

Remuneration review

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Remuneration review

Introduction

The Remuneration & Nomination Committee was pleased that our efforts to incorporate insights received from the investor engagements we held following our 2020 AGM, resulted in a 95,90% shareholder vote in favour of our remuneration policy and 94,80% in favour of the implementation report at our December 2021 AGM. We are, however, committed to continuing to improve our remuneration communication and disclosure and, therefore, we have made further changes to our reporting in this review, which we hope will achieve our objective of continued improvement. We look forward to additional feedback from stakeholders in this regard.

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

Nomination & Remuneration Committee focus on executive remuneration, succession and board strength

During the year under review the Committee:

- Appointed a successor for Gus Attridge, with specific reference to his role as Financial Director. To this end, Sean Capazorio was appointed the Group Chief Financial Officer and the Finance Director with effect from 1 January 2022. This followed an internal and external recruitment, screening and selection process.
- 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 to the Group's remuneration philosophy and best practice; and
  - considering the disclosure of our remuneration philosophy, polices, 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.
- Assessment of the performance of the Board, its committees, individual directors and the Group Executive: Governance and Communications (Company Secretary), this year conducted through an internal process following an extensive external process in 2021. 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 appropriate executive succession planning.

Our remuneration philosophy and policy

Aspen's philosophy regarding remuneration is structured around:

- incentivising a performance culture in the Group;
- aligning remuneration and incentives with our strategic objectives, actions, business performance measurements, best practice and stakeholder feedback;
- the combined agreed actions from our annual strategy conference forming the basis of our strategic targets;
- measuring short-term incentives mainly in terms of near-term goals;
- measuring long-term incentives in respect of measures that support the achievement of the longer-term focus areas of our strategy; and
- 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.

The Committee's role in the setting of short-term incentives ("STIs") and long-term incentives ("LTIs"):

- Considers the strategy, as well as input from executive directors, 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.
- The separate *ad hoc* senior executive deferred retention components, which allow for additional share settled awards over three, five, seven and ten year periods are specifically approved by the Committee, subject to the performance conditions set by this Committee.
- Approves the rules in respect of STIs and LTIs and any changes in respect of these rules.

Remuneration review continued

The remuneration objectives guiding our remuneration policy

1. 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

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

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

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 and Remchannel 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.

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.

Executive director remuneration

Our executive directors are contracted as full-time, permanent employees and receive no additional remuneration as directors of the Company. Restraint of trade provisions are included in the service agreement 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 Committee annually.

Remuneration review continued

Shareholder voting on remuneration matters

Our engagement with investors regarding Aspen's remuneration has provided us with very helpful insights which have helped us improve the disclosure we provide 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.

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 approving the fees of the non-executive directors is also submitted for approval at this meeting of shareholders.

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

Remuneration policy	For	Against	Abstain	Total
Remuneration policy				
2021	95,90%	4,10%	0,09%	100,00%
2020	73,92%	26,08%	0,12%	100,00%

Remuneration implementation report	For	Against	Abstain	Total
2021	94,80%	5,20%	0,09%	100,00%
2020	59,75%	40,25%	0,15%	100,00%

The current remuneration policy and implementation report will be tabled for separate non-binding advisory votes at the Company's 2022 annual general meeting, scheduled for 8 December 2022. Any material shareholder concerns about either of these two documents, specifically in instances where these are voted against by 25% or more of the voting rights exercised, will be considered and addressed by means of constructive engagement with the relevant shareholder or shareholders. The nature and outcomes of these engagements will be reported on in our Integrated Report of the following financial year.

Our focus areas in 2023

The Committee's focus areas in FY2023 will be on:

- moving towards a greater variable incentive portion for executives;
- ensuring that executives are aligned with shareholders through the holding of Aspen shares; and
- further enhancing our KPIs, policy and disclosure in response to market practice and shareholder expectations.

Our remuneration philosophy, structures and their implementation

To assist investors with connecting our remuneration structures and their implementation, we have adopted a different approach to this section of our remuneration review for FY2022. Instead of first discussing our remuneration structures and then reporting on their implementation, we are combining the remuneration structure section of our remuneration review with the Implementation report. By doing so we can provide a view of the structures driving our remuneration alongside the implementation of these structures.

Remuneration review continued

Variable Pay

Current STI scheme applicable to FY2022

Performance-based, measured against predetermined objectives, aligned to grade and the specific role of each participant.

- STI schemes allow for annual cash settled awards aimed at creating a high-performance culture through a cash bonus that rewards employees for achieving predetermined:
  - individual KPAs;
  - enterprise or business unit performance measures based on a balanced scorecard;
  - Group targets as measured against a balanced scorecard.
- Eligible for STIs: Permanent employees from middle to senior and executive management, including executive directors.
- Clawback and malus provisions allow for incentive awards (partially or in their entirety, depending on the circumstances) to be cancelled and/or recovered from an employee found to be guilty of dishonesty, misconduct, incompetence, negligence or causing harm to Aspen's reputation. These provisions apply in equal measure to all participants of the relevant schemes.
- 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.

STI and LTI layer one Group KPIs for FY2022

KPIs used to measure the Group's performance during the year under review:

Key performance indicator	Weighting
Targeted organic growth achieved in normalised EBITDA from continuing operations – measured in constant exchange rates ("CER")	70%
Targeted measured free cash flow ("FCF")	30%

- The Remuneration & Nomination Committee's role in respect to STIs is to:
  - approve the rules and any changes to rules in respect of the STIs;
  - review and approve the individual business unit KPIs and Group performance measures to be applied for the following year; and
  - assess the performance of the executive directors and make incentive awards in line with their performance against predetermined performance measures.

Current LTI schemes applicable to FY2022

LTI 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.

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.

Participation in the schemes is dependent on the seniority of the executive or manager and is determined with caps in place, which vary according to the level of seniority.

LTI Layer one Group KPIs are 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 based on a weighted average of the weighting assigned to each KPI applied to the percentage outcome from the STI Participation Levels table.

LTI Layer two Group KPIs introduce a layer of forfeitable awards conditional upon sustained three-year performance against predetermined Group KPIs.

LTI Layer two stretch introduces an additional layer of forfeitable stretch awards conditional on sustained three-year outperformance against 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.**

Various measures to determine the final adjusted award for the **second layer stretch award** over the three-year vesting period are **approved annually** and are set out on page 113).

50% of the conditional LTI shares that vest will only be released for trade in year four (25%) and year five (25%), which introduces an extended minimum shareholding period.

Shares acquired for the purpose of **SAMDIBS share settlements are acquired on-market by an intermediary.** No shares are issued by Aspen and the scheme does not have a dilutive effect.

Unvested awards are forfeited if employees resign or are dismissed. In the case of no-fault termination of employment such as retrenchment, retirement or medical incapacity, vesting of awards is accelerated to fall due on the date of such termination.

Both schemes have separate senior executive deferred retention components, which allow for additional share-settled awards over periods of three, five, seven and 10 years. These are made to a limited number of key South African and offshore employees on an *ad hoc* basis.

Remuneration review continued

Variable pay performance measures for FY2023

STI and LTI layer one Group KPIs for FY2023

Key performance indicator	Weighting
Targeted organic growth achieved in normalised EBITDA from continuing operations – measured in CER	70%
Targeted measured FCF	30%

Total performance measure is based on a weighted average of the weighting assigned to each KPI applied to the percentage outcome from the STI Participation Levels table. The EBITDA KPI must exceed 100% for the stretch to apply for the Group component of the STI.

Conditional LTI layer two Group KPIs for FY2023 – on target

Key performance indicator	On target weighting
ROIC (refer to schedule of formulas) relative to weighted average 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 Group KPIs for FY2023 – Stretch

Key performance indicator	Weighting
ROIC (refer to schedule of formulas) relative to WACC, where WACC is within the independent range determined by the auditors for impairment testing Stretch target 1 = WACC + 2% – <3% Stretch target 2 = WACC + 3% or greater	Weighting dependent on achievement against performance indicators*
Three-year CAGR in CER NHEPS from continuing operations; Stretch target 1 = 7,5% – <10% Stretch target 2 = 10% or greater	
Develop and implement a strategic position paper on improving access to medicines; target = identified milestone	

* *If ESG project target is achieved, awarded stretch allocation based on 40% of ROIC stretch participation level and 60% of NHEPS stretch participation level – where no stretch achieved for one of either ROIC or NHEPS, the target weighting is applied and the ESG project weighting is determined by the balance out of 100%. If no stretch achieved for both, then the ESG target level achievement is applied.*

Aspen's approach to incorporating an LTI ESG KPI

The WHO has described health as a human right, requiring access to timely, acceptable quality and affordable healthcare and the provision of the underlying determinants of health, including safe drinking water, sanitation, food, housing and health education. Access to medicines is an integral part of the right to health as supported by International Law since 1946. However, access to healthcare remains a global challenge with at least half of the world's population not receiving the healthcare they need.

We have identified Access to Medicines as a material topic under the Patient pillar of our sustainability strategy and it has been included as the key ESG performance measure in our Group's KPAs, as well as being incorporated into our Executives' LTI KPIs. During FY2022 a position paper on Access to Medicines was completed, which included developing our strategic ambition and aligning it with our corporate strategy. In FY2023 we will be aligning our objectives with business unit strategies, budgets and KPIs, and obtaining Board approval of our roadmaps, as well as Group and Executive KPIs. We will also be implementing monitoring and reporting processes to measure both the Group's overall progress and our Executive team's performance against their KPIs in this regard.

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

Remuneration outcomes for the Group Chief Executive

Guaranteed remuneration

The total guaranteed package ("TGP") is cash settled reflecting the market value of each role.

1 Philosophy regarding guaranteed remuneration

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.

Basic salary and benefits received annually based on the achievement of:
- Predetermined individual KPAs based on performance throughout the financial year;
- Business performance measures;
- Inflationary considerations; and
- Industry and regional benchmarking.

3 Implementation report

Implementation of guaranteed remuneration philosophy and structures to Group Chief Executive's guaranteed pay

Adjustment in annual guaranteed pay

Guaranteed pay FY2022 R	Approved adjustment %	Guaranteed pay FY2023 R
10 195 788	5,0	10 705 577

2 Application of our remuneration philosophy and structures to our Group Chief Executive's remuneration

Group Chief Executive's annual guaranteed pay

Personal KPA achievement for FY2022
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-19 in South Africa and Africa.
Achievement = 25% out of 25%

Remuneration review continued

Variable pay

Short-term incentives (STIs)

Annual cash settled awards bonus for performance against predetermined performance measures and aligned to grade and specific role.

1 Philosophy regarding STI remuneration

- Ensure KPIs are aligned with strategic objectives and business performance measurements
- Measurement of STIs is mostly in terms of earnings growth and cash related KPIs, however, some of the focus areas and performance measures run over several years
- The Group Chief Executive's and Deputy Group Chief Executive's performance measurements do not include business unit measures
- 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
- 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

2 STI implementation for Group Chief Executive for FY2022

Implementation of STI remuneration philosophy and structures to Group Chief Executive's variable pay

STI Group KPIs	Target	Achievement %	STI stretch targets
Organic growth achieved in normalised EBITDA from continuing operations measured in CER – **70% of weighting**	R11 264 million	100,0[1]	The EBITDA KPI must exceed 100% for the stretch to apply for the Group component of the STI
Measured FCF – **30% of weighting**	R3 951 million	96,0[2]	
Total moderated achievement against Group KPIs		99,1[3]	

Total performance measure is based on a weighted average of the weighting assigned to each KPI applied to the percentage outcome from the STI scoring table.

3 STI remuneration structures

Eligibility: Permanent employees in middle to top management 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.

The award principles in respect of the STIs to be awarded to the Group Chief Executive have been confirmed as:

Individual KPA	25% x 100% = 25%
Business unit KPI	Not applicable
Group KPI	75% x 95%# = 71,3%
Total	**25% + 71,3% = 96,3% achievement of all-inclusive package out of a possible 150% (STI cap for Group Chief Executive)**

Group Chief Executive's personal KPAs: The Group Chief Executive's performance in this regard, which is detailed under his guaranteed pay, is 25% out of 25% for all his KPAs.

Group performance determines 75% of the award (with the additional stretch awards up to 50%).

Stretch targets: Cap varies depending on grade. Up to a maximum total award of 150% is possible for the Group Chief Executive where there has been outperformance against Group KPIs.

[1] *The Remuneration & Nomination Committee exercised its discretion to adjust the achievement of this measure (organic growth achieved in normalised EBITDA from continuing operations) from an achievement of 98% to 100% considering the uncontrollable impacts of the China lockdown, and impact of the severe supply constraints on the South African Commercial Pharma Business which flowed from both the impact of the fire at Alphamed and the municipal water quality issues experienced at the Group's East London manufacturing site.*

[2] *The Remuneration & Nomination Committee exercised its discretion to adjust the achievement of this measure (measured free cash flow as measured against budget) from an achievement of 82% to 96% which related to the build-up of surplus COVID-19 vaccine component inventory following the lower forecast demand and offtake from Johnson & Johnson in the financial year.*
While not formally factored into the above adjustments, the Committee also considered the following uncontrollable factors:
– Notable inflationary and freight increases.
– General supply disruptions affecting the Group as a whole; and
– Pressure on inventory values arising from elevated inflationary increases.

[3] *A 99,1% achievement results in a score of 95% for the Group component, using the agreed STI scoring table.*

Remuneration review continued

Variable pay

Long-term incentive (LTIs)

1 Philosophy regarding LTI remuneration

- Support achievement of longer-term strategic objectives
- Based on selection of suitable long-term KPIs
- Annual universal Group measurement set that carries sizeable weighting in each executive's performance measurement
- The Group Chief Executive's and Deputy Group Chief Executive's performance measurements do not include business unit measures
- 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
- Pertinent ESG-related projects to be introduced into long-term incentive KPIs in FY2023

2 Group Chief Executive's LTI KPIs

Layer one Group KPIs	Target	Achievement %	LTI Layer two Group KPIs – Targets (forfeitable)	Performance	LTI Layer two – Stretch Group KPIs (forfeitable)	Performance
Organic growth achieved in normalised EBITDA from continuing operations measured in CER – **70% of weighting***	R11 264 million	100,0*	ROIC relative to WACC where WACC is within the independent range determined by the auditors for impairment testing: target WACC +1% – 30% weighting	9,6% vs WACC of 8,6% – target of WACC + 1% achieved	ROIC relative to WACC, where WACC is within the independent range determined by the auditors for impairment testing • Stretch target 1 = WACC + 2% – <3% • Stretch target 2 = WACC + 3% or greater	Not achieved
Measured FCF per share – **30% of weighting**	R3 951 million	96,0*	Three-year CAGR of 5% in NHEPS (CER) from continuing operations – 50% of weighting	12,6% vs CAGR of 5%- target of >5% achieved	Three-year CAGR in CER NHEPS from continuing operations • Stretch target 1 = 7,5% – <10% • Stretch target 2 = 10% or greater	12,6% vs CAGR of 5%- target of >10% achieved i.e. stretch 2 achieved
			Appropriate ESG measure approved by the Board with identified milestones as target – 20% of weighting	Achieved	• Excluded from stretch targets • If ESG project target is achieved, awarded stretch allocation based on 40% of ROIC stretch participation level and 60% of NHEPS stretch participation level – where no stretch achieved for one of either ROIC or NHEPS, the target weighting is applied and the ESG project weighting is determined by the balance out of 100%. If no stretch achieved for both, then the ESG target level achievement is applied.	

* *An explanation on how the Remuneration & Nomination Committee exercised its discretion in respect of the adjustment of the achievement of these measures is set out in the notes to the table setting out the STI Implementation for the Group Chief Executive for 2022 on page 115.*

Remuneration review continued

LTI implementation for Group Chief Executive for FY2022

This component constitutes a maximum of 41,25% of TGP. An additional 41,25% of TGP awarded on the achievement of agreed stretch targets to a maximum of 82,5%.

LTI Measure (Layer one)	Target*	Weighting	Achievement %
Measure 1 – Organic growth in normalised EBITDA			
Organic growth achieved in normalised EBITDA from continuing operations measured in CER	R11 264 million	70%	100,00
Measure 2 – Free cash flow			
Measured FCF	R3 951 million	30%	96,00
Total		**100%**	**99,10**
Layer one = 41,25% x 96,3%**			**39,72**

** An explanation on how the Remuneration & Nomination Committee exercised its discretion in respect of the adjustment of the achievement of these measures is set out in the notes to the table setting out the STI Implementation for the Group Chief Executive for 2022 on page 115.*
*** 96,3% as calculated on page 115 under STI remuneration structures.*

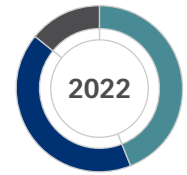
Each KPI in the second layer is separately measured and the award for each KPI is independent of the performance achieved in the other two KPIs.

If the ESG project target is achieved, it is awarded stretch allocation based on 40% of ROIC stretch participation level and 60% of NHEPS stretch participation level; where no stretch is achieved for one or either of ROIC and NHEPS, the target weighting is applied and the ESG project weighting is determined by the balance out of 100%. If no stretch achieved for both, then the ESG target level achievement is applied.

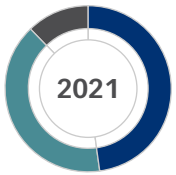
LTI Measure (Layer two) conditional	Performance outcomes	Weighting applied	Participation level %	Outcomes – (weighting x participation level) %
Measure 1 – ROIC				
ROIC relative to WACC, where WACC is within the independent range determined by the auditors for impairment testing	Achieved	30% (no stretch)	15	4,5
Measure 2 – CER NHEPS				
Three-year CAGR in CER NHEPS from continuing operations	Stretch 2	60% (stretch 2)	41,25	24,75
Measure 3 – ESG				
ESG project: Develop and implement a strategic position paper on improving access to medicines	Achieved	100% – (60% (i.e. stretch 2 for CAGR) + 30% (i.e. no stretch for ROIC)) = 10%	15	1,5
Layer two				**30,75**
Total Layer one plus Layer two = 70,5%				
Total achieved = 70,5% out of a possible 82,5%				

Remuneration review continued

Remuneration composition (%)



- Guaranteed pay 44
- Incentive bonus 42
- Deferred bonus 14



- Incentive bonus 48
- Guaranteed pay 40
- Deferred bonus 12

Executive Director	Base pay R	Retirement and medical aid benefits R	Total remuneration R	Performance Bonus (paid Sept) R	Share-based payment expense R	Total remuneration R
Stephen Saad						
2022	**8 738 907**	**1 456 881**	**10 195 788**	**9 813 446**	**3 346 440**	**23 355 674**

Executive Director	Base pay R	Retirement and medical aid benefits R	Total remuneration R	Performance Bonus (paid Sept) R	Share-based payment expense R	Total remuneration R
Stephen Saad						
2021	8 404 603	1 399 035	9 803 638	11 764 366	2 844 778	24 412 782

Vesting of long-term incentives during 2022

Awards made to the Group Chief Executive, in terms of the SAMDIBS, vested as follows during the year:

	Date of award	Number of shares awarded	Value at date of award R	Distributions/ dividends received R	Dividends reinvested as shares (number of shares)	Total value of award at vesting R
2020	October 2017	7 665	2 339 321	N/A	172	921 902
2021*	October 2018	14 197	2 341 921	N/A	155	2 634 597

* *Awards vested in October 2021, but the shares were only delivered after the closed period ended on 9 March 2022.*

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 R	Expiry date	Shares outstanding on 30 June 2021	Awarded during the year	Dividends reinvested as shares	Released during the year	Shares outstanding on 30 June 2022
164,96	Oct 2021	14 197	**–**	**155**	**14 352**	**–**
105,11	Oct 2022	11 461	**–**	**–**	**–**	**11 461**
108,98	Oct 2023	35 173	**–**	**–**	**–**	**35 173**
194,44	Aug 2024	–	**20 798**	**–**	**–**	**20 798**
		60 831	**20 798**	**155**	**14 352**	**67 432**

Remuneration review continued

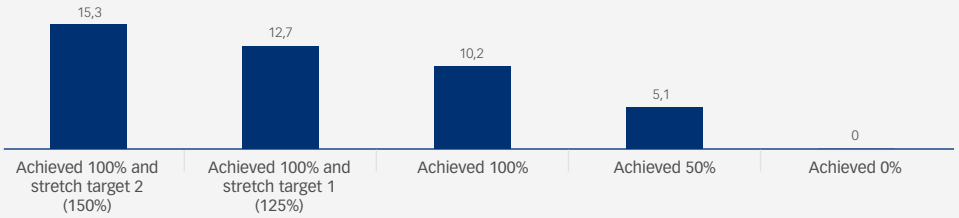
Performance scenarios – Group Chief Executive

This data is used to illustrate the short- and long-term incentives payable to the Group Chief Executive with the 2023 performance metrics applied to data from the 2022 financial year. Possible performance outcomes against the 2023 performance metrics could be: to achieve all performance targets as well as stretch targets; achieving all performance targets; achieving 50% of performance targets; or not achieving performance targets at all.

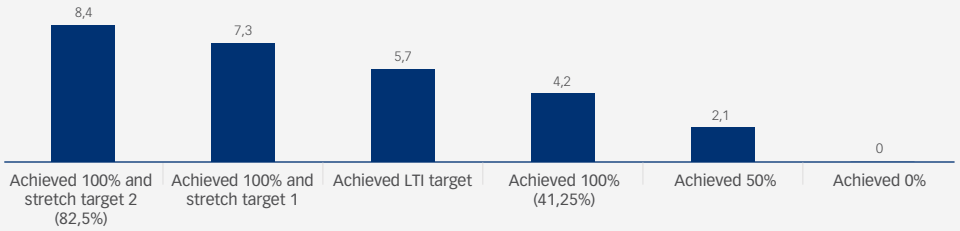
Based on FY2022 TGP – July 2021 to June 2022	R	R	R	R	R	R
Short-term incentive	FY2022 TGP (July 2021 to June 2022)	150% Achieve 100% and Stretch 2 target	125% Achieve 100% and Stretch 1 target	100% Achieve 100%	50% Achieve 50%	0% Achieve 0%
Stephen Saad	10 195 788	15 293 682	12 744 735	10 195 788	5 097 894	–

Based on FY2022 TGP – July 2021 to June 2022	R	R	R	R	R	R	R
Long-term incentive	FY2022 TGP (July 2021 to June 2022)	82,50% Achieve 100% and Stretch 2	71,25% Achieve 100% and Stretch 1	56,25% Achieve LTI layer two target	41,25% Achieve 100% of LTI layer one target	20,63% Achieve 50%	0% Achieve 0%
Stephen Saad	10 195 788	8 411 525	7 264 499	5 735 131	4 205 763	2 102 881	–

Short-term incentive (R'millions)



Long-term incentive (R'millions)



Remuneration review continued

Remuneration outcomes for Deputy Group Chief Executive

Guaranteed remuneration

The TGP is cash settled reflecting the market value of each role.

Gus Attridge was the Deputy Group Chief Executive and an executive director until 31 December 2021, when he retired from these roles and became the Group Chief Advisor, remaining a prescribed officer in this capacity.

1 Philosophy regarding guaranteed remuneration

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.

Basic salary and benefits received annually based on the achievement of:
- predetermined individual KPAs based on performance throughout the financial year;
- business performance measures; and
- inflationary considerations.

2 Application of our remuneration philosophy and structures to our Deputy Group Chief Executive's remuneration

Deputy Group Chief Executive's annual guaranteed pay

Personal KPA achievement for FY2022
Strategy: Update the Audit & Risk Committee on progress with ensuring the implementation of the Group's digitalisation strategy is fit-for-purpose and designed to bring the Group's IT spend within industry benchmarks.
Succession: Successful transition plan for the change in role of the Deputy Group Chief Executive.
Ethics/culture: The Chair of the Social & Ethics Committee's assessment 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 The Chair of the Social & Ethics Committee's assessment of the effectiveness of procedures in place to support the security and wellness of employees through the COVID-19 pandemic.
Leadership Successful rotation of the Group auditors to EY as assessed by the Audit & Risk Committee.
Achievement = 25% out of 25%

Remuneration review continued

Variable pay

Short-term incentives (STIs)

Annual cash-settled awards bonus for performance against predetermined performance measures and aligned to grade and specific role.

1 Philosophy regarding STI remuneration

- Ensure KPIs are aligned with strategic objectives and business performance measurements
- Measurement of STIs is mostly in terms of earnings growth and cash related KPIs, however, some of the focus areas and performance measures run over several years
- The Group Chief Executive's and Deputy Group Chief Executive's performance measurements do not include business unit measures
- 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
- 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

2 STI remuneration structures

Eligibility: Permanent employees in middle to top management 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.

The award principles in respect of the STIs to be awarded to the Deputy Group Chief Executive have been confirmed as:

Individual KPA	25% x 100% = 25%
Business unit KPI	Not applicable
Group KPI	75% x 95%# = 71,3%
Total	**25% + 71,3% = 96,3% achievement of all-inclusive package out of a possible 150% (STI cap for Deputy Group Chief Executive)**

Deputy Group Chief Executive's personal KPAs: The Deputy Group Chief Executive's performance in this regard, which is detailed under his guaranteed pay, is 25% out of 25% for all his KPAs.

Group performance determines 75% of the award (with the additional stretch awards up to 50%).

Stretch targets: Cap varies depending on grade. Up to a maximum total award of 150% is possible for the Deputy Group Chief Executive where there has been outperformance against Group KPIs.

3 STI implementation for Deputy Group Chief Executive for FY2022

Implementation of STI remuneration philosophy and structures to Deputy Group Chief Executive's variable pay

STI Group KPIs	Target	Achievement %	STI stretch targets
Organic growth achieved in normalised EBITDA from continuing operations measured in CER – **70% of weighting**	R11 264 million	100,0*	The EBITDA KPI must exceed 100% for the stretch to apply for the Group component of the STI
Measured FCF per share – **30% of weighting**	R3 951 million	96,0*	
Total achievement against Group KPIs		99,1#	

* *An explanation on how the Remuneration & Nomination Committee exercised its discretion in respect of the adjustment of the achievement of these measures is set out in the notes to the table setting out the STI Implementation for the Group Chief Executive for 2022 on page 115.*

Total performance measure is based on a weighted average of the weighting assigned to each KPI applied to the percentage outcome from the STI scoring table.

\# *A 99,1% achievement results in a score of 95% for the Group component, using the agreed STI scoring table.*

Remuneration review continued

Variable pay

Long-term incentive (LTIs)

1 Philosophy regarding LTI remuneration

- Support achievement of longer-term strategic objectives
- Based on selection of suitable long-term KPIs
- Annual universal group measurement set that carries sizeable weighting in each executive's performance measurement
- The Group Chief Executive's and Deputy Group Chief Executive's performance measurements do not include business unit measures
- 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
- Pertinent ESG-related projects to be introduced into long-term incentive KPIs in FY2023

2 Deputy Group Chief Executive's LTI KPIs

Layer one Group KPIs	Target	Achievement %	LTI Layer two Group KPIs – Targets (forfeitable)	Performance	LTI Layer two – Stretch Group KPIs (forfeitable)	Performance
Organic growth achieved in normalised EBITDA from continuing operations measured in CER – **70% of weighting**	R11 264 million	100,0*	ROIC relative to WACC where WACC is within the independent range determined by the auditors for impairment testing: target WACC +1% – 30% weighting	9,6% vs WACC of 8,6% – target of WACC + 1% achieved	ROIC relative to WACC, where WACC is within the independent range determined by the auditors for impairment testing • Stretch target 1 = WACC + 2% – <3% • Stretch target 2 = WACC + 3% or greater	Not achieved
Measured FCF per share – **30% of weighting**	R3 951 million	96,0*	Three-year CAGR of 5% in NHEPS (CER) from continuing operations – 50% of weighting	12,6% vs CAGR of 5% – target of >5% achieved	Three-year CAGR in CER NHEPS from continuing operations • Stretch target 1 = 7,5% – <10% • Stretch target 2 = 10% or greater	12.6% vs CAGR of 5% – target of >10% achieved i.e. stretch 2 achieved
Total		99,1*	Appropriate ESG measure approved by the Board with identified milestones as target – 20% of weighting	Achieved	• Excluded from stretch targets • If ESG project target is achieved, awarded stretch allocation based on 40% of ROIC stretch participation level and 60% of NHEPS stretch participation level – where no stretch achieved for one or either of ROIC and NHEPS, the target weighting is applied and the ESG project weighting is determined by the balance out of 100%. If no stretch achieved for both, then the ESG target level achievement is applied.	

* *An explanation on how the Remuneration & Nomination Committee exercised its discretion in respect of the adjustment of the achievement of these measures is set out in the notes to the table setting out the STI Implementation for the Group Chief Executive for 2022 on page 115.*

Remuneration review continued

LTI implementation for Deputy Group Chief Executive for FY2022

Deputy Group Chief Executive's LTI calculation for 2022

This component constitutes a maximum of 41,25% of TGP. An additional 41,25% of TGP awarded on the achievement of agreed stretch targets to a maximum of 82,5%.

LTI Measure (Layer one)	Target*	Weighting	Achievement %
Measure 1 – Organic growth in normalised EBITDA			
Organic growth achieved in normalised EBITDA from continuing operations measured in CER	R11 264 million (15%)	70%	100,00
Measure 2 – Free cash flow			
Measured FCF	R3 951 million	30%	96,00
Total		**100%**	**99,10**
Layer one = 41,25% x 96,3%**			**39,72**

* *An explanation on how the Remuneration & Nomination Committee exercised its discretion in respect of the adjustment of the achievement of these measures is set out in the notes to the table setting out the STI Implementation for the Group Chief Executive for 2022 on page 115.*
** *96,3% as calculated on page 115 under STI remuneration structures.*

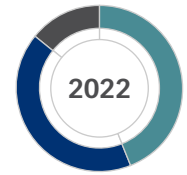
Each KPI in the second layer is separately measured and the award for each KPI is independent of the performance achieved in the other two KPIs.

If the ESG project target is achieved, it is awarded stretch allocation based on 40% of ROIC stretch participation level and 60% of NHEPS stretch participation level, where no stretch achieved for one or either of ROIC and NHEPS, the target weighting is applied and the ESG project weighting is determined by the balance out of 100%. If no stretch achieved for both, then the ESG target level achievement is applied.

LTI Measure (Layer two) conditional	Performance outcomes	Weighting applied	Participation level %	Outcomes – (weighting x participation level) %
Measure 1 – ROIC				
ROIC relative to WACC, where WACC is within the independent range determined by the auditors for impairment testing	Achieved	30% (no stretch)	15	4,5
Measure 2 – CER NHEPS				
Three-year CAGR in CER NHEPS from continuing operations	Stretch 2	60% (stretch 2)	41,25	24,75
Measure 3 – ESG				
ESG project: Develop and implement a strategic position paper on improving access to medicines	Achieved	100% - (60% (i.e. stretch 2 for CAGR) + 30% (i.e. no stretch for ROIC)) = 10%	15	1,5
Layer two				**30,75**
Total Layer one plus Layer two = 70,5%				
Total achieved = 70,5% out of a possible 82,5%				

Remuneration review continued

Remuneration composition (%)



- Guaranteed pay 44
- Incentive bonus 42
- Deferred bonus 14



- Guaranteed pay 40
- Incentive bonus 48
- Deferred bonus 12

Executive Director	Base pay R	Retirement and medical aid benefits R	Total remuneration R	Performance bonus (paid Sept 22) R	Share-based payment expense R	Total remuneration R
Gus Attridge						
Jul 21 to Dec 21	**3 594 191**	**620 137**	**4 214 328**	**4 056 291**	**1 383 222**	**9 653 841**

Considering that Gus Attridge retired as executive director on 31 December 2021, no performance scenario illustrations or comparatives have been included.

Vesting of long-term incentives during 2022

Awards made to the Deputy Group Chief Executive, in terms of the SAMDIBS, vested as follows during the year:

	Date of award	Number of shares awarded	Value at date of award R	Distributions/ dividends received R	Dividends reinvested as shares (number of shares)	Total value of award at vesting R
2020	October 2017	6 337	1 933 873	N/A	143	761 351
2021*	October 2018	11 736	1 936 022	N/A	128	2 177 874

* *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 executive directors during the year were as follows:

Grant price R	Expiry date	Shares outstanding on 30 June 2021	Awarded during the year	Dividends reinvested as shares	Released during the year	Shares outstanding on 30 June 2022
164,96	Oct 2021	11 736	**–**	**128**	**11 864**	**–**
105,11	Oct 2022	9 475	**–**	**–**	**–**	**9 475**
108,98	Oct 2023	29 077	**–**	**–**	**–**	**29 077**
194,44	Aug 2024	–	**17 193**	**–**	**–**	**17 193**
		50 288	**17 193**	**128**	**11 864**	**55 745**

Remuneration review continued

Remuneration outcomes for the Group Chief Financial Officer

Guaranteed remuneration

The TGP is cash settled reflecting the market value of each role.

Sean Capazorio was appointed Group Chief Financial Officer from 1 January 2022 and as an executive director with effect 1 January 2022.

1 Philosophy regarding guaranteed remuneration

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.

Basic salary and benefits received annually based on the achievement of:

- predetermined individual KPAs based on performance throughout the financial year;
- business performance measures;
- inflationary considerations; and
- industry and regional benchmarking.

3 Implementation report

Implementation of guaranteed remuneration philosophy and structures to Group Chief Financial Officer's guaranteed pay

Adjustment in annual guaranteed pay

Guaranteed pay FY2022 R	Approved adjustment %	Guaranteed pay FY2023 R
7 684 915*	5,5	8 107 585

* *This amount constitutes an annualisation of the relevant executive director remuneration.*

2 Application of our remuneration philosophy and structures to our Group Chief Financial Officer's remuneration

Group Chief Financial Officer's annual guaranteed pay

Personal KPAs achieved for FY2022
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 FY2022 and propose to the Board the capital allocation plan for FY2023.
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 25%

Remuneration review continued

Variable pay

Short-term incentives (STIs)

Annual cash-settled awards bonus for performance against predetermined performance measures and aligned to grade and specific role.

1 Philosophy regarding STI remuneration

- Ensure KPIs are aligned with strategic objectives and business performance measurements
- Measurement of STIs is mostly in terms of earnings growth and cash related KPIs, however, some of the focus areas and performance measures run over several years
- The Group Chief Financial Officer's performance measurements include business unit measures
- 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
- 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

2 STI implementation for Group Chief Financial Officer for 2022

Implementation of STI remuneration philosophy and structures to Group Chief Financial Officer's variable pay

STI Layer one of Group KPIs	Target	Achievement %	STI stretch targets
Organic growth achieved in normalised EBITDA from continuing operations measured in CER – **70% of weighting**	R11 264 million (15%)	100,0*	Based on the level of outperformance against primary financial KPIs for commercial business units, approved KPIs for all other business units and the EBITDA KPI for the Group component
Measured FCF per share – **30% of weighting**	R3 951 million	96,0*	
Total achievement against Group KPIs		99,1*	

* *An explanation on how the Remuneration & Nomination Committee exercised its discretion in respect of the adjustment of the achievement of these measures is set out in the notes to the table setting out the STI Implementation for the Group Chief Executive for 2022 on page 115.*

Remuneration review continued

3 STI remuneration structures

Eligibility: Permanent employees in middle to top management 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.

The award principles in respect of the STIs to be awarded to the Group Chief Financial Officer have been confirmed as:

Base STI	Score %	Maximum %	Participation level %	Weighting	Outcome %
Individual KPAs	100	100	100	25%	25
Business unit KPIs	103,6	100	100	50%	50
Group KPIs	95	100	95	25%	23,8
Sub total					98,8

Stretch STI	Score %	Maximum %	Participation level %	Weighting	Outcome %	Weighting calculation %
Individual KPAs	100	Pre-minimum achieved	Pre-minimum achieved			
Business unit financial KPIs	103,6	3,6	15,0	66,7%	(weighting x participation level) = 10	Weighting = +50/(50 + 25)
Group KPIs	95	0	0	33,3%	0	Weighting = +25/(50 + 25)
Subtotal					10	
Base + Stretch STI					98,8 + 10 = 108,8 (A)	
STI for band					30 (B)	
Total STI award					32,6 (A*B)	

Group Chief Financial Officer's personal KPAs: The Group Chief Financial Officer's performance in this regard, which is detailed under his guaranteed pay, is 100% for all his KPAs

Group performance determines 25% of the award. Business unit determines 50% of the award and the personal KPA determines 25% of the award

Total performance measure is based on a weighted average of the weighting assigned to each KPI applied to the percentage outcome from the STI scoring table

Stretch targets: Cap varies depending on grade. Up to a maximum total award of 45% is possible for the Group Chief Financial Officer where there has been outperformance against Group KPIs and business unit KPIs

Remuneration review continued

Variable pay

Long-term incentive (LTIs)

1 Philosophy regarding LTI remuneration

- Support achievement longer-term strategic objectives
- Based on selection of suitable long-term KPIs
- Annual universal group measurement set that carries sizeable weighting in each executive's performance measurement
- The Group Chief Financial Officer's performance measurements include business unit measures
- 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
- Pertinent ESG-related projects to be introduced into long-term incentive KPIs in FY2023

2 Group Chief Financial Officer's LTI KPIs

Layer one Group KPIs	Target	Achievement %	LTI Layer two Group KPIs – Targets (forfeitable)	Performance	LTI Layer two – Stretch Group KPIs (forfeitable)	Performance
Organic growth achieved in normalised EBITDA from continuing operations measured in CER – **70% of weighting**	R11 264 million	100,0*	ROIC relative to WACC where WACC is within the independent range determined by the auditors for impairment testing: target WACC +1% – 30% weighting	9,6% vs WACC of 8,6% – target of WACC + 1% achieved	ROIC relative to WACC, where WACC is within the independent range determined by the auditors for impairment testing • Stretch target 1 = WACC + 2% – <3% • Stretch target 2 = WACC + 3% or greater	Not achieved
Measured FCF per share – **30% of weighting**	R3 951 million	96,0*	Three-year CAGR of 5% in NHEPS (CER) from continuing operations – 50% of weighting	12,6% vs CAGR of 5% – target of >5% achieved	Three-year CAGR in CER NHEPS from continuing operations • Stretch target 1 = 7,5% – <10% • Stretch target 2 = 10% or greater	12,6% vs CAGR of 5% – target of >10% achieved i.e. stretch 2 achieved
Total		99,1*	Appropriate ESG measure approved by the Board with identified milestones as target – 20% of weighting	Achieved	• Excluded from stretch targets • If ESG project target is achieved, awarded stretch allocation based on 40% of ROIC stretch participation level and 60% of NHEPS stretch participation level – where no stretch achieved for one or either of ROIC and NHEPS, the target weighting is applied and the ESG project weighting is determined by the balance out of 100%. If no stretch achieved for both, then the ESG target level achievement is applied.	

* *An explanation on how the Remuneration & Nomination Committee exercised its discretion in respect of the adjustment of the achievement of these measures is set out in the notes to the table setting out the STI Implementation for the Group Chief Executive for 2022 on page 115.*

Remuneration review continued

LTI implementation for Group Chief Financial Officer for FY2022

Group Chief Financial Officer's LTI calculation for 2022

This component constitutes a maximum of 33% of total guaranteed pay. An additional 20% of total guaranteed pay awarded on the achievement of agreed stretch targets to a maximum of 53%.

LTI Measure (Layer one)	Target*	Weighting	Achievement %
Measure 1 – Organic growth in normalised EBITDA			
Organic growth achieved in normalised EBITDA from continuing operations measured in CER	R11 264 million	70%	100,00
Measure 2 – Free cash flow			
Measured FCF	R3 951 million	30%	96,00
Total		**100%**	**99,10**
Layer one = 33,0% X 98,8%**			**32,60**

* *An explanation on how the Remuneration & Nomination Committee exercised its discretion in respect of the adjustment of the achievement of these measures is set out in the notes to the table setting out the STI Implementation for the Group Chief Executive for 2022 on page 115.*
** *98,8% as calculated on page 127 under STI remuneration structures.*

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.

If the ESG project target is achieved, it is awarded stretch allocation based on 40% of ROIC stretch participation level and 60% of NHEPS stretch participation level; where no stretch is achieved for one or either of ROIC and NHEPS, the target weighting is applied and the ESG project weighting is determined by the balance out of 100%. If no stretch achieved for both, then the ESG target level achievement is applied.

LTI Measure (Layer two) conditional	Performance outcomes	Weighting applied	Participation level %	Outcomes (weighting x participation level) %
Measure 1 - ROIC				
ROIC relative to WACC, where WACC is within the independent range determined by the auditors for impairment testing	Target achieved	30% (no stretch)	7,50	2,25
Measure 2 - CER NHEPS				
Three-year CAGR in CER NHEPS from continuing operations	Stretch 2	60% (stretch 2)	20,00	12,00
Measure 3 – ESG				
ESG project: Develop and implement a strategic position paper on improving access to medicines	Target achieved	10%	7,50	0,75
Layer two				**15,00**
Total achieved is layer one plus layer two = 47,6% out of a possible 53,0%				

Remuneration review continued

Remuneration composition (%)



Executive Director	Base pay R	Retirement and medical aid benefits R	Total remuneration R	Performance bonus (paid Sept 22) R	Share-based payment expense R	Total remuneration R
Sean Capazorio						
Jan 22 to June 22	**3 301 415**	**541 042**	**3 842 457**	**1 253 602**	**2 214 540**	**7 310 599**

Considering that Sean Capazorio was appointed as executive director on 1 January 2022, no comparisons have been included, however performance scenario illustrations are included.

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 by prescribed officers were as follows:

	Grant price R	Expiry date	Shares outstanding on 30 June 2021	Awarded during the year	Released during the year	Shares outstanding on 30 June 2022
Sean Capazorio	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).*

Vesting of long-term incentives during 2022

Awards made to prescribed officers, in terms of the SAMDIBS, vested as follows during the year:

	Date of award	Number of shares awarded	Value at date of award R	Distributions/ dividends received R	Dividends reinvested as shares (number of shares)	Total value of award at vesting R
2020	October 2017	4 849	1 479 876	N/A	109	582 577
2021*	October 2018	6 588	1 086 819	N/A	72	1 222 576

* *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 executive directors during the year were as follows:

Grant price R	Expiry date	Shares outstanding on 30 June 2021	Awarded during the year	Dividends reinvested as shares	Released during the year	Shares outstanding on 30 June 2022
164,96	Oct 2021	6 588	–	**72**	**6 660**	–
105,11	Oct 2022	7 253	–	–	–	**7 253**
108,98	Oct 2023	17 170	–	–	–	**17 170**
194,44	Aug 2024	–	**9 836**	–	–	**9 836**
		31 011	**9 836**	**72**	**6 660**	**34 259**

Remuneration review continued

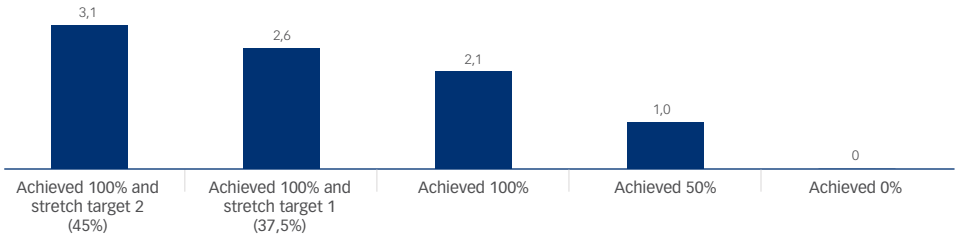
Performance Scenarios – Group Chief Financial Officer

This data is used to illustrate the short- and long-term incentives payable to the Group Chief Financial Officer with the 2023 performance metrics applied to data from the 2022 financial year. Possible performance outcomes against the 2023 performance metrics could be: to achieve all performance targets as well as stretch targets; achieving all performance targets; achieving 50% of performance targets; or not achieving performance targets at all.

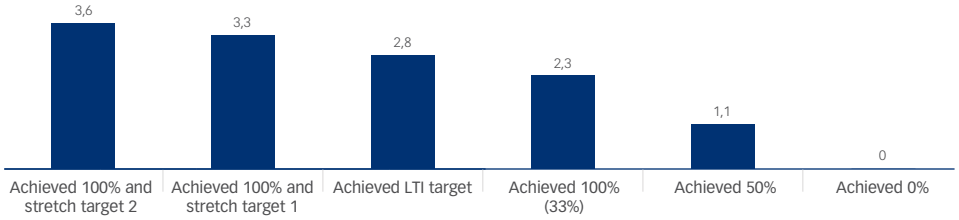
Based on FY2022 annual guaranteed pay – July 2021 to June 2022	R	R	R	R	R	R
Short-term incentive	**FY2022 annual guaranteed pay (July 2021 to June 2022)**	**45%** **Achieve 100% and Stretch target 2**	**37,5%** **Achieve 100% and Stretch target 1**	**30%** **Achieve 100%**	**15%** **Achieve 50%**	**0%** **Achieve 0%**
Sean Capazorio	6 856 149	3 085 267	2 571 056	2 056 845	1 028 422	–

Based on FY2022 annual guaranteed pay – July 2021 to June 2022	R	R	R	R	R	R	R
Long-term incentive	**FY2022 annual guaranteed pay (July 2021 to June 2022)**	**53,0%** **Achieve 100% and Stretch 2**	**48,0%** **Achieve 100% and Stretch 1**	**40,5%** **Achieve LTI layer two target**	**33,0%** **Achieve 100% of layer one target**	**16,5%** **Achieve 50%**	**0%** **Achieve 0%**
Sean Capazorio	6 856 149	3 633 759	3 290 952	2 776 740	2 262 529	1 131 265	–

Short-term incentive (R'million)



Long-term incentive (R'million)



Remuneration review continued

Total remuneration packages paid to executive directors and prescribed officers

The below table provides an overview of the total remuneration packages paid to executive directors and prescribed officers in the 2022 financial year and the various components of these remuneration packages:

2022	Base pay R	Retirement and medical aid benefits R	Performance bonus (paid Sept 22) R	Share-based payment expense R	Total remuneration R
Executive Directors					
Stephen Saad	**8 738 907**	**1 456 881**	**9 813 446**	**3 346 440**	**23 355 674**
Gus Attridge (Jul 21 to Dec 21)*	**3 594 191**	**620 137**	**4 056 291**	**1 383 222**	**9 653 841**
Sean Capazorio (Jan 22 to Jun 22)**	**3 301 415**	**541 042**	**1 253 602**	**2 214 540**	**7 310 599**
	15 634 513	**2 618 060**	**15 123 339**	**6 944 202**	**40 320 114**
Prescribed Officers					
Lorraine Hill	**7 672 745**	**982 999**	**2 364 316**	**5 147 516**	**16 167 576**
Sean Capazorio (Jul 21 to Dec 21)*	**2 573 089**	**440 603**	**983 217**	**2 214 540**	**6 211 449**
Reginald Haman	**4 556 360**	**693 640**	**1 712 813**	**2 528 246**	**9 491 059**
Zizipho Mmango	**4 643 625**	**606 375**	**1 660 313**	**2 122 059**	**9 032 372**
Mark Sardi (from Jan 22)	**2 273 813**	**351 188**	**908 906**	**–**	**3 533 907**
Gus Attridge (Jan 22 to Jun 22)**	**3 594 191**	**620 137**	**4 056 291**	**1 383 222**	**9 653 841**
	25 313 823	**3 694 942**	**11 685 856**	**13 395 583**	**54 090 204**

2021	Base pay R	Retirement and medical aid benefits R	Performance bonus (paid Sept 21) R	Share-based payment expense R	Total remuneration R
Executive Directors					
Stephen Saad	8 404 603	1 399 035	11 764 366	2 844 778	24 412 782
Gus Attridge	6 914 496	1 189 980	9 725 372	2 351 753	20 181 601
	15 319 099	2 589 015	21 489 738	5 196 531	44 594 383
Prescribed Officers					
Lorraine Hill	7 227 637	1 095 197	2 496 850	4 604 247	15 611 009
Sean Capazorio	4 947 322	848 242	1 738 669	4 224 769	11 721 453
Reginald Haman	4 162 345	637 655	1 431 432	3 097 657	8 147 737
Zizipho Mmango	4 422 504	577 500	1 539 526	2 246 489	7 506 993
	20 759 808	3 158 594	4 654 628	14 414 162	42 987 192

* *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.*

** *Sean Capazorio was appointed as Executive Director and Group Chief Financial Officer with effect from 1 January 2022.*

Remuneration review continued

Prescribed officers – interests in shares and vesting of shares

Vesting of long-term incentives during 2022

Awards made to prescribed officers, in terms of the SAMDIBS, vested as follows during the year:

	Date of award	Number of shares awarded	Value at date of award R	Distributions/ dividends received R	Dividends reinvested as shares (number of shares)	Total value of award at vesting R
Lorraine Hill 2020	October 2017	6 540	1 995 840	N/A	147	785 740
2021*	October 2018	9 461	1 560 747	N/A	103	1 755 663

* *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 R	Expiry date	Shares outstanding on 30 June 2021	Awarded during the year	Dividends reinvested as shares	Released during the year	Shares outstanding on 30 June 2022
Reginald Haman	108,98	Oct 2023	15 145	–	–	–	15 145
	194,44	Aug 2024	–	8 098	–	–	8 098
			15 145	8 098	–	–	23 243
Lorraine Hill	164,96	Oct 2021	9 461	–	103	9 564	–
	105,11	Oct 2022	10 416	–	–	–	10 416
	108,98	Oct 2023	24 658	–	–	–	24 658
	194,44	Aug 2024	–	14 125	–	–	14 125
			19 877	14 125	103	9 564	49 199
Zizipho Mmango	108,98	Oct 2023	2 629	–	–	–	2 629
	194,44	Aug 2024	–	8 709	–	–	8 709
			2 629	8 709	–	–	11 338
			37 651	30 932	103	9 564	83 780

Remuneration review continued

Interests in Aspen shares in terms of the South African Phantom Share Scheme

Shares allocated in terms of the South African Phantom Share Scheme as at the beginning of the year and those offered to and accepted by the prescribed officers during the year were as follows:

	Grant price R	Expiry date	Value at date of award R	Shares outstanding on 30 June 2021	Awarded during the year	Released during the year	Total value of award at vesting R*	Shares outstanding on 30 June 2022
Reginald Haman	112,67	Oct 2021	2 200 000	19 527	–	19 527	4 749 943	–
	112,67	Oct 2022	2 200 000	19 527	–	–	–	19 527
			4 400 000	39 054	–	19 527	4 749 943	19 527
Zizipho Mmango	131,00	Oct 2021	1 921 219	14 666	–	14 666	3 567 505	–
	131,00	Oct 2022	2 088 282	15 941	–	–	–	15 941
			4 009 501	30 607	–	14 666	3 567 505	15 941
Mark Sardi	225,49	Sept 2022	952 875	–	4 226	–	–	4 226
	225,49	Sept 2023	1 905 750	–	8 452	–	–	8 452
	225,49	Sept 2024	1 905 750	–	8 452	–	–	8 452
			4 764 375	–	21 130	–	–	21 130
			13 173 876	69 661	21 130	34 193	8 317 448	56 598

* *The share price at vesting date was R243.25 per share.*

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 by prescribed officers were as follows:

	Grant price R	Expiry date	Shares outstanding on 30 June 2021	Awarded during the year	Released during the year	Shares outstanding on 30 June 2022
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
			114 589	200 000	–	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).*

Remuneration review continued

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	
	2022	2021	**2022**	2021
Kuseni Dlamini	**0**	0	**0**	0
Gus Attridge*	**3 854 815**	3 842 951	**15 169 319**	15 169 319
Sean Capazorio**	**59 125**	55 226	**0**	0
Linda de Beer	**0**	0	**0**	0
Ben Kruger	**13 500**	13 100	**0**	400
Themba Mkhwanazi	**0**	0	**0**	0
Chris Mortimer	**193 068**	193 068	**0**	0
Yvonne Muthien***	**1 800**	0	**0**	0
Babalwa Ngonyama	**0**	0	**0**	0
David Redfern	**0**	0	**4 750**	4 750
Stephen Saad	**4 705 900**	4 691 548	**52 468 261**	52 468 261
Sindi Zilwa****	**0**	0	**0**	0
	8 828 208	8 795 893	**67 642 330**	67 642 730

* *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.*
** *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.*
**** *Sinda Zilwa retired with effect from 9 December 2021.*

None of the directors held any non-beneficial shares in the Company at 30 June 2022. As disclosed on pages 118, 124 and 130 of this report, the executive directors' long-term incentive shares that were awarded in October 2019, vested in October 2022. There were no changes to the non-executive directors' interests between the end of the financial year and date of approval.

Non-executive directors' remuneration

In line with the requirements of the Companies Act, the fees payable to the non-executive directors for the financial year were approved by a special resolution of Aspen's shareholders at the Company's annual general meeting held on 8 December 2021. The following fees were paid to non-executive directors, either by the holding company or another company in the Group:

Non-executive director	**2022* R**	2021* R
Kuseni Dlamini	**1 341 455**	1 289 861
Linda de Beer**	**973 602**	966 881
Ben Kruger	**856 536**	808 896
Themba Mkhwanazi	**453 255**	432 385
Chris Mortimer**	**427 067**	446 230
Yvonne Muthien***	**299 801**	–
Babalwa Ngonyama****	**1 035 499**	1 072 292
David Redfern	**389 994**	382 525
Sindi Zilwa*****	**296 873**	710 281
	6 074 082	6 109 351

* *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 receives 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.*
***** *Sinda Zilwa retired with effect from 9 December 2021.*

Linda de Beer
Remuneration & Nomination Committee Chair