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 objective

Stakeholders

Capitals

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.

Our impact

- Adopted a stakeholder-inclusive governance approach and commit to transparency and effective communication
- Implemented responsible and ethical business practices aligned to 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

355 SED projects
implemented across 30 countries

R3 237 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 privacy and information security
- 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

Our contribution to the SDGs

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

SDG 17 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
UN GLOBAL COMPACT

Additional information available online:

Aspen Sustainability and ESG Data Supplement

Aspen Code of Conduct

Aspen Code of Conduct for Suppliers

Aspen's 2022 Communication on Progress Report in respect of Aspen's application of the UN Global Compact's 10 Principles

Ethics and Compliance Management

Corporate Governance and Risk Management

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 42 to 45 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 (refer to page 104) and our governance overview on www.aspenpharma.com/corporate-governance-and-risk-management/ where we also report on our application of the King IV principles.

Legislative compliance

Lawful compliance and respect for the rule of law underpins an ordered and effective society. We are committed to complying with the applicable legal and regulatory requirements wherever we do business. The Group Executive: Governance & Communications, who is also the Company Secretary, 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. He 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 employees, directors and officers must comply with our Code of Conduct and supporting policies, as well as applicable laws and regulations, regardless of location. To support this requirement, the Aspen Group Ethics & 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 international best 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.

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 & 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 anonymous tip-offs received, and on 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 & 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 also oversees the operation of our Tip-Offs Anonymous programme and how we conduct investigations, ensuring recommendations and sanctions are applied consistently across the Group.

Structure

The Ethics & Compliance function supports the implementation of our Ethics & 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 & 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.

Ethical business culture

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

- **Code of Conduct:** Aspen's 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.
- **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 a quarterly basis.

Society continued

- **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 & Hospitality Register which is submitted to the Group Head: Ethics & Compliance on a quarterly basis.

Compliance programme

The Compliance Programme comprises the enforcement, implementation and monitoring of compliance to the following policies throughout the business:

- **Anti-bribery and Anti-corruption Policy:** Our Anti-bribery and Anti-corruption Policy prohibits the offering, providing, authorising, requesting or receiving of bribes, and we do not make political donations or facilitation payments. 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 Anti-bribery and Anti-corruption Policy. We do not make charitable contributions or community investments in order 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 and we do not employ individuals in exchange for obtaining or retaining business.
- **Sanctions and Export Controls Policy:** 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 Policy:** 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 Policy:** 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 (including facilities to email anonymous tip-offs reports or log them online) – Deloitte's Tip-Offs Anonymous Hotline – remains available to all our employees and allows other stakeholders to report suspected fraud and/or activities which are considered to be transgressions of our Code of Conduct. Our policy and standard operating procedure provides guidance to prospective whistle-blowers and details the protections available to them, including protection against occupational detriment. Training and awareness sessions are conducted periodically to promote the use of this facility for its intended purpose. Key customers, service providers and suppliers are periodically informed of the availability of this line.

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

Society continued

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. None of the tip-offs that were substantiated were considered to be of any material concern.

Type of allegation	Allegation raised	Number
Fraud	Falsification of records	2
	Inaccurate timekeeping / recording of working hours	2
	Misrepresentation	3[1]
	Misappropriation of funds	2
Human Capital	Gender discrimination	1
	Racial discrimination	2
	Conflict of interest	2
	Unfair dismissal	3[2]
	Bullying	1
	Breach of recruitment procedure	1
	Grievance about negative workplace culture	10[3]
	Grievance about pay and benefits	3
	Grievance about resumption of office-based work after COVID-19 lockdown	1
Procurement	Misrepresentation by potential service provider	1
Health and Safety	Breach of COVID-19 safety protocols	2
Other	Breach of confidentiality	2

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 Aspen Code of Conduct for Suppliers and Service Providers. These grant Aspen audit rights and the ability to terminate the contracts based on a breach of the commitments contained in those documents.

In order to enhance our engagement with our key service providers and suppliers, we are in the process of developing a Group-wide supplier sustainability risk assessment and due diligence programme for implementation in FY2023. This Responsible Supply Chain programme will allow us to monitor sustainability performance on a routine basis through reliable sustainability assessments and engage with suppliers to achieve continual improvement and advancement of supplier performance on relevant sustainability aspects. We have recently joined the Pharmaceutical Supply Chain Initiative ("PSCI") with the aim of aligning our programme with the PSCI principles and further access tools and collaborative platforms and resources to assist us towards better understanding and management of our sustainability risk exposure within our supply chain.

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. All our suppliers and business partners are required to confirm acceptance of the standards contained in the Aspen Code of Conduct for Suppliers and Service Providers in order to provide assurance that human rights and good ethical standards are upheld within the supply chain.

Our Ethics & Compliance programme requires each business unit to assess risks associated with violating human rights, child labour, as well as slave or compulsory behaviour. No businesses in the Group identified heightened risks in this regard and during the year, no substantiated incidents of discrimination, slave labour or compulsory labour were reported within the Group (2021: 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 (2021: Nil). These aspects are monitored in respect of all business units.

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

SED and investment in communities

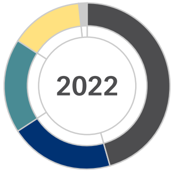
Our SED programmes are implemented at a local level through the business units, thereby channelling contributions to areas of greatest impact in the particular local context. Our Group SED Policy is aimed at aligning the Group's SED contributions with its SED strategy and ensuring compliance with the 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 355 SED projects in 30 countries, valued at R27,9 million.

[1] *All relate to the same factual circumstance.*
[2] *Two relate to the same factual circumstance.*
[3] *Nine relate to the same factual circumstance.*

Society continued

SED projects by type across the Group (355 projects)



Healthcare	162
Education and training	72
Community upliftment	65
Mandela Day	51
Clinics	5

Number of SED projects supported per region, valued at R27,9 million

Africa Middle East	279
Europe CIS	37
Americas	15
Asia	15
Australasia	9

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 report;
- promoting healthy lifestyles;
- humanitarian relief; and
- human capital and skills development.

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. As Africa strives to recover from the effects of the COVID-19 pandemic, a paradigm shift is required to help the continent achieve its health targets and secure the health and well-being of its people.

Our sustainability commitments in action

Reducing period poverty

Seven million women in South Africa suffer from period poverty. Period poverty, defined as a lack of access to menstrual products, hygiene facilities, waste management and education, affects many women globally causing physical, mental and emotional challenges.

The stigma that shrouds periods further prevents individuals from talking about it and is also one of the leading causes of absenteeism in school-going female learners mostly in rural and township communities. Aspen recently made a public pledge to donate 50 000 sanitary pads to Noordgesig Secondary School in Soweto, South Africa and handed these over to the young women. This school has been previously announced as a top achieving school with an 85% pass rate. The sanitary pads donated will assist in alleviating period poverty in the lives of the 655 girls at Noordgesig Secondary School for 12 months.

The public pledge was made on a special broadcast on the national broadcaster, SABC, focusing on the scourge of period poverty, which has subsequently won an international award which will be conferred to the SABC at the end of the United Nations General Assembly.

Additionally, Aspen in collaboration with the Siyakunakekela Foundation – a non-profit organisation that focuses on ensuring young women in township and rural areas have access to feminine and hygiene products – have donated sanitary pads to over 900 girls from Minerva Secondary School in Alexandra, South Africa, which will assist them for a year.

Society continued

The ongoing global threat of COVID-19, the water shortage crisis in Gqeberha and the recent unrest and flooding caused by the torrential rains in KwaZulu-Natal have all continued to dominate our responses throughout this fiscal year. A major part of our work in this area was dedicated to the response to the pandemic, pharmaceutical localisation and building local capacities, sustainability of supply of vaccines and other medicines and ongoing support in these areas. Health security and biotech sovereignty on the continent remain areas of concern.

Our SED focus has been geared towards:

- building back better post-pandemic as well as ensuring pandemic preparedness for the African continent. This includes ongoing efforts in rebuilding the economy, empowering communities negatively affected by the pandemic and ongoing conversations on establishing and sustaining the supply of medicines for Africa;
- assisting communities with relief from the recent floods in KwaZulu-Natal, we partnered with various organisations including the Nelson Mandela Foundation, Pharmed and more in providing humanitarian relief to those displaced by the devastating floods;
- focusing on the devastation facing citizens of Ukraine during the conflict with Russia and assisting the Lebanese population with critical care medicines as they continue to deal with the aftermath of the largest non-nuclear explosion in Beirut in late 2020. Aspen was also able to assist in evacuating 25 stranded South African medical students studying in Ukraine;
- 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; and
- partnering 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. Our employees also assisted in the repair of ablution facilities to enhance good hygiene education.

Our geographical focus includes areas that our team is able to visit personally for purposes of conducting due diligence of proposed projects and monitoring approved projects on an ongoing basis. All material SED investments require the review and approval of the Group's SED Committee, which is an executive committee established to ensure that the relevant due diligence processes, SED policy and related governance processes are complied with.

SED spend on projects in South Africa

	R'million	%
Basic health and HIV/AIDS*	**3,2**	15
Education and training	**8,2**	38
Sport and the promotion of healthy lifestyles	**0,1**	–
Other (including Mandela Day and community upliftment)	**10,0**	47
Total	**21,5**	100

** Includes spend on clinics, HIV/AIDS and healthcare.*

Our global Mandela Day campaign

Aspen has participated in Mandela Day since 2011 and we continue to endorse the campaign which this year called on people across the world to "Do what you can, with what you have, where you are". Across the geographies of our operations, our employees have shown their humanitarian spirit celebrating Mandela Day despite the limitations imposed by the COVID-19 pandemic. Aspen's Mandela Day projects cover a wide spectrum of initiatives that include healthcare, nutrition, education, social enhancement and development, infrastructural improvements, animal well-being, preserving the environment, and providing employees with the opportunity to show kindness to citizens of all ages from all walks of life. Since initiating our annual Mandela Day Campaign in 2011, Aspen has impacted the lives of some 880 000 beneficiaries through more than 810 projects hosted across 40 countries.

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. Refer to page 85 for further information on our initiatives to empower historically disadvantaged individuals in South Africa.

Based on the verification recently completed by Empowerdex, the Group scored 87,5 (2021: 84,5) points (100% procurement recognition level). Aspen achieved a Level 4 rating and was verified as an A-rated empowering supplier, thus enabling its customers to recognise their procurement from Aspen in terms of the revised codes.

Enterprise and supplier development programmes and preferential procurement objectives and targets are in place to support the emergence of black-owned and black women-owned South African businesses. The Group spent R3 237 million (2021: R3 366 million), with B-BBEE-recognised locally based suppliers representing 72,1% (2021: 82,0%) of total measured procurement spend. Our spend with black women-owned businesses decreased marginally from 14,9% to 14,5% of total measured procurement spend. Our efforts to procure from black-owned businesses continue with 25,0% of total measured spend coming from these suppliers. We continue to focus on procurement from designated groups and spent R61,7 million (1,4% of total measured procurement spend) with designated groups, falling short of the target of 2,0%.

Through our enterprise development and supplier development programmes, we continue to support our selected beneficiaries and this has included the conversion of our Enterprise Development loans to grants. The balance of the Supplier Development loans as at 30 June 2022 is R21,6 million.

Society continued

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 92.

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 2022 certificate can also be accessed online.

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 54 to 60, provides an overview of our financial performance for the year.

Our activities this year have created R18 617 million in wealth. This is calculated after taking into account R22 044 million spent on purchasing materials and services, which contributed to the sustainability of our suppliers in the various economies in which we operate.

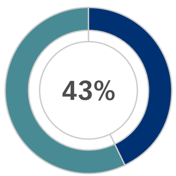
Our employees receive the largest share of the total value distribution (43%) while a significant portion (39%) is reinvested in the Group to fund growth and expansion. Our gross economic contribution in the form of direct tax, paid to central and local governments in the countries in which we operate, amounted to R1 553 million. The Group value added statement is published in the Sustainability and ESG Data Supplement online.

Financial value distributed

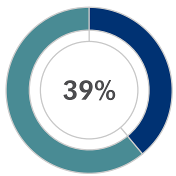
Revenue R38 606 million – **Purchased materials and services R22 044 million** + **Investment and other operating income R2 055 million** = **Wealth created and value distributed R18 617 million**

Financial value distributed

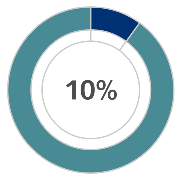
Employees



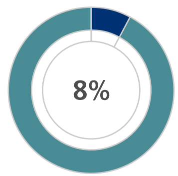
Reinvested



Providers of capital



Governments



Society continued

Fair taxation and enhanced transparency

As a Group that has a substantial presence in many countries, we understand our responsibility to pay an appropriate amount of tax. We comply with tax laws in the countries in which we operate and seek to maintain open and positive relationships with tax authorities. The taxes we pay make a positive contribution to the societies in which we operate.

Approach to taxation

We have subsidiaries, branches, permanent establishments and joint venture arrangements in over 50 countries around the world, predominantly in emerging markets. These entities are subject to the tax legislation of the countries in which they are domiciled. In addition, the countries in which the Group operates have all committed to implementing the 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.

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.

Society continued

Commitment to transparency in reporting

We appreciate that our stakeholders expect us to report on a broad range of ESG aspects in a consistent and transparent way. We perform a review of material sustainability topics to understand the expectations of our stakeholders (refer to page 36). Since the implementation of the FTSE/JSE Responsible Investment Index in 2015, we have worked at improving our overall score. In 2022 we maintained our inclusion in the Top 30 FTSE/JSE Responsible Investment Index Series and in the FTSE4Good Index Series for the third consecutive year, which recognises companies with strong ESG practices measured against global standards. In the most recent assessment, however, our score decreased to 3,8 (2021: 3,9) out of a possible 5,0 due to a reduction in the social pillar. The governance pillar remained the highest performing pillar with an improved score of 5 (previously 4.5). The 2022 score placed Aspen in the 89th 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**	1,2	2
Water security	High	**4**	1,3	2
Social		**3,3**		
Customer responsibility	High	**3**	1,6	2
Human rights and community	Medium	**3**	2,4	3,3
Labour standards	Low	**5**	2,4	3,1
Governance		**5**		
Anti-corruption	Medium	**5**	2,9	3,8
Corporate governance	Medium	**5**	4	4,9
ESG rating score out of 5		**3,8**		

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.

Accolades

Aspen was presented with the 2022 Economic Diplomacy (Global) Ubuntu Award by the Department of International Relations and Cooperation in recognition of distinguished service and contribution toward promoting the country's national interests and values across the world.

Aspen Pharmacare (South Africa) was placed first in the BP Students' Choice Awards as the Top Graduate Employer for the Pharmaceutical Sector.

Aspen received the PMR.Africa Diamond Award in recognition of the Company demonstrating exceptional managerial and corporate governance qualities and placed first overall as the company doing the most in stimulating economic growth and development in the Eastern Cape province.

Shelys Pharmaceuticals Ltd was awarded the first position in the President's Manufacturer of the Year Award 2020 in the category of Large-Scale Pharmaceuticals and Medical Equipment Manufacturers on 8 October 2021, recognising the industrial sector's important role in Tanzania's economic development process.

Beta Healthcare International Ltd (Kenya) was awarded one of two trophies under Social Impact/CSR awards 2021 by Digital Events Limited for Best on Corporate Sustainability Initiatives, demonstrating outstanding leadership and commitment to corporate social responsibility and sustainability.

Aspen New Zealand won the Marketing Excellence Award in the Healthcare/ Beauty marketing strategy category in the TVNZ NZ Marketing Awards 2022.

Aspen's Integrated Report for FY2021 was ranked 9th in the EY Excellence in Reporting awards.

Aspen achieved top in sector position in the Integrated Reporting & Assurance Services Highest Transparency in ESG Reporting awards.