

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](#).