

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.

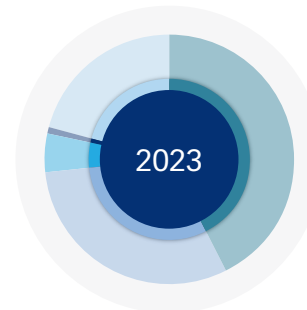
The Social & Ethics Committee provides oversight of the Group's human rights performance.

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.

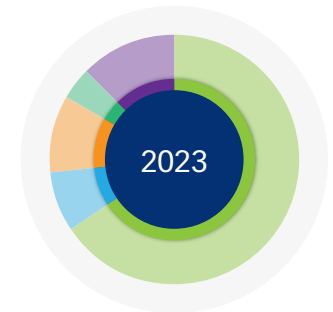
During the year, we supported a total of 218 SED projects in 22 countries, valued at R21,2 million.

SED projects by type across the Group (218 projects)



Community upliftment	93
Education and training	67
Healthcare	11
Clinics	2
Mandela Day	45

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



Africa Middle East	143
Americas	17
Asia	22
Australasia	9
Europe CIS	27

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.

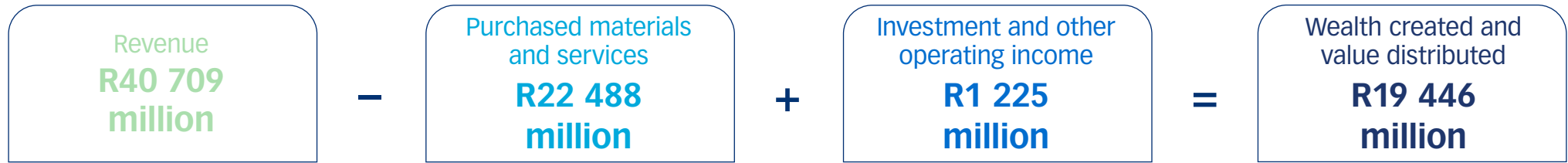
Society continued

Adding economic value to stakeholders

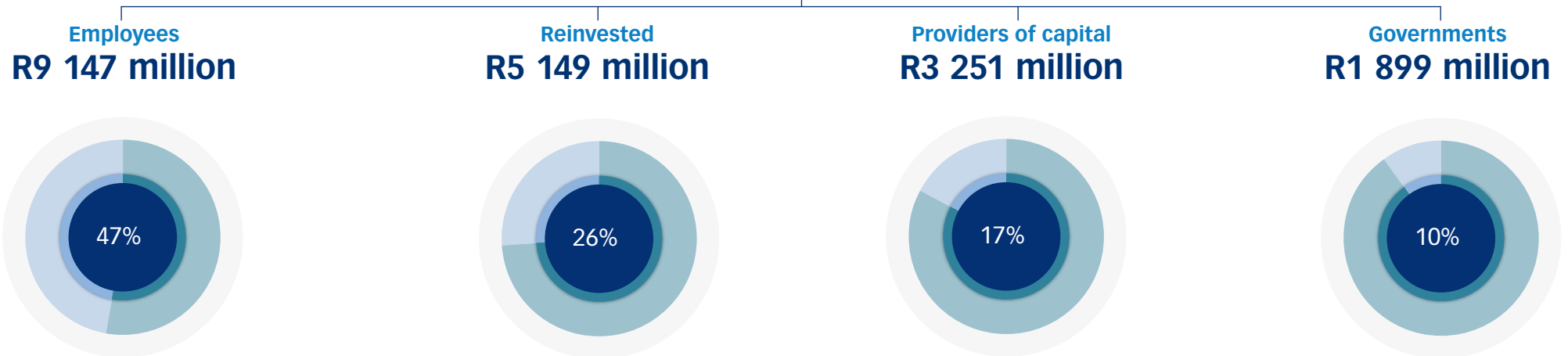
As a global pharmaceutical company, we play an important role in contributing to the health and well-being of people while creating economic value for our key stakeholders. While the provision of high quality, affordable medicines and products benefits patients and consumers directly, a focus on building 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.