nomination Committee did not find circumstances that would require the application of their discretion to performance outcomes for this year.

Enhancement to variable pay component of the Group Remuneration Policy

To simplify the award structure while maintaining alignment with the remuneration philosophy, the following changes to the variable pay components on the remuneration structures were approved:

- The implementation of a medium-term incentive ("MTI") scheme – this scheme, which is based on the same performance criteria as the STI, is conditional on continued employment, and vests in year three.
- The adjustment of the LTI scheme to a fully conditional and forfeitable award with performance conditions applicable, with measurements in year one and year three (award adjusted upwards or downwards in year three).
- The quantum on the LTI have been adjusted to realign the pay mix between variable and guaranteed pay.

Further details of the variable pay schemes are set out on [pages 120 to 123](#).



Remuneration review continued

The Remuneration & Nomination Committee's role in the setting of STIs, MTIs and LTIs:

- considers the strategy, as well as input from the Group Executive Committee, investors and other stakeholders when identifying appropriate key themes and KPIs for recommendation to the Board;
- reviews and approves Group performance measures;
- reviews and approves the business unit performance achievements against predetermined performance measures;
- assesses the performance of executives and makes incentive awards in line with performance against predetermined measures;
- exercises its discretion regarding increased or decreased adjustments to incentive awards and payments to mitigate unintended consequences due to circumstances and factors outside of management's control (as disclosed in this review);
- considers the appropriate pay mixture between variable and fixed pay;
- approve the separate *ad hoc* senior executive deferred retention components, which allow for additional share settled awards over three-, five- and 10-year periods, subject to the performance conditions set by this Committee; and
- approves the rules in respect of STIs and LTIs and, any changes in respect of these rules.

Conclusion

The Remuneration & Nomination Committee is of the view that the Group's performance in 2023 is reflected in our remuneration outcomes. As in prior years, we seek to achieve an appropriate balance of stakeholder interests in our remuneration outcomes and focused on attracting and retaining skilled and talented individuals. The Committee gave considerable attention to ensuring that our remuneration philosophy and policy are fit for purpose, support the Group's strategy, and that remuneration outcomes reflect the strategic deployment of our remuneration resources.

Our focus areas in 2024

During FY2024 we will focus on:

- implementing further adjustments to achieve our objective of a greater variable incentive portion at all executive levels;
- Group-wide executive succession and talent pipeline;
- further enhancing our KPIs, policy and disclosure in response to market practice and shareholder expectations;
- ongoing monitoring of remuneration trends and the Group's ability to attract and retain talent; and
- continuing to engage with our investors ahead of the annual general meeting to promote alignment with stakeholder requirements.

Shareholder voting on remuneration matters

Our ongoing engagement with investors over the past few years regarding Aspen's remuneration has provided us with very useful insights which have helped us improve the disclosure in our remuneration review. We are committed to continue engaging with investors and taking feedback into consideration in our efforts to continually improve our reporting and remuneration practices.

Our remuneration policy and implementation report are subject to two separate non-binding advisory votes by shareholders at Aspen's annual general meeting, while a special resolution to approve the non-executive directors' fees is also tabled at the annual general meeting.

The results of the voting in respect of the non-binding advisory votes were as follows:

Remuneration policy	For	Against	Abstain	Total
2022	92,43%	7,57%	0,05%	100,00%
2021	95,90%	4,10%	0,09%	100,00%

Remuneration implementation report	For	Against	Abstain	Total
2022	68,88%	31,12%	0,05%	100,00%
2021	94,80%	5,20%	0,09%	100,00%

The current remuneration policy and 2023 implementation report will be tabled for separate non-binding advisory votes at the Company's 2023 annual general meeting, scheduled for 7 December 2023. 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 shareholders. The nature and outcomes of these engagements will be reported on in our Integrated Report of the following financial year.

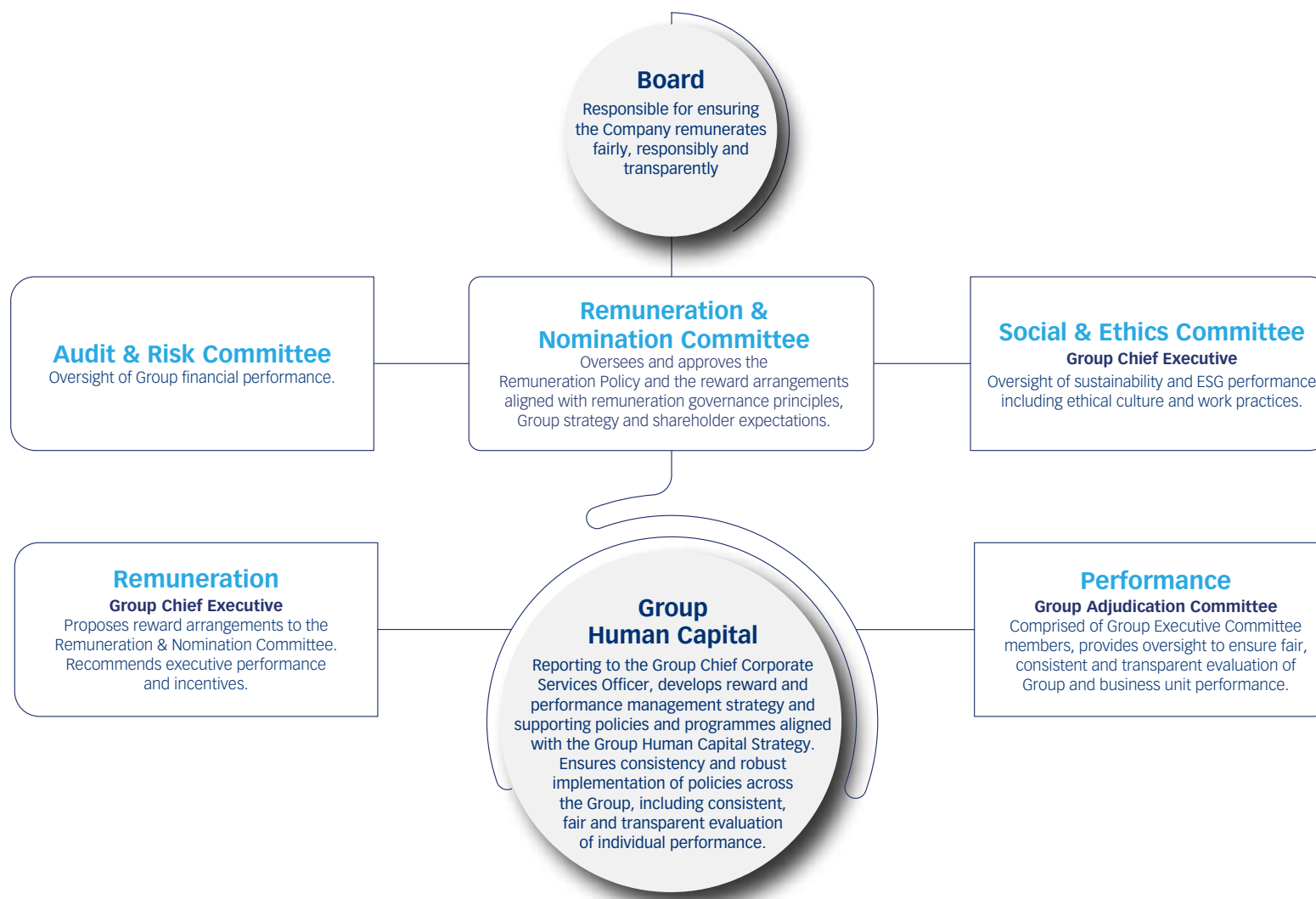


Remuneration review continued

Remuneration governance structures

In line with the recommended practices of the King IV Code, the Remuneration & Nomination Committee is a committee of the Board from which it derives its authority and to which it regularly reports. The Remuneration & Nomination Committee assists the Board in ensuring that the Group remunerates fairly responsibly and transparently. Furthermore, it oversees the implementation of the remuneration policy and makes recommendations to the Board regarding the remuneration structure and base fees for non-executive directors for approval by shareholders.

Further information on the Remuneration & Nomination Committee is set out in the Governance section on [page 107](#).





Remuneration review continued

Our remuneration philosophy

Our remuneration philosophy underpins our strategy, supports our organisational culture and is premised on our commitment for fair and responsible remuneration. Aligned to our Human Capital Strategy, it directs our employees' efforts in delivering our strategy to create sustainable long-term value for our stakeholders fairly and responsibly.

Aspen's philosophy regarding remuneration is structured around:

- the need to retain our competitive advantage in the local and global pharmaceutical industry by attracting and retaining high calibre individuals with the required technical qualifications and experience and the ethical and behavioural traits that fit our entrepreneurial and dynamic culture;
- individuals, regardless of race or gender, performing the same or similar job and at similar performance levels receive the same or similar levels of remuneration;
- incentivising a performance culture in the Group;
- aligning remuneration and incentives with our strategic objectives, actions, business performance measurements, best practice and stakeholder feedback;
- incorporating appropriate ESG KPIs into personal, business unit and Group KPIs;
- the combined agreed actions from our annual strategy conference forming the basis of our strategic targets;
- measuring short-term and medium incentives mainly in terms of near-term goals; and
- measuring long-term incentives in respect of measures that support the achievement of the longer-term focus areas of our strategy.

The remuneration objectives guiding our remuneration policy

Establishing an appropriate balance between fair, responsible and competitive remuneration and reward, which makes it possible to attract and retain employees of the highest quality, while at the same time addressing affordability



Driving a high-performance culture through remuneration packages directly linked to individual and business performance, and predetermined targets set for each performance measure



Employee rewards aligned with the value delivered to the Group and its shareholders



Remuneration review continued

Remuneration structure and design

Fair and responsible remuneration

We make every effort to set out remuneration packages at levels which are fair to all our employees, competitive and market related. To achieve this, we refer to independent surveys, benchmarks, publicly available economic data and local and international marketplace intelligence.

Employee wage rates across the Group comply with legislated wage rates in the jurisdictions in which we operate and, where applicable, our 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, that ensure general alignment across the Aspen businesses, including the achievement of an overall Group performance objective.

During the year under review Aspen engaged the services of Deloitte to perform benchmark reviews of the remuneration practices and levels of pay for our South African executives, while the services of Willis Towers Watson were used to benchmark the remuneration practices and levels of pay for certain of our material offshore businesses.

Our approach to performance management

Our approach to performance management is an integral part of our short-term planning and strategy execution process. By aligning business priorities, business unit, and individual objectives, we strive for every employee to understand how their daily work contributes to business success.

During the year under review continued emphasis was placed on embedding our enhanced Group performance management framework which is aimed at providing a standardised approach to performance management while respecting the local dynamics of managing high-performance teams. The framework encourages 360-degree feedback, alignment of Group, business unit and individual objectives and continuous performance dialogues.

Individual performance is a critical input into short-term incentive decisions. Employees are typically ineligible to receive short-term incentive awards, where individual performance falls below expectations.

Retaining a competitive advantage

The remuneration of our employees is inextricably linked to our ability to attract, develop and retain talent in an environment where there is increased competition for critical skills.

Annual salary increases

When awarding annual salary increases, primary consideration is given to an employee's performance and achievement of his or her predetermined individual key performance areas ("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.

Clawback and malus provisions

Clawback and malus provisions allow for recovery of partial or entire incentive awards from employees found guilty of dishonesty, misconduct, incompetence, negligence or causing harm to Aspen's reputation.

Termination of employment

Short-term incentives that have not been paid at the time of termination of employment or during notice period are forfeited. Unvested awards are forfeited on resignation.

Where termination of employment is due to no-fault dismissal, death or medical incapacity that triggers the earlier vesting of awards that are subject to scheme conditions, the Remuneration & Nomination Committee can exercise its discretion in determining the performance award with due consideration of the period that has lapsed and the actual performance levels achieved during that period.

Executive director contract terms and 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 the Group Chief Executive, and notice periods of six months' written notice apply to both executive directors. 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 and include malus and clawback provisions.

The principles in terms of which the remuneration packages of the executive directors are determined are like those applicable to the Group's management. The financial and non-financial performance measures in respect of the executive directors' incentive bonuses are considered and approved by the Remuneration & Nomination Committee annually.

Minimal shareholding requirements have been determined for executive directors and prescribed officers with a phasing in period of five years.

Non-executive directors' remuneration

Non-executive director fees are reviewed annually and reflect the expertise, responsibilities and contribution of the non-executive directors throughout the year and not only during meetings.

We consider the following when setting the proposed fees for our non-executive directors:

- market-related fees;
- level of general increase provided to our employees; and
- overall inflation.

The fee proposals endorsed by the Board are proposed at the annual general meeting for shareholder approval by special resolution, prior to payment for the following financial year. The proposed fee adjustment for the period from 1 July 2023 to 30 June 2024 is 6%.



Remuneration review continued

Elements of total remuneration

The following remuneration elements in the composition of our total remuneration package in 2023:

Guaranteed remuneration

Total Guaranteed Pay

The basis for a competitive remuneration package.
Reflects the market rate for the content of the role and the individual's skills and competence.

+

Variable remuneration

Short-term incentives

Rewards sustainable performance based on the Group, business/functional, team and individual performance payable annually in cash.

+

Variable remuneration (Conditional and deferred)

Long-term incentives – layer 1

Align shareholder and executive interests over the short term with reference to the achievement of Group performance targets. Settlement in shares after a three-year vesting period serves as a retention incentive.

+

Variable remuneration (Conditional and forfeitable)

Long-term incentives – layer 2

Align shareholder and executive interests over the medium to long term with reference to the sustained achievement of Group performance targets measured over a three-year period. Settlement in shares after a three-year vesting period, with 25% of shares released for trade in year four and 25% in year five, creates a medium-term focus aligned with shareholder interests.

For 2024, the remuneration elements have been adjusted as set out below:

Guaranteed remuneration

Total Guaranteed Pay

The basis for a competitive remuneration package.
Reflects the market rate for the content of the role and the individual's skills and competence.

+

Variable remuneration

Short-term incentives

Rewards sustainable performance based on the Group, business/functional, team and individual performance payable annually in cash.

+

Variable remuneration (Conditional and deferred)

Medium-term incentives

Rewards sustainable performance based on the Group, business/functional, team and individual performance. Settlement in shares after a three-year vesting period serves as a retention incentive.

+

Variable remuneration (Conditional and forfeitable)

Long-term incentives

Align shareholder and executive interests over the medium to long term with reference to the sustained achievement of Group performance targets measured over a three-year period. Settlement in shares after a three-year vesting period, with 25% of shares release for trade in year four and 25% in year five, creates a medium-term focus aligned with shareholder interests.

LTI share schemes

The Group operates two LTI schemes: the South African Management Deferred Incentive Bonus Scheme ("SAMDIBS") for senior managers and executives (including executive directors), which is share settled; and the International Phantom Share Scheme ("IPSS") for senior managers and executives not based in South Africa, which is settled in cash on a phantom share basis. Except for the difference in settlement methods, the terms and conditions of both schemes are similar in all material respects with both schemes being designed to acknowledge and reward individual performance and the performance of the employee's business unit.

Our practice in acquiring shares to settle vesting deferred and long-term incentive awards has been to purchase these in the market to avoid shareholder dilution.



Remuneration review continued

Other share schemes

The Group operates two additional share schemes to address attraction and retention objectives:

South African Phantom Share Scheme

In 2020 a South African Phantom Share Scheme was introduced with the intention of, under exceptional circumstances, compensating employees for medium or long-term incentives, which were held at previous employers, but forfeited when the employee accepted a position at Aspen. This was an important mechanism required to attract the right calibre of skills and experience in a key competitive talent market. Operating as phantom shares, the value of the award is referenced to the Aspen share price. Settlement can be by means of a cash payment or a purchase of shares following an agreed vesting period.

Elements of remuneration structure in more detail

Total Guaranteed Pay

Philosophy

Designed to attract and retain high calibre employees with the requisite technical skills and experience, ethics and behavioural traits that fit our entrepreneurial and dynamic culture. The total guaranteed package is cash settled, reflecting the market value of each role.

Structure

Basic salary and benefits with annual increase based on:

- performance against predetermined individual KPAs;
- enterprise or business unit performance measures on a balanced scorecard (selected grades);
- inflationary considerations;
- collective bargaining agreements (where applicable); and
- industry and regional benchmarking.

Middle and senior levels are remunerated on a total cost-to-company basis, while lower grades are remunerated on a basic pay plus benefits basis.

Lower grades are awarded annual bonus equal to a month's salary.

Settlement

Cash settled monthly.

Eligibility

Permanent employees.

Long-term retention share scheme

The SAMDIBS and IPSS have separate senior executive deferred retention components, which allow for additional share-settled awards over periods of three, five and seven years (legacy scheme also included 10-year vesting but is no longer applied). These are made to a limited number of key South African and offshore employees on an *ad hoc* basis at the discretion of the Group Chief Executive in consultation with the Remuneration & Nomination Committee.

Short-term incentives

Philosophy

The short-term incentive is an annual cash-settled awards bonus aimed at creating a high-performance culture for sustained achievement against predetermined performance measures aligned with the grade and specific role of each participant.

Structure

Annual incentive bonus based on:

- performance against predetermined individual KPAs;
- enterprise or business unit performance measures on a balanced scorecard (except for the Group Chief Executive's performance measurements which do not include business unit measures); and
- Group targets as measured against a balanced scorecard.

Activities and projects not included in overall Group KPIs can be included in personal KPAs.

Performance on focused projects is measured against Board-approved project milestones.

Business unit stretch performance measures are based on the primary financial measure only for Commercial business units. In respect of Operations business units/functional areas/service hubs, the most appropriate measure(s) which allow for objective outperformance measures are considered and approved by the Group Adjudication Committee.

Caps in place, varying on level of seniority.

Settlement

Cash settled annually.

Eligibility

Permanent employees from middle to senior and executive management, including executive directors.

Employees must achieve a minimum score of 75% on their individual KPAs and an 85% score for business unit KPIs to be eligible for an incentive. A score of 100% individual KPA is required to qualify for a stretch incentive.



Remuneration review continued

Long-term incentives

Philosophy

The long-term incentives support the achievement of longer-term sustainable value creation based on a selection of suitable long-term KPIs and carry a sizeable weighting in each executive's performance measurement.

Structured in two parts, the LTI seeks to reward sustained performance against predetermined Group KPIs, incentivise stretch performance, align executive performance though unvested shareholding as well as serve as a retention incentive.

The LTI is share settled (except for executives not based in South Africa, which is settled in cash on a phantom share basis).

Long-term incentives – layer one

Structure

Deferred incentive bonus calculated on the same basis as the STIs, capped at current LTI maximum before the application of the stretch principle and are not forfeitable.

The total performance measure is determined by calculating the weighted average of the percentage performance outcome assigned to each KPI, which is then converted to an STI score based on an agreed STI scoring table.

Caps in place, which vary according to the level of seniority.

Settlement

Share settled after three-year vesting period.

Eligibility

Permanent employees from senior and executive management, including executive directors.

Long-term incentives – layer two

Structure

Forfeitable deferred incentive bonus conditional upon sustained three-year performance against predetermined Group KPIs designed to support the achievement of longer-term strategic objectives.

Performance levels defined at two levels: on target and stretch.

Stretch targets introduce an additional layer of forfeitable stretch awards conditional on sustained three-year outperformance against the predetermined Group KPIs.

Each KPI in layer two is separately measured and the award for each KPI is independent of the performance achieved in the other two KPIs.

Caps in place, which vary according to the level of seniority.

Settlement

Share settled after three-year vesting period, with 25% released for trade in year four and 25% in year five.

Eligibility

Permanent employees from senior and executive management, including executive directors.



Remuneration review continued

Changes to the variable incentive schemes for FY2024

The below sets out the provision of the medium- and long-term incentives as will apply to FY2024:

Medium-term incentives

Philosophy

The medium-term incentives seek to reward sustained performance against predetermined Group KPIs on a deferred bonus based on STI achievements and further serves as a retention mechanism for employees in the medium term.

Structure

Deferred incentive bonus calculated on the same basis as the STIs, capped at current LTI maximum before the application of the stretch principle and are not forfeitable.

The total performance measure is determined by calculating the weighted average of the percentage performance outcome assigned to each KPI, which is then converted to an MTI score based on an agreed MTI scoring table.

Caps in place, which vary according to the level of seniority.

Settlement

Share settled after three-year vesting period.

Eligibility

Permanent employees from senior and executive management, including executive directors.

Long-term incentives

Philosophy

The long-term incentives support the achievement of longer-term sustainable value creation based on a selection of suitable long-term KPIs and carry a sizeable weighting in each executive's performance measurement.

The LTI seeks to reward sustained performance against predetermined Group KPIs, incentivise stretch performance, align executive performance through unvested shareholding as well as serve as a retention incentive.

Structure

Forfeitable deferred incentive bonus conditional upon sustained three-year performance against predetermined Group KPIs designed to support the achievement of longer-term strategic objectives.

Performance levels defined at two levels: on target and stretch (two stretch levels).

Stretch targets introduce an additional layer of forfeitable stretch awards conditional on sustained three-year outperformance against the predetermined Group KPIs. This is measured at year one and year three with the award adjusted upwards or downwards for actual performance achieved over the three-year period.

Each KPI in layer two is separately measured and the award for each KPI is independent of the performance achieved in the other two KPIs.

Settlement

Share settled after three-year vesting period, with 25% released for trade in year four and 25% in year five.

Eligibility

Permanent employees from senior and executive management, including executive directors.



Remuneration review continued

Variable pay performance measures

The following variable pay performance measures are applicable for FY2023 and remain unchanged for FY2024.

STI and LTI layer one Group KPIs (MTI for FY2024)

Key performance indicator	Weighting
Targeted organic growth achieved in normalised EBITDA from continuing operations – measured in CER	70%
Targeted measured FCF	30%

A minimum of 95% must be achieved for the EBITDA KPI for the Group incentive to be paid and 100% for the stretch to apply for the Group component of the STI.

Conditional LTI layer two Group KPIs – on target

Key performance indicator	On-target weighting
ROIC (refer to schedule of formulas) relative to weighted actual cost of capital (“WACC”), where WACC is within the independent range determined by the auditors for impairment testing; target = WACC +1%	30%
Three-year CAGR in CER NHEPS from continuing operations; target = 5%	50%
ESG project: Achieve the milestones as per the approved strategic position paper on improving access to medicines; target = identified milestones	20%

Conditional LTI layer two stretch Group KPIs – Stretch

Key performance indicator	Weighting
<p>ROIC (refer to schedule of formulas) relative to WACC, where WACC is within the independent range determined by the auditors for impairment testing</p> <p>Stretch target 1 = WACC + 2% – <3%</p> <p>Stretch target 2 = WACC + 3% or greater</p>	<p>When stretch performance is achieved for both ROIC and CAGR and ESG milestones are met, the weighting applied is 40% ROIC and 60% CAGR. If no stretch is achieved for either ROIC or CAGR, the weightings are adjusted as per the target and ESG weighting is calculated by the balance out of 100%.</p>
Three-year CAGR in CER NHEPS from continuing operations; Stretch target 1 = 7,5% – <10% Stretch target 2 = 10% or greater	
ESG project: Achieve the milestones as per the approved strategic position paper on improving access to medicines; target = identified milestones	

Each KPI in the second layer is separately measured and the award for each KPI is independent of the performance achieved in the other two KPIs.



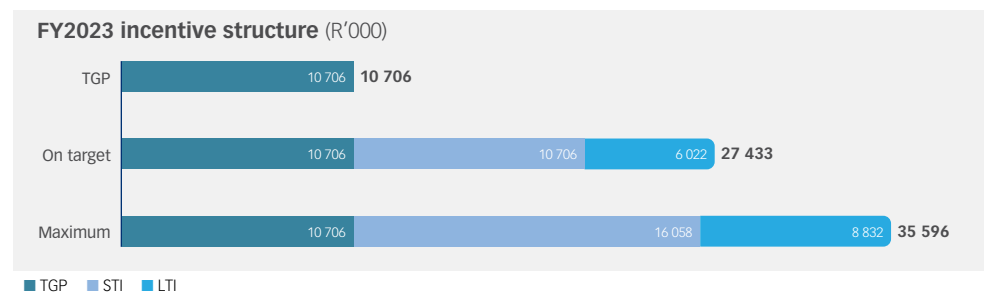
Remuneration review continued

Illustration of remuneration scenarios

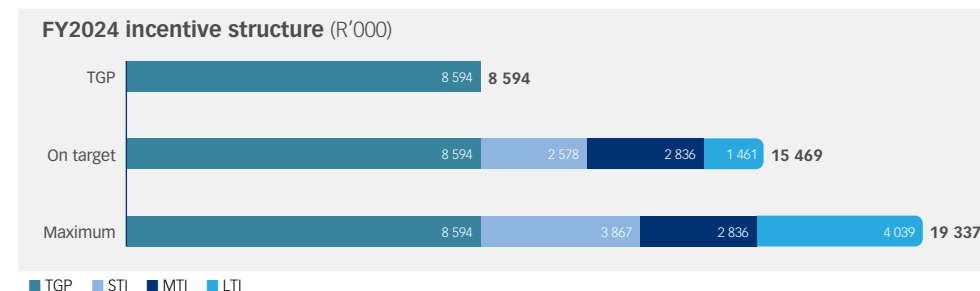
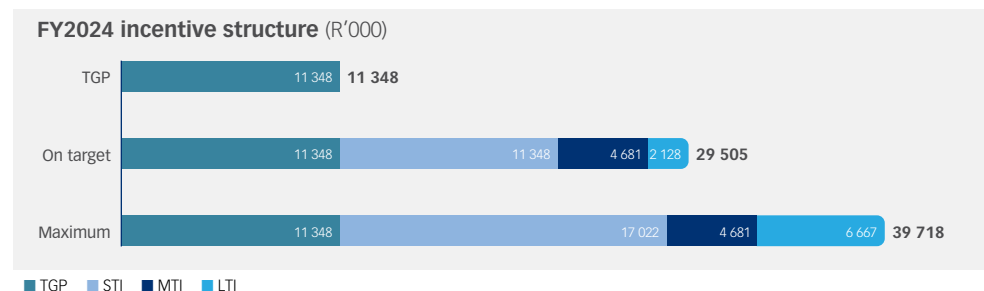
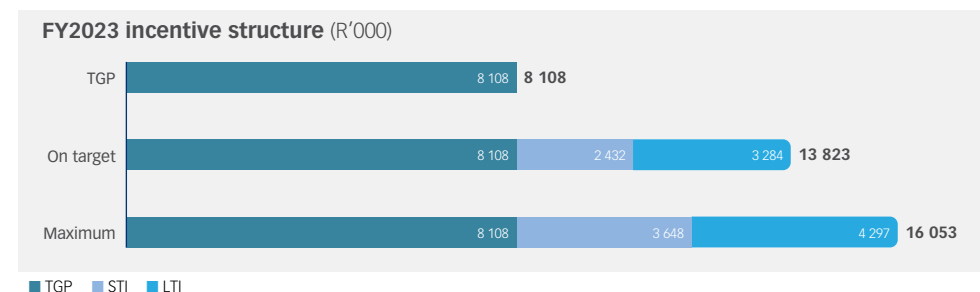
Remuneration of the executive directors is structured to take cognisance of the short- and long-term objectives of the Group and is designed to support alignment with the Group's overall Business Strategy and financial performance. The mix is aimed at ensuring an optimal balance of remuneration between guaranteed pay and variable pay.

The graphs below set out the potential remuneration outcomes for each executive director at the following performance levels: minimum remuneration (TGP); on-target remuneration and maximum remuneration. Using FY2023 TGP, the scenarios compare the remuneration outcomes under the current variable scheme structure and the new incentive structure for FY2024.

Group Chief Executive



Group Chief Financial Officer





Remuneration review continued

Implementation report

Our implementation report sets out our remuneration outcomes for FY2023.

Fixed remuneration increases

We award salary increases taking into account CPI and individual performance achievement while some employees are awarded increases in line with collective bargaining agreements. The average increase awarded for South African employees for FY2023 is 6%.

Variable pay performance measures and performance for FY2023

The table below sets out the variable pay performance measures for FY2023 and the Group's performance against these. These performance outcomes are applied in implementation of the STI and LTI awards for the Group Chief Executive and Group Chief Financial Officer set out on pages 15 and 18 respectively.

Key performance indicator	Weighting	Target FY2023	Achievement STI and layer 1 LTI FY2023
STI and LTI – layer 1			
Organic growth in normalised EBITDA from continuing operations – measured in CER	70%	R11 385 million	97,5
Targeted measured free cash flow (FCF)	30%	R3 903 million	59,9
Total	100%		
Score using the STI scoring table			70,5

Key performance indicator	Weighting	Target FY2023	Target for stretch 1 FY2023	Target for stretch 2 FY2023	Performance FY2023	Achievement layer 2 LTI target FY2023	Achievement layer 2 LTI stretch FY2023
LTI – layer 2							
ROIC relative to WACC, where WACC is within the independent range determined by the auditors for impairment testing	30% (on target) 40% (if stretch achieved)	+1%	+2% to <3%	+3% or greater	ROIC of 8,1% vs WACC of 10,9% =-2,8%	Not achieved	Not achieved
Three-year CAGR in CER NHEPS from continuing operations	50% (on target) 60% (if stretch achieved)	5%	7,5% to <10%	10% or greater	Three-year CAGR in NHEPS of 5,1%	Achieved	Not achieved
ESG project: Achieve the milestones as per the approved strategic position paper on improving access to medicines	20% (on target) Balance applied on stretch	Identified milestones			Achieved	Achieved	
Total	100%						



Remuneration review continued

Remuneration outcomes for the Group Chief Executive

Personal KPA achievement for FY2023

Strategy

Presentation and approval by the Board at the Strategic Board meeting of an updated strategy for the Group for the next four years with measurable milestones. Evidence of satisfactory progress on implementation of the growth strategy by financial year-end.

Succession

A report documenting emergency and long-term succession plans for the Group Chief Executive and each direct report, as approved by the Remuneration & Nomination Committee.

Ethics/culture

The assessment of the Chair of the Social & Ethics Committee of activities undertaken to promote sound business ethics and a positive culture balancing Aspen's values while promoting diversity and inclusion considering all feedback received at the Social & Ethics Committee.

ESG

Approval of a positioning paper by the Board on leading Aspen's initiatives to improve access to medicines.

Leadership

Evidence of Aspen's positioning as a meaningful contributor to the fight against COVID in South Africa and Africa.

Achievement

25%

out of a possible 25%

Total Guaranteed Pay

Guaranteed pay FY2023

R10 705 577

Approved adjustment

6%

Guaranteed pay FY2024

R11 347 912

STI achievement for FY2023

Element	Achievement	Weighting	Outcome
Individual KPI	100%	25%	25,0%
Business unit KPI	N/A	N/A	N/A
Group KPI	70,5%	75%	52,9%
Total STI			77,9%

out of a possible 150%

LTI achievement for FY2023

Element	Weighting	STI performance	Outcome
Layer 1	41,25%	77,9%	32,1%

Element	Weighting	Participation level	Outcome
Layer 2			
Measure 1 – ROIC	0% (not achieved)	0%	0%
Measure 2 – CER	50% (achieved)	15%	7,5%
Measure 3 – ESG	20% (achieved)	15%	3,0%
Sub-total			10,5%
Total LTI			42,6%

out of a possible 82,5%

Remuneration composition (%)



■ TGP 46
■ STI 35
■ LTI 19



Remuneration review continued

Remuneration outcomes for the Group Chief Executive continued

Earned remuneration

Remuneration earned by the Group Chief Executive during the year were as follows:

Year	Base pay R	Retirement and medical aid benefits R	Total remuneration (TGP) R	Performance bonus (STI) ¹ R	Share- based award ² (LTI) R	Total earned remuneration ³ R
2023	9 171 660	1 533 917	10 705 577	8 334 915	4 562 238	23 602 730
2022	8 738 907	1 456 881	10 195 788	9 813 446	7 183 400	27 192 634

Notes:

¹ STI at actual 77,9% for FY2023 paid in September 2023.

² Comprises the following, all valued at date of award:

- LTI-layer 1 award of 18 408 shares vesting in 2026; and
- LTI-layer 2 award of 6 018 shares vesting in 2026 (with 25% released for trading in each of years 2027 and 2028 respectively). Value of LTI-layer 2 award is subject to adjustment according to performance levels achieved over the three-year period and are forfeitable.

³ Excludes IFRS adjustments as reflected in note 23 of the Annual Financial Statements.

Interests in Aspen shares

Shares allocated in terms of the SAMDIBS 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 (ZAR)	Expiry date	Shares outstanding on 30 June 2022	Awarded during the year	Dividends reinvested as shares	Released during the year	Shares outstanding on 30 June 2023
105,11	Oct 2022	11 461	—	266	11 727	—
108,98	Oct 2023	35 173	—	—	—	35 173
194,44	Sep 2024	20 798	—	—	—	20 798
142,78	Sep 2025*	—	50 310	—	—	50 310
		67 432	50 310	266	11 727	106 281

* Vesting in 2025, but released proportionally in 2025, 2026 and 2027.

Cash remuneration

Remuneration paid to Group Chief Executive during the year were as follows:

Year	Base pay R	Retirement and medical aid benefits R	Total remuneration (TGP) R	Performance bonus (STI) ¹ R	Share- based payment ² (LTI) R	Total cash remuneration R
2023	9 171 660	1 533 917	10 705 577	8 334 915	1 741 929	20 782 421
2022	8 738 907	1 456 881	10 195 788	9 813 446	2 634 597	22 643 831

Notes:

¹ STI at actual 77,9% for FY2023 paid in September 2023.

² Comprises 11 727 shares vested during the financial period.

Vesting of long-term incentives during 2023

Awards made to the Group Chief Executive, in terms of the SAMDIBS, vested as follows during the year:

Year	Date of award	Number of shares awarded	Value at date of award	Distri- butions/ dividends received R	Dividends reinvested as shares (number of shares)	Total value of award at vesting
2021*	October 2018	14 197	2 341 921	N/A	155	2 634 597
2022	October 2019	11 461	1 204 711	N/A	266	1 741 929

* Awards vested in October 2021, but the shares were only delivered after the closed period ended on 9 March 2022.



Remuneration review continued

Remuneration outcomes for the Group Chief Financial Officer

Personal KPA achievement for FY2023

Financial reporting and business performance:

Report to the Group Chief Executive, Audit & Risk Committee and the Board on progress with the identification of steps to enhance business performance, ensure the strategic direction of the business remains on track and targeted value drivers are delivered.

Capital allocation:

Ensure effective adherence to the approved capital allocation model for FY2023 and propose to the Board the capital allocation plan for FY2024.

Capital expenditure projects:

Ensure quarterly progress reports to the Group Executive Committee and the Board on capital expenditure projects clearly articulate progress on all key metrics. Conduct post-completion assessments of capital expenditure to track performance against target returns on investment.

Treasury consolidation project:

Provide oversight, guidance and direction to the Group Treasury team in the implementation of the treasury consolidation project, ensuring the project obtains the necessary approvals, achieves the agreed milestones, remains within the approved budget and realises at least the value creation/return on investment in the initiating proposal.

Board and Committee participation:

To fulfil the role of Group Chief Financial Officer to the satisfaction of the Board and the Audit & Risk Committee, providing appropriate information as expected and contributing expertise and insights to Board and Audit & Risk Committee discussions.

Stakeholder relationships:

Build an expanded network of key stakeholder relationships appropriate for the Group Chief Financial Officer, particularly with the banking community, investors, analysts and Board members such that these key stakeholders have trust and confidence in the Group Chief Financial Officer.

Leadership of Finance function:

To ensure the strength of the existing finance structures are at least maintained and, where appropriate, improved and is as evidenced in quality of reporting, internal audit reports, external auditor feedback and the assessment of the Audit & Risk Committee.

Achievement 25%
out of a possible 25%

Total Guaranteed Pay

Guaranteed pay FY2023	Approved adjustment	Guaranteed pay FY2024
R8 107 585	6%	R8 594 040

STI achievement for FY2023

Element	Achievement	Maximum applied	Participation	Weighting	Outcome
Base STI					
Individual KPI	100%	100%		25%	25,0%
Business unit KPI	100,5%	100%		50%	50,0%
Group KPI	70,5%	70,5%		25%	17,6%
Sub-total					92,6%
Stretch STI					
Individual KPI	100%	100%	Pre-minimum		
Business unit KPI	100,5%	0,5%	0	66,7%	0%
Group KPI	70,5%	70,5%	0	33,3%	0%
Sub-total					0%
Base + Stretch					92,6%
STI for band					30
Total STI award					27,8%

out of a possible 45%

LTI achievement for FY2023	Element	Weighting	STI performance	Outcome
Layer 1		33%	92,6%	30,6%
	Element	Weighting	Participation level	Outcome
Layer 2				
Measure 1 – ROIC		0% (not achieved)	0%	0%
Measure 2 – CER NHEPS		50% (achieved)	7,5%	3,8%
Measure 3 – ESG		20% (achieved)	7,5%	1,5%
Sub-total				5,3%
Total LTI award				35,8%

out of a possible 53,0%

Remuneration composition (%)



■ TGP 61
■ STI 17
■ LTI 22



Remuneration review continued

Earned remuneration

Remuneration earned during the year was as follows:

Year	Base pay R	Retirement and medical aid benefits R	Total remuneration (TGP) R	Performance bonus (STI) ¹ R	Share- based award ² (LTI) R	Total earned remuneration ³ R
2023	6 965 565	1 142 020	8 107 585	2 252 740	2 903 662	13 263 987
2022	5 874 505	981 645	6 856 150	2 236 819	3 262 599	12 355 568

Notes:

¹ STI at actual 27,8% for FY2023 paid in September 2023.

² Comprises the following, all valued at date of award:

- LTI-layer 1 award of 13 267 shares vesting in 2026; and
- LTI-layer 2 award of 2 279 shares vesting in 2026 (with 25% released for trading in each of years 2027 and 2028 respectively). Value of LTI-layer 2 award is subject to adjustment according to performance levels achieved over the three-year period and are forfeitable.

³ Excludes IFRS adjustments as reflected in note 23 of the Annual Financial Statements.

Interests in Aspen shares

Shares allocated in terms of the SAMDIBS as at the beginning of the year and those offered to and accepted during the year were as follows:

Grant price R	Expiry date	Shares outstanding on 30 June 2022	Awarded during the year	Dividends reinvested as shares	Released during the year	Shares outstanding on 30 June 2023
105,11	Oct 2022	7 253	—	168	7 421	—
108,98	Oct 2023	17 170	—	—	—	17 170
194,44	Sep 2024	9 836	—	—	—	9 836
142,78	Sep 2025*	—	22 851	—	—	22 851
		34 259	22 851	168	7 421	49 857

* Vesting in 2025, but released proportionally in 2025, 2026 and 2027.

Cash remuneration

Remuneration paid during the year was as follows:

Year	Base pay R	Retirement and medical aid benefits R	Total remuneration (TGP) R	Performance bonus (STI) ¹ R	Share- based payment ² (LTI) R	Total cash remuneration R
2023	6 965 565	1 142 020	8 107 585	2 252 740	1 102 315	11 462 640
2022	5 874 505	981 645	6 856 150	2 236 819	1 222 576	10 315 545

Notes:

¹ STI at actual 27,8% for FY2023 paid in September 2023.

² Comprises 7 421 shares vested during the financial period.

Vesting of long-term incentives during 2023

Awards made in terms of the SAMDIBS, vested as follows during the year.

	Date of award	Number of shares awarded	Value at date of award	Distributions/ dividends received R	Dividends reinvested as shares (number of shares)	Total value of award at vesting
2021*	October 2018	6 588	1 086 819	N/A	72	1 222 576
2022	October 2019	7 253	762 372	N/A	168	1 102 315

* Awards vested in October 2021, but the shares were only delivered after the closed period ended on 9 March 2022.

Interests in Aspen shares in terms of the senior executive retention component of the SAMDIBS

Shares allocated in terms of the senior executive retention component of the SAMDIBS (incentive awards vesting in five, seven or 10 years) as offered to and accepted were as follows:

Grant price R	Expiry date	Shares outstanding on 30 June 2022	Awarded during the year	Released during the year	Shares outstanding on 30 June 2023
326,70	May 2026*	47 649	—	—	47 649
106,74	May 2024**	33 470	—	—	33 470
106,74	May 2026***	33 470	—	—	33 470
		114 589	—	—	114 589

* Awarded in May 2016 (10-year vesting date).

** Awarded in May 2019 (five-year vesting date).

*** Awarded in May 2019 (seven-year vesting date).



Remuneration review continued

Total remuneration packages paid to executive directors and prescribed officers

The below tables provide an overview of the total remuneration packages paid to executive directors and prescribed officers in the 2023 financial year and the various components of these remuneration packages:

2023	Base pay R	Retirement and medical aid benefits R	Performance bonus (STI) Paid Sept 2023 R	Shares vesting – LTI (Value) Issued in FY2019/ FY2020* R	Total remuneration ¹ R
Executive Directors					
Stephen Saad	9 171 660	1 533 917	8 334 915	1 741 929	20 782 421
Sean Capazorio	6 965 565	1 142 020	2 252 740	1 102 315	11 462 640
	16 137 225	2 675 937	10 587 655	2 844 244	32 245 061
Prescribed Officers					
Gus Attridge	5 697 712	909 452	1 792 690	1 440 095	9 839 949
Lorraine Hill	8 062 317	1 026 215	2 077 694	1 583 139	12 749 365
Reginald Haman*	5 355 503	760 747	1 699 436	3 068 473	10 884 159
Zizipho Mmango*	5 409 823	706 427	1 699 436	2 504 969	10 320 655
	24 525 355	3 402 841	7 269 256	8 596 676	43 794 128

* LTI vesting was phantom shares issued in FY2020 upon joining.

2022	Base pay R	Retirement and medical aid benefits R	Performance bonus (STI) Paid Sept 2022 R	Shares vesting – LTI (Value) Issued in FY2019/FY2020* R	Total remuneration ¹ R
Executive Directors					
Stephen Saad	8 738 907	1 456 881	9 813 446	2 634 597	22 643 831
Sean Capazorio*	5 874 505	981 645	2 236 819	1 222 576	10 315 545
	14 613 412	2 438 526	12 050 265	3 857 173	32 959 376
Prescribed Officers					
Gus Attridge**	7 188 383	1 240 273	8 112 581	2 177 874	18 719 111
Lorraine Hill	7 672 745	982 999	2 364 316	1 755 663	12 775 723
Reginald Haman	4 556 360	693 640	1 712 813	4 749 943	11 712 756
Zizipho Mmango	4 643 625	606 375	1 660 313	3 567 505	10 477 818
	24 061 113	3 523 287	13 850 023	12 250 985	53 685 408

* Sean Capazorio was appointed as Executive Director and Group Chief Financial Officer with effect from 1 January 2022.

** Gus Attridge stepped down as Executive Director and Deputy Group Chief Executive with effect from 31 December 2021, becoming a prescribed officer on 1 January 2022.

¹ Excludes IFRS adjustments as reflected in note 23 of the Annual Financial Statements.



Remuneration review continued

Prescribed officers – interests in shares and vesting of shares

Vesting of long-term incentives during 2023

Awards made to prescribed officers, in terms of the SAMDIBS and South African Phantom Share Scheme, vested as follows during the year:

		Date of award	Number of shares awarded	Value at date of award	Distributions/ dividends received (ZAR)	Dividends reinvested as shares (number of shares)	Total value of award at vesting
Gus Attridge	2021*	October 2018	11 736	1 936 022	N/A	128	2 177 874
	2022	October 2019	9 475	995 912	N/A	220	1 440 095
Lorraine Hill	2021*	October 2018	9 461	1 560 474	N/A	103	1 755 663
	2022	October 2019	10 416	1 094 818	N/A	242	1 583 139
Reginald Haman	2021	May 2020	19 527	2 200 000	N/A	N/A	4 749 943
	2022	May 2020	19 527	2 200 000	114 819	N/A	3 068 473
Zizipho Mmango	2021	May 2020	14 666	1 921 219	N/A	N/A	3 567 505
	2022	May 2020	15 941	2 088 282	93 733	N/A	2 504 969

* Awards vested in October 2021, but the shares were only delivered after the closed period ended on 9 March 2022.

Interests in Aspen shares in terms of the SAMDIBS

Shares allocated in terms of the SAMDIBS as at the beginning of the year and those offered to and accepted by prescribed officers during the year were as follows:

	Grant price (ZAR)	Expiry date	Shares outstanding on 30 June 2022	Awarded during the year	Dividends reinvested as shares	Released during the year	Shares outstanding on 30 June 2023
Gus Attridge	105,11	October 2022	9 475	—	220	9 695	—
	108,98	October 2023	29 077	—	—	—	29 077
	194,44	September 2024	17 193	—	—	—	17 193
	142,78	September 2025	—	41 590	—	—	41 590
			55 745	41 590	220	9 695	87 860
Lorraine Hill	105,11	October 2022	10 416	—	242	10 658	—
	108,98	October 2023	24 658	—	—	—	24 658
	194,44	September 2024	14 125	—	—	—	14 125
	142,78	September 2025	—	18 215	—	—	18 215
			49 199	18 215	242	10 658	56 998
Reginald Haman	108,98	October 2023	15 145	—	—	—	15 145
	194,44	September 2024	8 098	—	—	—	8 098
	142,78	September 2025	—	17 498	—	—	17 498
			23 243	17 498	—	—	40 741
Zizipho Mmango	108,98	October 2023	2 629	—	—	—	2 629
	194,44	September 2024	8 709	—	—	—	8 709
	142,78	September 2025	—	17 498	—	—	17 498
			11 338	17 498	—	—	28 836
			139 525	94 801	462	20 353	214 435



Remuneration review continued

Interests in Aspen shares in terms of the senior executive retention component of the SAMDIBS

Shares allocated in terms of the senior executive retention component of the SAMDIBS (incentive awards vesting in three, five, seven or 10 years) as offered to and accepted by prescribed officers were as follows:

	Grant price (ZAR)	Expiry date	Shares outstanding on 30 June 2022	Awarded during the year	Released during the year	Shares outstanding on 30 June 2023
Reginald Haman	142,78	Aug 2025 [#]	24 000	—	—	24 000
	142,78	Aug 2027 ^{##}	32 000	—	—	32 000
	142,78	Aug 2029 ^{###}	44 000	—	—	44 000
			100 000	—	—	100 000
Lorraine Hill	326,70	May 2026 [*]	47 649	—	—	47 649
	106,74	May 2024 ^{**}	33 470	—	—	33 470
	106,74	May 2026 ^{***}	33 470	—	—	33 470
			114 589	—	—	114 589
Zizipho Mmango	142,78	Aug 2025 [#]	24 000	—	—	24 000
	142,78	Aug 2027 ^{##}	32 000	—	—	32 000
	142,78	Aug 2029 ^{###}	44 000	—	—	44 000
			100 000	—	—	100 000
			314 589	—	—	314 589

[#] Awarded in August 2022 (three-year vesting date).

^{##} Awarded in August 2022 (five-year vesting date).

^{###} Awarded in August 2022 (seven-year vesting date).

^{*} Awarded in May 2016 (10-year vesting date).

^{**} Awarded in May 2019 (five-year vesting date).

^{***} Awarded in May 2019 (seven-year vesting date).

Directors' interests in Aspen shares

The direct and indirect beneficial interests of the directors and their associates in the shares of the Company:

	Direct		Indirect	
	2023	2022	2023	2022
Kuseni Dlamini	—	—	—	—
Sean Capazorio*	63 243	59 125	—	—
Linda de Beer	—	—	—	—
Ben Kruger	13 500	13 500	—	—
Themba Mkhwanazi	—	—	—	—
Chris Mortimer	193 068	193 068	—	—
Yvonne Muthien**	1 800	1 800	—	—
Babalwa Ngonyama***	—	—	—	—
David Redfern	—	—	4 750	4 750
Stephen Saad	4 717 627	4 705 900	52 468 261	52 468 261
	4 989 238	4 973 393	52 473 011	52 473 011

* Sean Capazorio was appointed as Executive Director and Group Chief Financial Officer with effect from 1 January 2022.

** Yvonne Muthien was appointed to the Board with effect from 10 December 2021.

*** Babalwa Ngonyama resigned effective 29 May 2023.

None of the directors held any non-beneficial shares in the Company at 30 June 2023. As disclosed on pages 128, 130 and 132 of this report, the executive directors' long-term incentive shares that were awarded in October 2020, vested in October 2023. There were no changes to the non-executive directors' interests between the end of the financial year and date of approval.



Remuneration review continued

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 annual general meeting held on 7 December 2022. The following fees were paid to non-executive directors, either by the holding company or another company in the Group:

Non-executive director	2023* R	2022* R
Kuseni Dlamini (Chair)	1 408 528	1 341 455
Linda de Beer**	958 067	973 602
Ben Kruger	932 284	856 536
Themba Mkhwanazi	448 406	453 255
Chris Mortimer**	464 563	427 067
Yvonne Muthien***	547 916	299 801
Babalwa Ngonyama****	911 070	1 035 499
David Redfern	364 171	389 994
	6 035 005	5 777 209

* Fees exclude VAT.

** Linda de Beer and Chris Mortimer also receive directors' fees in their capacity as non-executive directors of Aspen Finance (Pty) Limited.

*** Yvonne Muthien was appointed to the Board with effect from 10 December 2021.

**** Babalwa Ngonyama resigned effective 29 May 2023. She received an attendance fee for attendance at meetings of Aspen Finance (Pty) Limited, in her capacity as Chair of the Audit & Risk Committee of Aspen Pharmacare Holdings Limited.

Linda de Beer

Remuneration & Nomination Committee Chair



Supplementary information

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Salient financial information

	Year ended 30 June 2023 R'million	Year ended 30 June 2022 R'million
Group statement of financial position		
Assets		
Non-current assets		
Intangible assets	63 104	53 651
Property, plant and equipment	18 495	15 913
Goodwill	5 596	5 007
Right-of-use assets	402	311
Deferred tax assets	1 579	1 252
Contingent environmental indemnification assets	343	329
Other non-current receivables	265	351
Total non-current assets	89 784	76 814
Current assets		
Inventories	19 606	15 763
Receivables and other current assets	13 053	11 948
Current tax assets	929	667
Cash and cash equivalents	10 912	6 183
Total current assets	44 500	34 561
Total assets	134 284	111 375

	Year ended 30 June 2023 R'million	Year ended 30 June 2022 R'million
Equity and liabilities		
Total shareholders' equity	86 236	70 942
Non-current liabilities		
Borrowings	21 375	10 582
Other non-current financial liabilities	497	3 492
Unfavourable and onerous contracts	—	87
Contingent environmental indemnification liabilities	343	329
Deferred tax liabilities	1 995	1 966
Retirement and other employee benefit obligations	690	582
Total non-current liabilities	24 900	17 038
Current liabilities		
Borrowings	7 907	11 665
Trade and other payables	10 180	10 060
Other current liabilities	4 057	711
Current tax liabilities	613	563
Unfavourable and onerous contracts	104	346
Total current liabilities	23 148	23 395
Total liabilities	48 048	40 433
Total equity and liabilities	134 284	111 375

The salient financial information is extracted from audited information, but is not itself audited. The annual financial statements have been audited by EY and their unmodified audit report, including key audit matters, is available for inspection at the Company's office. The Audited Annual Financial Statements were approved on 4 October 2023 and are available [online](#).



Salient financial information continued

	Year ended 30 June 2023 R'million	Year ended 30 June 2022 R'million
Group income statement		
Revenue	40 709	38 606
Gross profit	18 934	18 306
Normalised EBITDA*	11 100	11 012
Total amortisation, depreciation and non-trading adjustments	(3 278)	(2 341)
Operating profit	7 822	8 671
Net financing costs	(1 267)	(537)
Profit before tax	6 555	8 134
Group statement of cash flows		
Cash operating profit	11 300	10 023
Working capital movements	(3 358)	(2 652)
Cash generated from operations	7 942	7 371
Net financing costs paid	(808)	(1 067)
Tax paid	(1 614)	(1 691)
Cash generated from operating activities	5 520	5 374
Cash utilised in investing activities	(3 421)	(2 161)
Cash utilised in financing activities	(420)	(4 676)
Translation effects on cash and cash equivalents of foreign operations	843	479
Movement in cash and cash equivalents	2 522	(984)
Cash and cash equivalents at the beginning of the year	4 971	5 955
Cash and cash equivalents at the end of the year	7 493	4 971

		Year ended 30 June 2023 R'million	Year ended 30 June 2022 R'million
Share performance			
Earnings per share (cents) (basic and diluted)	cents	1 176,9	1 432,3
Headline earnings per share (cents) (basic and diluted)	cents	1 405,4	1 461,2
Normalised headline earnings per share (cents) (basic and diluted)	cents	1 498,5	1 627,6
Capital distribution/dividend per share	cents	342,0	326,0
Net asset value per share	cents	19 412,1	15 944,0
Operating cash flow per share	cents	1 242,6	1 186,2
Cash conversion rate	%	88,4	81,2
Free cash flow	million	2 338	3 154
Share information			
Number of shares in issue – at the end of the year	million	446,3	446,3
Number of shares in issue (net of treasury shares) – at the end of the year	million	444,2	445,0
Weighted number of shares in issue	million	444,2	453,0
Diluted weighted number of shares in issue	million	444,2	453,0
Market capitalisation at year-end	R'billion	82,3	62,2

* 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 Audited Annual Financial Statements.



Salient financial information continued

		Year ended 30 June 2023 R'million	Year ended 30 June 2022 R'million
Business performance			
Profitability – measures financial performance of the Group			
Return on ordinary shareholders' equity	%	6,8	9,5
Return on invested capital	%	8,1	9,6
Revenue growth	%	5	2
Gross profit	%	46,5	47,4
Normalised EBITDA margin	%	27,3	28,5
Effective tax rate	%	20,2	20,2
Liquidity – measures the Group's ability to meet its maturing obligations and unexpected cash needs in the short term			
Current ratio	times	1,9	1,5
Quick ratio	times	1,1	0,8
Cash ratio	times	0,6	0,3
Working capital as % of revenue	%	55	45
Debt indicators – measures the Group's ability to meet capital and interest payments over the long term			
Net borrowings	R'million	18 370	16 064
Leverage ratio	times	1,89	1,91
Net interest cover	times	11,9	14,3
Gearing ratio	%	18	18

		Year ended 30 June 2023	Year ended 30 June 2022
JSE statistics			
Number of shares traded	million	281,0	333,5
Number of shares traded as % of weighted average number of shares	%	58,7	73,6
Market price per share			
year-end	cents	18 362	13 904
highest	cents	18 843	27 446
lowest	cents	13 110	13 287
Key market performance ratios			
Earnings yield	%	8,2	11,7
Price:earnings ratio	times	12,3	8,5



Definitions and formulas

Cash conversion rate (%)

$$\frac{\text{Operating cash flow per share}}{\text{Headline earnings per share}}$$

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 (%)

$$\frac{\text{Tax}}{\text{Profit before tax}}$$

Gearing ratio (%)

$$\frac{\text{Net borrowings}}{\text{Total shareholders' equity – non-controlling interests + net borrowings}}$$

Gross profit (%)

$$\frac{\text{Gross profit}}{\text{Revenue}}$$

Leverage ratio

$$\frac{\text{Net debt}}{\text{Normalised EBITDA}}$$

Net borrowings

Non-current borrowings + current borrowings – cash and cash equivalents

Net interest cover (times)

$$\frac{\text{Operating profit before amortisation}}{\text{Interest paid – interest received (excluding capital raising fees)}}$$

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 (%)

$$\frac{\text{Normalised EBITDA (current year) – Normalised EBITDA (prior year)}}{\text{Normalised EBITDA (prior year)}}$$

Normalised EBITDA margin (%)

$$\frac{\text{EBITDA}}{\text{Revenue}}$$

Normalised headline earnings

Normalised headline earnings are headline earnings 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



Definitions and formulas continued

Operating cash flow per share (cents)

Cash generated from operating activities
Weighted number of shares in issue

Price:earnings ratio

Market price per share at year-end
Normalised headline earnings per share

Quick ratio

Current assets (excluding assets classified as held-for-sale) – inventories
Current liabilities (excluding liabilities associated with assets held-for-sale)

Return on net assets (%)

Profit before tax
Total weighted average assets – total weighted average liabilities

Return on invested capital (%)

Operating profit x (1- effective tax rate)
Weighted average (total shareholders' equity + net borrowings + deferred acquisition liabilities
– deferred acquisition receivables – accumulated currency translation gains/losses)

Return on ordinary shareholders' equity (%)

Profit attributable to equity holders of the parent
Weighted average ordinary shareholders' equity

Revenue growth (%)

Revenue (current year) – revenue (prior year)
Revenue (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

Working capital as % of revenue

Inventories + trade and other receivables – trade and other payables
Annualised net revenue

Capital expenditure

Capital expenditure – property, plant and equipment + capital expenditure – intangible assets

Free cash flow

Cash generated from operating activities – capital expenditure[^]

[^] appropriately adjusted for disposals and acquisitions approved by the Board.

Shareholders' diary

Financial year-end	30 June 2023
Annual general meeting	7 December 2023

Reports and Group results announcement for the 2024 financial year

Interim results for the six months ended 31 December 2023	March 2024
Condensed Group financial results for the year ended 30 June 2024	September 2024
Integrated Report and Annual Financial Statements	October 2024



Unaudited share statistics

Analysis of shareholders at 30 June 2023

	Number of shareholders	% of shareholders	Number of shares	% of total shareholding
Ordinary shares				
Size of holding				
1 – 2 500	40 207	93,2	10 792 352	2,4
2 501 – 12 500	1 757	4,1	9 329 714	2,1
12 501 – 25 000	352	0,8	6 189 689	1,4
25 001 – 50 000	250	0,6	8 954 324	2,0
50 001 and over	541	1,3	410 986 253	92,1
	43 107	100	446 252 332	100,0

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 2023 was as follows:

	Number of shareholders	Number of shares	% of total shareholding
Non-public shareholders	10	142 509 105	32,0
Directors of the Company and directors of material subsidiaries	8	57 462 249	12,9
Government Employees Pension Fund	1	83 032 778	18,6
Employee share trusts – treasury shares	1	2 014 078	0,5
Public shareholders	43 097	303 743 227	68,0
Total shareholding	43 107	446 252 332	100,0
Public shareholders (including the GEPPF)	43 098	386 776 005	86,6

Major shareholders

Top 10 institutional shareholders

According to the register of shareholders at 30 June 2023, the following are the top 10 registered institutional shareholders:

	Number of shares	% of total shareholding
Institutional shareholder		
Public Investment Corporation	66 497 364	14,9
Coronation Asset Management	24 545 186	5,5
Sanlam Investment Management	21 701 239	4,9
BlackRock	17 149 000	3,8
Schroders Plc	17 071 066	3,8
The Vanguard Group Inc	14 610 602	3,3
Foord Asset Management	10 775 676	2,4
Truffle Asset Management (Pty) Ltd	7 111 379	1,6
Old Mutual Ltd	6 537 753	1,5
State Street Global Advisors Ltd	5 882 654	1,3
	191 881 919	43,0

Top 10 beneficial shareholders

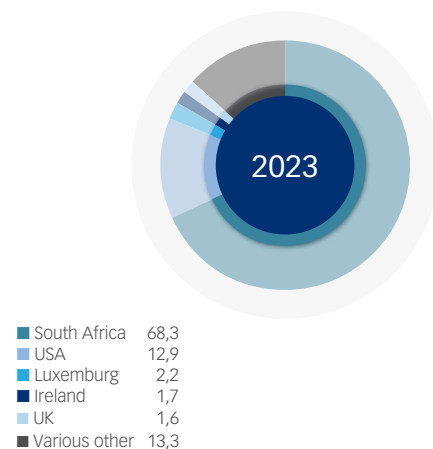
According to the register of shareholders at 30 June 2023, the following are the top 10 registered beneficial shareholders. The shareholdings of all directors are disclosed in the Remuneration Policy and Implementation Report, refer to [page 133](#).

	Number of shares	% of total shareholding
Shareholder		
Government Employees Pension Fund	83 032 778	18,6
Saad, SB	57 185 888	12,8
Attridge, MG	19 033 829	4,3
Ceppwawu Investments (Pty) Ltd	10 053 368	2,3
GIC Asset Management Pte Ltd	5 954 611	1,3
Foord Balanced Fund	5 259 300	1,2
Vanguard Total International Stock Index	5 235 057	1,2
Old Mutual Life Assurance Co Ltd	5 093 930	1,1
SAFE Investment Company Ltd	5 093 367	1,1
Vanguard Emerging Markets Stock Index Fund	5 051 568	1,1
	200 993 696	45,0

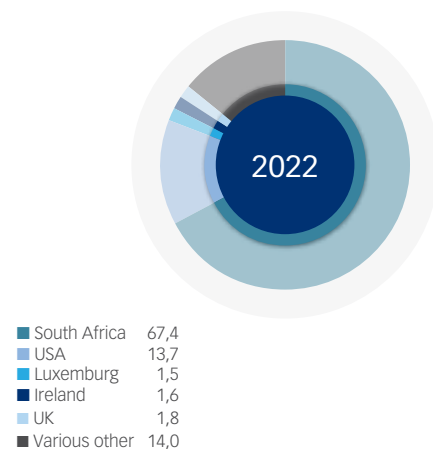


Unaudited share statistics continued

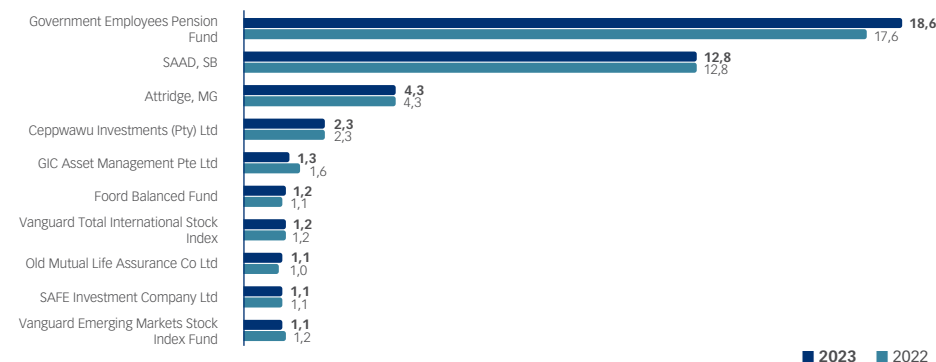
Beneficial shareholders – country (%)



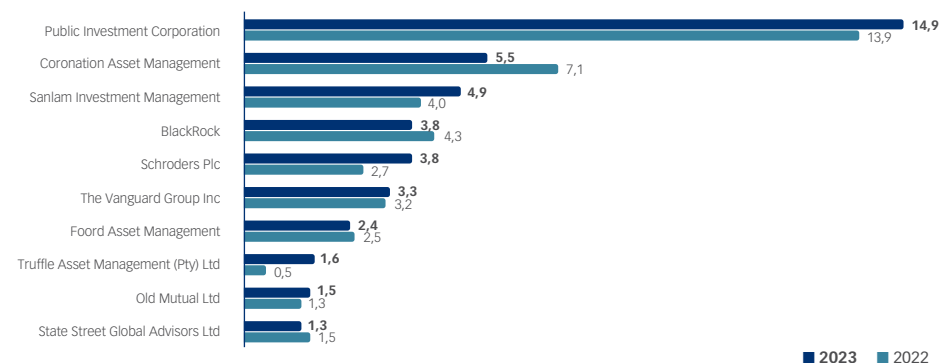
Beneficial shareholders – country (%)



Top 10 beneficial shareholders (%)



Top 10 institutional shareholders (%)



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 2022
APIs	Active pharmaceutical ingredients
ARVs	Anti-retrovirals
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 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 - Indústria Farmacéutica Limitada, a wholly owned subsidiary of PharmaLatina Holdings incorporated in Brazil
Aspen Finance	Aspen Finance (Pty) Limited
Aspen Health	Aspen Health LLC
Aspen Holdings or the Company	Aspen Pharmacare Holdings Limited
Aspen Ireland	Aspen Pharma Ireland Limited
Aspen Japan	Aspen Japan KK, a wholly owned subsidiary of AGI incorporated in Japan
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 Ilacлари S. de R.L. de C.V., Wyeth S. de R.L. de C.V., Marcas WN S.A. de C.V.
Aspen Oss	Aspen Oss B.V., a subsidiary incorporated in the Netherlands
B-BBEE	Broad-Based Black Economic Empowerment
B-BBEE Codes	The Department of Trade, Industry and Competition's B-BBEE Codes of Good Practice
BEPS	Base Erosion and Profit Shifting
CAGR	Compound annual growth rate

Abbreviation	Full name
CAS	Cooling as a service
CDP-CC	Carbon Disclosure Project for Climate Change
CDP-WS	Carbon Disclosure Project for Water Security
CEPI	Coalition for Epidemic Preparedness Innovations
CER	Constant exchange rate
CIS	The Commonwealth of Independent States, comprising Russia and the former Soviet Republics
CMO	Contract manufacturing organisation
CoE	Centre of Excellence
CODM	Chief Operating Decision Maker
COVID	Coronavirus disease
CY	Calendar year
Normalised 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
EE	Employment Equity
ERP	Enterprise resource planning
ESG	Environmental, Social and Corporate Governance
EY	Ernst & Young Inc
FCC	Fine Chemicals Corporation (Pty) Limited
FDF	Finished dose form
FY	Financial year
GEPF	Government Employees Pension Fund
GHG	Greenhouse gas
GMP	Good Manufacturing Practice
GRI	Global Reporting Initiative
HCIFR	High consequence incident frequency rate
HCP	Healthcare professional
HEPS	Headline earnings per share
HFO	Heavy fuel oil
HPC	Hydroxyprogesterone Caproate



Abbreviations continued

Abbreviation	Full name
I&T	Information & Technology
IBIS	IBIS Environmental Social Governance Consulting Africa Proprietary Limited
IBP	Integrated Business Planning
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IQVIA	IQVIA Inc, formerly Quintiles and IMS Health, Inc
Internal Audit	The Aspen Group Internal Audit function
IP	Intellectual property
IPSS	International Phantom Share Scheme
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 vaccine	Janssen Pharmaceuticals Inc. and Janssen Pharmaceuticals NV, two of the Janssen Pharmaceutical Companies of Johnson & Johnson's COVID vaccine
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King IV	King Code on Corporate Governance 2016™. Copyright and trademarks are owned by the Institute of Directors South Africa NPC and all its rights are reserved.
KPA	Key performance area or assessment
KPI	Key performance indicator
Laurus	Laurus Labs Ltd
Lilly	Eli Lilly Export S.A.
LIMS	Laboratory Information System
LTIs	Long-term incentives
MAT	Moving annual total
Mandela Day	The Nelson Mandela International Day
MENAT	Middle East, North Africa and Turkey
MES	Manufacturing execution system
MSD	Merck Sharpe & Dohme

Abbreviation	Full name
MTI	Medium-term incentive
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
Novo Nordisk	Novo Nordisk A/S
OECD	Organisation for Economic Cooperation and Development
OTC	Over the counter
Pharmacare	Pharmacare Limited
PPE	Property, plant and equipment
PSCI	Pharmaceutical Supply Chain Initiative
PWD	Persons with disabilities
RECOs	Region Ethics & Compliance Officers
ROIC	Return on invested capital
Rx	Medical prescription
SAHPRA	South African Health Products Regulatory Authority
SAMDIBS	South African Management Deferred Incentive Bonus Scheme
SASB	Sustainability Accounting Standards Board
SDGs	United Nations Sustainable Development Goals
SED	Socio-economic development
Serum Institute	Serum Institute of India Pvt Ltd
SHE	Safety, health and environment
SIF	Serious injury and fatality
STIs	Short-term incentives
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
TGP	Total guaranteed pay
The Companies Act	The South African Companies Act, No 71 of 2008
The Company	Aspen Pharmacare Holdings Limited
The Group	Aspen Group subsidiaries
TRIFR	Total recordable incident frequency rate



Abbreviations continued

Abbreviation	Full name
UN Global Compact	United Nations Global Compact
USA	United States of America
VAT	Value added tax
VBP	Volume-based procurement
Viatis	Viatis Inc.
WACC	Weighted actual cost of capital
WEP	United Nations Women Empowerment Principles
WHO	World Health Organization
Currencies	
AUD	Australian Dollar
BRL	Brazilian Real
CNY	Chinese Yuan
EUR	Euro
GBP	British Pound
MXN	Mexican Peso
R/ZAR	South African Rand
USD	United States Dollar

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1985/002935/06

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