



Aspen Pharmacare Holdings Limited
BBBEE Report 2014



10 000 employees
Products distributed in **150** countries
more than
16 consecutive years of double-digit growth

BBBEE Report

Aspen's BBBEE philosophy

Aspen's heritage is firmly rooted in South Africa and the South African business remains a material contributor to the Group. As such, Aspen is acutely aware of the need for transformation in South African society in order to overcome the consequences of previous discrimination and to create an equitable society in which all individuals have equal opportunities, free from prejudice. By so doing, South Africa will benefit from the social reparation of past injustices and the added economic contribution of inclusive and unrestricted participation by all citizens.

To this end, Aspen is fully supportive of constructive measures introduced by government to facilitate effective transformation in South Africa. Aspen has embraced the BBBEE Codes and, through transformation, Aspen seeks to harness the strength and power of its diversity, respecting each person for his/her individuality. Aspen has embarked on a transformation process and has made meaningful progress in this regard.

Aspen's BBBEE performance in 2014

In the current financial year, based on the verification recently completed by Empowerdex, the Group scored 83,6 points (2013: 79,2 points) equating to an "AA" value-adding rating with a procurement recognition level of 110%. An overview of the Group's progress towards compliance is outlined below:

Element	Progress	Target under the Codes	Verified score rating (October 2014)	Verified score rating (October 2013)
Ownership	Full ownership points were achieved due to BBBEE equity holding and benefits retained on prior year disposals of Aspen shares	20,0	22,0	22,0
Management control	Score maintained due to stability in numbers of top and senior black management	10,0	6,3	6,1
Employment equity	Score increased slightly notwithstanding more onerous scoring measures implemented in the prior year	15,0	9,2	8,9
Skills development	Level of skills spend maintained in the 2014 financial year. However, score reduced due to the lower number of learnerships in place during the year	15,0	10,6	12,1
Preferential procurement	Score increased due to the improvement in the black-owned and black women-owned categories	20,0	18,5	16,6
Enterprise development	Funding of black-owned enterprises, for the purposes of acquiring an ownership stake in a pharmaceutical distributor, implemented with effect from July 2011	15,0	12,0	8,6
Socio-economic development	Increased spend on SED projects which focus on the upgrading of clinics, improving access to healthcare and combating HIV/AIDS maintained. Initial contribution to the PHEF made during the year	5,0	5,0	5,0
Overall score		100,0	83,6	79,2

Aspen retained its Level 3 contributor status in accordance with the Department: Trade and Industry's Codes of Good Practice, which had been revised in 2013 for increased targets under the Codes. Aspen's retention of this status is considered a major achievement in its transformation objectives.

The Group's efforts in respect of employment equity, skills development, preferential procurement and socio-economic development are more fully dealt with in the Sustainability Report available online. During the year, in terms of the BBBEE Codes, the Group invested 90,81% of its total measured procurement spend in South Africa on BBBEE-recognised locally based suppliers.

Implementation of the revised BBBEE Codes

The revised BBBEE Codes, which come into effect on 1 April 2015, will impact Aspen's 2015 financial year. In terms of the revised Codes, the number of BBBEE elements which companies will be rated on will reduce from seven to five. Due to increased targets and higher BBBEE recognition levels being introduced by the revised Codes, it is anticipated that it will be a significant challenge for Aspen to retain its existing Level 3 status. Based on the performance for 2014 under the existing Codes, the score realised by applying the revised Codes would decline to a Level 7 contributor status.

Aspen has, however, implemented a number of measures it believes will assist in ensuring that a better outcome than this is achieved under the revised Codes. These measures are specifically focused on the areas of skills development as well as the enterprise and supplier development elements.